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Normal Trade Relations with Vietnam Advocated at Senate Hearing

U.S. trade official urges swift action on World Trade Organization agreement

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Washington -- A top U.S. trade official says the Bush administration wants Congress to approve permanent normal trade relations (PNTR) with Vietnam before an August recess, but swift action remains far from certain.

Deputy U.S. Trade Representative Karan Bhatia said in July 12 testimony before the Senate Finance Committee that administration officials would work with leaders in the Senate and House of Representatives for quick passage of the legislation related to Vietnam's pending accession to the World Trade Organization (WTO).

They do not control Congress' schedule, however, he added.

To become law, the bill granting PNTR to Vietnam must pass in both the House and Senate and then get the president's signature. Some Republican leaders have expressed reluctance to push a Vietnam PNTR vote ahead of votes on free trade agreements (FTAs) with Oman and Peru, both of which were submitted earlier.

The Oman and Peru FTAs have divided Congress, especially the House, over labor issues. By contrast, the Vietnam PNTR has broader support, said Senator Max Baucus, a Democratic leader on trade issues.

"The time to do this is now before the president travels to Hanoi in November," Baucus said at the hearing. "The time is now before other countries like China beat us to the punch by benefiting first from Vietnam's market-opening commitments."

Baucus asserted that President Bush must exert political pressure in Congress to get Vietnam PNTR passed quickly, especially in dissuading senators from attempting to amend the bill. Only bills with few time-consuming debates over amendments are considered likely to pass in the Senate in the few days before Congress' August recess.

Waiting until September poses a political problem for members of Congress who seek to avoid votes on trade issues so close to November elections, Baucus said.

Now, the United States grants normal trade relations, otherwise known as most-favored-nation status, to Vietnam annually. In May, the United States concluded its WTO accession agreement with Vietnam, requiring U.S. approval of permanent normal trade relations: In order to secure for U.S. businesses the lower tariffs and other commitments stemming from the accession agreement, the United States must grant PNTR to that country.

"WTO accession for Vietnam will benefit the United States economically," Bhatia said. "It will promote reform in Vietnam, and it will support broader American interests in Southeast Asia." Two-way trade between the United States and Vietnam amounted to \$7.8 billion in 2005. Bhatia said that level is expected to climb as Vietnam, one of Asia's fastest-growing markets, continues to expand its economy -- at an 8 percent rate forecast for 2006 alone.

U.S. manufacturers already view Vietnam as a platform for production in Asia, a promising alternative to China, he said. Many U.S. business sectors support PNTR for Vietnam although the textile industry opposes it.

Bhatia and Eric John, deputy assistant secretary of state, acknowledged in their testimony legitimate concerns about Vietnam's record on human rights, human trafficking and religious freedom, as well as weak protection of copyrights and patents.

Both officials testified that Vietnam was making progress dealing with these problems and asserted that WTO accession would encourage even further progress by enhancing rule of law in Vietnam.

"These changes alone will not cure the problem associated with human rights and religious liberty," Bhatia said. "But they will allow new ideas and information to flow into Vietnam that will encourage further freedom and openness."

Bhatia's prepared [testimony](#) is available on the Office of the U.S. Trade Representative Web site. John's [testimony](#) is available on the committee's Web site.

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