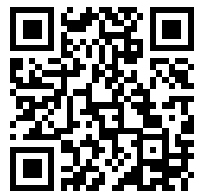

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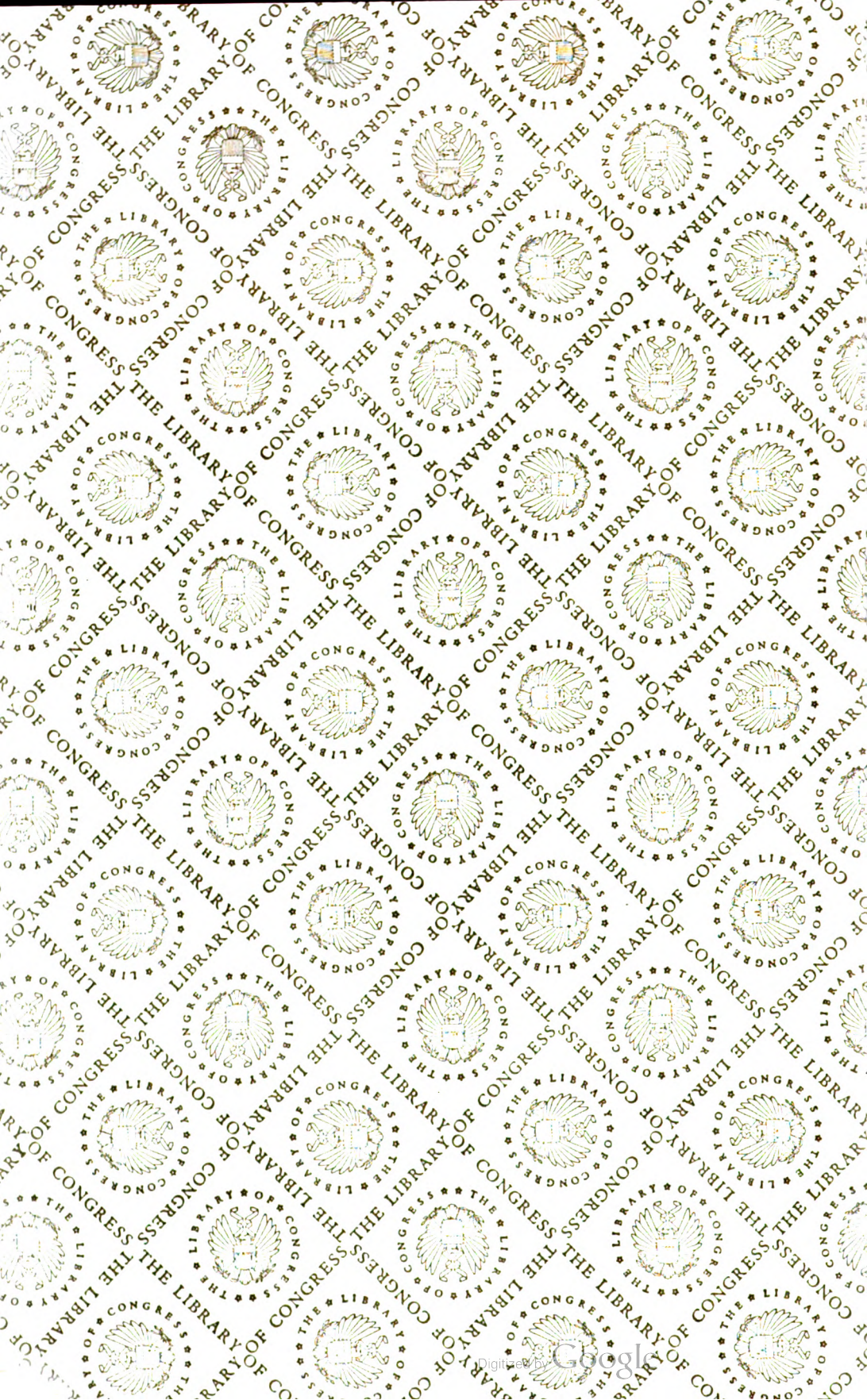
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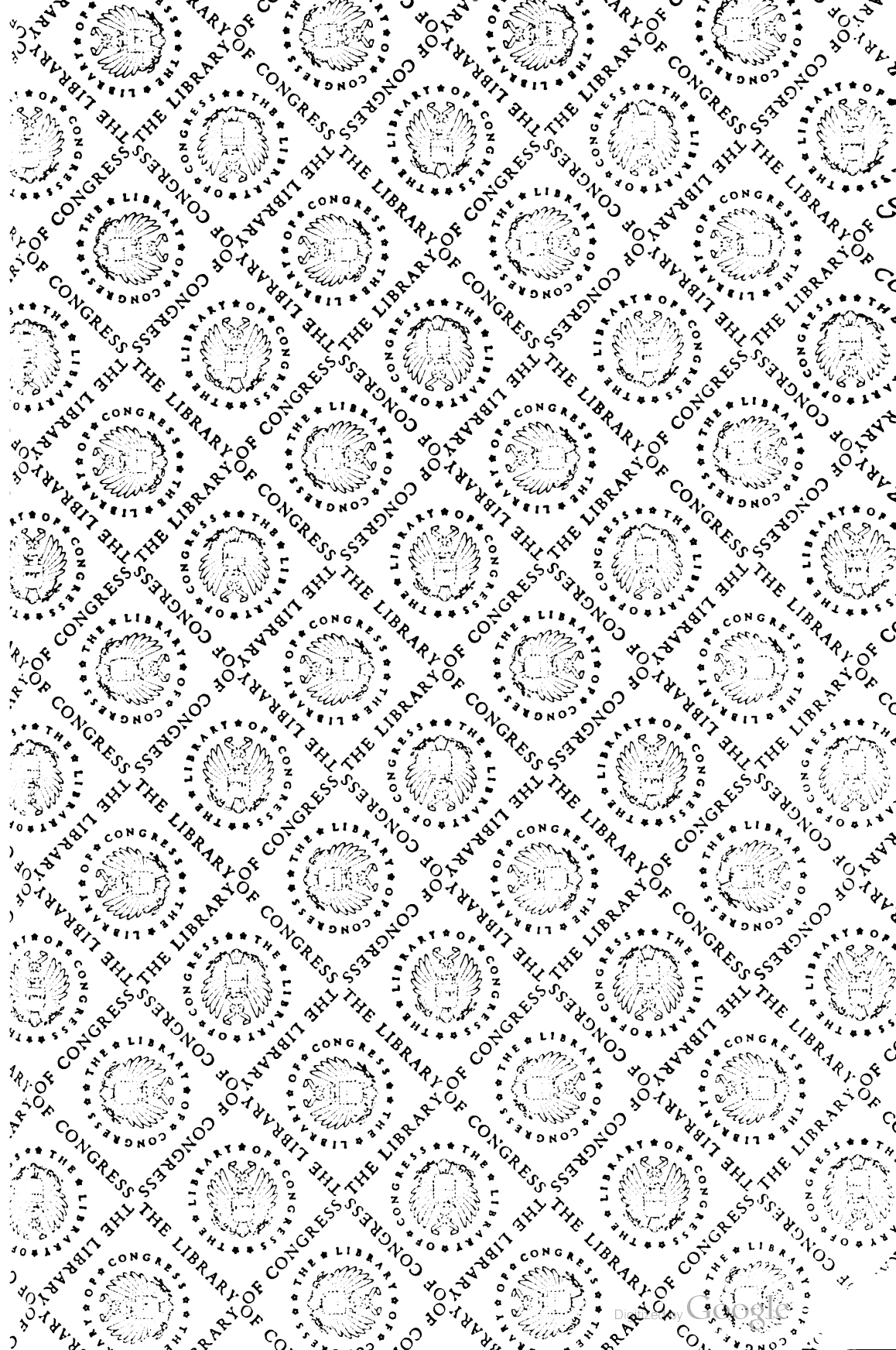


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United States,

U.S.-VIETNAM RELATIONS

HEARING
BEFORE THE
SUBCOMMITTEE ON
ASIA AND THE PACIFIC
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

JUNE 18, 1997

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1997

CONTENTS

WITNESSES

	Page
Mr. Jeffrey Bader, Deputy Assistant Secretary for East Asian and Pacific Affairs, U.S. Department of State	7
Ms. Susan G. Esserman, The U.S. Trade Representative	10
The Honorable David Lambertson, University of Kansas	24
Ms. Ann Mills Griffiths, National League of Families	27
Mr. Adam Schwartz, Johns Hopkins University	30
The Honorable Michael A. Samuels, President, Samuels International, Inc.	32

APPENDIX

Prepared statements and biographical sketches:	
Mr. Jeffrey Bader	41
Ms. Susan G. Esserman	50
The Honorable David Lambertson	55
Ms. Ann Mills Griffiths	59
Mr. Adam Schwartz	87
The Honorable Michael A. Samuels	94
Additional material submitted for the record:	
Information submitted to the record by Mr. Bader at the request of Congressman Berman	103
Information submitted to the record by Ms. Esserman at the request of Congressman Hastings	105
Information submitted to the record by Mr. Bader at the request of Congressman Gilman	106
Information submitted to the record by Ms. Griffiths at the request of Congressman Bereuter	108
Questions for the record submitted by Congressman Royce to Mr. Bader ..	110

U.S.-VIETNAM RELATIONS

WEDNESDAY, JUNE 18, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:14 a.m. in room 2172, Rayburn House Office Building, Hon. Doug Bereuter (chairman of the Subcommittee) presiding.

Mr. BEREUTER. The Subcommittee will come to order. I apologize for starting a couple of minutes late.

Today's hearing addresses the issue of the future of U.S. relations with Vietnam. The Subcommittee has in recent years examined specific issues of U.S. interests with respect to Vietnam, for example, the POW/MIA issue, boat people, human rights, but we have not conducted a broad review of the general direction of U.S.-Vietnam bilateral relations in some time.

Perhaps this is not surprising since the United States and Vietnam really do not have much of a bilateral relationship—at least they didn't for more than 2 decades. However, Ambassador Pete Peterson arrived just last month to take up his post as the first U.S. Ambassador to Vietnam since the fall of Saigon. Secretary of State Albright will arrive there in less than 2 weeks, and Treasury Secretary Robert Rubin returned from Vietnam only a few weeks ago. In addition, the commander in chief of U.S. forces, Pacific, CINCPAC, traveled to Hanoi in March of this year.

Clearly, a great deal is changing in U.S.-Vietnam relations. We are presently moving toward the establishment of a consulate in Ho Chi Minh City with a reciprocal Vietnamese consulate in San Francisco. In addition, there has been dynamic progress on a broad range of diplomatic and economic issues. Negotiations on a bilateral investment treaty are proceeding rapidly, and the United States and Vietnam have successfully resolved long-standing debt issues. In addition, agreement has been reached on the mechanisms to interview those boat people who have been returned to Vietnam for possible asylum.

However, the United States also continues to have significant concerns with the Government of Vietnam. Most important of those outstanding issues is the fate of the POW/MIAs, and their fate has yet to be resolved. While President Clinton has certified that the Vietnamese Government is fully cooperating with the U.S. Joint Task Force full accounting, the Committee has received disturbing information regarding lack of cooperation.

(1)

Furthermore, the United States continues to have legitimate concerns regarding the human rights in Vietnam, particularly strict limits on the exercise of freedom of religion and freedom of speech. Similarly, there is an interest in assuring fair treatment of returning boat people. Also, the U.S. business community has voiced its frustration about the level of corruption in Vietnam which makes conducting business nearly impossible for American corporations, according to some business sources.

Some in the United States, particularly in the U.S. business community, have argued that we are moving too slowly in normalizing relations with Vietnam. Others, particularly human rights advocates in the POW/MIA community, suggest that the United States should first use the leverage it currently enjoys to compel changes in Vietnamese behavior. It certainly is appropriate to explore what leverage we do have with Vietnam and to ask how that leverage can best be used.

The Subcommittee is particularly fortunate to have an outstanding panel of witnesses today. Testifying for the Administration will be Jeffrey Bader, Principal Deputy Secretary of State for East Asian and Pacific Affairs. Mr. Bader has testified before the Subcommittee before, most recently at our hearing on Indonesia. He has also been a candid and eloquent spokesperson for the State Department, and we look forward to hearing from him today.

Representing the Office of the U.S. Trade Representative is Ms. Susan Esserman, General Counsel for the USTR, who will of course present testimony on the status of U.S.-Vietnamese trade relations.

In our distinguished panel of private witnesses, we are privileged to welcome Ann Mills Griffiths, a long-time Executive Director of the National League of Families. Ms. Griffiths has been in the forefront of the movement to obtain the fullest possible accounting of POW/MIAs, and her institutional memory on these issues is legendary.

The Honorable David Lambertson comes to the Subcommittee from the University of Kansas, where he serves on the faculty of the School for Public Policy. He has a long and distinguished record of public service, including service as Deputy Secretary of State for East Asian and Pacific Affairs and, most recently, ambassador to Thailand.

Mr. Adam Schwarz is presently a visiting fellow at the Johns Hopkins University School of Advanced International Studies. He previously served as bureau chief for the Far Eastern Economic Review and, in that capacity, was stationed in Hanoi for several years. He has been able to follow firsthand the changes in the political and economic environment of Vietnam.

Dr. Michael Samuels is an international business consultant whose corporation is actively involved in a number of Asian countries, including Vietnam. He served as Deputy U.S. Trade Representative and as U.S. ambassador to the GATT.

It is good to have all of you, both panels, here before the Subcommittee today. Consistent with the policy of the Subcommittee, I will tell our witnesses that their entire statements will be made part of the record, but I would ask them to summarize in approximately 5 to 8 minutes. That is allowing adequate time for Mem-

bers' questions. Given the wide variety of issues that we have before us today, I am sure there will be no shortage of questions.

Now I would like to turn to the distinguished Ranking Democratic Member of the Subcommittee, the distinguished gentleman from California, Mr. Berman, for any comments he would like to make, and then I will turn to our Chairman.

Mr. BERMAN. Thank you very much, Mr. Chairman.

I welcome this hearing on the eve of the Secretary of State's pending visit to Vietnam and Cambodia. This provides us an opportunity to explore how far we have come and how far we still have to go in improving relations between Vietnam and the United States.

My own district has a great deal of interest in the state of relations with Vietnam. I frequently hear from constituents who are concerned about immigration issues, especially the status of the ROVR program. I look forward to hearing in greater detail the efforts being made to implement that program.

I also have heard from many concerned about the human rights situation in Vietnam. Most recently, a group of Buddhist monks spoke to me concerning the imprisonment of two leading Buddhist clergy and the confiscation of Buddhist properties. I would appreciate an explanation of the efforts being made by the State Department to resolve these issues.

I hope the Secretary intends to make clear our concerns in her meeting with senior officials when she is there. I understand the Administration still assigns the highest priority to obtaining the fullest possible accounting of American POW/MIAs in Vietnam. This is as it should be.

My own staff, along with the Majority of the Subcommittee, was in Vietnam in January, where discussions were held with our Defense Department staff charged with this mission. I understand that staff emphasized in their meetings with Vietnamese officials the importance of resolving this issue, especially the need to accelerate efforts to provide documents. I would underscore the importance of continuing to make progress on this issue, and I hope we will soon open a consulate in Ho Chi Minh City.

Expanding the official American presence, I believe would be extremely helpful in obtaining information and resolving the issues of POW/MIA, human rights and immigration which continue to plague further improvement in our relations. I have every confidence in Ambassador Peterson in advancing this complex agenda.

Finally, let me just add that there has been extraordinary progress in the last few years in building a basis for a mutually productive relationship between our two countries. It is on the road to a radical economic transformation, which I hope will be matched by political change. To achieve those changes, we need to strengthen our ties. Concluding a trade agreement would be a major step in that direction.

I want to thank Chairman Bereuter again for holding this hearing, and I look forward to the testimony of the witnesses.

Mr. BEREUTER. Thank you very much, Mr. Berman.

Now I turn to the Chairman of the International Relations Committee, the distinguished gentleman from New York, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman, and I want to commend you, as chairman of our Asia-Pacific Subcommittee for holding this important hearing today on the current state and the future of our United States-Vietnamese relationship.

As you know, I have long been concerned about our affairs with the Socialist Republic of Vietnam, and I am anxious to hear what the Administration witnesses and our other witnesses have to say about this issue today; and I want to thank our panelists for coming to Capitol Hill today to give us the benefit of their views.

As many of you know, I questioned the President's decision in 1995 to normalize relations with Vietnam, primarily based on the lack of significant progress by the government in Hanoi in cooperating fully with our nation in obtaining the fullest possible accounting of American POWs and MIAs from the war in Southeast Asia. I remain unconvinced that the Vietnamese authorities are cooperating in full faith to resolve the remaining POW/MIA cases, despite the President's determination to this effect back in December 1996.

In addition to my deep concern over the POW/MIA issue, I have reservations about Vietnam's willingness to protect human rights, including religious, political and other freedoms, to improve labor conditions, and to make certain there is going to be fair treatment for refugees. I believe strongly that the further development of a cooperative bilateral relationship between our nation and Vietnam must facilitate maximum progress in all of those issues.

The House recently passed the Foreign Relations Authorization Act for fiscal years 1998 and 1999. The International Relations Committee labored long and hard to craft a bipartisan bill that boldly restructures the management of our foreign policy, and included in the bill is language intended to shape our bilateral relations with Vietnam.

We call upon the Secretary of State to report to the Congress on the extent to which the Vietnamese Government is cooperating on the POW/MIA cases, its progress on releasing political and religious prisoners, and its treatment of refugees and participation in other humanitarian efforts, such as the orderly departure program. The Administration and the supporters of its Vietnamese policy contend that improved relations with Hanoi assist our strategic objectives in Southeast Asia by promoting regional development and stability. Those proponents contend that increasing U.S. economic and political interaction with Vietnam will encourage market development, will foster respect for human rights and political liberalization.

We hope that a policy of engagement will elicit better cooperation from the Vietnamese on such issues as POW/MIAs and human rights. We hope that they are right, but my concern today is that economics and business interests have come to overshadow those issues that have been placed at the forefront of our policy with Vietnam.

Our hearing today will help us determine whether this policy has had any demonstrable effect and whether the POW/MIA and human rights issues remain the cornerstones of our policies with the regime in Vietnam.

Finally, I note Secretary of State Albright was not able to accept our invitation to participate in today's hearing as she is preparing

for the upcoming G-7 Summit in Denver and her subsequent travel to Asia, which will include Vietnam. I hope the Secretary will have the opportunity to meet with our Committee upon her return and to share her thoughts with us on U.S.-Vietnamese relations.

So, once again, I want to thank our chairman, Mr. Bereuter, for conducting today's hearing and we look forward to the testimony from our distinguished panelists.

Thank you, Mr. Chairman.

Mr. BEREUTER. Chairman Gilman, thank you for your testimony. We will ask the Secretary if she will be able to give us a briefing when she returns.

I understand Mr. Capps has a statement. The gentleman from California, Mr. Capps, is recognized.

Mr. CAPPS. Thank you, Mr. Chairman. I want to say how pleased I am to be here today to witness this expert testimony. Before coming to Congress, I taught a course on Vietnam and the Vietnam War at the University of California; and I have been there, and I look forward to returning to that country this coming August.

As close as we are to advancing further normalization of relations between the United States and Vietnam, we must recognize that this relationship presents us with great challenges, but also great possibilities. Among the challenges are the resolution of outstanding POW/MIA cases, human rights violations, political repression, encouraging economic and political reform. No wonder these challenges can be underestimated.

However, the most important challenge of all will be to maintain equal focus on all of our interests, all at the same time, because the end goal is to develop a well-balanced and multifaceted relationship with Vietnam. We need to cultivate a relationship that contributes to regional stability, one that facilitates maximum progress toward resolving outstanding POW/MIA issues, one that ensures a productive human rights dialog and one that encourages progress toward the development of mutually beneficial economic relationships. We have a long way to go, but the one thing I have learned from my analysis of the Vietnam War is Vietnam will not bend to our will by force; it is much more likely Vietnam will change over time.

The development of a well-balanced bilateral relationship between our two countries will be hastened by increased diplomatic interaction and also interaction with international NGO's, students and businesses. Taking that step toward normalization is vital to such a relationship, so I look forward to the testimony of our expert witnesses.

Thank you.

Mr. BEREUTER. Thank you, Mr. Capps.

Mr. Rohrabacher. This seems to be almost an all-California panel except Mr. Gilman and myself.

Mr. ROHRABACHER. Thank you, Mr. Chairman. I am looking forward to the testimony today.

I have to say, I start off with a bit of a bias in the sense that I have witnessed these changes in our relationship with Vietnam over the last 5 years, and it just seems like we are galloping forward to try to normalize relations, thus, basically teaching the Vietnamese regime, as well as other dictatorial regimes in the world,

the United States doesn't really care about human rights and we don't care about religious leaders being thrown into jail and we don't care about political prisoners. And I will be very interested in talking to the policymakers that move forward with this policy on why we can continue to move forward with a relationship when they continue to repress their own people.

So thank you very much. I am looking forward to the testimony.

Mr. BEREUTER. Thank you, Mr. Rohrabacher.

The gentleman from California, Mr. Sherman, is recognized.

Mr. SHERMAN. Like everyone, I look forward to a beneficial relationship between Vietnam and California.

I want to echo what has been said about POWs and MIAs and human rights. I think those issues need to be at the forefront of our thoughts about Vietnam. But when it comes to normalizing our trade relationship, we also have to take cognizance of the fact that Vietnam is a Communist country with a managed economy.

I don't want to repeat what I think is the disastrous trade relationship we have with China, where their exports to us are over four times our exports to them. And I would look forward to our panelists telling us how we can open our markets to Vietnam and be sure that they will be opening their markets to us, especially when we are a country where economic regulation is done through laws; so if we grant Most Favored Nation status, our capitalist enterprise will import everything that it is profitable to import.

In contrast, a Communist country is one where, regardless of what economic laws may be on the books, you have governmental ownership and control of major enterprises and subtle control of even nominally independent enterprises. And so the Government of Vietnam, like the Government of China, is in a position to manage trade with us, even if we open the door to their exports. And I don't have a solution to this problem, but before we open the door with Most Favored Nation for Vietnam, I would like some assurance that it won't be an open door through which \$4 of exports arrive in the United States for every \$1 of our exports going to another Communist country.

Mr. BEREUTER. Thank you, Mr. Sherman.

The gentleman from California, Mr. Kim.

Mr. KIM. Thank you, Mr. Chairman. I would like to ask unanimous consent to insert my opening statement into the record.

Mr. BEREUTER. Without objection.

Mr. KIM. I just want to say that the history of U.S.-Vietnamese relations has been a long, complicated, very emotional one. From having no relationship, even having a trade embargo, and now having an ambassador in Hanoi, we have come a long way, and I am glad that we have improved substantially.

Again, I would like to welcome all of the expert witnesses this morning. I am looking forward to the testimony.

Thank you, Mr. Chairman.

Mr. BEREUTER. Thank you very much.

If we can have the first panel come forward and take their places at the witness table, we would appreciate it. I already introduced the first two panelists for the first panel, so I won't go into their biographical details further.

You heard my comments about your entire statements being made a part of the record. I would like to note that my other committee is in the midst of a very controversial markup right now; so if you see me leave, it is not because of something you said. I will be returning as quickly as possible.

STATEMENT OF JEFFREY BADER, DEPUTY ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BEREUTER. Secretary Bader, you may proceed as you wish.

Mr. BADER. Thank you, Mr. Chairman. As you suggested, I will excerpt my statement today.

It is good to see Chairman Gilman here, as well, today. I am very honored. Thank you, Mr. Chairman.

I am pleased to have the opportunity to speak today on U.S. policy toward Vietnam. This is an opportune time to review our policy with Secretary of State Albright's visit to Vietnam just 1 week away and the arrival of our first ambassador to the Socialist Republic of Vietnam, Pete Peterson, 6 weeks behind us.

Vietnam is a nation in the midst of significant transformation. After years of self-imposed isolation from its neighbors in the West, because of its occupation of Cambodia, the Vietnamese leadership changed course beginning in the mid-1980's. Domestically, Vietnam embarked on a policy of economic reform. This policy has reduced the role of central planning and encouraged the development of private businesses.

Vietnam has sought to attract foreign investment, both in the region and from the West. The result has been a surge in Vietnam's growth, which took off in 1991 and has averaged 9½ percent since 1995, and a steady stream of foreign investors and traders coming to Vietnam.

Vietnam is moving toward a market economy with Socialist characteristics, as they put it; it has, however, been halting, and there are significant barriers and obstacles the leadership has not confronted.

Internationally, Vietnam's reorientation has had at least three major components: No. 1, improving its relations with the States of the region, particularly the ASEAN countries; No. 2, enhancing its relations with the United States; and No. 3, integrating into the broader international community. This has led Vietnam to join ASEAN and, with it, the ASEAN Regional Forum which discusses regional security issues with the important States of the Asia-Pacific, including the United States.

Vietnam's desire to improve relations with the United States has engaged us in a number of issues of concern to us, in many cases flexibly. These include POW/MIA accounting, establishment of diplomatic relations, resettlement opportunities abroad for Vietnamese boat people and return of some of them to Vietnam, economic and commercial cooperation, protection of intellectual property rights, repayment of sovereign debt, security dialog and law enforcement cooperation.

Since the early 1990's, the United States has been proceeding cautiously in developing relations with Vietnam, following a road map conceived in the Bush Administration. Obtaining the fullest

possible accounting of American POW/MIAs from the Vietnam War continues to be our highest priority. In 1993, the President set out four specific areas in which cooperation by the Vietnamese would be examined as a basis for further improvement in relations, first, resolving discrepancy cases and live sightings.

No. 1, with the assistance of Vietnam, we have been able to confirm the fate of all but 48 of the 196 last-known-alive high-priority cases, that is, persons known to have survived their capture or aircraft loss, but who did not return alive. We have found no compelling evidence that any American remains alive in captivity in Southeast Asia.

No. 2, recovering and repatriating remains. This month, the Joint Task Force for Accounting unit began the 46th joint field activity in Vietnam. These joint U.S.-Vietnamese operations and unilateral Vietnamese turnovers of remains have returned 211 sets of remains to the United States since 1993.

No. 3, accelerating efforts to provide documents that will help lead to the fullest possible accounting. Joint research teams have reviewed and photographed approximately 28,000 archival items.

And No. 4, providing further assistance and implementing trilateral investigations with Laos. The arrival of Pete Peterson in Hanoi provides us an invaluable asset as we pursue the goal of the fullest possible accounting. As a former POW, he brings a unique commitment and credibility to this mission. He has already demonstrated an extraordinary ability to communicate with the Vietnamese, enabling him to build a framework of cooperation necessary to further the goal of accounting for POW/MIAs.

