



# Committee On Finance

Max Baucus, Ranking Member

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## **Remarks of Senator Max Baucus to the Asia Society**

### **“Vietnam PNTR: Pictures of the Past and Future”**

(as delivered)

Thank you Joe for that kind introduction. And thank you to the Asia Society, Ginny Foote, and the US- U.S.-ASEAN Business Council for inviting me to speak today. I also appreciate Chevron’s sponsorship of today’s event. These are certainly historic times for the U.S.-Vietnam relationship.

I have a picture of Vietnam. It is a picture of a young schoolgirl. With a determined look on her face, she pedals furiously to school on her rusty Nam Ha bicycle in the early morning. Her small hands squeeze the handlebar, and her right thumb readies itself to tinkle her bicycle bell. The girl’s long black braids and the tails of her white, polyester schoolgirl’s ao dai flutter in the wind. In her bicycle basket, she keeps a solitary black Bic pen and some Vietnamese schoolbooks.

A few years later, this picture changes. The young girl has grown. Her hands, protected from the sun by white gloves, now grip the handles of a Honda Dream motorbike. Her black hair and white ao dai still ripple in the breeze as she bobs and weaves through the ever-thickening city traffic. The tinkle of the bicycle bell has given way to the clank of the horn. Her determined look intensifies as she recounts the words she learned in English class that day.

My picture morphs again. The schoolgirl is now a young woman. With a sleek laptop under her arm, she steps out of the Ford Focus that she and her husband bought after they married. In a new, silk ao dai, she enters the elevator of a tall, modern building where she works as an account manager for a foreign company. On the elevator, she sends a text message, on her mobile phone, to her local clients about a conference call that she had with New York earlier that morning.

As the schoolgirl traded her rusty bicycle for a Honda Dream, as she exchanged her black

Bic pen for the latest laptop, and as she moved from school-house to skyscraper, two mortal enemies were figuring out how to become friends.

Five years before the girl in the white ao dai was born, the United States and Vietnam were locked in a hideous war that left over 58,000 Americans and roughly a million Vietnamese dead. War ravaged the villages of Vietnam and the minds of America. Images seared our collective consciousness: a monk immolating himself, a young Vietnamese girl screaming down the road after a napalm attack, a soldier dying from war wounds.

Then one day in April 1975, North Vietnamese tanks crashed through the iron gates of Saigon's presidential palace. Helicopters whirled off the roof of the U.S. Embassy. Screams of fear, triumph, and desperation rang through the air.

And then it was quiet.

A pall of silence fell between the United States and Vietnam. The silence was pierced only by the cries of boat people and the echoes of the missing.

It took two brave men to light a match in this darkness. U.S. Ambassador William Sullivan and Vietnam's Foreign Minister Nguyen Co Thach hatched a plan for normalization. They did so nearly 15 years after the same two men had sat across the table from each other as enemies during the 1973 Paris peace talks.

Visionary leadership in Hanoi and Washington and veterans on both sides took up the project. They allowed the candle of normalization to flicker, ever so faintly.

In Hanoi, the Vietnamese leadership abandoned failed economic policies that in the late 1980s had brought Vietnam to the brink of starvation. Instead, through a program of renewal, or doi moi, Vietnam introduced market forces into everyday life. Ordinary people were soon allowed to have a stake in their economic future. Parents could open their own shops and dress their daughters in a white ao dai. They could send them to school confident that the future would shine more brightly than the present.

In Washington, in 1991, President George H.W. Bush presented the Vietnamese government with a roadmap for normalization. Visionary veterans in the U.S. Senate — Senator John Kerry, Senator John McCain, and former Senator Bob Smith — gave key Congressional support to the process of accounting for prisoners of war and personnel missing in action. Their painful and painstaking work laid the groundwork for the progress to come.

More decisions allowed reconciliation and normalization to continue.

In Hanoi, the government stepped up cooperation with U.S. efforts to account for persons missing in the war. Hanoi agreed to help Vietnamese citizens reunite with their relatives in the United States under the U.N.'s Orderly Departure Program. And, looking toward the future, Vietnamese children peddled "Lift the Embargo" T-shirts on the banks of Hoan Kiem Lake in Hanoi and in front of the opera house in Ho Chi Minh City.

In Washington, this progress allowed President Bill Clinton to lift the economic embargo in February 1994 and normalize political relations with Vietnam in July 1995. The lights went back on at Vietnam's Embassy on R Street, off Dupont Circle. And Pete Peterson — a former prisoner of war and co-resident with John McCain in the infamous "Hanoi Hilton" prison — returned in 1997 to the city of his confinement as the first U.S. Ambassador to a unified Vietnam.

With political reconciliation underway, economic normalization could begin.

In Hanoi, Vietnam's government committed to negotiate and, in July 2000, conclude a sweeping Bilateral Trade Agreement with the United States. Boeing planes now dominate Vietnam's skies. Citibank serves customers in Hanoi and Ho Chi Minh City. AIG, New York Life, and ACE sell insurance policies to Vietnam's

burgeoning middle class. Chevron is developing much-needed energy sources. And the omnipresent Nike swoosh has been spotted in even remote Vietnamese villages.

In Washington, the administration of President George W. Bush embarked upon negotiations with Vietnam on its accession to the World Trade Organization. Just last month, the two sides signed the bilateral deal, clearing the way for Vietnam to join the 149-member world trade body later this year.