Concern for human rights is an important element of our policy. Vietnam remains a one-party dictatorship in which criticism of the regime is not tolerated. We have a formal human rights dialog with Vietnam and have held five sessions so far. When Secretary Albright visits Vietnam at the end of this month, human rights will be among the most important issues she raises.

We have raised issues such as freedom of religion, freedom of the press and expression, right of association, as well as specific cases of imprisoned political and religious dissidents. In January of this year, we reached agreement with the Vietnamese Government on the Resettlement Opportunity for Vietnamese Returnees program, or ROVR. ROVR was created to encourage Vietnamese in countries of first asylum such as Thailand and Hong Kong, who have been found ineligible for refugee status, to return voluntarily to Vietnam. We hope to begin full-scale interviewing of the applicants in the near future. This will be the last chapter in a saga begun in the mid-1970's which has brought about one million Vietnamese to the United States under various resettlement programs.

We have been working with Congress to reach agreements on opening a Consulate General in Ho Chi Minh City. This would be very much in our interests. It will enable us to provide consulate and business services to the 3,000 Americans resident in Ho Chi Minh City and the 75,000 American tourists visiting annually.

There is a huge demand for immigrant and nonimmigrant visas, which currently must be handled, at a great expense to the U.S. Government, out of Bangkok. With Vietnam's membership in ASEAN and participation in the ASEAN Regional Forum, we now

have fora for discussing regional security issues with the Vietnamese leadership. Vietnam's conduct and influence will be an important element in affecting regional stability.

Vietnam claims numerous islands, reefs and atolls in the Spratly Islands. It has historic interest in influencing Cambodia and Laos. And Vietnam's relationship with China has long been of consequence to the stability of the region. A U.S.-Vietnam dialog multilaterally and bilaterally should contribute to increasing stability in Southeast Asia.

Our two military establishments have begun to develop a modest relationship. We held our first round of military-to-military talks in Hanoi in October. Both sides intend to proceed cautiously.

The economic relationship is a high priority for both countries. Growth in trade and investments has been impressive, but far short of the potential inherent in this dynamic economy. Since we listed the embargo in 1994, over 400 U.S. firms have set up operations in Vietnam. Because of the embargo and the absence of contacts between our two countries for so long, the U.S.-Vietnam economic relationship is one of a handful in the world which should experience dramatic growth in the years to come and create jobs for Americans as exports grow.

For this to happen, Vietnam needs to eliminate trade barriers and continue to develop an institutional and legal framework meeting the needs of American business. U.S. companies have told us they want trade and investment support, such as Eximbank and OPIC and TDA programs. A Jackson-Vanik waiver would be required for Eximbank and OPIC to operate in Vietnam. Eximbank support, in particular, is essential for U.S. companies to compete on a level playing field against foreign competitors.

We have also tabled a civil aviation agreement in Vietnam.

Current legislation has prohibited most bilateral assistance to Vietnam. U.S. aid has, however, provided humanitarian assistance through NGO's for prosthetics and rehabilitation assistance to war victims and to displaced children and orphans. The assistance is about \$3 million a year.

In conclusion, Mr. Chairman, the United States and Vietnam have a tragic history. Healing the wounds of war takes time, effort and good will. We are moving toward the time when Americans will truly see Vietnam not as a war, but as a country, and the Vietnamese not as former enemies, but as a people with whom Americans can build a relationship based on reconciliation and shared hopes for the future. We still have much more work ahead of us.

Thank you, Mr. Chairman.

Mr. BEREUTER. Mr. Bader, thank you very much for your expeditious summary. There are many more details in your testimony and Members will have that to share.

[The prepared statement of Mr. Bader appears in the appendix.]

Mr. BEREUTER. Our next witness is General Counsel of the Office of U.S. Trade Representative, Susan Esserman. Please proceed as you wish.

**STATEMENT OF SUSAN G. ESSERMAN, GENERAL COUNSEL
FOR THE U.S. TRADE REPRESENTATIVE**

Ms. ESSERMAN. Thank you very much, Mr. Chairman and Members of the Committee. I appreciate this opportunity to speak to you today on the status of the United States trade relations with Vietnam.

At the outset, I would like to underscore the point made by Deputy Assistant Secretary Bader, namely, that obtaining the fullest possible accounting for POW/MIAs remains this Administration's top policy priority with respect to Vietnam; and all other policy decisions, including issues pertaining to economic normalization and trade relations, are considered with this in mind. In fact, it was in the context of progress on POW/MIA accounting that President Clinton lifted our trade embargo in February 1994. Up until that point, we had no trade relations with Vietnam.

In July 1995, again in light of continued cooperation on this issue, the President normalized diplomatic relations with Vietnam and directed the process of economic normalization with Vietnam to begin. Economic normalization encompasses a number of important programs, including eligibility for OPIC, Eximbank financing, trade development agency programs and normalization of trade relations; and that is what I am going to focus on today, because that is the area under the purview of the United States Trade Representative.

We are at the early stages of our trade relationship with Vietnam, and we are following a well-established process under U.S. law for developing trade relations with countries such as Vietnam. Our goal is to establish a firm foundation for those trade relations from the start, by negotiating a comprehensive trade agreement that we hope will minimize future trade conflicts. With the lifting of the trade embargo in 1994, trade was allowed to flow between the two nations, but not on normal terms. Vietnam is one of only a small number of countries that are not currently eligible for normal trading status, and therefore, its exports to the United States face very high tariffs, in the range of 40 to 80 percent.

Trade relations will not be normalized until the Jackson-Vanik Freedom of Immigration criteria are fulfilled or waived, and a bilateral trade agreement is not only concluded, but approved by Congress. At USTR, our efforts are focused on negotiating a comprehensive bilateral trade agreement. Our broad objective in negotiating this trade agreement is to establish equitable and mutually beneficial trade relations between our two nations. This means that in return for providing normal tariff treatment to Vietnamese products, Vietnam will be required to grant the United States MFN trade status and to ensure that U.S. firms and workers have meaningful opportunities to export and do business in Vietnam consistent with international standards.

Achieving this trading relationship requires a comprehensive agreement addressing market access for goods and services, intellectual property protection, investments and basic international trade norms, such as transparency and national treatment. Such an agreement would promote the Administration's overall trade policy objective of opening world markets and expanding trade opportunities for American workers and companies.

We have adopted this comprehensive approach for a number of reasons:

First, this is the first such bilateral agreement negotiated after the conclusion of the Uruguay Round agreements in which broader and more extensive standards governing international trade were established.

Second, it is particularly important that a country of Vietnam's significance, with over 70 million people and export growth at double-digit rates, adopt international norms or practices.

Most significantly, there are real impediments to trade in Vietnam, which we must begin to address at this early stage of our economic relationship. The U.S. private sector, sensing Vietnam's future potential, has expressed a strong interest in the commercial opportunities in Vietnam, yet a large number of U.S. companies have raised concerns about the difficulties of doing business since the embargo was lifted 3 years ago.

Vietnam is still in the process of making the transition from a centrally planned economy to a market economy, a process which began only a decade or so ago. It has made some very important strides in this respect, however, it must do much more to open its economy to international competition. State-owned enterprises, while no longer tied to a central plan, still receive preferential treatment and are largely shielded from international competition. Exporters still face an array of barriers from restrictions on the right to trade to customs valuation problems to high tariffs and import prohibitions.

Access by foreigners to key service sectors, such as financial services and telecommunications, is still highly restricted. Foreign investors in Vietnam also face a broad array of discriminatory treatment.

Vietnam's intellectual property protection regime is rudimentary. As a result of our extensive discussions with the U.S. business community and our analysis of Vietnam's trade and investment regime, we have proposed to the Vietnamese Government an agreement that would help us to address the problems that our companies are encountering. This bilateral agreement should ensure that our trade relations are moving on the right path at this very early stage, that Vietnam is taking concrete steps to adopt these international norms during a realistic timeframe.

Finally, I would like to bring to your attention important progress that we have made on the key issue of intellectual property protection. During our April meetings, we completed negotiation of a bilateral copyright agreement with Vietnam that will significantly improve the trading environment in Vietnam for U.S. motion picture, sound recording, software and publishing industries. This agreement will, for the first time, require Vietnam to protect U.S. works and to allow the copyright industry to enforce their rights in Vietnamese courts. This agreement is a major step forward for our copyright industries and will facilitate negotiations of the more comprehensive intellectual property provisions in the broader comprehensive agreement that I have just described.

In sum, we have much work ahead of us as we normalize our trade relations between the two countries and, specifically, in our negotiation of a bilateral trade agreement. That agreement must

not only be negotiated, but it must be approved by Congress for a normal trade status to be granted.

We look forward to working with the Members of this Committee as we move forward in this process. Thank you very much.

Mr. BEREUTER. Ms. Esserman, thank you very much for your excellent testimony.

[The prepared statement of Ms. Esserman appears in the appendix.]

Mr. BEREUTER. We will proceed to the question period, operating under the 5-minute rule, and I am going to swap my time with Chairman Gilman, who has other commitments. So I call first on Chairman Gilman for his questions.

Mr. GILMAN. Thank you, Mr. Chairman. I will try to be brief.

To both panelists, in the past 3 weeks, Mr. Peterson has arrived to take up his new post in Hanoi. What are his principal objectives and what should the principal objectives be? Was it appropriate to send him over there while so many difficulties remain in our bilateral relationship, and where does trade fit into his priorities?

Mr. BADER. Mr. Chairman, the No. 1 priority that Ambassador Peterson will be pursuing, as he made clear in his hearings and statements before leaving, and as he made clear since he arrived, is obtaining the fullest possible accounting of POW/MIAs. He has emphasized that in all of his initial calls; he has dramatized it publicly by his appearances before the media. So that is No. 1.

Trade pursuit—pursuit of the objective of economic normalization is part of his agenda. American business is very interested in developing this market. He is pursuing that as well.

Human rights—advancing protection of human rights is part of this agenda.

Developing law enforcement cooperation and a security dialog with the Vietnamese. I would say those would be the major priorities for our ambassador.

Mr. GILMAN. And Ms. Esserman, when Secretary Albright travels to Hanoi in 2 weeks, are there any trade or diplomatic agreements likely to be concluded during the Secretary's visit?

Ms. ESSERMAN. As I mentioned, we had a copyright agreement in April, and it may be that that copyright agreement will be signed when the Secretary goes to Vietnam.

Mr. GILMAN. And Mr. Bader, are you familiar with Mr. Berger's letter to Senator Lott on April 10th, outlining our policy on Vietnam and the POW/MIA issue? Mr. Berger stated Ambassador Peterson should be charged with pressing Hanoi for more unilateral action on the POW/MIA cases in addition to pressing them for access to key witnesses to explain the so-called "Russian documents".

Have any steps been taken to ensure that these items are being taken care of, and what has been done with regard to the pledges made by Mr. Berger?

Mr. BADER. Mr. Chairman, yes, I am familiar with National Security Advisor Berger's letter. An interagency process has begun in Washington. The Intelligence Community has begun the process of trying to fulfill the commitments made in Mr. Berger's letter, so that process has begun. We are trying to figure out what kinds of questions and what kinds of task schemes would be most effective and fulfilling Mr. Berger's commitments.

Mr. GILMAN. Mr. Bader, last year the President certified on several occasions that Vietnam was cooperating in full faith on the MIA/POW issue. As you know, that was a condition for funding to normalize diplomatic and consular relations.

Are you satisfied with the way the certification process has worked over the past year; and has there been any Intelligence Community consulted by your department or the White House with your recommendation on the certification?

As you know, this was a conclusion reached by the Senate Select Committee on Intelligence on April 10th following an inquiry. Could you comment on that?

Mr. BADER. Certainly, Mr. Chairman.

Mr. Chairman, the certification provided by the President has been based on all of the information available to the President. Most of that information has come from the Defense Department and from information developed in the course of our cooperation with Vietnam. Since we set up the Joint Task Force Full Accounting detachment, that has become the main avenue for developing information for pursuing leads on cooperation, so that has been the principal means.

The Berger letter talks about, as you pointed out correctly, exploitation of other assets; and we will be pursuing that.

Mr. GILMAN. And Admiral Prueher of CINCPAC has said the Vietnamese cooperated, but they could do better. How would you interpret that comment? Did you discuss that with Admiral Prueher?

Mr. BADER. I had not heard that comment. I visited our Joint Task Force detachments in Hanoi and spoke to the people there. They feel that they are getting very effective cooperation from their Vietnamese counterparts. I met with their Vietnamese counterparts, and they described to me the kinds of missions that have been undertaken, unilateral missions out to very remote jungle areas in Vietnam, very perilous and very dangerous missions.

We can always look for greater cooperation. We certainly would like to see more in the way of documentation provided. These are the kinds of things Ambassador Peterson will be pursuing.

Mr. GILMAN. And just one last question, Mr. Chairman, if you would bear with me.

Ms. Esserman, on the Ho Chi Minh consulate, when is it expected that that consulate would be opened?

Ms. ESSERMAN. Let me refer that question to Mr. Bader.

Mr. BADER. Mr. Chairman, if I could take a run at that, the Administration has set up a request for a reprogramming of funds to the Congress that would allow for the opening. We are in consultation with the appropriate authorizing and appropriations committees, and we look forward to a decision on that soon.

Mr. GILMAN. How much money is involved in that?

Mr. BADER. I am told that there are a couple hundred thousand dollars.

Mr. GILMAN. How much?

Mr. BADER. I am told it is a few hundred thousand dollars.

Mr. GILMAN. Has that been forwarded to our Committee at our request?

Mr. BADER. My impression is, that was forwarded.

Mr. GILMAN. Thank you.

[The information referred to appears in the appendix.]

Mr. BADER. Thank you, Mr. Chairman.

Mr. BEREUTER. We are still the authorizing subcommittee in the Committee. Thank you.

The gentleman from California, Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

I want to focus on some very specific individuals and specific issues. First, let me talk about the issues, the ROVR program, the sort of up-to-date status of Vietnam's willingness to cooperate with our efforts to reinterview refugees who have returned, to determine whether or not they meet the qualifications for refugee status under U.S. law and the more liberalized standards set up in the ROVR program.

Mr. BADER. Congressman, in January of this year, Vietnam agreed to implement the ROVR program, or as they consider it, the ROVR subprogram of the departure program; so we have an agreement in principle to proceed. There are several thousand cases of people who have returned from Hong Kong, Thailand and other places to Vietnam that we are waiting to interview. We are waiting for the Vietnamese Government to tell us that the names on the list we have given them are eligible for exit permits.

Thus far, the Vietnamese Government has given us a list of several hundred names that they say are eligible for exit permits. We are pleased to have the several hundred, but that falls far short of what we are looking for, which is a much more complete list that we can begin interviewing.

Mr. BERMAN. And are we starting the interviews of the several hundred?

Mr. BADER. We expect to begin interviewing the next group of ROVR applicants next month.

Mr. BERMAN. As I mentioned in my opening statement, I met with a group of Buddhist monks from Vietnam who talk about the large numbers of people of Buddhist clergy under arrest or under house imprisonment.

I was specifically asked to inquire about Mr. Tran Huu Duyen and his present status, and to what extent the embassy is involved in seeking to secure his release, and whether Secretary Albright is going to raise specific cases with the Vietnamese when she goes there.

Mr. BADER. Congressman, with respect to this particular individual, I am aware of the general issue of the United Buddhist Church of Vietnam, of arrests and detentions of activists and worshipers in that church. I don't know the specific names. We will be glad to send out that name to Ambassador Peterson to get what information we can from the embassy and to see what we can do in this particular case.

More broadly, we have raised specific cases of religious prisoners. There are a number of problems in terms of protection of the freedom of religion in Vietnam. The United Buddhist Church of Vietnam, which you mentioned, is the former umbrella organization, the group for most Buddhists in South Vietnam, before 1975. Since reunification, an official church has been imposed upon South Vietnam; so this is now, as it were, an unregistered church, and it has

been subject to harassment and persecution, which we have raised on a number of occasions, including in our human rights dialog.

As to Secretary Albright, I am sure she will raise human rights issues, freedom of religion issues. I will discuss with her the individual cases that are of concern to you, and there are other cases that have been raised by human rights organizations to see what the best way to handle those during her visit is.

Mr. BERMAN. Well, let me raise two other cases for you, and I would appreciate any information you can get back from Ambassador Peterson and the embassy there and any efforts that the Secretary might make on their behalf. The other two names are Dr. Nguyen Dan Kue and Professor Doau Viet Hoat. Both of them are prominent dissidents; both are prisoners of conscience, deemed so by Amnesty International. Have those cases been raised? What was the Vietnamese response? And again an effort to see that Secretary Albright raises them on her trip.

Mr. BADER. I will check on those particular cases, Congressman.

The human rights dialog has made it the practice of raising specific cases, so if those cases were known to us at the time of the last human rights dialog, I suspect they will raise it, but I will check on that.

Mr. BEREUTER. Thank you, Mr. Berman.

I will defer my time at the moment to Mr. Rohrabacher, who has an appointment.

Mr. ROHRABACHER. Isn't it quite cynical in the Vietnamese regime to talk about a certified church and an uncertified church? Isn't this some sort of a facade for the West, and when we start rushing forward and talking about economic relations, aren't we doing nothing more than granting the type of people who play these kinds of games the satisfaction of knowing that they can get away with this type of travesty?

Mr. BADER. Congressman, we certainly don't approve or condone in any way the establishment of official churches and unregistered churches; and the invidious distinctions made between them that we regard as an unacceptable infringement.

Mr. ROHRABACHER. This is like Nazi Germany and Stalinist Russia, let's face it. And when I hear the people in this Administration and also in our business community rushing and saying we have to go in there and our very presence is going to make things better, and then we end up not making any real demands that there be change for us to go into these societies, I think it does nothing more than cement these terrible practices. Am I missing something here?

Mr. BADER. Congressman, there are different ways to advance human rights. The Administration has made the judgment that being present in Vietnam, having a human rights dialog, having an ambassador on the ground who can raise these issues and having more extensive contacts and penetration to Vietnam is the best way to advance these objectives.

Mr. ROHRABACHER. Is waiving our Jackson-Vanik preconditions, our own standards that we have set for ourselves, waiving that, is that some way of proving to them that they must change their way of acting?

Mr. BADER. Congressman, as you know, no decision has been made to waive Jackson-Vanik.

Mr. ROHRBACHER. So we are not going to waive our standards when it comes to trying to promote business in Vietnam?

Mr. BADER. Well, we will look at Jackson-Vanik in the context of the law, you know, the law's requirements for promoting the objective of freedom of immigration; and in response to Congressman Berman's question about ROVR, that is very much on their minds as we look at the Jackson-Vanik issue.

Mr. ROHRBACHER. I have a list of 100 Buddhist prisoners. We have present a few representatives of this regime. Whoever is here representing the North Vietnamese regime, I hope you take a look at this list of political prisoners, and if you want to prove anything to us in the United States, maybe they can release these prisoners when our Secretary of State visits Vietnam. I will submit this for the record, Mr. Chairman.

Mr. BEREUTER. Without objection, it will be made a part of the record.

Mr. ROHRBACHER. And I would hope that when the Secretary of State visits the leaders in Vietnam that she asks about the list of 100 Buddhist prisoners to see if they have been released. That would be a sign that they actually are taking us seriously.

About the MIA/POW situation, just a thought here, and here are some areas that the Vietnamese might be able to indicate that they are fully cooperating with us. What we need—and I am putting this in for the record, and I hope the Secretary of State asks about these. It is within the power of the Vietnamese Government to provide us the Vietnamese records and documents regarding MIAs and POWs. We also need the original records that comprise unit 559 document; they produce their own document, document 559, it is on Laos, because they have their own documentation and analysis for what was going on in Laos.

We would like the original documents and records of the Ministry of Defense graves registration unit because this Congress has already had testimony that a Vietnamese mortician worked with the bodies of American military personnel, and there has never been any followup on that, and this has been years now since that testimony was given in the United States. It is as if it didn't exist. Just ignore the fact there has been testimony by a man who got out of Vietnam, who said there were hundreds of bodies, hundreds of Americans that he worked on that have not been accounted for.

And, finally, I would ask my friend Pete Peterson—and he is a friend—that he ask for the records of his own prison where he was incarcerated in Vietnam. It behooves all of us to question the sincerity of people who are claiming they are fully cooperating with us, who have yet to give the prison records of where our own POWs were kept and only say that all those records were lost. If we have prison records and we have these other records, we can find an accounting of how many prisoners they held in the first place; and I would just ask if these things could be taken into consideration, and the next time we hold a hearing, I would hope—and I have made these requests before—it just seems we are rushing headlong into normalizing relations and that these things really don't mat-

ter. I am sort of pleading with you and others to take these requests seriously.

Mr. BEREUTER. Thank you, Mr. Rohrabacher.

The gentleman from California, Mr. Capps, is recognized for 5 minutes.

Mr. CAPPS. Thank you.

Mr. Bader, in the final paragraph of your presentation, you say we are moving toward a time when Americans will truly see Vietnam not as a war, but as a country, and then you talk about how the reconciliation can go forward. I have heard former Secretary of State, Warren Christopher, use that phrase, and actually it is a phrase I like very much.

But my question is going to be how deliberate can we be about that, and these are the examples I want to cite. We talk about the tragedy of, and every one of these is a tragedy, the 58,000 Americans who were killed in Vietnam. A number that doesn't get cited very often is that there are at least twice that many Americans who took their own lives when they came back to this country after the war because of posttraumatic stress. I would like to see that number come out more often and to be able to talk about how deeply the wounds and the hurt go on our side.

But the other number that doesn't get mentioned often in these kinds of testimony is how many Vietnamese were killed, and if the numbers I have are correct, and I believe they are, there were about two million casualties among the Vietnamese population.

We talk about the number of missing in action on the American side, and, again, every one is a tragedy, and nothing I am saying here is intended to diminish how serious this issue is. But a number that never gets cited, and ought to, is that there were 30,000 MIAs in the Saigon area alone, on the Vietnamese side; and that is why I am asking this question about reconciliation.

I think my question is an unanswerable question, but I think we have to face it as a society. We talk about wanting the country to become—Vietnam being the name of a country and not the name for a war. How deliberate can we be on our side to push that process forward? I mean, I think you are talking about public understanding, public perception. What, in your judgment—and I ask you this because you studied this and you thought about it a long time—what specific steps can be taken to push this process forward? I await your response. Thank you.

Mr. BADER. Congressman, I have not heard that figure before on posttraumatic stress syndrome; that is quite startling. I think there are a number of things that we can do.

Another number we have heard from the Vietnamese is the number of MIAs that the Vietnamese have, and the number they cited to us is 300,000. They are interested in cooperation from us in trying to account for or locate those people. The kind of way that we can help heal the wounds of war is, I think, what our veterans associations have been doing in this regard. Some of our veterans groups have gone back to Vietnam, they have established kind of oral history projects, they have established linkups with Vietnamese groups in order to try to provide information to Vietnamese families and to the Vietnamese that might be helpful in accounting for those 300,000. We are exploring ways to further that objective,

and I think, again, Pete Peterson brings a unique ability to communicate on that.

The Vietnamese are very interested in the effects of Agent Orange, which has been a matter of concern in the United States. We have scientists who are prepared to study and work with Vietnamese scientists on that. We had an unfortunate incident where a renowned U.S. scientist was trying to take some samples out of the United States, out of Vietnam and the Vietnamese prevented him from doing so. I think that is very unfortunate and that is the kind of area where we can cooperate.

I think oral history projects generally—former Secretary McNamara has been out there in the last few days reviewing the period of the 1960's and the decisions made with the Vietnamese. Again, that is entirely private, and we are not associated with it, but these are things our society as a whole can do.

Mr. CAPPS. Mr. Chairman, can I have one followup? My own judgment on this is that we are—both officially and in public conversation, we are using a rhetoric about our relationship with Vietnam that is already outdated, it is outmoded, it is tired. We need to move this on, I think, to more up-to-date topics, to strategies that would be more resilient. And, you know, I can't tell you I know exactly how to do that, but I think this conversation we are having today is like a conversation we could have had a year or two ago.

It is the same thing over and over again, and I am hoping that the Secretary of State's visit to Vietnam might accelerate the process, move it onto more resilient, more productive, more potentially promising terms than what we have at the present time.

Thank you.

Mr. BEREUTER. I want to state my questions on the subject for just a minute or two, because it is the largest impediment to improving our relationship—that is the POW or MIA issue. Many of the unresolved or active cases that remain involve individuals last recorded in Laos or in Cambodia in areas controlled by the North Vietnamese army at that time.

Has the Vietnamese Government now been helpful in resolving those cases that involve a third country?

Mr. BADER. Mr. Chairman, the answer is yes. That is one of the criteria that the President used in setting forward his certification. The Vietnamese have produced several scores of people who have been helpful in trying to resolve cases in Laos. There are, I think, about 30 or 40 Vietnamese who have provided interviews and oral history assistance to us in trying to bring those cases to a conclusion.

Mr. BEREUTER. Now I would think that the leadership of Vietnam is in the midst of a major transition, with the long-time rulers preparing to retire. How will that transition affect U.S. policy?

Mr. BADER. Mr. Chairman, as I said, I can't remember if it was in the statement, as delivered, or the statement as written. We have not seen any particular divisions within the Vietnamese leadership on political reform issues—domestic political reform issues. There are groups that favor economic reform more than others; there are groups that favor opening to the United States—in a more active, dynamic, open relationship with the United States. They tend to be the younger elements of the leadership.

As the transition proceeds in Vietnam, one would expect that those elements would become more prominent, but that does not necessarily, I think, in the short term portend domestic political reform; we have not seen that particular division.

Mr. BEREUTER. I would express the hope that there is a great deal of attention focused on how we can advance our own policies and advance improvements in the Vietnam-U.S. relationships during this transition period of time. I think we have expertise in this area as a society, and I hope the government is bringing it to bear to look at these possibilities.

Finally, I would ask the question about the National Endowment for Democracy. There is a modest program there working with the Vietnamese Parliament. Are such programs really worthwhile in a totalitarian regime? That is the most basic question.

If you had an opportunity to use our resources to try to advance democracy and pluralism in that country, would you use it in this area? Would that be one of the areas? Or what other areas would you identify where we might have an impact on advancing market-oriented economies, but especially democracy and pluralism in that society?

Mr. BADER. Well, the one we have been examining as a government is commercial code and commercial law. We have been looking at whether there is something that USAID can do in that area, because that is an area that the Vietnamese are interested in and that would be something that would protect the interest of U.S. business as well. NAD, as you know, is separate from the U.S. Government, they get funding through the Congress from the U.S.A., but they are free to determine their own programs. We sometimes have a look at them and offer an opinion, but ultimately, they make their own decisions. I am not familiar with the particular program—let me go back and take a look at it—but NAD will ultimately do what is within its charge without regard to the view of the U.S. Government.

Mr. BEREUTER. Thank you.

I call on Mr. Sherman for his time. He is recognized.

Mr. SHERMAN. Thank you, Mr. Chairman.

I would like to associate myself with the specific human rights request made by Congressmen Berman and Rohrabacher and hope that each one of those will be brought up individually in meetings with the Vietnamese, not just in vague or general terms.

And then I would like to focus with Ms. Esserman on the possible trade relationship. My concern is that we are about to repeat the disastrous trade relationship we have with China, where, as I mentioned, you have \$4 of exports to the United States for every \$1 worth of goods we are able to send there. And a Communist country—and I know it is not fashionable to refer to China or Vietnam as Communist, but they have managed economies, and I know it is not fashionable to point that out either; and the opportunity for nontariff barriers is so great that it will make Japan look like an open economy.

Now, among the barriers that we see in China are situations where the government just puts out the word—I have never found a statute in China on this—that you can't sell goods to China, you can only manufacture them there, that once you manufacture them

there, you have to have a Chinese partner, that U.S. goods will be given second treatment and that the enterprises will be told to prefer European goods for political reasons.

I don't think there is any element that you can put in a trade agreement that prevents a call from Hanoi to an enterprise, which can be put out of business the next day by a commissar, instructing that business not to purchase certain U.S. goods and to prefer either European goods or to demand that goods be manufactured in Vietnam.

If you have mechanisms that can prevent oral, nondocumented pressure from being brought to bear to squeeze out American exports, I would like to know what they are, and unless there are good mechanisms available, has your department at least considered the idea that there be targets in any trade agreement where the Vietnamese simply agree that since we can't trust their process, the results will be reasonable, that is to say, we won't have trade imbalances of 200 or 300 or 400 percent?

Ms. ESSERMAN. Congressman, I very much appreciate your concerns, and that is one of the reasons why we have taken such a comprehensive approach to this agreement, and we were aided in being able to do this because we have now a whole new array of standards that apply in this agreement as a result of the Uruguay Round agreement.

One of the ways in which we are seeking to try to address this is to look at an industry all together, looking at the wide range of potential barriers so you are not looking at something in an isolated way, you are looking to—as you eliminate one barrier, you are looking to see what can be put in its place. So that is the kind of approach we are taking.

Mr. SHERMAN. Just to follow up on that, you are trying to look for things that are absolutely invisible and trying to enforce legal standards in a society that is not a society of law. Are you negotiating for an agreement that would set a limit on the amount of the trade deficit that we will inevitably run if we normalize trade relations with Vietnam?

Ms. ESSERMAN. At this point, we are following the standards under the law to look at the wide range of barriers that our companies face. And that is the approach we are taking.

Mr. SHERMAN. In other words, the answer is no, there is no result-oriented trade provision?

Ms. ESSERMAN. Congressman, one thing you need to appreciate here, this is at the very earliest stage of our trade relationship, and that simply would be unprecedented. But I would say that this is quite a comprehensive approach for this very beginning stage of our relationship.

Mr. SHERMAN. The tradition is for the United States to run huge trade deficits. I would hope you would be exploring unprecedented approaches.

Ms. ESSERMAN. We are looking at this very carefully, thank you.

Mr. BEREUTER. Thank you, Mr. Sherman. May I join you in your concern and your expression?

The gentleman from California, Mr. Kim.

Mr. KIM. Thank you, Mr. Chairman, for yielding. I do have one question for Mr. Bader.

First, I would like to make a statement. Whenever I go back to California, southern California, people are telling me that all we are interested in is making money, money, money. It doesn't make any difference what country that is in. They tell me, "How soon you forgot that we have lost thousands of lives out there in Vietnam."

"Now we go back to the same people, the same leadership, to try to negotiate, try to get a piece of contracts. We don't have any pride." This is the criticism I have received in numerous cases, one in which I share their feeling.

Now, what I am hearing today, which I understand also, which I also kind of agree with, is that alienating Vietnam is not in our national interest. It is about time we have some kind of relationship. Since then, we have lifted the trade embargo; now we have a full ambassador to Vietnam, which is, in my opinion, tremendous progress. You call that cautious progress, which I support. It is an emotional relationship; we shouldn't forget the other side either.

Having said that, my question to you is, what is your next step? I understand you mentioned trying to extend MFN to Vietnam. But I emphasize that MFN should come with conditions, such as progress on MIAs.

Now let me ask you this question. Do you have any vision or plan, perhaps in the next 2 or 3 years, with Vietnam and our relationship? Can you tell us what your plan would be?

Mr. BADER. Congressman, I think one useful way of looking at it is, there are problems left over from the period of the war and there are problems looking ahead, and we have to address both sets of problems as we go through the next few years. The problems left over from the war are primarily the POW/MIA accounting issue, and the processing of refugees for people who have a fear of persecution; and those two issues are still very much at the top of our agenda.

As we continue to deal with those, we have to look forward to broadening the relationship and dealing with other issues; and I think those other issues, economic and commercial normalization, are certainly important ones. Vietnam is a dynamic growing economy, and we do not wish to be left out as the Europeans and other Asians seek to take advantage of this market.

There are security concerns. Vietnam is an important regional security player. As I was alluding to in my statement, their relationship with China; their influence in Cambodia, which is very much in the news today, with yesterday the shooting in downtown Phnom Penh; Vietnam's claim on the Spratly Islands, a place where we have an interest in the freedom of navigation; narcotics, Southeast Asia is a principal source of heroin and opium on the streets of the United States.

Vietnam is an important transit route. As we close off transit routes elsewhere in Southeast Asia, in Burma or through China or through Thailand, Vietnam becomes a more attractive transit route.

Counterfeiting, you know the U.S. dollar is the currency of Vietnam. If you go out in the streets of Vietnam and you want to buy something, U.S. dollars are what are used, so counterfeiting is a real problem, the Secret Service has been out there, and we want to work on that issue.

So I think the broad array of issues we have seen emerging there constitute part of the road map for the next steps in our relationship.

Mr. KIM. Thank you.

Mr. BEREUTER. Thank you, Mr. Kim.

And finally, Mr. Hastings, the gentleman from Florida.

Mr. HASTINGS. Mr. Chairman, thank you. I apologize to Mr. Bader and Ms. Esserman for not being here earlier.

I tried as swiftly as I could to go through your remarks. Ms. Esserman, one thing that jumps out at me in your statement for the record was that you feel, and I think rightly so, that there are real impediments to trade in Vietnam. I didn't get to the part where I am sure you must have listed them.

Which do you consider to be the most significant impediments at this point, and what kind of timeframe are we talking about for being able to overcome some of the difficulties in the bilateral trade agreements?

Ms. ESSERMAN. I can't give you precise timing relating to the completion of the agreement. What we have done is, we have presented a very detailed and comprehensive agreement to the Vietnamese Government for their consideration, and we are awaiting response to that. There are an array of barriers that are troublesome, that our business community has complained about: concerns about the right to export freely, licenses, quotas—you know, basic international principles, such as national treatment being provided to our companies. There are problems in the services area, and the intellectual property regime is quite rudimentary, although we have made some progress in that we have negotiated a copyright agreement with them, which we have concluded.

Mr. HASTINGS. I come to the Asia Subcommittee as a new Member, and I have not studied Vietnam, so I confess a significant amount of lack of knowledge of the area. The one question that I put probably suggests my ignorance, and that is as to the rule of law. What kind of safeguards are in place for investors, for dispute resolution?

I, for one, if I were investing someplace, I would look to the courts here in our country and elsewhere, and I am just curious, is there a system in place at this point or is there one being developed or are we involved in any way in trying to help it to develop?

Mr. BADER. Congressman, I believe that Vietnam adheres to international arbitration mechanisms as a matter of membership. However, I think that the view of many American investors is they do not have confidence that awards or decisions by those international arbitration mechanisms would be effectively enforced in Vietnamese courts.

This is a serious problem, as I understand it.

Mr. HASTINGS. All right. My final question, Mr. Chairman, deals with MFN for Vietnam, and again, not knowing what other countries do, do other countries, such as the European Union, afford Vietnam a Most Favored Nation status?

Mr. BADER. Congressman, yes, they do.

Mr. HASTINGS. They restrict trade in other ways, with quotas or nontariff barriers.

Ms. ESSERMAN. I don't know the answer to your question, but I am happy to get it provided to you.

[The information referred to appears in the appendix.]

Mr. HASTINGS. Please do.

And I yield back, Mr. Chairman.

Mr. BEREUTER. Thank you, Mr. Hastings. At the Chairman's prerogative, one final question from Chairman Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Following up on my earlier questions with regard to the U.S. consulate offices in Ho Chi Minh City, I now have a copy of the letter that was sent by Patrick Kennedy, Acting Secretary, Under Secretary of State for Management, dated May 22nd, indicating its startup costs for such an office would be \$3.8 million, and we estimate that leasing the residential space construction of the building, equipment and furniture will be a total of about \$10 million, and that you are planning to occupy it in early July.

Are those figures sound, do they sound accurate to you?

Mr. BADER. Thank you for correcting my earlier remarks, Mr. Chairman. I understand the \$3.8 million figure is correct.

Mr. GILMAN. And do you intend to occupy the consulate office in Ho Chi Minh City as early as July?

Mr. BADER. Mr. Chairman, if that is what the letter says, that is correct. I can't say I know a specific timetable. I think that depends on the Congress' reaction to our reprogramming request.

Mr. GILMAN. It also says other agencies are going to have a presence in Ho Chi Minh City—Department of Commerce, USIA, Naturalization Service, and some other non-State Department people will be there. Can you tell us a little more about that?

Mr. BADER. Well, Mr. Chairman, there will be, I believe, a limit on the number of personnel that will be in our consulate at the outset. Vietnam imposes a limit of 20 on the number of personnel who can be in any consulate in Ho Chi Minh City. We will, of course, impose reciprocal limits on them here, but that will certainly restrict the numbers.

Mr. GILMAN. So do you intend then to provide some 20 in personnel when you open up?

Mr. BADER. I believe that the initial opening target is approximately 20. That is my recollection.

Mr. GILMAN. And then you hope to add more personnel later on?

Mr. BADER. I think there is an expectation that over time, there will be some increases beyond that; that is right.

Mr. GILMAN. And will any of this functioning of the consulate be based upon the cooperation of Vietnam with the United States?

Mr. BADER. It will be based on the principle of reciprocity, Mr. Chairman. Right now, the Vienna Convention on consulate relations is the standard that both sides apply. We would, however, like to have a bilateral consulate convention; we have not yet negotiated one.

Mr. GILMAN. Besides the bilateral consulate convention. Right now I am talking about their cooperation with us in other matters.

Mr. BADER. In terms of a decision to open?

Mr. GILMAN. To expand.

Mr. BADER. Well, decisions to expand would depend upon the value that we would see in the particular expansion, and that

would certainly depend upon whether we anticipated cooperation in those areas or not. We have no interest in expanding just for the sake of expansion; we want to accomplish something. So if we are not getting cooperation, that would certainly affect this.

Mr. GILMAN. And what was the rationale for opening the Ho Chi Minh consulate?

Mr. BADER. There were several bases. The principal one is, that is where most of the consular refugee processing, visa, passport activity of the United States in Vietnam currently is occurring. We are doing it using TDY personnel out of Bangkok, so that is very important.

The second is commercial, that most of the commercial interests of the United States will be in the south; and I think, more generally, monitoring of human rights, trade opportunities, POW/MIA issues, we will be better able to do it with a permanent presence in the south.

Mr. GILMAN. Mr. Chairman, I would like to ask the witness if you could provide our Committee with a little more of the detailed plans for the Ho Chi Minh consulate office with relation to personnel, construction plans and the costs.

Mr. BADER. I would be glad to.

Mr. BEREUTER. I would ask unanimous consent that that information be made a part of the hearing record.

Hearing no objection, that will be the order.

[The information referred to appears in the appendix.]

Mr. BEREUTER. Secretary Bader and Ms. Esserman, thank you very much for your testimony and responses to our questions. We appreciate it.

Mr. BEREUTER. I would like now to call the second panel of four witnesses to the table. I have already given a bit of biographical information about the witnesses, but again, the witnesses are the Honorable David Lambertson, the University of Kansas; the Honorable Michael A. Samuels, president of Samuels International, Inc.; Ann Mills Griffiths, executive director of the National League of Families; and Adam Schwarz, Johns Hopkins University, School of Advanced International Studies.

Mr. BEREUTER. In light of the advanced testimony, or the expected testimony, I would like to begin with David Lambertson first, and we will proceed then to Ann Mills Griffiths, with a follow-up by Adam Schwarz and Michael Samuels.

STATEMENT OF THE HONORABLE DAVID LAMBERTSON, UNIVERSITY OF KANSAS

Mr. LAMBERTSON. Thank you very much, Mr. Chairman.

Mr. BEREUTER. As I mentioned, your entire statement will be made a part of the record. Please proceed and try to summarize, if you can, in 5 minutes or so.

Mr. LAMBERTSON. Thank you, sir.

Distinguished Members of the Subcommittee, Chairman Gilman, I am very pleased to have this opportunity to be here today to talk about the future of U.S.-Vietnam relations and to offer a few thoughts on how we have gotten to where we are now.

When I look at the U.S.-Vietnam relationship, I see a decidedly mixed picture. On the one hand, there is plenty of room for satis-

faction. Political normalization is virtually complete. Ambassador Peterson is on the job in Hanoi; Secretary Albright is planning to go there for the second visit by a Secretary of State in less than 2 years; and as Mr. Bader earlier made clear, we are pursuing a whole variety of issues with the Vietnamese Government.

Our economic ties have shown impressive growth, although there are obviously some problems. There are some problems indeed in the picture, and in our political relations with Vietnam. Leaving aside for a moment the POW/MIA issue, I believe we have ascribed too much importance to Vietnam's strategic role in the region, and perhaps for that reason, we have given that government the benefit of the doubt more than we have many of the other governments in Southeast Asia and elsewhere with whom we have longer and friendlier relations.

In the area of human rights, for example, the Vietnamese Government has permitted very little real progress toward political pluralism or democracy, and yet that does not seem to have become the issue it would have in our relations with a number of other countries that I can think of.

I believe quiet diplomacy is the best means to address problems like that, I might add, so I don't advocate highly public pressure by the U.S. Government. But it is important that our private representations are firm and consistent and persistent. And I suspect that our message has to some extent been blunted by what has been our obvious desire to move the relationship forward; and I think the same is perhaps true on the economic side.

As we have heard this morning, there are a variety of issues that are being discussed as we attempt to address the obvious problems that exist in the Vietnamese economy and that are presenting problems for American business. Those problems ought to be addressed—I hope are being addressed—with the same vigor that we use when we talk to other governments in Southeast Asia and elsewhere around the world. And, once again, I suspect that the desire on the part of the United States to move the relationship forward as quickly as we can causes some of our message to get lost in the shuffle.

Overall, I think that in the pursuit of normalization, which we have considered a very important goal in and of itself, and because we have considered it so important, our approach to a variety of the issues that should have affected the pace of normalization has not been as rigorous or critical as it should have been.

I believe this was certainly true on the POW/MIA front. I think there has been a noticeable gap between Administration rhetoric, which continues to assert the POW/MIA issue is the highest priority, and the reality. Over the past several years, in my opinion, the POW/MIA issue has been gradually subordinated to the normalization process, rather than being the determining factor in that process. I am sure that when Secretary Albright meets with Vietnamese leaders in Hanoi, she will have the POW/MIA issue at or near the top of her agenda, but the visit itself, I think, is going to overshadow the discussion of that or indeed other important issues. The overall message that a high-level visit of this kind is likely to leave with the Vietnamese is that we are satisfied with the state

of the relationship despite spotty progress on priority issues and anxious to move forward as quickly as we can.

Indeed, in my view, that is the message we have given the Vietnamese consistently over the last several years. Our progress toward normalization has seemed inexorable. Following the road map of 1990, the Vietnamese have always been judged to have met our criteria, so we can take the next step forward; and I think the Vietnamese at some point probably stopped taking our admonitions too seriously because of that.

Within the government, the POW/MIA issue has faded as an interagency policy priority. I think that is too bad, and I think it indicates that the stated priority of the Administration is not being pursued in reality. The interagency group is long gone and, with it, the input we used to have from the National League of Families. As I understand it, there has been a transfer of many intelligence personnel from independent intelligence activities into the policy apparatus of the government, which has reduced the ability of those analysts to give independent judgments.

In recent years, the emphasis, as you know, has been on JTF-FA field operations in Vietnam, and those operations have been painstaking, and the men who carry them out have done sometimes courageous and often very difficult work. However, those efforts have produced very few tangible results, in my judgment, compared to what I believe Vietnam could have provided unilaterally.

Nonetheless, we have praised Vietnamese cooperation with our JTF-FA and indeed overall cooperation with us. I think we have not been insistent enough upon unilateral action by Vietnam. I am one of those who believes, based on intelligence analyses done in the 1980's and early 1990's, that the Vietnamese Government has more information in the form of archives of various ministries, in the form of personal recollections by individuals, and yes, in the form of stored remains, than they have yet provided us. And I think, therefore, we ought to keep pressing the Vietnamese for such information and make it clear somehow that our overall relations are going to suffer if it is not forthcoming.

What is needed for the future to bolster the foundation for the overall U.S. relationship and to move toward the achievement of our objective on POW/MIA, is a renewed focus on Vietnamese unilateral actions. And that does not have to come at the expense of Vietnam's cooperation with JTF-FA. We also need to be more objective and stringent in making judgments about whether or not Vietnam is giving us full-faith cooperation.

Here at home, I think an interagency group on policy ought to be reconstituted, and the executive director of the National League of Families ought to be a member of it. That would serve our government better than the existing situation.

Let me say, in conclusion, that I think a steadier and more thorough approach to the POW/MIA issue over recent years would not necessarily have slowed the process of normalization. I think we would be about where we are now: We would have an ambassador in Hanoi, but Vietnam would know that we mean what we say about this important question, and the foundation for our future relationship would be more solid.

And let me add that I am pleased that we have diplomatic relations with Vietnam; I am pleased we have growing economic ties. I simply think that in getting to this point, we could have and we should have achieved more progress on our POW/MIA objective. For the future, we can more effectively pursue our various priorities, including foremost among them, POW/MIA, by more firmly linking real progress on those issues to further improvements in our overall relations.

Thank you, Mr. Chairman.

Mr. BEREUTER. Ambassador Lambertson, thank you very much for your direct and candid testimony and for your recommendations.

[The prepared statement of Mr. Lambertson appears in the appendix.]

Mr. BEREUTER. Next we will hear from Ann Mills Griffiths, executive director of the National League of Families.

You may proceed as you wish.

STATEMENT OF ANN MILLS GRIFFITHS, EXECUTIVE DIRECTOR, NATIONAL LEAGUE OF FAMILIES

Ms. GRIFFITHS. Thank you, Mr. Chairman, and Chairman Gilman, and other Members of the Committee. You will have to forgive my voice, I am afraid it is almost gone. And, also, I want to apologize, Mr. Chairman, for not meeting the criteria for information and testimony in advance. I am afraid we are starting our 28th annual meeting tomorrow. We had computer failures twice in a row, and I lost the testimony both times.

Mr. BEREUTER. I was forewarned. Thank you.

Ms. GRIFFITHS. This is not the way I planned it, so I do apologize.

I want to thank you for holding this hearing. As you know, I have testified frequently over the last 20 years to provide the families' views regarding status of efforts to account for our missing relatives from the Vietnam War. In preparation for today's hearing, I reviewed testimony from the last 3 to 4 years, and unfortunately for all of us, many of whom are here in this room today, far too little has changed.

I was asked by the Committee to address three primary questions: the status of unresolved POW/MIA cases; the level of cooperation by the Government of Vietnam, which I have expanded only slightly to include Laos and Cambodia; and U.S. policy options for ensuring the fullest possible accounting.

Taking the last first, let me say that although I had not seen Ambassador Lambertson's statement that he has presented, I fully agree with what he outlined as a policy approach that would bring greater results. Without walking back at all, I think you will find that most of the families are very realistic and you cannot take back or walk back. Despite often hearing rhetoric to the contrary about if it doesn't work, we will pull it back, that just doesn't happen.

So we are realistic about taking where we are today and trying to get results to meet the objectives that the President and the Secretary of State have stated are the highest priority in the relationship with Vietnam.

One way of portraying the status of unresolved cases is to give you a statistical summary, and in view of the time involved, I would prefer to supply that subsequent to our annual meeting, 3 or 4 days from now.

Mr. BEREUTER. That will be acceptable, and we will put it in the record without objection.

[The information referred to appears in the appendix.]

Ms. GRIFFITHS. Thank you.

I will say that the more important point about the status of cases is that far too few have been resolved with the current approach, largely due to what Ambassador Lambertson was characterizing as the failure of our government to press adequately, particularly in the last 4 or 5 years for unilateral actions by the Vietnamese. The pattern of Vietnam's past repatriations, the circumstances of loss, past Vietnamese admissions at the highest levels that they are holding remains, and the U.S. Government data base clearly demonstrate that, with full cooperation, Vietnam could provide remains and records that could resolve hundreds of cases. Foremost among those are those that were known to last be alive that have not been returned alive or dead, and other discrepancies that involve photographs of Americans that still have not been accounted for.

I was not surprised to hear Congressman Capps, with all due respect, characterize the greater gravity of the two million Vietnamese losses and their "300,000" MIAs. We heard the Vietnamese, I have been going there since 1982, as Congressman Gilman knows, and so does Congressman Bereuter, and they first talked about 300,000 MIAs, and then they dropped that for a number of years.

In 1982, when I visited Hanoi with the League delegation, they tried that, and they said they had 300,000 MIAs. Then we pointed out that if they had anyone left alive, they would have returned to their families or have escaped by boat. You can certainly understand the difference between an American MIA issue, and the much greater tragedy and loss of life of the Vietnamese, but it was clear from the inception of this Administration that the rhetorical policy did not match what they were doing.

For anyone in the Congress to get the idea that everything is going very well on this issue, you need only look at the succession of statements, commendations and praise that have been a steady stream since 1993. There has been some cooperation, and there have been results. As I said, in terms of accounting, far too little.

In terms of records, a great number have been provided. Very few actually relate to people that are still missing and unaccounted for, and I was pleased to hear Congressman Rohrabacher talk about the failure to provide even such obvious things as original source documents used to compile summaries, and in particular, summaries written from source documents, all in one individual's hand. It is quite clear that the source documents have to be available.

I am trying to summarize quickly.

I must also point out, though, that despite public statements by this Administration, Vietnam did not meet and has still not met the criteria for unilateral POW/MIA actions set forth in the Bush Administration road map that dealt with specific requirements on POW/MIA and Cambodia. Neither have they met President Clin-

ton's stated four criteria in terms of unilateral cooperation. Nevertheless, we were heartened by Secretary Albright's statement on April 29 at the swearing-in ceremony of Ambassador Pete Peterson as the first commitment of the second Clinton term. She stated, "The highest priority in America's relations with Vietnam is achieving the fullest possible accounting." And she also stated that it is a matter of the highest priority in the foreign policy of the United States. We accept the word of the Secretary; however, in this Administration, we have learned that such commitments may or may not be carried out beneath the level of the President and the words of his Cabinet.

The staff report of the Senate Select Committee, to which Mr. Gilman referred, found that, "Collection requirements pertaining to the POW/MIA issue were in place during the 1980's and early 1990's, but were removed from the President's Decision Directive on the Intelligence Community's priority requirement list on the recommendation of the President's National Security Council in 1995." Now, that is hardly a demonstration of highest priority by the Administration now in office.

As I said, the vast majority of the families are realistic. We want answers. We know that we will not get them all. We were chartered in 1970 to achieve the fullest possible accounting. We never expected a full or complete accounting on this issue; we don't expect it now. What we do expect is that our own government's long-standing expectations, established by intelligence assessments clear up until 1992, will be met, or at least, close to being met.

We were very concerned to find, in view of what we have seen as political spin by this Administration, that even on valid efforts by the Defense Department's POW/MIA office, there have been consistent spin documents to cover them. We were therefore very pleased that the Senate Armed Services Committee has now included language in its final defense authorization report to the full Congress that the Director of Central Intelligence will be authorized to set up a separate POW/MIA intelligence area. Perhaps that effort will return objectivity to the very skilled and talented former DIA analysts, who are now, unfortunately, within DPMO—having to have everything coordinated within the context of policy guidance, rather than the Intelligence Community.

I will stop there, except to say that as much as we have disagreed with the policy approach that did not use the leverage available to the United States for the POW/MIA cooperation that was expected, we recognize that Ambassador Peterson, whom we just saw in Hanoi, is in a position to be most helpful. He pledged at his swearing-in it was his highest priority, and we take him at his word. And we know also, however, that ambassadors have to work within existing policy. He made that commitment to us, and he did so less than a month ago when we were in Hanoi on another League delegation.

I would like also, Mr. Chairman—and I have not addressed the League delegation that we took—I will say we received more commitments from the Vietnamese. We are waiting to see if they were implemented. We were encouraged across the board with the improved quality of joint field operations, due in large part, I think,

to the leadership of the new commander, Brigadier General Jim Campbell, U.S.A.

We have always known there were hard-working people in the field, in efforts that we certainly appreciate. In Laos and Cambodia, we are extremely encouraged. Particularly in Cambodia, they are doing everything that we could ask for. There is room for improvements in Laos, but in the latter two countries, both Cambodia and Laos, the League has long been on record supporting MFN for both countries, in view of, in relative terms, a much greater seriousness in their cooperation with the United States.

Thank you, Mr. Chairman.

Mr. BEREUTER. Ms. Griffiths, thank you very much for your testimony.

[The prepared statement of Ms. Griffiths appears in the appendix.]

Mr. BEREUTER. Next we will hear from Adam Schwarz of Johns Hopkins University. He is a visiting fellow. By way of background, it is important to remember he served as Bureau Chief for the Far Eastern Economic Review station in Hanoi for a number of years.

Mr. Schwarz, thank you for coming. Please proceed.

STATEMENT OF ADAM SCHWARZ, JOHNS HOPKINS UNIVERSITY, SCHOOL OF ADVANCED INTERNATIONAL STUDIES

Mr. SCHWARZ. Mr. Chairman, thank you for inviting me to testify at today's hearing on U.S. policy toward Vietnam. I believe the hearing today will provide a timely and useful opportunity for discussion on America's relationship with Vietnam.