Thirty-one years after the helicopters and 15 years after the roadmap, we today stand near the end of the long road of reconciliation. But we are not yet there. There is one more hurdle. And that is passing a law to grant Vietnam Permanent Normal Trade Relations, or "PNTR."

Three weeks ago, I introduced this historic legislation in the Senate with seven other cosponsors — Senator Gordon Smith, Vietnam War veterans Senators John McCain, John Kerry, Chuck Hagel, and Tom Carper, and Senators Richard Lugar and Lisa Murkowski. In the House, Representatives Jim Ramstad and Mike Thompson led a diverse group of 41 Members on a companion bill.

For all of its symbolism and historic significance, the Vietnam PNTR bill is not merely a bookend to the past. Even more important, this legislation opens the door to the future.

PNTR will solidify our economic relationship with one of the most important, commercially-significant emerging markets in the world today. Vietnam is a country of over 83 million smart, energetic, hard-working, market-savvy people. Like the girl in the ao dai, most Vietnamese were born after the war. They remember not guns and war, but a country on the move.

They see a country whose GDP grew by 8.6 percent last year and has averaged growth more than seven percent in the past five years.

They see a country that has cut its poverty rate in half in 13 years.

And they see a country whose literacy rate hovers at around 90 percent.

Deep and sustained access to this vibrant, commercially-meaningful economy should be a competitive priority of the United States. We should not overlook Vietnam's potential. Other countries -- China in particular -- have already made deep inroads there.

Over the past five years, we have made progress in pushing Vietnam to open its economy to the United States. The landmark U.S.-Vietnam Bilateral Trade Agreement -- or "BTA" -- which came into force in December 2001, began the process. The United States required Vietnam to conclude this pre-WTO trade agreement as a condition for giving Vietnam renewable normal trade relations status.

Unlike other agreements of its kind, the BTA was sweeping and comprehensive. It obliged Vietnam to make vast changes to its economy, reduce tariffs, open its services market, provide better-than-WTO protection to intellectual property rights, and -- for the first time -- protect U.S. investments.

As a result of the BTA, trade between the United States and Vietnam grew to more than five times what it was — from \$1.4 billion in 2001 to \$7.7 billion in 2005.

Vietnam's upcoming accession to the World Trade Organization will accelerate this trend. On May 31, in Ho Chi Minh City, Deputy U.S. Trade Representative Karan Bhatia and Vietnam's Trade Minister Tuyen met at the very same Palace through whose gates North Vietnamese tanks crashed on the final day of the war. There, they inked the bilateral deal that will pave the way for Vietnam to join the WTO.

My hat is off to the USTR for negotiating a great deal that will afford U.S. exporters — in all sectors of the U.S. economy — even deeper access to Vietnam's market.

Farmers and ranchers from Montana and across America will benefit from deep reductions in agricultural tariffs. Three-quarters of U.S. agricultural exports will face tariffs of 15 percent or less. Vietnam also agreed to eliminate BSE-related restrictions on all beef products — boneless, bone-in, and offals. In this respect, Vietnam stands as a model for its Asian neighbors — like Japan, Korea, and China — in following sound science and recognizing the safety of U.S. beef.

In the manufacturing sector, Vietnam has committed to cut tariffs to 15 percent or less for 94 percent of U.S. exports. Vietnam has promised to reduce its average tariffs on industrial and consumer goods by an additional 20 percent.

And in the services sector — which now employs three out of four American workers — Vietnam has further opened its market to U.S. providers of banking, insurance, telecommunications, express delivery, and distribution services. Unlike many other WTO members -- including China -- Vietnam has agreed to allow U.S. banks, insurance providers, and distribution companies to establish 100 percent foreign-owned subsidiaries immediately or within a few short years.

These commitments are remarkable. They hold the promise of taking our economic relationship with Vietnam to a whole new level. And that's what international trade policy should be about — creating meaningful competitive opportunities for U.S. ranchers, farmers, workers, service providers, innovators, and manufacturers.

But to get the benefit of these new opportunities, the United States must grant Vietnam PNTR. That's the small price that we have to pay. We need to give Vietnam the normal trade relations status that we already provide on a renewable -- rather than on a permanent -- basis.

If we fail to grant Vietnam PNTR, or delay doing so, then we shut ourselves out of the benefits of its WTO market opening commitments. We would instead allow those benefits to flow to exporters from China, Australia, the European Union, and elsewhere.

Trade with Vietnam -- and Vietnam PNTR specifically -- has generated quite a buzz. I have not sensed the same level of enthusiasm and support for any trade bill in recent years.

Vietnam PNTR has wide backing in the business community. It commands broad support in Congress. And it allows President Bush to complete the process of normalization that his father began, just in time for the President's scheduled trip to Hanoi in November.

In a period of waning public support for trade, the Vietnam PNTR bill is an opportunity for Congress to demonstrate leadership on a trade bill that is of both great historic and economic significance to America.

In an era of bitter partisanship on trade policy, the Vietnam PNTR bill offers a rare chance to come together and vote on a trade bill that I expect will pass by overwhelming majorities in both the House and Senate.

In a time of great congressional skepticism over the administration's trade policy, the Vietnam PNTR bill symbolizes a working Congressional-Executive partnership that for 15 years drove the normalization of relations with Vietnam.

Let's get this bill done now. Let's close the chapter of war and reconciliation and begin the period of full engagement. And together, built on the solid foundation of a normalized U.S.-Vietnam partnership, let's create a whole new set of pictures of Vietnam.

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