As you know, the relationship with Vietnam itself has undergone considerable change in recent years. Diplomatic relations were established with Vietnam in July 1995 and talks continue between the two governments, as we heard today, on deepening and expanding the relationship.

Mr. BEREUTER. Would you pull that a little closer, please.

Mr. SCHWARZ. I'm sorry.

Vietnam, after many years as an international pariah land an economic water has made major strides in the past decade in re-integrating with the world community both politically and economically. Nevertheless, the relationship between the two countries remains a difficult one.

Several obstacles remain on the agenda, including the resolution of outstanding MIA cases, the fate of the boat people who have returned to Vietnam, the status of political and civil liberties in Vietnam, Vietnam's capacity to observe and enforce international trading rules and the treatment accorded American investors in Vietnam.

In my opinion, analyses of any one of these issues depend fundamentally on an understanding of the complex political process in Vietnam. As such, I would like to focus my remarks today on the changes under way in Vietnam, particularly in its economic development and the way those changes are affecting the political arena.

Vietnam's economic reform process, known in Vietnamese as "doi moi", began with the Sixth Communist Party Congress in 1986, a little over a decade ago. As the 1990's opened, management of the economy gradually improved, inflation was brought down from tri-

ple to single digits, the currency was stabilized and a central bank established. A start was made on reforming the financial and State-owned enterprise sectors and more leeway was given to the private sector to operate. A relatively liberal foreign investment law was passed in 1989.

Vietnam has been rewarded with multiple years of high, single-digit growth, a decline in poverty, strong interest from the foreign investment community and a resumption of foreign aid, and in 1995, an invitation to become the seventh member of the Association of Southeast Asian Nations. With its industrious people, fertile soil and abundant resource base, and strategic location, Vietnam has the potential to match the impressive economic growth we have seen in many countries across Asia.

Although the changes Vietnam has undergone has brought many tangible benefits to its people, there still appears to be considerable confusion within the Vietnamese leadership and, in particular, within the Vietnamese Communist Party about the merits of reform and the pace at which future reform should proceed. Although it is difficult to define clearly, there is a reformist wing of the party which recognizes that much more needs to be done to restructure the Vietnamese economy if Vietnam is to catch up with the rest of its economically more advanced neighbors and to join the World Trade Organization.

I should add that the term "reformers" in the Vietnamese context refers to economics. The entire leadership of the Communist Party appears unanimous in its support for one-party rule. There are more conservative elements within the party which, while not publicly opposed to the "doi moi" process, have misgivings about the effect of "doi moi", both on Vietnamese society and on the party's capacity to maintain itself in power.

Conservative forces are strong in the military and internal security apparatuses. The divisions within the party on the pace of economic reform have only seeped into the public view in the past 18 months, and were especially visible prior to the party's Eighth Congress, held a year ago in June 1996.

The public debate, such as it is, rarely addresses economic reform per se. Instead, a series of proxy issues has been brought into play in which reformist and conservative elements attack and fend off attacks from the other side. In many cases, the issues revolve around the extent to which the reform process and its proponents are responsible for the various ills affecting Vietnam—ills ranging from drug use, prostitution, corruption, traffic fatalities, a widening wealth gap and the alleged erosion of cultural identity.

While these many debates go on, the reform momentum has clearly slowed. Foreign investors have begun to complain more vociferously about bureaucratic red tape, corruption and the inadequacies of the judicial system. After a promising start, a privatization program has crawled to a near halt. Only about a dozen of some 6,000 State enterprises have gone through what the Vietnamese call the "equitization process" and even in these cases, the cash-poor firms have received very little new capital.

A combination of an ideological commitment to a dominant State sector and the vested interests of those who control the State enterprises have made it extremely difficult for reformers to proceed in

this area. In addition, restrictions on private sector business activity have not been removed as quickly as earlier expected or, indeed, as earlier promised by the government.

Many areas of the economy remain protected from outside competition and even some enjoying such protection, such as the banking sector, are in dire shape. A number of banks have missed payments on their overseas obligations in recent months. With an eye on the precarious financial shape of many State enterprises, many conservative elements of the Communist Party appear to be edging toward a less accommodating position vis-a-vis foreign investment.

The high cost of doing business in Vietnam, meanwhile, has eroded the competitiveness of many products made in Vietnam and this, in turn, has led to a sharply higher trade deficit. Efforts to improve the competitiveness of the economy have been weakly implemented on account of concern over how those efforts would impact the State sector.

Let me conclude by reemphasizing that Vietnam's economic reform process is still in its beginning phases. The country has come a long way from its inward-looking, isolated, economically decrepit state of just 10 years ago; but although much has been done, it is only a start. Much confusion persists as to the form and the ultimate aim of the reform process. Indeed, even Vietnam's official description of the process, the creation of a, "Socialist-oriented commodity based, multisectoral economy under the State-managed market mechanism", itself suggests the depth of the confusion.

In terms of political reform, less progress has been made. In some areas, there has been improvement. One example would be the right of small-scale farmers and traders to engage in business in a private capacity; freedom to worship and to travel internally have also been expanded. On the other hand, freedom of the press, of association and of the right to engage in political activity remain severely abridged.

Despite encouraging rhetoric, the attitude of the leadership toward Vietnamese returning from abroad remains in many ways contradictory.

The next 2 or 3 years are critical for Vietnam. This would be the period for the current aging leadership to pass on the reigns to a new generation. The new leadership, in turn, must get to work quickly on overhauling the country's trade and State enterprise sectors if Vietnam is to be capable of meeting its regional and international trade commitments, including those to the United States in the trade agreement currently being negotiated. Thank you.

Mr. BEREUTER. Thank you, Mr. Schwarz.

[The prepared statement of Mr. Schwarz appears in the appendix.]

Mr. BEREUTER. Finally, we will hear from Ambassador Samuels, U.S. Deputy Trade Representative and our ambassador to the GATT. Please summarize and proceed.

**STATEMENT OF THE HONORABLE MICHAEL A. SAMUELS,
PRESIDENT, SAMUELS INTERNATIONAL, INC.**

Mr. SAMUELS. Thank you very much, Mr. Chairman and thank you and your Subcommittee for inviting me to testify today. Your

invitation reflects a desire on your part to look at the broad picture in U.S.-Vietnam relations, and I commend you for that.

Mr. Chairman, last week you gave a speech at another place here in Washington where you identified important principles for relations in East and Northeast Asia. And if I may say, those principles are very relevant to the type of policy that ought to be developed by the United States; and, I believe, for the most part, are being pursued by the Clinton Administration today. They emphasize the need to sustain a security commitment in the region, a need to promote economic interests in Asia and a need not to neglect the historic U.S. commitment to fundamental principles of democracy, pluralism and respect for human rights.

I think that these are important for us to keep in mind as we review U.S. relations with Vietnam. The most appropriate way to address all three of those principles is through a policy of continuing engagement, and I urge close attention to the importance of economics in this process because the Asian scene is changing in important ways. The opportunity exists in bilateral relations to serve the interests of both countries and both peoples.

Mr. Chairman, much of my career has been spent working with developing countries. There is always a tendency, when looking at any single country, to identify that country uniquely. Indeed each country is unique, but there are a lot of commonalities today. I would say that Vietnam is one of the most dynamic, one of the most exciting developing countries in the world today.

Those of us who have worked with people in countries in the developing world know that problems abound. And the countries in the developing world also know this. They seek solutions to these problems, and there are often very difficult political and social decisions that have to be made.

The Vietnamese leadership is, I believe—and I think Mr. Schwarz's testimony reflected this—wrestling with these problems; and I believe it is doing so constructively and openly, as it is able to do, about as openly and constructively as any developing country generally does, worldwide.

I believe that, as we approach this engagement that we have been talking about, it is important to understand that current and future national interests are bigger than the important but limited issues of the past. We will continue to disagree over ideology, but we need to keep in mind that the Vietnamese leadership is driven by a nationalism that I believe can serve both their interests and ours.

The tensions between Vietnam and its northern neighbor, China, are long-standing and reflect a fundamental aspect of Vietnamese foreign policy. For a variety of reasons, this fact requires a more strategic American response than has been true for some time. I would, therefore, disagree with Mr. Lambertson, who feels that perhaps we may have had too much of an emphasis on the strategic. I don't believe we have had enough up until now. I don't mean to be calling for a policy of containment toward China, but I commend the Administration for beginning to bring U.S. policy, albeit slowly, to a position that more accurately reflects U.S. national interests, especially its strategic requirements—and perhaps my view on this goes back to my own first contact with Vietnam, which was

as part of a U.S. delegation to attend a meeting of the Southeast Asia Treaty Organization in Saigon back in 1973.

The Vietnamese citizenry is dynamic. There is a process of economic openness that is beginning. It is a challenge that has led to impressive economic growth for over a decade, among the highest in the world, during this period. And the Vietnamese have made commitments that will be difficult for them to pursue, but we need to stay on their backs on this. These are commitments to join ASEAN, to be part of the Asia Free Trade Agreement, which requires various commitments to opening their market, and a desire to enter APEC and the World Trade Organization. These commitments, when they are brought into fruition, will institutionalize market mechanisms.

This, Mr. Sherman, will address one of your questions earlier on in the session—the efforts to tie them down to commitments that are part of both the World Trade Organization and that will be negotiated, I believe, when eventually the bilateral trade agreement is reached.

As part of the efforts to grow the economy in Vietnam, there are a number of other countries whose companies and governments take seriously the opportunities in that economy. As part of the overall U.S. competitive position in the world, it is important that we do likewise, that we not allow U.S. economic interests to be at a disadvantage, and that we emphasize the important role the economic component can play in total U.S. capability in Vietnam.

In my prepared testimony, I make arguments in favor of the importance of the Eximbank, the Trade and Development Agency, and OPIC as important vehicles for the overall presence of the United States in Vietnam and for economic matters generally. And I would note that for those who are concerned about human rights issues, as we all are, it is important to understand that American companies often have a very important role through their support for nongovernment organizations in urging forward the human rights agenda.

The bilateral trade negotiations that have begun will be very difficult negotiations because many of the aspects of things that the United States insists on are difficult for the Vietnamese to come to grips with. That is part of the struggle that they are going to have to go through in order to meet our needs, in order to avoid the situation that Mr. Sherman identified, which is not to allow us to fall into the same kind of trap that we have seen with some other countries of that area.

There is one area where the economic agenda has a vital similarity to almost all other agendas. That is, in order to have the appropriate economic atmosphere, you must have a rule of law, and concern for the rule of law is something that is shared by those who have interests in all parts of our relationship with Vietnam. I would note that at the present time there is an extremely active effort within Vietnam and within the National Assembly of Vietnam to try to create a commercial code where one didn't exist, to try to come up with commercial laws where they didn't exist. I would commend both the UNDP and the U.S. Government for their efforts to try to assist in this process.

Mr. Chairman, I guess I can say that in my years of efforts in the State Department and USTR and the private sector, within the business community and the academic world, I have come to believe that our economic strength is one of our most useful assets—not just economically, but politically and strategically. Vietnam is an engaging country. The Vietnamese are engaging and hard-working people who like to laugh. It is a warm culture. Few who know them are not attracted to them. Our goal should be to maximize that attraction in a way that will best support U.S. interests.

Thank you.

[The prepared statement of Mr. Samuels appears in the appendix.]

Mr. BEREUTER. Ambassador Samuels, thank you very much for your testimony; and I would say in general, the testimony we received from this panel is diverse and excellent and very helpful to us.

I turn first to Chairman Gilman under the 5-minute rule for questions he might wish to ask.

Mr. GILMAN. Mr. Chairman, again I will try to be brief.

Mr. Lambertson, can you elaborate on your view that more could and should be done to pressure Vietnam for unilateral action on the POW/MIAs?

Mr. LAMBERTSON. First of all, let me reiterate what I said in my statement, which is that I am of the belief, based on intelligence that exists, that Vietnam does have more information that could be provided to us and they have not yet provided it. I therefore think that we ought to make that always our top priority in our discussions with Hanoi on the POW/MIA issue, and I think we ought to be very clear on this point, perhaps clearer than we have been in recent years. I can't say this for sure, but it is my strong impression that we have not sufficiently emphasized the importance of actually receiving the information that we are convinced is available and linking that to further improvement in our economic relations and other aspects of our overall relationship.

Mr. GILMAN. Thank you.

Ms. Griffiths, can you tell me what specific recommendations you would make to the present Administration with regard to what more we could or should be doing to clarify our MIA/POW issue?

Ms. GRIFFITHS. Yes. Well, first of all, I agree with Ambassador Samuels that the United States has tremendous economic potential for accomplishing our wider objectives. In this Administration, unfortunately, there has been no willingness to use any economic or political leverage to press for what Ambassador Lambertson is saying, which is to use our leverage to accomplish what are our stated objectives.

Mr. GILMAN. You are talking about the carrot-and-stick approach.

Ms. GRIFFITHS. Or even using simply the incentive of saying, as we allegedly do, that we have a policy of reciprocity. That is nonsense in this Administration; it is not a policy of reciprocity, it is a policy of meeting their objectives in advance, then hoping that Vietnam will respond in good faith. And you know from many years of experience, as do many people in this room, Vietnam has

not demonstrated good faith in providing what they have and could provide, both records and remains.

So what I am saying is agreeing with everyone here, including Mr. Schwarz, on the assessment of the difficulties of the failure to politically liberalize. I was noting—and obviously there are going to be changes in the leadership in Vietnam, but even if they step down, such as is speculated now for the Prime Minister and President of Vietnam, they are going to retain positions in the leadership of the Politburo.

Until we have changes in the Politburo—and we have ways for this government to motivate them to make the decisions that will accomplish U.S. objectives, whether it is resettlement, repression, political pluralism, POW/MIA, or whatever—until we have a willingness to use whatever leverage we have to try to generate change, then how can we say that any of these matters are our highest priority?

Mr. GILMAN. Thank you. To the entire panel, how would you characterize our official relations, and unofficial, with religious groups in Vietnam?

Ms. GRIFFITHS. I would say, from the people I have heard—and I heard again from a man today that I have heard from in the past—that it would be hard for any Vietnamese Americans to have real confidence in agreements, whatever they might be, that would be reached, until they see the Government of Vietnam begin to ease its repression and the hardships they inflict upon their own people.

There are now problems with the ROVR program that Mr. Bader was discussing earlier; the Vietnamese were backing off on that as well. From the religious groups that I have heard from, there is great concern on the part of the religious community about repression, somewhat eased up, but nevertheless, the constant observation and surveillance and reporting on individuals throughout the country.

Mr. GILMAN. Do any other panelists want to comment on the affiliation of the religious groups?

Mr. SCHWARZ. I just very briefly would say, as I mentioned in my talks, religious freedom has expanded at the grass-roots level in the sense that we are seeing in Vietnam much more active construction of churches, temples, pagodas and so on, and much more attendance at these houses of worship. There continues to be, however, a confrontational relationship between the government and religious hierarchies, both the Catholic church with the Vatican and with the leaderships of the various Buddhist churches.

There is also a great deal of concern within the government about Christian proselytizing in upland areas to ethnic minorities, both in person and by radio. There is concern over Radio Free Asia and the extent that they will engage in that sort of commentary. So it remains a delicate and sensitive issue.

I don't think the U.S. Government—as you know, the relationship is, itself, new. It has had other priorities to work on. These issues are mentioned in the human rights report, but I don't believe it to be a top priority.

Mr. GILMAN. Mr. Samuels.

Mr. SAMUELS. I don't purport to be a specialist in this area, but I have traveled enough around Vietnam to be very impressed by how absolutely jam-packed churches are on Sundays; and having also traveled around Washington on Sundays, I can certainly say that churches are much more jam-packed in Vietnam than they are in Washington.

That may reflect a smaller number of them there. But this is actually a fascinating, broader question concerning the role that the U.S. Government ought to play in pursuing religious freedom in other countries, the extent to which we pick and choose the countries where we are involved in this issue, and the extent to which our own Constitution gives authority to our government to do that. I don't purport to know the answer to that question, but intellectually, it would be a challenged subject for a hearing by your Committee, sir.

Mr. GILMAN. Thank you, Mr. Chairman. I want to thank the panelists for their patience. Thank you.

Ms. GRIFFITHS. Could I add one thing on that?

Mr. BEREUTER. Briefly. We have a vote.

Go ahead, very briefly.

Ms. GRIFFITHS. Yes, it is very brief.

The POW issue is completely different than any of the other high-priority objectives of the United States, only to the extent to which our own government has said in the past that Vietnam is withholding it. So it is the only one that sort of defies the whole, if we are working with them more, more dialog, it is automatically going to improve. You can make that case for human rights and political freedom and others.

Mr. BEREUTER. Thank you. I think in light of the vote, which is final passage on the current pending legislation, we need to restrict the remaining three, including myself, to one 2½-minute question and then we will adjourn the hearing today.

The gentleman from California, Mr. Sherman. I am sorry I have to cut it shorter.

Mr. SHERMAN. That is OK. I appreciate that. It is obvious the Vietnamese are not giving us the information on our POWs and MIAs. One thing that intrigues me is what motivates their failure to do so, given the pressure that we are putting on them, and I have heard three theories—revenge, regret and ransom.

The first is that they want to take revenge against our servicemen and families because they are angry with the war that was waged. The second is that they regret how they treated our POWs, that in effect they tortured them, killed them, and they would like us to forget about it and they certainly don't want to give us the proof that that is what happened. The third is ransom, that they actually have something of value and that at some future moment they would like to trade it for Most Favored Nation treatment or whatever.

I would like our panelists to comment on which of these three motivations, or some other motivation—explain why the Vietnamese are not cooperating with us on the POW issue. And I realize this is just speculation.

Mr. ROHRBACHER. [Presiding.] One of you can answer with a 30-second summary.

Mr. LAMBERTSON. I would add to that list, perhaps suspicion on the part of some of the top Vietnamese leadership about our motives and, therefore, simply a disinclination to cooperate on an issue they know is important to us.

I tend, of the three you listed, to favor the latter; that is, it is an issue that has been a valuable negotiating tool for them in the past and they perhaps still see it that way.

Ms. GRIFFITHS. I would say it is a little of all of the above, which makes it somewhat difficult, but I think it is always difficult to speculate on the motivation of the Vietnamese Government. I would simply say, if you put yourself in their place, and your objectives are being met without supplying what is desired by the other party, then you have no motivation to give it; and that has been Vietnam's record ever since we started giving them in advance everything that they wanted.

Mr. ROHRBACHER. Mr. Schwarz.

Mr. SCHWARZ. I am not an expert in the field. I can only say I am not familiar with the evidence that would support the premise of the question. In my conversations with both American diplomats in Vietnam and at the JTF office in Hanoi, I have heard nothing from those officials involved in this issue—anything other than they feel they are getting good cooperation from the Vietnamese.

Mr. SHERMAN. I would just want to comment—I believe the Vietnamese are represented here in the room—that I think this country would explode in anger if we were told a year or 2 or 5 years from now, oh, we have a few bodies, oh, there are one or two people that we have kept alive and we would like this or that concession. If that comes out years from now, I don't think they are going to get what they want.

Mr. ROHRBACHER. Mr. Samuels, do you have a comment?

Mr. SAMUELS. I would subscribe to Mr. Schwarz's views.

Mr. ROHRBACHER. Let me close the hearing then. Our Chairman has left, and we have got a vote on.

Just to say, I have been to Vietnam numerous times since 1967, starting when I was 19 years old, and it is some place that is obviously a group of people that have interacted with Americans and who are part of our national psyche, and I would like nothing less or more than to be treating the people of Vietnam just like we treat the people everywhere else in the world.

Vietnam has a Communist dictatorship. It is still putting Buddhists in jail for being Buddhists. It has a recognized church and an unrecognized church. Businessmen seem to be pouring in there and thinking they can have a relationship with this type of regime the same way we have a relationship with Italy or some other country.

We do not have, as a people, a responsibility to build up the economy of dictatorships; and this idea that we are going to be giving them OPIC grants, and we are going to be giving businessmen down there guaranteed loans and things is an abomination as to what our Founding Fathers thought America stood for.

And, finally, coupled with the human rights violations, if you see someone beating up a priest or a nun, and then you go into a business meeting with them, you might have a little bit of trepidation in signing a contract with somebody who is engaged in that type

of behavior. But our businessmen seem to think their very presence there is going to change the behavior. I think it reinforces it if they go ahead with that behavior and you sign business contracts with them.

And one last thing on MIA-POWs. The issues I brought up earlier and two of our panelists brought up, these have been brought up year after year and year after year and ignored by this Administration and past Administrations for whatever reason. We have not seen the records of the prisons in which our own people were kept. Pete Peterson was kept on a dual track, he was on a second-level track, he was an MIA for 3 years before he became a POW. Perhaps that was true of other people who were held prisoner in Vietnam.

It is not unreasonable for us as a people to ask for the prison records where our own people were being held, and we haven't received that; and I don't know—if you have been a journalist in Vietnam and not bothered to ask that question of the Vietnamese leadership, that it just indicates to you, well, they have been cooperating because all our officials claim they have been cooperating. Well, there are records up the kazoo that we need access to.

What about the mortician who testified before Congress that he himself embalmed 400 American bodies, and they refuse to give us the records of that particular operation?

Well, until the Vietnamese Government levels with the United States and the people of the United States, there is no reason for us to rush into a relationship with that country; and if other people are making profit dealing with a dictatorship or sending guns to Adolph Hitler or Joseph Stalin, let them make their profit doing so. We should act better than that in the United States of America.

This hearing is adjourned.

[Whereupon, at 12:27 p.m., the Subcommittee was adjourned.]

APPENDIX

TESTIMONY OF

JEFFREY BADER

DEPUTY ASSISTANT SECRETARY OF STATE FOR

EAST ASIAN AND PACIFIC AFFAIRS

HOUSE COMMITTEE ON INTERNATIONAL RELATIONS

SUBCOMMITTEE ON ASIA AND THE PACIFIC

JUNE 18, 1997

(41)

Thank you Mr. Chairman. I am pleased to have the opportunity to speak today on United States policy toward Vietnam. This is an opportune time to review our policy, with Secretary of State Albright's visit to Vietnam just one week away and the arrival of our first Ambassador to the Socialist Republic of Vietnam, Pete Peterson, six weeks behind us.

Vietnam is a nation in the midst of significant transformation. After years of self-imposed isolation from its neighbors and the West because of its occupation of Cambodia, the Vietnamese leadership changed course beginning in the mid 1980's. Faced with a growing gap between its economic stagnation and the dynamic growth of its neighbors, Vietnam's leaders made two fundamental decisions: to withdraw Vietnamese troops from Cambodia and to embark on a policy of domestic reform. These two decisions paved the way for Vietnam's reemergence as a partner accepted by its ASEAN neighbors and by the West. The collapse of the Soviet Union, its former ally, added impetus to the decisions the leadership had taken.

Domestically, Vietnam embarked on a policy of economic reform, or "Doi Moi." This policy has reduced the role of central planning and encouraged the development of private businesses, especially in the agricultural and retail sectors. Vietnam has sought to attract foreign investment, both from the region and from the West. The result has been a surge in Vietnam's growth, which took off in 1991 and has averaged 9.5 percent since 1995, and a steady stream of foreign investors and traders coming to Vietnam seeking opportunities in the new more favorable climate.

Vietnam's movement toward a market economy "with socialist characteristics" has, however, been halting and there are significant barriers and obstacles the leadership has not confronted. The state sector and state monopolies continue to play a dominant role, and have a privileged place, in the economy. Vietnam has yet to commit itself to the strategy of export-led growth that has been so successful for its ASEAN neighbors, pursuing a more cautious, and protectionist, approach relying on import substitution policies. Rule of law, the sanctity of contracts, protection of intellectual property, and determination to reduce official corruption -- all essential to sustaining economic growth and creating a climate for foreign investment -- need considerable strengthening if Vietnam is to compete.

Internationally, Vietnam's reorientation has had at least three major components: 1) improving its relations with the states of the region, particularly the ASEAN countries; 2) enhancing its relations with the U.S. and other Western countries; and 3) integrating into the broader international

-2-

community. This has led Vietnam to join ASEAN, and with it the ASEAN Regional Forum which discusses regional security issues with the important states of the Asia-Pacific including the U.S., China, and Japan. It has manifest itself in Vietnam's desire to join APEC and the World Trade Organization. And of greatest interest to us here, it has meant that Vietnam has sought to make major strides to develop its relations with the U.S.

Vietnam's desire to improve relations with the U.S. has led it to engage us on a number of issues of concern to us, in many cases flexibly. These include: POW/MIA accounting, establishment of diplomatic relations, resettlement opportunities abroad for Vietnamese boat people and return of some of them to Vietnam, economic and commercial cooperation, protection of intellectual property rights, repayment of sovereign debt, security dialogue, and law enforcement cooperation. I would now like to turn to U.S. policy in Vietnam -- what we have been doing and next steps.

Since the early 1990's, the U.S. has been proceeding cautiously in developing relations with Vietnam, following a road map conceived in the Bush administration. In 1994, in light of progress in POW/MIA accounting and the successful implementation of the Paris Peace Accords, the Clinton Administration lifted the trade embargo on Vietnam. The U.S. opened a Liaison Office in Hanoi later in 1994. On July 11, 1995, President Clinton announced our establishment of diplomatic relations. And on May 9, former Congressman Pete Peterson took up his duties as our Ambassador to Vietnam.

Obtaining the fullest possible accounting of American POW/MIAs from the Vietnam War continues to be our highest priority with regard to Vietnam. Our expansion of the relationship into other areas has not lessened the centrality of POW/MIA accounting to our relations with Vietnam. As my predecessors have previously testified, our policy has been to take carefully phased, incremental steps forward in the relationship as we achieve tangible progress in reaching our accounting goal. Before each major step, the President has carefully reviewed the progress that has been achieved and judged that further progress could best be promoted through these steps.

In 1993, the President set out four specific areas in which cooperation by the Vietnamese would be examined as a basis for further improvement in relations:

-- Resolving discrepancy cases and live sightings, as well as conducting field activities. With the assistance of the SRV, we have been able to confirm the fate of all but 48 of the 196 "last known alive" high priority cases; i.e., persons known to have survived their capture or aircraft loss, but who did not

return alive. After evaluating over 1,850 reports that POW/MIAs had been sighted alive since 1975 and over 140 field investigations, we have found "no compelling evidence that any American remains alive in captivity in Southeast Asia."

-- Recovering and repatriating remains. This month, JTF-FA (Joint Task Force-Full Accounting) began the 46th JFA (Joint Field Activity) in Vietnam, 26 of these since January, 1993. These joint U.S.-Vietnamese operations and unilateral Vietnamese turnovers of remains have produced 211 sets of remains since 1993. During these activities, Vietnamese and Americans work together under harsh and dangerous conditions to recover remains of the missing.

-- Accelerating efforts to provide documents that will help lead to the fullest possible accounting. The Vietnamese creation of teams in 1994 to search nationwide for documents and records has provided new leads. Joint research teams have reviewed and photographed approximately 28,000 archival items. In 1995 and 1996, Vietnamese officials unilaterally turned over 300 documents totaling 500-600 untranslated pages. We have conducted more than 195 oral history interviews of Vietnamese veterans and officials.

-- Providing further assistance in implementing trilateral investigations with Laos. Since the Vietnamese agreed in December, 1994 to cooperate on recovery operations in Laos, 22 Vietnamese witnesses have assisted in field activities in Laos, providing information that led to the repatriation in 1996 of remains associated with cases of 12 unaccounted-for Americans.

Taking into account all information available to the government, the President signed a Presidential Determination on December 3, 1996 that Vietnam is cooperating in full faith in all four of these areas.

The arrival of Pete Peterson in Hanoi provides us an invaluable asset as we pursue the goal of fullest possible accounting. As a former POW, he brings a special, unique commitment and credibility to this task. At the same time he has already demonstrated an extraordinary ability to communicate with the Vietnamese, enabling him to build a framework of cooperation necessary to further the goal of accounting for our POW/MIAs.

Concern for human rights is an important element of our policy with Vietnam. Vietnam's decision to introduce market mechanisms has not been paralleled by comparable efforts to introduce political reforms. Vietnam remains a one-party dictatorship in which criticism of the regime is not tolerated and attempts to organize politically outside the Communist Party framework are unacceptable.

We have a formal human rights dialogue with Vietnam and have held five sessions so far, the most recent in March of this year. These meetings have enabled us to convey our concerns about human rights abuses directly to the Vietnam government. When the Secretary visits Vietnam at the end of this month, human rights will be among the most important issues she raises with Vietnamese leaders. Through the dialogue and our regular contacts with the Vietnamese government, we have raised broad human rights issues such as freedom of religion, freedom of the press and of expression, and the right of association, as well as specific cases of imprisoned political and religious dissidents. We have pressed Vietnamese officials at the highest levels to release political and religious prisoners. We have also made it clear that Hanoi's improvement in respect for human rights will be a factor affecting the pace of our normalization of relations.

In January of this year, we reached agreement with the Vietnamese government on the Resettlement Opportunity for Vietnamese Returnees, or ROVR. ROVR was created to encourage Vietnamese in countries of first asylum, such as Thailand and Hong Kong, who have been found ineligible for refugee status to return voluntarily to Vietnam. To further offer inducement to their return to Vietnam, we have agreed to consider those who enrolled in the program one last time under liberal criteria with a view to determining whether they are eligible for resettlement in the U.S. Although this program has been slow to get started because of delays in issuance of exit permits by Vietnamese officials, we hope to begin full-scale interviewing of these applicants in the near future. This will be the last chapter in the saga begun in the mid-1970's which has brought about one million Vietnamese to the U.S. under various resettlement programs.

We are working with Congress to open a Consulate General in Ho Chi Minh City. Opening a Consulate General is very much in our own interest. It will enable us to provide consular and business services to the 3,000 Americans resident in Ho Chi Minh City and 75,000 American tourists visiting annually. There is a huge demand for immigrant and non-immigrant visas, which currently must be handled at great expense to the U.S. government out of Bangkok. When it opens, Ho Chi Minh City will be one of the biggest visa-issuing posts in East Asia and the Pacific. A presence in Ho Chi Minh City will enable us to more closely monitor the economic, social and human rights situation in the South.

Vietnam and the U.S. have a shared interest in combatting the transit of narcotics through Vietnam to the U.S. We have provided training in demand reduction and counter-narcotics for Vietnamese customs. In the future we will be looking at increasing cooperation in this area.

With Vietnam's membership in ASEAN and participation in the ASEAN Regional Forum, we now have fora for discussing regional issues with the Vietnamese leadership. Vietnam's conduct and

influence will be an important element in affecting regional stability. It claims numerous islands, reefs and atolls in the Spratly Islands and occupies the largest number of islands of all the claimants. It has historic interest and influence in Cambodia and Laos. And Vietnam's relationship with China has long been of consequence to the region -- from the time of our own military involvement, through the PRC invasion in 1979, to the normalization in relations that accompanied Vietnam's withdrawal from Cambodia. A U.S.-Vietnam dialogue, multilaterally and bilaterally, should contribute to increasing stability in Southeast Asia.

Our two military establishments have begun to develop a modest relationship. Thus far this has involved exchanges of visits at a relatively low level. We held our first round of military-to-military talks in Hanoi in October. It was reciprocated by a visit of Vietnamese officers in February. Both sides intend to proceed cautiously at a pace comfortable to both, and which maintains the preeminence of the POW/MIA accounting effort.

The economic relationship is a high priority for both countries. Growth in trade and investment has been impressive, but far short of the potential inherent in this dynamic economy. Since we lifted the embargo in 1994, over 400 U.S. firms have set up operations in Vietnam, and hundreds of others pursue business from regional and U.S. headquarters. For 1996, U.S. exports to Vietnam were just over \$600 million, doubling the 1995 figure, and U.S. imports from Vietnam totalled over \$300 million. Although the U.S. dropped recently among sources of foreign investment in Vietnam from 6th to 9th, we expect our rank to climb back up.

Because of the embargo and the absence of contacts between our two countries for so long, the U.S.-Vietnam economic relationship is one of the handful in the world which should experience dramatic growth in the years to come and create jobs for Americans as exports grow. For this to happen, Vietnam needs to eliminate trade barriers and continue to develop an institutional and legal framework meeting the needs of American business.

A comprehensive bilateral trade agreement, which will help increase market access and transparency for U.S. firms in Vietnam, is under negotiation. We recently finished three rounds of talks in Hanoi during which we presented the draft text of the agreement. We are now awaiting a response from the Vietnamese. Having developed a better understanding of Vietnam's trade and investment regime and clarifying for the Vietnamese U.S. objectives and international trade terms and concepts, we are ready for negotiations in earnest.

During the last round of trade talks, we also initialled an interim copyright agreement which we expect to finalize soon. This is an important step. Development of IPR protection will be essential as Vietnam seeks to attract foreign investment. Because of our concerns over lack of protection for copyrighted items, such as CD's, software, books and film, and pharmaceutical patents for American drug manufacturers, we have placed Vietnam on the Watch List for the first time this year.

Vietnam is one of the half-dozen countries to whom the U.S. does not grant MFN status, despite having probably the most dynamic growing economy of them all. A completed trade agreement and a waiver of the Jackson-Vanik Amendment are prerequisites for MFN. The Administration will consult with the Congress on the requirements and the timing of decisions to grant MFN. It is in the interest of the U.S. to provide MFN so that our commercial relationship can achieve its full potential.

U.S. companies have told us they want trade and investment support, such as EXIM Bank, OPIC and TDA programs. The Jackson-Vanik waiver also is required for EXIM Bank and OPIC to operate in Vietnam. EXIM Bank support in particular is essential if U.S. companies are to compete on a level playing field against foreign competitors. An OPIC delegation visited Vietnam at the end of May to continue work on its two other requirements, a labor certification and a bilateral OPIC agreement. TDA has offered some of its programs in Vietnam and will soon offer its full range of programs. We have also tabled a civil aviation agreement with Vietnam.

On April 7, Secretary Rubin signed a bilateral debt rescheduling agreement in Hanoi. The agreement commits Vietnam to repay the former government of South Vietnam's debt of \$146 million. The Vietnamese have already begun payments. The Brooke Amendment bar on assistance to countries in arrears on official debt repayments will be lifted on June 23 when the debt rescheduling agreement comes into effect.

Current legislation has prohibited most bilateral assistance to Vietnam. USAID has provided humanitarian assistance through NGOs for prosthetics and rehabilitation services to war victims and to displaced children and orphans. Assistance is about \$3 million a year. USAID also plans to offer modest assistance with HIV/AIDS prevention and commercial legal reform. USIA has been providing Fulbright fellowships and grants for Vietnamese to study in and visit the U.S., and the National Institutes of Health and the Centers of Disease Control have spearheaded efforts to assist Vietnam's health sector.

The U.S. and Vietnam have begun to normalize relations on a wide front. The result is an increasingly complex relationship. The U.S. and Vietnam have a tragic history. Healing the wounds of war takes time, effort and good will. We are moving toward a time when Americans will truly see Vietnam not as a war but as a country and the Vietnamese not as former enemies but as a people with whom Americans can build a relationship based on reconciliation and shared hopes for the future. We still have much more work ahead of us.

JEFFREY A. BADER

Jeffrey A. Bader was appointed Deputy Assistant Secretary in the Bureau of East Asia and Pacific Affairs in September 1996, covering The People's Republic of China, Taiwan, Mongolia, Thailand, Burma, Laos, Cambodia, Vietnam, Hong Kong, and Macau.

Mr. Bader entered the Foreign Service in 1975 and was promoted to the Senior Foreign Service in 1991. He began his Foreign Service career in Kinshasa, Zaire as a political officer (1975) followed by Lubumbashi, Zaire as economic/commercial officer (1976). Mr. Bader returned to the U.S. (1977) and held positions in the Bureau of East Asia and Pacific Affairs as staff assistant to the Assistant Secretary and as Congressional Relations Officer.

After language training at the Foreign Service Institute in Washington and Taipei Mr. Bader served as a political officer at the American Embassy in Beijing (1981). He returned to the U.S. (1983) to serve as a political officer at the U.S. Mission to the United Nations in New York responsible for East and South Asia and the Nonaligned Movement. He served as Deputy Director of the Office of Chinese and Mongolian Affairs from 1987 to 1990.

Mr. Bader returned to Africa to take a position as Deputy Chief of Mission in Lusaka, Zambia (1990). Mr. Bader became Deputy Principal Officer at the Consulate General in Hong Kong (1992). Upon his return to Washington in July 1995 Mr. Bader assumed the position of Director in the Office of Chinese and Mongolian Affairs.

Mr. Bader earned a B.A. at Yale University in 1967 and an M.A. and Ph.D. from Columbia University in 1968 and 1975.

A native of New York, Mr. Bader is married to Rohini Talalla. They reside in Washington, D.C.

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**House International Relations Asia-Pacific Subcommittee Hearing
U.S. - Vietnam Relations**

**Statement of Susan G. Esserman
General Counsel, Office of the U.S. Trade Representative
June 18, 1997**

Good morning. I appreciate this opportunity to speak to you today on the status of United States trade relations with Vietnam. At the outset, I want to underscore the point made by Acting Assistant Secretary Bader, namely, that obtaining the fullest possible accounting for POW/MIAs remains this Administration's top policy priority with respect to Vietnam, and that all other policy decisions are considered with this in mind, including issues pertaining to economic normalization and trade relations.

In fact, it was in the context of progress on POW/MIA accounting that President Clinton lifted our trade embargo in February 1994. Up to that point, we had no trade relations with Vietnam. In July 1995, again in light of continued cooperation in accounting for POW/MIAs, the President normalized diplomatic relations with Vietnam, and directed that the process of economic normalization with Vietnam begin, in accordance with relevant U.S. laws. Economic normalization encompasses a number of important programs, including eligibility for OPIC and Export Import Bank financing, Trade Development Agency (TDA) programs, and normalization of trade relations. A number of U.S. agencies are involved in this process; today, I will focus on trade normalization, since that is the area under the purview of the United States Trade Representative.

We are at the early stages of normalizing our trade relationship with Vietnam, and are following the well-established process under Title IV of the 1974 Trade Act for developing trade relations with countries such as Vietnam. Our goal is to establish a firm foundation for those trade relations from the start, by negotiating a comprehensive trade agreement that should minimize future trade conflicts.

With the lifting of the trade embargo in 1994, trade was allowed to flow between the United States and Vietnam, but not on normal terms. Vietnamese exports to the United States still face high tariffs in the range of 40%-80%. These high tariffs, known as "Column 2" rates, apply to those few countries that do not receive MFN treatment. In fact, Vietnam is one of only a small number of countries that are not currently eligible for normal trading status.

Extending most-favored nation trading status to Vietnam is governed by Title IV of the Trade Act of 1974. Title IV establishes two preconditions and a caveat on extending MFN trading status to Vietnam:

- First, Vietnam must meet certain freedom of emigration requirements set out in the so-called "Jackson-Vanik" amendment to the Trade Act. However, the President may waive these requirements annually upon a finding that issuing such a waiver would promote the

freedom of emigration goals of the statute.

- The second precondition on extending MFN status to Vietnam is the conclusion of a bilateral trade agreement addressing, at a minimum, the issues of safeguards, intellectual property rights, the settlement of commercial differences and disputes, and trade promotion. A bilateral trade agreement with Vietnam may not enter into force until after Congress passes a joint resolution of its approval. If these two criteria are met, MFN treatment can be extended to Vietnam.
- The continued extension of MFN trading status to Vietnam is subject to the caveat that if the President determines that Vietnam is not cooperating in our efforts to achieve a full accounting of military personnel lost during the Vietnam War, he may revoke its MFN trading status.

At USTR, our efforts are now focused on negotiating a comprehensive bilateral trade agreement. Our broad objective in negotiating this trade agreement is to establish equitable and mutually beneficial trade relations between our two nations. This means that in return for providing normal tariff treatment to Vietnamese products, Vietnam will be required to grant the United States MFN trade status and to ensure that U.S. firms and workers have meaningful opportunities to export to and do business in Vietnam, consistent with international standards. Achieving this trading relationship requires a comprehensive agreement addressing market access for goods and services, intellectual property protection, investment, and basic international trade norms such as transparency and national treatment. Such an agreement would promote the Administration's overall trade policy objective of opening world markets and expanding trade.

We have adopted this comprehensive approach for a number of reasons. This is the first such bilateral agreement negotiated after the conclusion of the Uruguay Round, where the international standards, especially as they apply to developing countries, are much more extensive than they were before.

Second, it is particularly important that a country of Vietnam's significance -- it has over 70 million people and its exports are growing at double-digit rates -- adopt international norms and practices.

Most significantly, there are real impediments to trade in Vietnam, which we must begin to address at this early stage of our economic relationship. The U.S. private sector, sensing Vietnam's future potential, has expressed a strong interest in the commercial opportunities in Vietnam: yet, a large number of U.S. companies have raised concerns about the difficulties of doing business since the embargo was lifted three years ago. In part, this is because they are new to Vietnam. Much, however, results from the fact that Vietnam has not yet established a trading system that even approximates international norms.

Vietnam is still in the process of making the transition from a centrally planned economy to a market economy, a process which began only a decade or so ago. It has made some important strides in this respect, which have allowed dynamic growth rates in Vietnam in recent years. However, much more needs to be done to open its economy to international competition. State owned enterprises, while no longer tied to a central plan, still receive preferential treatment, and are still largely shielded from direct competition with foreign firms. As a result, persons wishing to export to Vietnam still face an array of import barriers, from restrictions on the right to trade, to customs valuation problems, to high tariffs and import prohibitions. Access by foreigners to key service sectors, such as financial services and telecommunications, is still highly restricted. Foreign investors in Vietnam also face a broad array of discriminatory treatment. Vietnam's intellectual property protection regime is rudimentary.

As a result of our extensive consultations with the business community and our analysis of Vietnam's trade and investment regime, we have drafted an agreement that addresses these issues, the most important of which include:

- reducing tariff and non-tariff barriers to imports, including addressing the issue of basic trading rights;
- establishing transparency and regularity in the trade and investment policy regime;
- granting market access for key services sectors, such as financial services and telecommunications;
- ensuring protection and enforcement of all forms of intellectual property rights; and
- modernizing investment policies, including with respect to such issues as performance requirements, currency transfers, and national treatment.

To be realistic, these issues can not all be solved overnight. Vietnam's integration into the world economy, and full adoption of international trade and investment practices, will take some time. Our bilateral trade agreement with Vietnam should ensure that our trade relations are moving on the right path -- that Vietnam is taking concrete steps to adopt such practices, during a realistic time frame.

Concluding a comprehensive trade agreement with Vietnam will thus achieve three aims:

- it will make it easier for American firms to export and do business in Vietnam, helping create American jobs;
- it will facilitate the commercial and market access reforms and adherence to rule of law in Vietnam necessary for WTO membership. The agreement will thus advance a mutual goal of the United States and Vietnam, namely, Vietnam's integration into the world

economy and adoption of international norms. Vietnam's broad commitment to such outward orientation are reflected in its participation in ASEAN (Association of South East Asian Nations), which includes the ASEAN Free Trade Area, as well as its application for WTO membership.

- and finally, as a result, it will establish U.S. Vietnam trade relations, which are still in their early stages, on the firmest possible foundation. We have adopted this comprehensive approach in an effort to minimize the kind of bilateral trade friction that has unfortunately sometimes characterized our relations with other Asian countries.

In late 1995- early 1996, we completed the first phase of the process, an analysis of Vietnam's trade and investment regime, working with Vietnam and our private sector. Based on this analysis, Ambassador Barshefsky met with Vietnam's trade minister in May 1996, and outlined our views on the essential elements of a bilateral agreement. We have drafted a detailed agreement text that encompasses these elements. In April of this year we completed our presentation and explanation of this text to the Vietnamese government. We are awaiting Vietnam's formal response to the text.

While we are awaiting a response to on the comprehensive agreement, we have already made progress on the key issue of intellectual property protection. During our April meetings, we completed negotiation of a bilateral copyright agreement with Vietnam that will significantly improve the trading environment in Vietnam for the U.S. motion picture, sound recording, software and publishing industries. These industries have had no protection for their most important assets -- their copyrighted works -- in Vietnam. This agreement will for the first time require Vietnam to protect U.S. works and allow the copyright industry to enforce their rights in Vietnamese courts. This agreement is a major step forward for our copyright industries and will facilitate negotiation of the more comprehensive intellectual property provisions of the draft trade agreement.

In sum, we still have much work ahead of us as we normalize trade relations between the United States and Vietnam, and specifically, in the negotiation of a bilateral trade agreement. As I have noted, that agreement must not only be negotiated, but approved by Congress for normal trade status to be granted. We look forward to working closely with Congress, including the members of this committee, as we move forward in that process.

**SUSAN G. ESSERMAN
GENERAL COUNSEL
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

Susan G. Esserman was appointed to serve as General Counsel to the Office of the United States Trade Representative in April 1997. The Office of the United States Trade Representative is responsible for the development and coordination of United States trade policy and for the negotiation of trade agreements on behalf of the United States.

Prior to assuming this position, she held two posts at the United States Department of Commerce. In the previous year, she served as Acting General Counsel at the Department of Commerce, having been nominated for the position in August 1996. Between March 1994 and April 1996, she served as Assistant Secretary for Import Administration. As Assistant Secretary, she was responsible for enforcement and development of policy in connection with the antidumping and countervailing duty laws. She played a lead role on behalf of the Administration in connection with the GATT legislation relating to these areas. She was also responsible for administration of the foreign trade zone program.

Prior to entering the government, Ms. Esserman was a partner at the Washington, D.C. law firm of Steptoe & Johnson, where she specialized in international trade law. She began her career as a law clerk to U.S. District Judge Oliver Gasch. She received her law degree from the University of Michigan Law School (1977), where she was on the Editorial Board of the Law Review. She graduated from Wellesley College (1974) with honors.

Statement by David F. Lambertson
House International Relations Committee
East Asia Subcommittee
June 18, 1997

Mr. Chairman, distinguished members of the Subcommittee,

I am pleased to have this opportunity to discuss United States relations with Vietnam, an important subject which I try to follow closely, albeit from a distance.

When I look at Vietnam I am impressed by the strides it has made toward developing its economy, but also by the miles it must go before reaching its economic potential. I can imagine the relief its citizens surely feel being at peace after many years of war, and the pride with which its leaders view Vietnam's reintegration into the region. But I can also appreciate the plight of the many Vietnamese who suffer because of their race, religion or past loyalties within the context of a rigid communist system. I see an active US-Vietnamese field effort to account for our missing men, but disappointingly slim real progress toward that goal.

In short, Vietnam today presents a decidedly mixed picture. So too, in my opinion, does the US-Vietnam relationship.

On the one hand, there is cause for satisfaction. Political normalization is virtually complete, with Ambassador Peterson now heading our embassy in Hanoi and Secretary Albright preparing to make the second visit by a Secretary of State in less than two years. We are pursuing matters as varied as intellectual property rights protection, human rights issues and regional security questions--as well as, of course, POW/MIA accounting. Our economic ties have shown impressive growth, on paper at least, although the difficulties of doing business in Vietnam increasingly have come to the fore. The American people seem generally content, insofar as they are paying attention, with the way things are in our relations with Vietnam, and many have found charitable activities or other ways to move toward their felt need for reconciliation.

On the other hand, there are some distortions in the picture as well. In our political relations with Vietnam, and leaving aside for the moment the POW/MIA issue, we--the Administration, many in Congress and the media--seem to ascribe too much importance to Vietnam's strategic role in Asia (much as we did during the Vietnam war). Perhaps for that reason, we seem to give the Hanoi government more benefit of the doubt on contentious issues than we do many countries with which we have had much longer and friendlier ties. In the area of human rights, for example, the Vietnamese government has permitted very little progress toward political pluralism or real democracy. And yet its human rights shortcomings, amply documented in the State Department's annual human rights report, attract surprisingly little notice. I believe in "quiet diplomacy" as the best means for addressing human rights problems in other countries, and so I do not advocate highly public pressure by our government. But our behind-the-scenes representations have to be firm and persistent, leaving the Vietnamese government in no doubt as to the seriousness we

attach to progress in this area. I suspect that our message has to some extent been blunted by our obvious desire to move the relationship forward.

In our economic relations, an early euphoria, characterized by exaggerated notions of rapid development and quick profits for foreign investors and traders is giving way to a more realistic view--in a pattern not unlike the first years of our economic ties with China. The inadequacy of Vietnam's physical infrastructure, its still primitive legal regime, widespread corruption and the heavy hand of the government have made it hard for many if not most Americans to succeed. We need to press the Vietnamese government to respect intellectual property rights, contractual obligations, and minimally adequate labor standards, and in general to liberalize and modernize its economic system--the same kinds of points we stress with other governments in Southeast Asia and elsewhere, and made with the same vigor.

Our attitude toward our evolving relationship with Vietnam seems to me somehow to be too forgiving, as if we have no right to be critical of Hanoi's actions, and perhaps a little patronizing. If we are going to have normal relations with Vietnam, we ought to treat it like a normal country. Up to now, we have not. In pursuing normalization, and because we have seen normalization as an important goal in itself, our approach to the issues that should have affected progress toward that goal was insufficiently rigorous and critical.

This was certainly true on the POW/MIA front. There has been a noticeable gap between Administration rhetoric--which continues to assert that the effort to account for our missing men is the "highest priority"--and reality. Over the past several years, in a process begun in the Bush Administration but accelerated after 1993, the POW/MIA issue has been moved to the side--not necessarily down, but to the side--as the overall political and economic relationship has moved up the priority ladder. The POW/MIA issue has been subordinated to the normalization process, rather than being the determining factor in that process.

I am sure that when Secretary Albright meets with Vietnamese leaders next week, the POW/MIA issue will be at or near the top of her agenda. But the visit itself, her presence in Hanoi in what will amount to a celebration of normalization, will overshadow the discussion of that or any other issue. The message received by the Vietnamese is likely to be that we are satisfied with the bilateral relationship--despite their spotty record on POW/MIA accounting and on other important political and economic issues--and that we want to move it further along as quickly as we can. Indeed, that seems to be the message we have conveyed for the past several years.

Our progress toward normalization, following the State Department "roadmap" of 1990, has seemed inexorable, with the Vietnamese always judged to have met our various criteria so that we could take the next step forward. The Vietnamese should be forgiven if at some point in the process they stopped taking it too seriously.

Within the government, the POW/MIA issue has faded as an interagency policy priority. The old Interagency Group is long gone, and with it the input we used to receive from The National League of Families. DIA's analytical personnel have, as I understand it, increasingly been folded into the policy apparatus, leaving only a vestigial independent intelligence capability. For several

years the emphasis has been on JTF-FA joint operations in Vietnam. The JTF-FA's work has been painstaking. However, those joint efforts have produced relatively few tangible results, namely remains identified as missing Americans, when compared with the information Vietnam could provide on its own. Nonetheless, we have praised Vietnamese cooperation with the JTF-FA, and indeed, Hanoi's overall cooperation on the issue.

We have not been insistent enough upon unilateral action by Vietnam. I am one of those who believe, based on intelligence analyses done in the 1980s and early 1990s, that the Vietnamese government has more information--in the archives of various ministries, in the recollections of individuals and, yes, in the form of stored remains--than it has yet provided us. I therefore think that we ought to keep pressing the Vietnamese for such information, making clear--somehow, at this late date--that our overall relations will suffer if it is not forthcoming.

What is needed for the future is more objectivity and seriousness of purpose on the POW/MIA issue. In addition to a renewed focus on Vietnam's unilateral actions, which need not come at the expense of its cooperation with the JTF-FA, we should more closely look at Vietnamese performance before asserting that they are "cooperating fully". I know that this is a question thoroughly aired by the Congress in recent months, making it more likely that future Administration findings concerning Vietnamese cooperation with us will be more carefully and independently documented. That will be all to the good.

Within the government, an interagency group ought to be reconstituted to oversee POW/MIA policy, and it ought to once again include the Executive Director of the National League of Families. I won't hold my breath waiting for that to happen, but if it did our country would be better served.

A more steady and thorough approach to the POW/MIA issue over the past several years would not necessarily have slowed the process of normalization, in my opinion. We would be about where we are now, but Vietnam would know that we mean what we say about this important and enduring question, more real progress toward the fullest possible accounting probably would have been achieved, and the foundation for our future relations with Vietnam would be more solid.

I am an advocate of good relations with Vietnam, and I wish that country well. I hope it can secure the prosperity that has long eluded it, a better and freer life for its people, and its rightful place in its region and the world. All of this will depend upon decisions of its own leadership; we certainly are not holding it back, nor could we.

I am pleased that we have diplomatic relations with Vietnam and growing economic ties, even though in getting to this point we could have, and should have, achieved more progress on our POW/MIA objective. I do not want to ratchet back the relationship to an earlier or more confrontational stage. I believe, however, that we can more effectively pursue our priorities, POW/MIA accounting first among them, by more firmly linking real progress on those issues to further improvements in our overall relations.

David Lambertson
 Director of International Development
 University of Kansas

David Lambertson became KU's Director of International Development in January 1996. Prior to coming to Kansas, he served from 1991 to 1995 as the United States Ambassador to Thailand.

Lambertson entered the Foreign Service in February 1963. His first overseas post was Saigon from 1965 to 1968 where he was a member of the embassy's political section. He was next assigned to the American Consulate in Medan, Indonesia, 1969-1971, and then to Paris as liaison officer and press spokesman for the United States delegation to the Vietnam peace talks.

Lambertson returned to the State Department in Washington in 1973, following the conclusion of those talks. He was assigned first to the Office of East Asian Regional Affairs and then, in 1975, to the Office of Japan Affairs as its Deputy Director. Lambertson was posted to Tokyo in 1977 as the Deputy Chief of the political section and head of its "external unit" responsible for day-to-day contact with the Japanese Foreign Ministry concerning issues in US-Japan bilateral relations. In 1980-81, Lambertson attended the Royal College of Defence Studies in London, after which he returned to Washington as the Director of the Office of Korean Affairs, 1982-84. From 1984 to early 1986, he served as Deputy Chief of Mission of the American Embassy in Canberra, Australia, followed by an assignment as Deputy Chief of Mission in Seoul, Korea, 1986-87.

Lambertson returned again to Washington in the spring of 1987 when he was named Deputy Assistant Secretary of State with responsibility for the ten countries of Southeast Asia. His work during his three years in that position focused on negotiations to end the war in Cambodia, support for the recently restored democracy in the Philippines, and chairmanship of an interagency committee coordinating efforts to achieve the fullest possible accounting for Americans missing in action in Indochina. Lambertson led the U.S. delegation to an international conference on Cambodia held in August 1989 in Paris, and traveled to Beijing and several other Asian capitals in connection with those negotiations. He visited Hanoi three times as a member of delegations seeking progress on the POW/MIA issue. He also testified extensively before a variety of Congressional committees on those and other issues.

During the 1990-1991 academic year, Lambertson was Diplomat-in-Residence at the University of Kansas, teaching in the Political Science Department. While at KU, he was named by President Bush in early 1991 as Ambassador to Thailand. He was confirmed by the Senate in July, and arrived in Bangkok in early September of that year. Lambertson left Thailand at the end of August 1995 and retired from the Foreign Service in September 1995. During his Foreign Service career Lambertson earned the State Department's Meritorious, Superior and Distinguished Honor Awards as well as several Presidential awards.

Lambertson was born and raised in Fairview, Kansas, and received a BA degree from the University of Redlands in California in 1962. He is married to the former Sacie Hooper. They live on a farm near Lawrence.



**NATIONAL LEAGUE OF FAMILIES
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**Statement of Ann Mills Griffiths
Executive Director
National League of Families of
American Prisoners and Missing in Southeast Asia**

**Before the Subcommittee on Asian & Pacific Affairs
Committee on International Relations
June 18, 1997**

Mr. Chairman, Members of the Committee.....

I welcome this opportunity to again appear before the International Relations Committee's Subcommittee on Asian and Pacific Affairs. As you know, I have testified frequently over the last 20 or so years to provide the POW/MIA families' views regarding the status of efforts to account for our relatives still missing from the Vietnam War. Included were appearances before this Subcommittee and the full Committee on many occasions, plus the Senate Veterans Affairs Committee, Senate Subcommittee on Asian and Pacific Affairs and the Senate Select Committee on POW/MIA.

I'll first clarify, per the Subcommittee's instructions to witnesses, that the League does not now, nor have we ever, received any funding from any element of the U.S. Government. With your permission, Mr. Chairman, I would like to enter into the record my full testimony with some important documents that reinforce my statement and devote my time to providing thoughts about recent events and concerns for the future.

In preparation for today's hearing, I reviewed League testimony from the last 3-4 years. Unfortunately, far too little has changed. I was asked to address three primary questions -- the status of unresolved POW/MIA cases, the level of cooperation from the Government of Vietnam, which I have expanded to include Cambodia and Laos, and U.S. policy options for ensuring the fullest possible accounting.

One way of portraying the status of unresolved POW/MIA cases is by a statistical summary. As of today, 2,123 Americans are still missing and unaccounted for from the Vietnam War, 1,584 in Vietnam. However, Vietnamese forces also held control during the war of over 80% of the areas in Laos where 455 are still missing and 90% of the areas in Cambodia where 76 are still unaccounted for. There are also 8 Americans still unaccounted for in the territorial waters of the Peoples Republic of China.

Just looking at the numbers, the important point is that far too many American servicemen and civilians are still missing and far too few have been accounted for, particularly given what we know is possible. This exists, despite the high level of joint field activity and public official praise. The President certified in May and December last year that Vietnam is "cooperating in full faith" to achieve the fullest possible accounting. As of this date, only one American previously missing in Vietnam has been returned and accounted for since our 27th Annual Meeting, exactly one year ago.

Reportedly, there are almost 40 cases nearing the end of the identification process, almost all of which are the result of joint field recoveries. Of those, 31 are said to be from Vietnam, though 8 were recovered in the Reagan and Bush administrations, including one turned over unilaterally by the Government of Vietnam in 1986. There are also approximately 30 recovered jointly in Vietnam that are moving through the final stages of the identification process at the Central Identification Laboratory in Hawaii. We understand that most are the results of joint field operations in Vietnam. The other 14 are the result of recent joint recoveries in Laos.

The primary reason for the lack of greater accountability is Vietnam's failure to renew efforts on their own to locate and return remains in keeping with expectations established by formal intelligence assessments. The pattern of Vietnam's past remains repatriations, the circumstances of loss, past Vietnamese admissions at the highest levels and the U.S. Government database clearly demonstrate that with full cooperation, Vietnam could provide remains and records that could resolve hundreds of cases.

As to records, although Vietnam has provided some helpful documents and materials, they have not yet provided important records that the U.S. Government is confident should be available. The details would be too lengthy, but an outstanding example is Hanoi's failure to authorize provision of source documents used to compile summaries, such as the central prison record and the so-called Group 559 document, both of which were written in one person's hand.

The reasons for Vietnam's lack of more serious cooperation are best known to their leadership, but I believe are directly related to the failure of current U.S. policy that reinforces the known tendencies of Vietnam's negotiating behavior. Rather than press Vietnam to take these necessary unilateral actions, there has been consistent reluctance at the policy-level to recognize that Vietnam was not acting in good faith and could do a great deal more to provide accountability beyond well-compensated support for joint field operations. I must also say that there was fear of public exposure of the truth which, it was believed, would interfere with the normalization track adopted in the first year of the Clinton administration.

It was clear from inception of this administration that despite rhetoric to the contrary, POW/MIA accounting objectives would again become the hoped-for by-product of the normalization process, as in the Carter Administration. With Vietnam's historical record as a predictable measure, we were not optimistic. Unfortunately, we were proven correct; we would rather have been wrong.

To date, according to official testimony and information supplied by the Army's Central Identification Laboratory, Vietnam's leaders have not made the decision to resume unilateral action to return hundreds of remains that should be readily available to them. Such cases cannot be resolved through the joint operations process, in which we do have renewed confidence.

I must also point out that despite public statements to the contrary, Vietnam did not meet, and still has not met, the criteria for unilateral POW/MIA actions set forth in the Bush Administration "roadmap" that dealt with specific requirements on the POW/MIA issue and a settlement in Cambodia. I know this to be a fact since I helped develop the "roadmap", the product of an interagency process that involved direct League participation. Yet, U.S. officials maintained that they were following the "roadmap" policy inherited from the Bush Administration.

Neither have President Clinton's criteria been met for determining whether Vietnam was cooperating in full faith, unless one accepts the many new definitions of progress that have surfaced since the early days of the President's first term. Definitions have evolved from well-understood clarity into political spin to accommodate a political and economic agenda that is obvious to a casual observer. This phenomena has permeated new members of the bureaucracy as well. For example, "unilateral action" consistently meant the return of stored remains; that terms is now often defined as minuscule steps on individual cases, such as providing witnesses for subsequent interview. This is not lost on Vietnam's leaders.

We were heartened by Secretary of State Albright's statement at the April 29th swearing-in ceremony for your former colleague Pete Peterson, now our Ambassador in Hanoi. As the first commitment of President Clinton's second term, she stated that achieving the fullest possible accounting is "the highest priority in America's relations with Vietnam and a matter of highest priority in the foreign policy of the United States." We accept the word of the Secretary in this regard; however, in this administration we have learned that such commitments may or may not be carried out beneath the level of the President and his Cabinet.

The staff report of the Senate Select Committee on Intelligence found that "collection requirements pertaining to the POW/MIA issue were in place during the 1980s and early 1990s, but were removed from the President's Decision Directive on the Intelligence Community's priority requirement list on the recommendation of the National Security Council in 1995."

I can state with confidence that there are virtually no mid-to-senior level policy officials who have factual, detailed knowledge of this issue, its history, or a realistic prognosis in terms of accounting expectations.

The vast majority of the families are realistic; we base our expectations on information supplied by the U.S. Government; however, recent experience has been negative in this regard. Defense POW/MIA analysts spent significant time and resources conducting a comprehensive review of every POW/MIA case, and the product of this effort was extremely useful. It clearly demonstrated that further accountability was available, whether through unilateral actions or jointly. When the comprehensive review was published, there was a cover memo, written by policy-level officials, that distorted the outcome to support public rhetoric and Clinton Administration policy. It was obvious that political and economic steps already taken had to be justified, whether or not warranted by the facts.

Another egregious example was distributed in October of last year. A product of one individual, it was cited as an Intelligence Community Assessment and entitled "Vietnamese Storage of Remains of Unaccounted US Personnel." This document was published as a "companion paper" to the declassified Special National Intelligence Estimate (SNIE), entitled "Hanoi and the POW/MIA Issue," dated September 1987. To the knowledge of all familiar with such matters, it was the very first time a "companion paper" had been written. More importantly, it was incomplete, inaccurate and not staffed to those in the government who know the issue and disagree.

On the subject of intelligence community involvement in the President's May and December, 1996, certification to Congress that Vietnam is "cooperating in full faith" to resolve the issue, again the staff report of the Senate Select Committee on Intelligence was enlightening. It stated, "The Intelligence Community appears to have played no formal analytical role in the determinations." The footnote cited by the staff was "an April 3, 1997 CIA letter to Committee staff (that) states "[b]ecause the Defense Department's Defense POW/MIA Office (DPMO) is responsible for intelligence bearing on the POW/MIA issue, other elements of the Community were not formally involved in the certification process."

Since that time, the Under Secretary of Defense for Policy stated in a letter to the Senate that DPMO does not do intelligence and for this issue to be supported by the intelligence community would hinder their effort. From our perspective, this clearly indicates that senior policy officials are intent on maintaining control of how this issue is handled and fearful of the intelligence community's objective independence, as well as congressional oversight of the intelligence process.

We have reason for concern over an ongoing analytic effort at the Defense POW/MIA Office, the so-called "remains study" that is in process. Even with many years of working with the former DIA senior analysts who are conducting this study, it is difficult to have confidence that the outcome will be objective since their work is being coordinated within a policy context, rather than with the intelligence community. Thus, given past practice, it may again be covered with a political document.

For these and other reasons too numerous to cite here, the League is especially pleased that the Senate Armed Services Committee has included in its Defense Authorization Bill language that will establish a POW/MIA INTELLIGENCE CELL. While we have every confidence in the ability and integrity of the vast majority of the former DIA analysts, we find that they cannot objectively do their work under the policy Umbrella of the Defense Department.

Much has been made of the reported fact that all POW/MIA information is now declassified. But, in this era of openness, I am informed that responses to various questions I have raised are classified and, therefore, can't be discussed. For several years, during the Reagan and Bush administrations, I, as League Executive Director, was able to monitor the full range of POW/MIA-related efforts. Despite often disappointing results due to Vietnamese intransigence, serious efforts were being made across the board.

As a founding member of the U.S. Government's POW/MIA Interagency Group, I had access to all relevant intelligence and participated in developing policy for dealing with Vietnam, Laos and Cambodia. The Clinton Administration abolished the IAG, formed an Indochina Working Group and excluded the League and others with direct responsibility for this issue. They know that it would have been obvious that there was an alternative priority and that the approach being pursued was not consistent with the public rhetoric that POW/MIA was their highest priority with Vietnam.

As much as we disagree with a policy approach that did not leverage U.S. strengths for POW/MIA cooperation as we moved toward normalization, we recognize that Ambassador Peterson is in a position to be most helpful. He pledged at his swearing-in and, subsequently, to the League's delegation last month that progress on the POW/MIA issue is his number one priority. We take him at his word, but know that ambassadors must work within existing policy and are only effective to the extent of his/her knowledge base. The dearth of comprehensive knowledge in this administration is almost legend, due in no small measure to the constant turnover of officials holding responsibilities related to Vietnam and a lack of ensuring that public pronouncements are carried out with diligence.

Of course there are exceptions, but certainly the lack of support is evident in the League's 28th Annual meeting, being held here in Washington starting tomorrow. The highest level State or Defense Department policy official attending is a deputy assistant secretary, such as is here today. In the nearly five years since President Clinton assumed office, no cabinet member has ever addressed the families.

In prior years, the families heard from Presidents Reagan and Bush, Vice Presidents and Secretaries of State and Defense. The Interagency Forum included the Director of DIA, Assistant Secretaries of State and Defense and the NSC Director of Asian Affairs. The difference in real, versus rhetorical, priority is obvious.

I must touch on the results of the League's recent delegation to Vietnam, Laos and Cambodia. Since the end of the Vietnam War, the League has only felt it imperative to undertake such a visit on three occasions. The first was in 1982, before the Reagan Administration had really been able to accomplish the resurrection of the issue they inherited. The latter two, in 1994 and last month, were directly linked to our dissatisfaction over the current approach and the disconnect between public official rhetoric and policy implementation.

In 1994, we provided senior officials of each country with a U.S. Government-provided material that depicted discrepancy cases of various types, particularly in Vietnam, including cases of photographed individuals who, to this day, are still unaccounted for.

Our trip occurred only a month after Secretary Albright stated that this issue was the highest priority of relations with Vietnam, and only four days after Ambassador Peterson arrived in Hanoi. We met with the Vice Ministers of Foreign Affairs, Defense and Interior, but unlike 1994, did not meet with the Prime Minister.

We expressed appreciation for Vietnam's support of joint field operations and the need to continue that process, but urged that they undertake increased unilateral efforts, beginning with the cases provided in the compilation supplied in 1994. The Vietnamese again made commitments to increase their efforts. Still lacking, however, is a decision by the Vietnamese leadership to renew unilateral efforts to return remains and provide crucial documents. Until such decisions are made, accounting results will continue to drag along at the pace we have seen since 1989. For this reason, we urged the Vietnamese to work with Ambassador Peterson to seek a mutually beneficial means to address these cases. We received assurances from the Vietnamese and Ambassador Peterson that they would attempt to find a solution.

The League does not support further economic steps with Vietnam until unilateral action to locate and return remains and provide relevant records is evidence. We are not opposed, in principle, to establishing a consulate, but would hope that U.S. officials would pay as much attention to POW/MIA matters as they are to such issues.

In Laos, we met with the Deputy Prime Minister the Minister of Foreign Affairs and Vice Ministers of Defense and Interior. In our view, the Lao Government is working hard within its limited capacity to support joint field operations. In relative terms, accounting results are greater for joint operations in Laos than in Vietnam.

We urged Lao officials to develop a means of generating information through an oral history program and to locate and provide records. Though believed by the U.S. to be limited in number and scope, the Lao need to work diligently to address this problem. We are pleased that our Ambassador to Lao, Wendy Chamberlin, is actively engaged and encouraging Lao officials to pursue solutions to these more difficult and sensitive areas. We have long been on record in support of further economic steps with the Lao, including MFN, and were out front in supporting the upgrade to full Ambassador years ago. Although there is room for improvement, U.S. efforts in Laos are encouraging.

In Cambodia, we met with the acting Head of State and President of the National Assembly, both Prime Ministers, both Ministers of Interior, both Ministers of Defense, historians and, importantly, the head of Cambodia's POW/MIA Committee. In our view, Cambodian officials are cooperating fully, without reservation; in fact they are taking initiatives that are encouraging. While in Cambodia, Second Prime Minister Hun Sen offered to publish an appeal from the League to Khmer Rouge defectors seeking information on unaccounted for Americans.

Very importantly, senior historians have been authorized to work with U.S. officials on an oral history effort that offers significant potential for answers long believed lost to the destruction that the Cambodian people have suffered. We are pleased and grateful for this ongoing efforts that was initiated by the Defense POW/MIA Office and is being implemented by both DIA's Stony Beach and JTF-FA, with the full support of Ambassador Ken Quinn.

It is very important to understand that the families' expectations in terms of accountability have been reasonable from the League's inception in 1970. Our charter and bylaws do not include the objective of "full" or "complete" accounting, recognizing that in war, men will be lost and remain unaccounted forever.

We also are concerned, however, that there may be some effort on the part of our government to determine that there is no reason for further effort on some cases, based only on the word of host-country sources or information currently in the database. Let me make clear that the League has long sought clarification, a means to ensure public understanding of the facts. There are cases that warrant a decision that no further effort will bring accountability, such as losses far at sea, circumstances on which a reasonable conclusion can be drawn that remains are not recoverable.

At the same time, as long as Vietnam continues to withhold records and remains of missing U.S. personnel, their assurances are not sufficient. For that matter, neither are assurances of the U.S. Government unless supported by evidence that withstands the test of "reasonableness."

Thank you, Mr. Chairman, for holding this hearing, and I look forward to responding to your questions.



POLICY

THE UNDER SECRETARY OF DEFENSE
 SENATE BUILDING
 WASHINGTON, DC 20301-2000

97 JUN 11 AM 11:14



Honorable Strom Thurmond
 Chairman, Committee on Armed Services
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

I would like to express my opposition to language in the Senate Armed Services Committee mark-up of the National Defense Authorization Bill which authorizes the Director of Central Intelligence (DCI) to establish a POW/MIA analytical cell to provide support to all departments and agencies of the Federal Government. Establishment of such an organization would result in a redundant, less effective analytic structure and will intrude on the humanitarian nature of the POW/MIA issue.

Analysis of POW/MIA issues is currently, and has historically, been performed by the Department of Defense (DoD). In 1993 Congress recommended that DoD establish a single office responsible for this issue. This office was established with the purpose of providing the fullest possible accounting of our missing servicemembers and has served our accounting process extremely well. Complete responsibility for the issue, to include analysis, family liaison, public affairs, and policy oversight are the responsibility of DoD and should remain such. An analytic cell outside DoD would decentralize and fragment the issue.

The POW/MIA issue is humanitarian with the mission of obtaining the fullest possible accounting of missing Americans. We need access to closed countries whose leaders are skeptical of our intentions. Our investigators accomplish their missions through overt investigative and research methods. Establishing an analytic cell under the DCI would cast considerable doubt over our claims that these accounting efforts are purely humanitarian, not intelligence gathering activities.

The current accounting structure works extremely well and I can see no compelling reason for change. I strongly urge you and your colleagues to reject this language.

Sincerely yours,

Walter B. Strome

cc: Honorable Carl Levin
 Ranking Minority Member

THE WHITE HOUSE
WASHINGTON

April 10, 1997

Dear Mr. Leader:

You have requested clarification from me regarding Administration policy on POW/MIA issues with Vietnam, in view of a report recently provided to you by the Chairman and Vice-Chairman of the Senate Select Committee on Intelligence. I am happy to respond, and I realize that some Members of the Senate have linked these matters to a confirmation vote on Douglas "Pete" Peterson to be our first Ambassador to the Socialist Republic of Vietnam.

First, the President commits to continue to press the Government of Vietnam to cooperate on full accounting. We have established mechanisms through which the Vietnamese can respond to requests for information available only to them.

As you know, the President has determined that Vietnam is providing full-faith cooperation with U.S. efforts to obtain this information. We believe the President's determination is backed up by tangible assistance provided by Vietnam to the Department of Defense Joint Task Force (Full Accounting). I will direct the Intelligence Community to prepare a special National Intelligence Estimate on this matter, something that was last done in 1987. We will consult with the Chairman and Vice-Chairman of the Intelligence Committee concerning the terms of reference for this new study.

Second, we will take immediate steps to ensure that collection requirements pertaining to the POW/MIA issue remain as a high priority for the U.S. Intelligence Community, and we will stay in close contact with the Intelligence Committee on this matter.

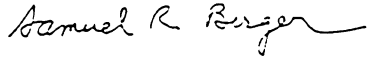
Third, I will ask for an updated assessment from the Intelligence Community on the so-called "735" and "1205" documents from Russian archives. We will continue efforts already underway to acquire additional information on these documents from the Vietnamese Government, including access to the alleged "735" author Hoang Anh, as well as other relevant party and government archival materials.

Fourth, the President asserted when we agreed to establish diplomatic relations with Vietnam that our principal goal was to

enhance the full accounting process. This issue will be Mr. Peterson's highest priority as Ambassador. This task will include pressing for additional unilateral efforts by the Government of Vietnam to provide records and remains. We, therefore, hope the full Senate will confirm Mr. Peterson at the earliest possible date.

I trust this is responsive to your concerns.

Sincerely,



Samuel R. Berger
Assistant to the President
for National Security Affairs

The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510



THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301-2000



JUN 3 1997

In reply refer to:
1-97/21803

Honorable Richard Shelby
Chairman, Select Committee on Intelligence
United States Senate
Washington, DC 20510

Dear Chairman Shelby:

It is my understanding the Senate Select Committee on Intelligence is considering language for the upcoming Intelligence Authorization mark-up that would reassign personnel from the Office of the Assistant Secretary of Defense for International Security Affairs' Defense POW/Missing Personnel Office (DPMO) to the Defense Intelligence Agency (DIA). The language reportedly requires DIA to detail these personnel back to DPMO to perform the same non-intelligence work they are now performing as members of DPMO.

The POW/MIA effort is a humanitarian one with the mission of obtaining the fullest possible accounting of missing Americans. We need access to countries whose leaders are skeptical of our intentions: transferring these billets would cripple our investigative ability. Our investigators accomplish their missions through overt investigative and research methods. Assigning these analysts to DIA, or providing funding for them through DIA, would cast considerable doubt over our claims that these accounting efforts are purely humanitarian and not intelligence gathering activities.

The primary duty of these researchers is to resolve cases of unaccounted for Americans. They are removed from the normal intelligence cycle, which was a principal reason the Director of DIA agreed to give up these billets when DPMO was established. This division of labor has served our accounting process extremely well for the past four years, and I can see no compelling reason for change. I urge the Committee to reject this proposal.

Sincerely yours,

Walter B. Slomcombe

cc:
Vice Chairman Kerry

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FAX: [REDACTED] (202) 296-6448

June 6, 1997

The Honorable Bob Smith
307 Dirksen Building
Washington, D.C. 20510

Dear Senator Smith:

It is my understanding that you and others are attempting to reestablish our intelligence capability on the POW/MIA issue through the Defense Authorization Bill.

I was distressed to learn a couple of months ago that the issue was dropped as a national intelligence priority in 1995. Based upon subsequent NSC commitments by Sandy Berger to restore this capability, I believed this had been corrected. Now I have learned that the entire capability was abolished in the process.

When I assumed responsibility for this issue as the NSC Director of Asian Affairs in 1981, I reviewed our intelligence capabilities and found none. We raised the priorities across the board, and I relied heavily on the product for the next seven years, until I left in March of 1989. Policy negotiators cannot be effective without a full range of collection and objective analysis by the intelligence community. It provided us with the ability to distinguish between real facts and assertions, along with a baseline for negotiations. Apparently, all that is currently available is the Stony Beach element in Bangkok which we established, and that is now simply tasked as a supplement to field operations.

My discussions with the administration have been marked by a penchant to use the word "humanitarian" as a reason not to have good intelligence. Since I coined the term as part of our negotiating strategy and secured Vietnamese agreement, I feel I can provide relevant comment. The rubric "humanitarian" was recognized by both the Vietnamese and the U.S. as a useful fiction to allow us to proceed with negotiations, given our lack of formal ties, and was unrelated to an across the board, all-source intelligence capability. The Vietnamese certainly knew we had such capabilities, since we provided them the results of our analyses to spur further progress.

Regardless of what anyone feels toward the POW/MIA issue or the extent of Vietnamese cooperation, the debate still revolves around how much Vietnam can still provide in terms of answering key

-2-

questions on last known alive discrepancy cases, remains and archives. These answers cannot be solely addressed through field operations. It requires a separate capability which has apparently and inexplicably been shut down by the administration. Without such a capability, I am sure that any public evaluation on the issue that the administration might provide will now be rightfully suspect as political spin. Further, it would not be possible to conduct a formal estimate, as I understand has been pledged, or to implement the restored priority without a dedicated office in the intelligence community to perform the necessary tasks.

I wish you and your colleagues well in this endeavor. We should not repeat the horrible mistakes of the 1970's when we lost years of opportunity. The families of those still missing, veterans and future servicemen deserve better, and this deserves strong bipartisan support.

Respectfully,



Richard T. Childress

Ford and Associates

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June 6, 1997

The Honorable Bob Smith
307 Dirksen Building
Washington, D.C. 20510

I recently learned that the Defense POW/Missing Personnel Office (DPMO) does not have a section devoted to the analysis of POW/MIA intelligence. Under Secretary Walter Slocombe, in a letter to the Senate Select Committee on Intelligence, indicated that the intelligence officers who were originally transferred to DPMO from DIA are no longer doing intelligence work. He states that the, "... primary duty of these researchers is to resolve cases of unaccounted for Americans . . . [and have been] removed from the normal intelligence cycle . . ." He goes on to suggest that to do otherwise "... would cast considerable doubt over [U.S.] claims that these accounting efforts are purely humanitarian and not intelligence gathering activities." This is all news to me, and I find it very distressing.

At its conception, DPMO was intended to enhance the Secretary of Defense's efforts to provide the fullest possible accounting for all American POW/MIAs. We thought that consolidating the various functions—policy, intelligence, and family services—in one office, headed by a Deputy Assistant Secretary of Defense, gave POW/MIA greater senior direction and more clout in the bureaucracy. In this process, however, we never intended to ask intelligence officers to become policy officials, or turn policy officials into intelligence analysts.

In fact, I assured senior officials before they agreed to the formation of the office that this would not occur, and that they should think of the officers coming from DIA as serving the DASD in much the same way a J2 would in other military organizations. I also specifically promised the Director of DIA in our informal negotiations that the new office would not turn the slots he was giving us into policy billets, and then turn around and ask him to recreate DIA's POW/MIA capabilities by taking resources from other accounts.

Several people involved in the transfer from DIA warned me at the time that I had not put enough of a "fire break" between policy and intelligence in the new organization, and that it was bound to cause problems in the future. They also argued that DIA's support for the issue went far beyond

just the people assigned to POW/MIA office, and this would be lost once they moved to DPMO. As you know, I can sometimes be hard headed. In this case, I thought I knew better and disregarded their advice. In retrospect, it is clear that I was wrong. The current view that DPMO doesn't do intelligence is the exact opposite of what we had hoped for at its formation—better, more insightful intelligence, not less.

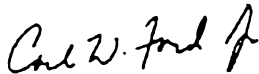
This being the case, I think the idea of transferring the intelligence function back to DIA makes good sense. Suggestions, however, that DIA would "... detail these personnel back to DPMO to perform the same non-intelligence work they are now performing as members of DPMO," as mentioned by Under Secretary Slocombe in his letter to the Congress, worry me a lot. It sounds as if DoD believes it can do its policy job without intelligence.

That's nonsense. If the Pentagon thinks that POW/MIA is a serious issue, it can't just to write intelligence out of the equation. It has to come from some where. DPMO could do the job, but it apparently won't. That leaves DIA. I hope you will continue to insist that going through the motions on POW/MIA issue is not good enough, and that adequate intelligence free from policy interference is of vital importance.

Should you need other information on the formation of DPMO, or other POW/MIA issues that occurred during the Bush years, please don't hesitate to contact me. I'm travelling the next two weeks in Asia, but call in regularly for messages.

Best regards.

Sincerely,



Carl W. Ford, Jr.



NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA

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WASHINGTON, D.C. 20038-5604

UPDATE LINE: 202.858.0133

202.723.8844

June 5, 1997

The Honorable Bob Smith
307 Dirksen Building
Washington, D.C. 20510

Dear Senator Smith:

It has come to my attention that further consideration is being given to correcting the problems evident in POW/MIA-related intelligence. I am writing on behalf of the League to support any reasonable effort that will restore seriousness to intelligence collection and analysis on the POW/MIA issue. As a member of the POW/MIA Interagency Group (IAG), and having had full access to POW/MIA intelligence from its founding in 1979 until the IAG was abolished in 1993, I am at a loss to understand how the issue can be pursued without intelligence. It was the lifeblood of policy effectiveness.

From prior conversations, you are aware that the League has consistently expressed concern that official objectivity had been lost from the process. Despite genuine interest and the best intentions of consolidating POW/MIA functions at OSD, removing the intelligence functions from DIA and bringing them under the OSD/ISA policy umbrella proved to be a mistake.

It is past time to restore greater credibility to the process by ensuring that the issue of accounting for Americans who served our country is treated as a serious issue. On no other matter of stated importance to our nation is intelligence collection and analysis abandoned, as has occurred on the POW/MIA issue. This state of affairs was confirmed by the Senate Intelligence Select Committee staff report forwarded to Senator Lott by Senators Shelby and Kerrey.

Finally, how is it possible to implement National Security Adviser Sandy Berger's decision to conduct a National Intelligence Estimate on accounting expectations without the intelligence collection and analytic capability? It is clear that the Congress should take steps to ensure that administration policy-makers working on this issue and our new Ambassador to Vietnam have objective information. Before we left Hanoi on May 15th, Ambassador Peterson firmly stated his personal commitment to make this issue a real priority. He should be supported.

We appreciate your efforts and those of others to correct this situation. Since our 28th Annual Meeting convenes in less than two weeks, I hope to report to the hundreds gathered that this has been accomplished.

Respectfully,

Ann Mills Griffiths
Executive Director

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
 WASHINGTON, DC 20510-6478

April 8, 1997

SSCI# 97-1331

The Honorable Trent Lott
 Majority Leader
 United States Senate
 Washington, D.C. 20510

Dear Mr. Leader:

In response to your March 24, 1997 letter, we are attaching the findings of a preliminary staff inquiry into the U.S. Intelligence Community input that formed the basis of the 1996 Presidential determinations regarding Vietnam's accounting for American POW/MIAs, including accelerating efforts to provide POW/MIA-related documents.

The President determined last year that, based upon information available to the U.S. Government at that time, the Socialist Republic of Vietnam was cooperating in full faith on the POW/MIA issue. These determinations were made by the President in response to Public Law conditioning the release of funds for U.S. diplomatic or consular post in the Socialist Republic of Vietnam on Presidential certification.

The staff inquiry has found:

1. That the Intelligence Community appears to have played no formal role in the determinations.
2. That regarding the so-called "735" and "1205" documents from the Russian archives:
 - they have not been the subject of a coordinated community-wide analysis. Elements of the Intelligence Community did contribute to a 1994 Department of Defense assessment and the State Department's Office of Intelligence and Research (INR) prepared several memoranda analyzing the documents;
 - the 1994 DoD assessment and the 1993 INR analysis identified numerous errors in the documents and raised questions about their accuracy, but could not dismiss them as fabrications; and,

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The Honorable Trent Lott
April 8, 1997
Page Two

• time constraints have not allowed the Committee staff to completely investigate all activities taken since 1994, but attempts by the Intelligence Community to gain additional information on the documents appear to have been limited.

We want to emphasize that this is not a comprehensive Committee review. We will explore whether the Committee should conduct further inquiry after consultation with all of the Committee Members.

Sincerely,



Richard C. Shelby
Chairman



J. Robert Kerrey
Vice Chairman

Attachment

Staff Inquiry

Background

A primary role of U.S. intelligence is to help American foreign policy makers make informed decisions. In general, U.S. Government's certification on foreign affairs matters is assumed to be based on a number of factors including input from the Intelligence Community. The process of collecting and analyzing sensitive and open-source information is complicated and subjective, but is the essence of the work done by the Intelligence Community. In most instances, the quality and source of information is such that it can be interpreted in more than one way and isolated reports of information may easily be misinterpreted. It is critical to take all information -- including information derived from sensitive intelligence sources and methods, and information related to policy implementation -- into account when judging the validity of information on which to base a certification or determination.

Findings

1. The Intelligence Community appears to have played no formal analytical role in the determinations.¹

a. Prior to the 1996 Presidential certifications, or in this case "determinations,"² the National Security Council did not request an Intelligence Community assessment on whether the Socialist Republic of Vietnam was cooperating in full faith on POW/MIA issues specified in Public Law 104-134 and Public Law 104-208, which included "accelerating efforts to provide documents that will help lead to the fullest possible accounting of POW/MIAs."

¹ In response to a staff request for DCI's "input" on the President's certifications, an April 3, 1997 CIA letter to Committee staff states "[b]ecause the Defense Department's Defense POW/MIA Office (DPMO) is responsible for intelligence bearing on the POW/MIA issue, other elements of the Community were not formally involved in the certification process."

² In Presidential Determinations #96-28 and #97-10, the President noted his Administration's position that the related sections of Public Laws 104-134 and 104-208 are unconstitutional because they "purport to condition the execution of responsibilities -- the authority to recognize, and to maintain diplomatic relations with, a foreign government -- that the Constitution commits exclusively to the President."

b. The U.S. Intelligence Community did not on its own provide an assessment on whether Vietnam was cooperating in full faith on the key POW/MIA issues.

c. The Defense POW/MIA Office (DPMO) and State East Asian & Pacific Affairs Office (EAP), two policy directorates (outside the oversight of the Intelligence Community) within the Offices of the Secretaries of Defense and State, were asked to provide input for a Presidential "Memorandum of Justification for Determination." DPMO and EAP officials indicated to Committee staff that their input did not include any Intelligence Community product but they did rely on in-country reporting from the State Department Embassy officers and the DoD personnel with the Joint Task Force - Full Accounting.³ Apparently, collection requirements pertaining to the POW/MIA issue were in place during the 1980s and early 1990s, but were removed from the President's Decision Directive on the Intelligence Community's priority requirement list on the recommendation of the National Security Council in 1995.

d. The only formal POW/MIA issue assessments identified by the U.S. Intelligence Community was a 1987 Special National Intelligence Estimate (SNIE), and a 1996 critique paper. The SNIE was titled, Hanoi and the POW/MIA Issue.⁴ Its term-of-reference and key judgment were:

"Resolution of the fate of the 2,413 American servicemen still unaccounted for in Indochina remains a priority humanitarian issue for the U.S. Government, which believes that it should be treated separately from other political and economic concerns. While Vietnam also publicly characterizes such an accounting as a humanitarian issue, Hanoi has used the POW/MIA issue as a means to influence public opinion in the United States and to achieve

³ On July 16, 1993, the Secretary of Defense consolidated four DoD offices located within the Washington, D.C. area. Each was charged with different functions of the prisoner of war/missing in action (POW/MIA) issue, but each dealt with the same mission: to obtain the fullest possible accounting for Americans missing from the nation's wars. The Intelligence Community's only POW/MIA analytical element, the Defense Intelligence Agency's Office of POW/MIAs Affairs, was transferred out of the National Foreign Intelligence Program.

⁴ The 1993 Final Report of the U.S. Senate Select Committee on POW/MIA Affairs noted that the 1987 SNIE was the "only national intelligence estimate produced on this issue since the end of the war."

broader political objectives.”

“There is a considerable body of evidence that the Vietnamese have detailed information on the fates of several hundred personnel. We estimate that the Vietnamese have already recovered and are warehousing between 400 and 600 remains. Thus, Hanoi could account quickly for several hundred U.S. personnel by returning warehoused remains and by providing material evidence that could aid in determining the fate of other personnel.”

e. In response to Congressional requests in 1996 for declassification of the 1987 SNIE, Richard Bush, the National Intelligence Officer for East Asia, initiated an Intelligence Community Assessment challenging the SNIE. It concluded that “[s]ubsequent evidence does not support the Estimate’s hypothesis that Hanoi held 400 to 600 sets of remains” since it was based on “limited direct evidence whose reliability was open to question.”

2. That regarding the so-called “735” and “1205” documents from the Russian archives:

- they have not been the subject of a coordinated community-wide analysis. Elements of the Intelligence Community did contribute to a 1994 Department of Defense assessment and the State Department’s Office of Intelligence and Research (INR) prepared several memorandum analyzing the documents;
- the 1994 DoD assessment and the 1993 INR analysis identified numerous errors in the documents and raised questions about their accuracy, but could not dismiss them as fabrications; and,
- time constraints have not allowed the Committee staff to completely investigate all activities taken since 1994, but attempts by the Intelligence Community to gain additional information on the documents appear to have been limited.

a. In the view of at least one senior Soviet official, the information contained in the “735” and “1205” documents was highly significant. They purport to be transcripts of secret wartime reports by North Vietnamese officials in which the number of American POWs captured and held in North Vietnam during the war was referenced. In the first document, dated 1971, a North Vietnamese official states that “735” American POWs are being held. In the second document, dated 1972, another North Vietnamese official states that 1,205 American POWs are being held. Both numbers are significantly higher than the 591 American POWs who were actually released by Vietnam in 1973.

b. In 1993, the State Department, INR produced four memoranda analyzing the "735" and "1205" documents. These analyses were provided to State Department policy makers and distributed to other agencies interested in the POW-MIA issue. The State Department has provided these classified memoranda for Committee review. Because they are still classified, the Committee is unable to cite specific findings in the memoranda, but the conclusions were similar to those in the subsequent 1994 DoD assessment.

c. On January 24, 1994, the Department of Defense released a coordinated, interagency intelligence analysis titled, "Recent Reports on American POWs in Indochina: An Assessment." The analysis assessed the "1205" and the "735" and cast doubt on the accuracy of the numbers.⁵ It also included an assessment of the so-called "Dang Tan" reports, first surfaced to the public by the U.S. Government in 1971, which were based on a North Vietnamese defector who claimed Hanoi was holding approximately 800 Americans in the late 1960s. The assessment concludes in the case of:

- The "735" document, that it "is too fragmentary to permit detailed analysis, but the numbers cited are inconsistent with our own accounting."
- The "1205" document, that it "is not what the Russian GRU claims it to be and the information suggesting that more than 600 additional POWs existed is not accurate....we need more information to understand its origin and meaning."
- The "Dang Tan" documents, that "the number was so much higher than the United States Government believed had been captured that it detracted from Tan's credibility on other points."

The concluding paragraph of the analysis stated, "[w]e believe there is more information in Russian, and particularly GRU, archives on this issue. There probably is also more information in Vietnamese party and military archives that could shed light on these documents. We continue to pursue information on these issues in both locations."

The Russians have persistently claimed that the "1205" and "735" documents

⁵ This analysis effort had contributions from elements within the Intelligence Community, predominately from INR/State and the Defense Intelligence Agency. However, in July 1993, this 48-person Defense Intelligence Agency element was transferred in-total to the Defense POW/Missing persons Office, a policy office within the Office of the Secretary of Defense.

were genuine Russian intelligence reports. The Vietnamese have dismissed the "735" and "1205" documents as fabrications.

Recently reviewed classified information in the hands of the U.S. Government provides additional germane information that was not factored into the above assessment. While this new data will contribute to a better understanding of the overall issue, to date it has not provided any definitive resolution to the outstanding questions of total numbers of American POW/MIAs known to the North Vietnamese in the early 1970s.

d. On June 19, 1996, during a House National Security Subcommittee hearing, Deputy Assistant Secretary of Defense for POW/MIA Affairs General James Wold was asked by Chairman Dornan, "General Wold, have you ever raised these Russian documents, "1205" and "735", with the Vietnamese...?" General Wold responded, "I have, probably 18 months ago, with the Minister of Foreign Affairs. The response was a lot of excited rebuttal...We have raised it. It's still a matter of interest. I still consider it [1205] a document to pursue." With a time constraint of two weeks the staff inquiry was not able to ascertain what steps, if any, have been taken by the U.S. Government since General Wold's testimony, and the 1994 analysis which concluded that Vietnam needed to be pressed for more information from its party archives to shed light on the "735" and "1205" documents. We note that personnel from the Defense POW/Missing Personnel Office have testified that Vietnam has not provided any such access to its war-time party archives. We also note that Vietnam has apparently not yet facilitated access to the "735" report's alleged author, Hoang Anh, who is reported to be living in retirement in Vietnam.

e. Although the 1994 analysis and General Wold's 1996 testimony emphasize the need to press for more information in order to better understand these documents, the analysis appears to have been used in at least one instance to justify dismissing further investigation. On March 21, 1997, Assistant Secretary of State for Legislative Affairs Barbara Larkin signed a letter in response to a Congressional request stating that the "1205" and "735" documents had not been raised with Vietnamese officials (specifically alleged "1205" author General Tran Van Quang) by the U.S. Charge d' Affaires in Vietnam because of "the interagency intelligence analysis released by the Department of Defense on January 24, 1994, in which the U.S. Government concluded that these documents were not a reliable source of information."



NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA

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UPDATE LINE: 202-658-0133

202-723-6846

STATUS OF THE POW/MIA ISSUE: JUNE 16, 1997

2,123 Americans are still missing and unaccounted for from the Vietnam War: Vietnam - 1,584 (North, 581; South, 1,003); Laos - 455 Cambodia - 76; Peoples Republic of China territorial waters - 8. The League seeks the return of all U.S. prisoners, the fullest possible accounting for those still missing and repatriation of all recoverable remains.

The League's highest priority is resolving the live prisoner question. Official intelligence indicates that Americans known to have been alive in captivity in Vietnam, Laos and Cambodia were not returned at the end of the war. In the absence of evidence to the contrary, it must be assumed that these Americans are still alive. As a matter of policy, the U.S. Government does not rule out the possibility that American POWs could still be held.

Unilateral return of remains by the government of the Socialist Republic of Vietnam (SRV) has been proven the most effective means of obtaining accountability. Extensive field activities have brought some progress through joint recovery or turnover in the field of remains fragments. From that process, 106 Americans have thus far accounted for by the Clinton Administration, all as a result of joint field operations. (LA-52; VN-50; CB-4). Archival research in Vietnam has produced roughly 30,000 items, documents and photos, but very few are relevant to accounting for missing Americans. A comprehensive wartime and post-war process existed in Vietnam to collect and retain information and remains. For this reason, unilateral SRV efforts to locate and return remains and provide records offer the most productive short term potential. The Defense Department's case-by-case review and other evidence reveal that unilateral SRV efforts could bring many answers.

Joint field activities in Laos are productive and, increasingly, the Lao Government has permitted greater flexibility while U.S. teams are in-country. Agreements between the U.S. and the Indochina governments now permit Vietnamese witnesses to participate in joint operations in Laos and Cambodia when necessary. Field activities in Cambodia, though few in number, have received excellent support. Over 80% of U.S. losses in Laos and 90% of those in Cambodia occurred in areas where Vietnamese forces operated during the war; however, Vietnam has not yet responded to numerous U.S. requests for case-specific records on U.S. loss incidents in these countries. Field operations and records research are the most likely means of increasing the accounting for Americans missing in Laos and Cambodia.

Despite U.S. intelligence assessments and other evidence that hundreds of Americans can best be accounted for by unilateral Vietnamese efforts to locate and return remains and provide relevant documents and records, President Clinton lifted the trade embargo, established a U.S. Embassy in Hanoi, normalized relations, nominated a U.S. Ambassador to Vietnam and, in May, 1996, determined, without supporting evidence, that Vietnam is "*cooperating in full faith*" to resolve this issue. The burden is squarely on the current administration to obtain increased accountability. The League supports steps by the U.S. to respond to concrete results, not advancing political and economic concessions in the hope that Hanoi will respond.

POW/MIA STATISTICS

Live Sightings: As of June 1, 1997, 1,856 first-hand live sighting reports in Indochina have been received since 1975; 1,782 (96%) have been resolved. 1,250 (67%) were equated to Americans now accounted for (i.e. returned POWs, missionaries or civilians detained for violating Vietnamese codes); 45 (3%) correlated to wartime sightings of military personnel or pre-1975 sightings of civilians still unaccounted for; 487 (26%) were determined to be fabrications. The 73 (4%) unresolved first-hand reports are the focus of current analytical and collection efforts: 61 (3%) are reports of Americans sighted in a prisoners situation; 12 (1%) are non-POW sightings. The years in which these 73 first hand sightings occurred is listed below:

Year	Pre-76	76-80	81-85	86-90	91	92	93	94	95-97	Total
	54	8	1	5	1	1	1	1	1	73

Accountability: At the end of the Vietnam War, there were 2,583 unaccounted for American prisoners, missing in action or killed in action/body not recovered. As of June 16, 1997, 2,123 Americans are still missing and unaccounted for, over 90% of whom were lost in Vietnam or in areas of Laos and Cambodia where Vietnamese forces operated during the war. A breakdown of the time frame during which the 460 Americans were accounted for follows:

1974-1975	Post war years:	28
1976-1978	US/SRV normalization negotiations:	47
1979-1980	US/SRV talks break down:	1
1981-1984	1 st Reagan Administration	23
1985-1988	2 nd Reagan Administration	151
1989-1992	Bush Administration	104
1993-1996	Clinton Administration	106

Unilateral SRV repatriations of remains have accounted for the vast majority of the 460, all but 3 of the Americans accounted for in Laos have been the result of joint excavations. The breakdown by country of the 460 Americans accounted for from the Vietnam War:

Vietnam	342*	Laos	111*
China	2	Cambodia	5

*4 remains were recovered from indigenous personnel; 1 from North Vietnam and 3 from Laos.

(Note: Statistics are provided by the Defense POW/MIA Office.)

For the latest information, call the League's Update Line, (202)659-0133, 24-hours a day.



**NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA**

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VIETNAM'S ABILITY TO ACCOUNT FOR MISSING AMERICANS

JUNE 1, 1997

Family members, veterans organizations and other League supporters throughout the country have consistently opposed steps to improve economic and political relations until Hanoi makes the decision to cooperate fully to resolve the POW/MIA issue. The League supports a policy of reciprocity - - steps by the U.S. to *respond* to efforts by Vietnam to locate and return remains and provide case-specific POW/MIA-related documents, not steps in advance in the hope that Vietnam will respond.

One way of viewing what the U.S. knows and what Vietnam can do is by looking at what Vietnam *has not*, but could have done. At the end of the war, U.S. intelligence and other data confirm that over 200 unaccounted for Americans were last known alive or reported alive and in close proximity to capture. Vietnam knows that these are highest priority cases, directly related to the live prisoner issue. In over 100 of these cases, joint field investigations in recent years have reportedly been sufficient to confirm death. If true, remains of these Americans logically should be the most readily available for return since they were in captivity or on the ground in direct proximity to Vietnamese forces. Yet, Vietnam has accounted for very few of these Americans.

U.S. wartime and post-war reporting on specific cases, captured Vietnamese documents concerning the handling of U.S. prisoners and casualties, and debriefs of communist Vietnamese captives, reinforced by U.S. monitored directives and other reporting, form a clear picture of a comprehensive Vietnamese system for collection of information and remains, dating back to the French-Indochina War. Specific sources, such as the mortician in 1979, substantiated by others in the 1980's, highlighted remains collection and storage as a key aspect of Vietnam's policy for eventual dealings with the U.S.

Assessments by community-wide intelligence serve as the basis for long-standing U.S. expectations that hundreds of Americans could readily be accounted for by unilateral Vietnamese action to locate and return remains. In 1986-87, the entire intelligence community maintained much higher estimates, but the numbers were subsequently further screened to establish the most realistic targets for the Vietnamese government to meet.

During the war and since, the Vietnamese communists placed great value on the recovery and /or recording of burial locations of U.S. remains. In wartime, if jeopardized by imminent discovery or recovery by U.S. forces, burial was immediate to hide remains, which were disinterred and photographed when possible, then reburied or transferred to Hanoi, if feasible. Evidence of this process is confirmed by U.S. intelligence.

Forensic evidence serves as another basis for establishing expectations. Roughly 50% of the 341 identified remains returned from Vietnam since the end of the war have shown evidence of both above and below ground storage. This is hard evidence, confirmed by forensic scientists, but the number is far below U.S. expectations on remains repatriations that number hundreds more..

The total number of identified remains returned from Vietnam with evidence of storage (163) does not equal the number reported stored by valid sources, nor come close to the U.S. Government's assessment of remains available for unilateral Vietnamese repatriation. Evidence of storage also exists on three remains returned in 1992, recently identified. An important signal was also sent by the Vietnamese in a 1989 stored-remains repatriation. Both instances revealed province-level storage/curation.

After two years of no results from the Vietnamese in 1979-80, during a September, 1982 ABC "Nightline" program, Vietnamese Foreign Minister Nguyen Co Thach flatly denied that Vietnam was holding any U.S. remains, as did senior Vietnamese officials throughout the Carter Administration. Yet, in 1983, Vietnam returned eight remains with clear evidence of storage. Negotiations for a two-year plan in 1985 brought the largest number of remains obtained to that point; nearly all showed evidence of storage. In 1987, negotiations resulted in the largest number of remains returned during one year - - over 60 in 1988 - - approximately half of which were returned at one time. Nearly all were virtually complete skeletons which showed clear evidence of storage; there are more recent examples.

Vietnamese officials have also admitted storage of remains. In 1985, following up an initiative through a regional government, a U.S. National Security Council (NSC) official met privately with a Vietnamese Politburo member during an NSC-led U.S. delegation to Hanoi. The carefully drawn plan was for negotiations on live prisoners *and* remains. The Vietnamese minister indicated that live prisoners were not on the table for discussion, but, as discussed through the third party, the subject was hundred of remains.

In order to test the scope of Vietnamese knowledge, two specific cases were officially presented to officials in Hawaii in 1985/86 with a request for their unilateral assistance; both losses occurred in Lao territory under Vietnamese control during the war. One was returned unilaterally in 1988, 98% complete and stored above ground since the 1972 incident. Vietnam has unilaterally repatriated stored remains from very remote locations spanning the entire war, not just highly populated areas.

There is continuity today. In 1991 and 1993, the Vietnamese provided graves registration lists with names of unaccounted for Americans. Inclusion of these names was likely again purposeful, as was filtering through private channels photographs of dead, unaccounted for Americans whose remains have not yet been returned. Combat photography was directed by the Vietnamese government; their soldiers did not own personal cameras, much less carry them. Regardless of mixed or conflicting signals on both sides, these and other actions by Vietnamese officials are intended to signal the U.S. Government of remains availability.

Information obtained from field operations after the war, including from recent Joint Task Force-Full Accounting activities, also reveals that central Vietnamese authorities systematically recovered U.S. remains. Eyewitnesses reported central-level supervision of remains recoveries of Americans who still have not been accounted for. Responding to July, 1996 U.S. clarification of the need for unilateral Vietnamese actions on specific cases, the Vietnamese leadership pledged to renew and increase their own efforts to locate and return remains and to provide relevant documents. Pending concrete accounting results in this context, the U.S. should then reciprocate by taking economic steps sought by the Vietnamese.

**Testimony by Adam Schwarz
Visiting Fellow
Foreign Policy Institute
School of Advanced International Studies**

**before the Asia and Pacific Subcommittee
Committee on International Relations
U.S. House of Representatives
May 18, 1997**

Thank you, Mr. Chairman, for inviting me to testify at today's hearing on U.S. policy toward Vietnam. I am currently a Visiting Fellow at the Foreign Policy Institute of Johns Hopkins' School of Advanced International Studies, and the focus of my work is on Vietnam. I have recently concluded a two-year assignment in Hanoi as correspondent for the *Far Eastern Economic Review*, and have spent the past ten years working as a journalist in Southeast Asia.

I believe the hearing today will provide a timely and useful opportunity for a discussion on America's relationship with Vietnam. As you know, both the relationship and Vietnam itself have undergone considerable changes in recent years. Diplomatic relations were established with Vietnam in July 1995, and talks continue between the two governments on deepening and expanding the relationship. Vietnam, after many years as an international pariah and economic backwater, has made major strides in the past decade in re-integrating with the world community, both and politically and economically.

Nevertheless, the relationship between the two countries remains a difficult one. Several obstacles remain on the agenda, including the resolution of outstanding MIA cases, the fate of the boat people who have returned to Vietnam, the status of political and civil liberties in Vietnam, Vietnam's capacity to observe and enforce international trading rules, and the treatment accorded American investors in Vietnam.

In my opinion, analyses of any one of these issues depend, fundamentally, on an understanding of the complex political process in Vietnam. As such, I would like to focus my remarks today on the changes underway in Vietnam, in particular in its economic development, and the way those changes are affecting the political arena.

Political Structure

I would like to begin with a brief description of the main political institutions in Vietnam. The government of Vietnam is currently headed by Prime Minister Vo Van Kiet. It consists of over a dozen ministries, each of which have branch offices at the provincial level. Ministerial selections are approved by the National Assembly which meets for two to three weeks at a time, twice a year. Each province has its own People's Council, which is the provincial-level counterpart to the National Assembly. The highest government official at the province level is the chairman of the provincial People's Committee.

The Communist Party forms a parallel structure to the government. Its headquarters are in Hanoi, and it has representation at province and district level. There is a Party Secretary in each province, who is considered the senior provincial official. The Party is currently headed by General Secretary Do Muoi. Although the Party apparatus has been scaled down in recent years, the Party retains a dominant voice in areas such as foreign affairs, defense, culture and information and internal security.

A history of economic reform

Vietnam's economic reform process, known in Vietnamese as *doi moi*, began with sixth Communist Party congress in 1986. The process accelerated at the end of the decade, following the cut-off of Soviet Bloc aid. Perhaps the most important of the early reform steps was the dissolution of contract farming system, allowing farmers to keep and market most of their output. Agricultural production responded dramatically: a rice-importer in the late 1980s, Vietnam is today the world's third or fourth largest rice exporter.

As the 1990s opened, management of the economy gradually improved. Inflation was brought down from triple to single digits. The currency was stabilized, and a central bank established. A start was made on reforming the financial and state-owned enterprise sectors. More leeway was given to the private sector to operate, and a relatively liberal foreign-investment law was passed. The National Assembly passed a new land law, which allows land use rights to be mortgaged, sold and transferred, although land continues to be formally the property of the state.

Vietnam has been rewarded with multiple years of high single-digit growth, a decline in poverty, strong interest from the foreign-investment community, a resumption of foreign aid and, in 1995, an invitation to become the seventh member of the

Association of Southeast Asian Nations. With its industrious people, fertile soil, an abundant resource base and strategic location, Vietnam has the potential to match the impressive economic growth we have seen in many countries across Asia.

The Political Debate

Although the changes Vietnam has undergone have brought many tangible benefits to its people, there still appears to be considerable confusion within the Vietnamese leadership, and in particular the Vietnamese Communist Party, about the merits of reform and the pace at which future reform should proceed.

Although it is difficult to define clearly, there is reformist wing of the Party which recognizes that much more needs to be done to restructure the Vietnamese economy if Vietnam is to catch up with the rest of its economically more advanced neighbors and to join the World Trade Organization. I should add that the term reformers in the Vietnamese context refers to economics; the entire leadership of the Communist Party appears unanimous in its support for one-party rule.

There are more conservative elements within the Party which, while not publicly opposed to the *doi moi* process, have misgivings about the effects of *doi moi* both on Vietnamese society and on the Party's capacity to maintain itself in power. Conservative forces are strong in the military and internal security apparatuses.

Economic Consequences

The divisions within the Party on the pace of economic reform have only seeped into public view in the past eighteen months, and were especially visible prior to the Party's Eighth Congress, held in June 1996. The public debate, such as it is, rarely addresses economic reform *per se*. Instead, a series of proxy issues has been brought into play in which reformist and conservative elements attack and fend off attacks from the other side. In many cases, the issues revolve around the extent to which the reform process, and its proponents, are responsible for the various ills afflicting Vietnam, ills ranging from drug use, prostitution, corruption, traffic fatalities, a widening wealth gap, and the alleged erosion of cultural identity.

While these mini-debates go on, the reform momentum has clearly slowed. Foreign investors have begun to complain more vociferously about bureaucratic red tape, corruption, and the inadequacies of the judicial system. After a promising start, a privatization program has crawled to a near halt. Only about a dozen of some 6,000 state enterprises have gone through what the

Vietnamese call the "equitization" process, and even in these cases the cash-poor firms have received very little new capital. A combination of an ideological commitment to a dominant state sector and the vested interests of those who control the state enterprises had made it extremely difficult for reformers to proceed.

In addition, restrictions on private-sector business activity have not been removed as quickly as earlier expected or, indeed, as promised by the government. Many areas of the economy remain protected from outside competition and even some enjoying such protection, such as the banking sector, are in dire shape. A number of banks have missed payments on their overseas obligations in recent months.

With an eye of the precarious financial shape of many state enterprises, many conservative elements of the Communist Party appear to be edging toward a less accommodating position vis-à-vis foreign investment. The high costs of doing business in Vietnam, meanwhile, have eroded the competitiveness of many products made in Vietnam. This, in turn, has led to a sharply higher trade deficit. Efforts to improve the competitiveness of the economy have been weakly implemented on account of the concern over how those efforts would impact the state sector.

Conclusion

Let me conclude by re-emphasizing that Vietnam's economic reform process is still in its beginning phases. The country has come a long way from its inward-looking, isolated, economically decrepit state of just ten years ago. But although much has been done, it is only a start. Much confusion persists as to the form and ultimate aim of the reform process. Indeed, even Vietnam's official description of the process -- the creation of a "socialist-oriented, commodity-based, multisectoral economy under the state-managed market mechanism" -- itself suggests the depth of the confusion.

In terms of political reform, less progress had been made. In some areas, there has been improvement. One example would be the rights of small-scale farmers and traders to engage in business in a private capacity. Freedoms to worship and to travel internally have also been expanded. On the other hand, the freedom of the press, of association, and of the right to engage in political activity, remain severely abridged. Despite encouraging rhetoric, the attitude of the leadership toward Vietnamese returning from abroad remains in many ways contradictory.

The next two or three years will be critical for Vietnam. This will be the period for the current, ageing leadership to pass on the reins to a new generation. The new leadership, in turn, must get to work quickly on overhauling the country's trade and state-enterprise sectors if Vietnam is to meet its regional and international trade commitments, including those to the United States in a trade agreement currently being negotiated.

Thank you.

ADAM SCHWARTZ

(June 1997)

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EXPERIENCE

- 1997 **SCHOOL OF ADVANCED INTERNATIONAL STUDIES** **WASHINGTON**
JOHNS HOPKINS UNIVERSITY
 Visiting Fellow
- 1995-96 **FAR EASTERN ECONOMIC REVIEW** **HANOI**
 Bureau Chief.
- 1994 **FAR EASTERN ECONOMIC REVIEW** **BANGKOK**
 Correspondent.
- 1993-94 **FAR EASTERN ECONOMIC REVIEW** **HONG KONG**
 Assistant editor.
- 1992-93 **ASIA RESEARCH CENTRE, MURDOCH UNIVERSITY** **PERTH**
 Visiting Fellow. Researched and wrote a book on
 contemporary Indonesian politics and economics --
A Nation in Waiting: Indonesia in the 1990s --
 published in 1994 by Allen & Unwin, Sydney, Australia, and
 Westview Press, Colorado, United States.
- 1989-92 **FAR EASTERN ECONOMIC REVIEW** **JAKARTA**
 Correspondent.
- 1988-89 **FREELANCE JOURNALIST** **JAKARTA**
 Contributed to local, regional and international publications
 and news services, including the Far Eastern Economic Review,
 Reuters, Asian Business, Washington Post, Jakarta Post,
 Antiweek, South Magazine and McGraw-Hill.
- 1987-88 **JAKARTA POST** **JAKARTA**
 Journalist. Spent ten months at the Post as a Luce Scholar,
 one of fifteen Americans selected annually by the Henry Luce
 Foundation for work assignments in East and Southeast Asia.
- 1985-87 **COLUMBIA JOURNAL OF WORLD BUSINESS** **NEW YORK**
 Managing editor. Edited and published a business quarterly
 while attending business school. Produced a special issue of
 the journal (Fall 1986) on the international debt crisis.
- 1983-85 **BANCO ROBERTS, SA** **BUENOS AIRES, ARGENTINA**
 Analyst, Investment Banking Division. Worked with local and
 international firms involved in merger and acquisition
 transactions. Assisted a Banco Roberts/World Bank project which
 established Argentina's first venture capital operation.

EDUCATION

1985-87 **GRADUATE SCHOOL OF BUSINESS, COLUMBIA UNIVERSITY** **NEW YORK**
 MBA -- International Business/Marketing **May 1987**
 Dean's List, Beta Gamma Sigma. Received Columbia Business School
 Fellowship for Scholarship and Professional Achievement, 1986-87.
 Worked in the Corporate Finance department of Shearson Lehman
 Brothers, New York, May-August 1986.

1979-83 **DUKE UNIVERSITY** **DURHAM, NORTH CAROLINA**
 BA -- Economics **May 1983**
 Magna Cum Laude. Class Honours and Dean's List, three years.
 Attended the Syracuse University Program, Florence, Italy, 1982.

AWARDS Edward R. Murrow Fellow, Council on Foreign Relations, 1987-90
 Special Merit Award -- International Essay Competition
 sponsored by the AMEX Bank Review, London (1987 and 1990).
 American Banker Fellowship, 1986-87.
 Selected to the International Fellows Program, Columbia
 University, 1986-87.
 Scripps Howard Foundation Fellowship, 1986.

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INFORMATION

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U.S.-Vietnam Relations in 1997: Time for Further Change

**Testimony before the Subcommittee on Asia and the Pacific
Committee on International Relations
House of Representatives
June 18, 1997**

**by
Michael A. Samuels
President, Samuels International Associates, Inc.
Washington, D.C.**

Mr. Chairman and Distinguished Members of the Subcommittee, thank you very much for inviting me to testify before you this morning. The subject of your hearing, the state of U.S. relations with and policy toward Vietnam, is a most important one, and your hearing comes at an excellent time – when the Asian scene is changing in important ways and when the opportunity exists for an evolution in bilateral relations in ways that will significantly serve the interests of both countries and their peoples.

Little did I think 24 years ago, when, as a young State Department official, I went to Saigon to be part of the U.S. delegation to a meeting of SEATO (the South East Asia Treaty Organization) that Vietnam would return to be among the countries in which I would be active. My career in those intervening years has included diverse responsibilities, in the public sector and in the private sector, including two periods as ambassador – once to the Republic of Sierra Leone and once as ambassador to the GATT (the General Agreement on Tariffs and Trade), concurrently serving as Deputy U.S. Trade Representative. Now, I am the president of a business consulting firm. It was in this context that, five years ago, my contemporary Vietnam experience began. During this period, I have visited Vietnam close to ten times (the most recent having been this past March and April) and have advised several companies on their business strategies there, have, from time to time, provided on the ground assistance to them, and have commented, both publicly and privately, on policy issues for both governments.

At the same time, I can share with you that much of my career has been spent either living in or working with developing countries throughout the world. I can say this morning that, of all those countries, Vietnam today is one of the most dynamic, one of the most exciting to work with. Those of us who have worked with the peoples and the countries in the developing world know that problems abound and that the solutions to those problems often involve difficult political and social decisions.

-1-

The Vietnamese leadership, in my view, is wrestling with those problems as constructively and openly as is the leadership of any developing country today.

It is from this background that I should like to share my views with you this morning.

US policy toward Vietnam has been slow in recovering from the war of the 60s and 70s, so devastating to both our countries. Only now are the leaders and strategists from both countries coming to the realization that the current and future national interests of each are considerably bigger than the important -- but limited -- issues of the past. While we may continue to disagree over ideology, we Americans better understand the extent to which Vietnamese leadership is driven by a nationalism that could serve our interests as well as theirs. The tensions between Vietnam and its Northern neighbor, China, are long standing and reflect a fundamental aspect of Vietnamese foreign policy. For a variety of reasons, this fact requires a more strategic American response than has been true for some time. I am not calling for a policy of containment toward China or any effort to isolate China. But, I commend the Administration for beginning to bring US policy -- albeit slowly -- to a position that more accurately reflects US national interests -- especially its strategic requirements. In this context, I would note that, in the past year, there have begun important contacts between the militaries of the two countries; these contacts should be encouraged by all Americans. I hope that this Subcommittee would publicly welcome these contacts. Similarly, the forthcoming visit to Vietnam by Secretary of State Albright, on her way to the events in Hong Kong, is a sign and an action worthy of praise.

Vietnam today is an exciting place. It is one quite hospitable to Americans. The combination of having a dynamic citizenry and having begun the process of economic openness toward a market economy since 1986 (through a policy known as *doi moi*) has led to impressive economic growth rates for over a decade -- among the highest in the world during this period. For decades, the Vietnamese economy was either inward looking, or tied to the Soviet Union and its Socialist allies, or consumed by war. The last decade has seen that change.

Vietnam has already joined ASEAN (the Association of Southeast Asian Nations) and has negotiated a commitment to participate in ASEAN's related Asia Free Trade Agreement (AFTA). The ASEAN area is continuing to attract increasing numbers of US companies, and Vietnam is sure to have an important role in ASEAN growth. AFTA is likely to be effective in expanding the economies of the region, and it will serve US interests for our companies to be important players in this process. Beyond that, Vietnam has announced a desire to enter APEC (the Asia Pacific Economic Cooperation) and the World Trade Organization (the WTO), the successor to the GATT. These commitments also "institutionalize" market mechanisms.

For Vietnam, full participation in all these organizations and agreements is not easy. Principles of National Treatment, Transparency, and reciprocal liberalization

are new and present the Vietnamese system with important challenges. It looks, however, as if Vietnamese government leaders want to address those challenges head on. The AFTA commitments, the agreement with our own government to repay loans from the 60s and 70s incurred by the defeated (and now non-existent) Government of South Vietnam, and the recent bilateral Agreement with the United States on the protection of Intellectual Property attest to the seriousness with which Vietnam today is evolving. One of the next steps in that evolution is two trade negotiations that are closely related – the bilateral negotiations with the U.S. and the efforts to join the WTO. I hope this Committee encourages progress in these negotiations.

I realize, however, that primary responsibility for oversight of these negotiations rests with another Committee. Nevertheless, it is important for this committee, as part of its foreign policy oversight responsibility, to realize the fundamental economic reality related to Vietnam – this is a country with over 75 million people, over half of whom were born after 1975 – people who are dynamic and an economy growing rapidly. For a variety of reasons, companies from many other countries, competitors of ours, had a head start over our interests and are currently receiving more government assistance than US policy affords US companies or economic interests. Not only does this continue to put US economic interests at a disadvantage, but it also minimizes the extent to which the important economic component can contribute to the total US capability in Vietnam. As such, US interests – much bigger than economic ones and hindered by the recent past – suffer. Let me take this opportunity to urge not just this Committee, but the Administration, to move forward more actively and effectively to drop as many of the restrictions to expanded relations as possible. For example, the Jackson-Vanik amendment is an obstacle to improved relations and expanded economic activity. As you well know, the original intention for that amendment had nothing whatsoever to do with Vietnam – I urge the president to waive the effect of that amendment in the case of Vietnam soon.

Doing business in Vietnam has not been easy for many foreign business people and companies – and not just American ones. Representatives from the two American Chambers of Commerce already established in Vietnam – in Hanoi and in Ho Chi Minh City – were in Washington last week and met with many Members of Congress – I know they met with some on this Subcommittee. Their concerns involved both US government policy and resolving the problems they face in Vietnam itself. The presence of a US Ambassador – at last – is a most welcome sign, especially his being a distinguished former Member of this House. Similarly, the presence of dynamic Commercial officials from the Commerce Department is most helpful – and will be even more so when a new Consulate emerges in Ho Chi Minh City. There is a need for Export-Import Bank, OPIC and Trade and Development Agency (TDA) programs there -- I urge you to support these programs. And I urge these agencies to move more quickly and sympathetically. US economic competitiveness requires this.

Furthermore, US companies in Vietnam have already begun to make important contributions to the welfare of Vietnam's citizens, much as they do in this country and in other countries in which they operate. I believe that this nation can take pride in the good works of many US corporations in Vietnam

The bilateral trade negotiations are one of the most pressing items on the agenda. These will be difficult negotiations, because US expectations after the conclusion of the Uruguay Round trade negotiations are much higher than they were previously. At the same time, much of what is needed by the US to have successful negotiations is more sophisticated than the Vietnamese have developed so far. Indeed, this will be an excellent example of a phenomenon one has often seen elsewhere -- namely, the use of trade negotiations to bring about needed and desired domestic changes that would be difficult if not impossible to accomplish purely domestically. During my last trip to Vietnam, only eight weeks ago, I delivered a speech at a heavily attended conference of US-Vietnamese economic relations; my speech there addressed some of these issues in more detail, and I addend it to this testimony and ask that it be included in the permanent record of these hearings. While these negotiations are moving toward fruition, I would urge the US government to seek ways to expand US economic involvement and cooperation with Vietnam.

Some of the previous testimony has addressed political issues in Vietnam. I have purposely focused on the economic matters about which I know more. The economic, however, does have political importance -- both globally and domestically. One area where the political and the economic overlap considerably is in the importance of the rule of law. Vietnam has lacked what we would consider a legal system until quite recently. Its leaders and government officials, assisted by the United Nations agencies and bilateral donors, both government agencies and NGOs, have been improving that situation. It is not an easy process, but a modern economy demands it, and it is improving. There will also be a positive effect on the political situation.

Mr. Chairman, let me conclude by urging people to take positions and make statements that avoid allowing the past to be an obstacle to the future. There will be enough obstacles that will emerge anyhow. We should avoid actions and inaction that might push Vietnam into alliances that would hurt US interests. We should keep in mind that there is a real possibility that the pace of improvement of relations between the US and Vietnam will continue to improve until, some day, US-Vietnamese relations will be among the best bilateral relations we have in the world. Our economic strength is one of our most useful assets -- not just economically, but also politically and strategically.

Vietnam is an engaging country; the Vietnamese are engaging and hard-working people who like to laugh. It is a warm culture. Few who know them are not attracted to them. Our goal should be to maximize that attraction in a way that will best support US interests.

**International Trade - Opportunity for Vietnam Development:
Challenge to U.S.- Vietnam Bilateral Relations
Presentation to the U.S.- Vietnam Economic Normalization Conference
Hanoi, Vietnam
by Ambassador Michael A. Samuels
April 7, 1997**

There have been numerous success stories of economic growth during the last two decades. These successes have one important common trait – their growth has largely been fueled by an expansion of exports. Such an expansion involves a commitment to a trade policy and an economic policy that encourages the growth of competitive industries.

How will Vietnam deal with this reality?

Over the past week, I have had many discussions in Vietnam to help me understand the answer to this question. Furthermore, I have been coming to Vietnam regularly and watching trade and economic policy for the past five years. I have noted one important, but confusing matter – foreigners are often more confident about Vietnam's ability to compete than are Vietnamese.

Vietnam has begun its second decade of a *doi moi* policy. But it is at an important crossroads – and two international trade negotiations are on the immediate agenda – the U.S.- Vietnam bilateral negotiation and Vietnam's accession negotiation to the WTO (the World Trade Organization).

The negotiations confront Vietnam - and all its political and economic leaders with major challenges. Both negotiations will require Vietnam to accept a number of principles and practices that differ from its past practices and many of its current ones.

Briefly, let me sketch a few of the reasons for trade negotiations. They emerge from the desire to –

- Expand trade in order to expand economic growth and improve the welfare of people
- Liberalize trade in order to expand it by reducing barriers
- Provide predictability for commerce
- Reduce, and eventually remove politics from the marketplace, from trade
- Increase transparency of government policies and bureaucratic behavior
- Assure the irreversibility of the above actions by "binding" them, and
- Give national treatment for the providers of both goods and services

All 130 countries that belong to the WTO accept these principles and behavior requirements, although some apply them more fully than others.

Vietnam has announced its desire to join the WTO and has begun the process of accession. During that process – one that could take a few years – or more than a decade – Vietnam will discover that many of its current practices that affect trade are incompatible with membership in the WTO. Changing these practices will

not be easy, because they reflect political ideology, domestic interests that benefit from uncompetitive protection and behavior, and even some foreign investors who have encouraged protection as part of their investment.

Vietnam's economy has long been protected from foreign competition – except, of course, for that large supply of goods that is smuggled into the country largely from China. But Vietnam has agreed to end this protection – through its membership in ASEAN and its participation in AFTA (the ASEAN Free Trade Agreement). That means competition by 2003 and 2006. If it intends to keep this ASEAN commitment, Vietnam must act soon. It must act to make its economy, its production, competitive. If many of the current companies can't behave competitively (as outside observers seem to believe), the government must either find a way to reform those companies or to allow domestic competition by newcomers. Without prior domestic competition, the ASEAN trade competition will be a major shock.

It is in this context that Vietnam and the U.S. are in the process of their march to economic normalization. A bilateral international trade agreement is expected to be the next step, and negotiations are in their early stages.

This will not be an easy negotiation. Everyone in this room knows that most bilateral developments between the U.S. and Vietnam do not come easily. There is always an overlay of MIA, human rights issues, emigration issues from the U.S. side, and other issues from the Vietnam side. I believe that a good trade agreement could be negotiated and approved by Congress – as it must be – without being undermined by the above issues.

But – can a good trade agreement be negotiated. In my view, it will be very difficult to do so.

There must always be flexibility in trade negotiations. But Vietnam will find there are certain important matters on which the U.S. will not be flexible. There are two types of these – one that reflects the principles of the WTO, and one that reflects the international trade realities in Vietnam, especially the barriers that have been experienced by U.S. companies in the short time they have been here. As for the latter, I would call your attention to an important difference between political normalization and economic liberalization. In the struggle for political normalization, the American business community was an important ally and supporter. In contrast, in the process of economic normalization, the American business community will only be a supporter if its problems are addressed and its situation improved as a result of the trade negotiations. If this does not happen, American business will be a hurdle to economic normalization. Furthermore, it is not out of the question that some interests will be satisfied and some will not, and the American business community, unified over political normalization, may become divided over whether and/or how much to support a trade agreement.

Indeed, seen purely from a political perspective, the trade negotiations may raise such conflicts and create such a negative backlash in Vietnam as to harm bilateral relations. It is important, therefore, to ask – would it be politically better for WTO accession negotiations, since they are multilateral, to conclude first, and confront the problems rather than the bilateral negotiations with the U.S.?

While there might be some political wisdom in that, it does not make economic sense – if Vietnam truly wants to pursue a strategy for continued economic growth through exports, such as I mentioned before has been pursued by all other international success stories. What I did not mention was one additional ingredient to those success stories – namely, that access to the U.S. market and a major expansion of exports to the U.S. have been the major factor in those successes. Not access to the European market, or the Japanese market or the Korean market – but access to the U.S. market. Indeed, that access will bring significantly expanded foreign investment – from all countries – into Vietnam. Access to the U.S. market is the latent engine of growth.

But access depends on Vietnam's receiving MFN, Most Favored Nation, treatment. From Vietnam's perspective, that is the major goal of the negotiations by far. And the U.S. will not grant MFN lightly.

This is 1997. As such, any U.S. bilateral trade agreement with a non-WTO country must reflect a wide range of obligations and expectations that almost all countries of the world have agreed upon as a result of the Uruguay Round. Furthermore, the U.S. is determined not to accept with other countries what it has found unsatisfactory in its past agreements with Japan and China. Thus, a U.S. bilateral trade agreement now will be much more thorough than the ones signed some time ago with Russia and with China. And, it will be tougher than ones agreed to with countries of lesser trade importance.

What will the U. S. expect in the bilateral trade agreement? Unfortunately, there is not time to touch on everything, but let me suggest a few examples. While tariffs will be addressed, they will only be one of many things. Others will include:

- National treatment for goods and services
- A fair and transparent system of customs valuation, with a national policy that restricts extortionist behavior of some customs officials. This is likely to include stopping the procedure of using a "check price" of evaluating imports by charging duty based on the market price in Vietnam
- An import licensing system that is not prejudicial to American companies
- The elimination of export duties. (By the way, Vietnam is one of the only countries in the world to exact export duties; its so doing reflects the fact that there still is not a commitment to growth through exports)
- A firm commitment to protect intellectual property, especially copyrights. High on the "unacceptable" list, from a U.S. perspective, is for government ministries themselves to be major intellectual property violators. There will also be an expectation that Vietnam will commit to outlawing piracy and to destroying both the producers and any pirated products.
- An opportunity for American services companies, including banking and insurance
- Fair and transparent procedures for testing and standards, and
- A variety of agreements related to investment restrictions

There actually are many more items that will be included in these negotiations – but the above list will give you an understanding of how fundamental some of these matters are – and how difficult the negotiations will be.

The difficulty results from the fact that, today, trade policy must be a reflection of national economic policy.

I am not sure whether Vietnam is yet prepared to make the change in its domestic economic structure and its policies to perform in international trade in a way that will satisfy American needs and American interests – and, I believe, will be in Vietnam's best interest.

As I look at Vietnam, I still see supporters of a policy of "self-sufficiency." That concept is the opposite of what is needed. It ignores the vast growth that can come from an export-oriented strategy. In fact, if all countries were self-sufficient, there would be no international trade!

As I look at Vietnam, I still see many who call for an industrial policy of import substitution – while at the same time placing major barriers on foreign traders and investors who might want to bring competitive production for local markets. Furthermore, high tariffs and other costs of doing business in Vietnam worsen the smuggling problem which further undercuts the efforts at competitiveness.

As in most countries the limited private sector is the most dynamic sector of Vietnam's economy. In a country with real concern about unemployment, it is this private sector in which most of the new jobs have been created recently, and will be created in the future. I don't know how Vietnam's leaders will weigh the clear conflict between continued control and non-transparent behavior by uncompetitive companies against the recent experiences – both domestic and foreign - that show the clear benefits of clarity, transparency, a reduction of barriers and a strategy of export expansion.

But one technique has been used by other countries. It is not unusual for countries to force major changes on themselves by accepting external obligations through trade agreements. An outward-looking, confident Vietnam would use both the U.S. bilateral negotiation and the WTO negotiation to do precisely that.

Before I conclude let me emphasize one thing that some of you may not understand. I am not now part of the U.S. government. My remarks today are my personal views, the views of a private American citizen – who knows Vietnam and has confidence in it.

In sum, then, these trade negotiations present several clear choices –

- Will Vietnam have a Big Vision for itself
– or a Small Vision?
- Will Vietnam show Confidence in itself
– or lack of Confidence)
- Will Vietnam choose interdependence
– or self-sufficiency?
- Will Vietnam choose to build a bridge - or a wall?

The trade negotiations are where Vietnam will show the world – and itself – which approach it will take. Only Vietnam can decide.

SAMUELS
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ASSOCIATES, INC.

Michael A. Samuels

Michael A. Samuels is founder and president of Samuels International Associates, Inc., an international business consulting firm that specializes in international trade and public affairs. In his present position, Ambassador Samuels primarily advises corporate clients about how to affect government policies that may hinder or not sufficiently assist international sales, and works with governments concerning trade negotiations and other matters with the United States, and with certain international organizations. Much of his and his company's activities are involved with Asia and countries in the region.

Dr. Samuels has served as Deputy United States Trade Representative and U.S. Ambassador to the GATT. He has also served as U.S. Ambassador to Sierra Leone, as well as having held other positions in the U.S. Department of State. His non-governmental experience includes: Executive Director for Third World Studies at the Center for Strategic and International Studies, International Vice President of the U.S. Chamber of Commerce, and Senior Vice President of Hill and Knowlton, Inc., among other positions. He was directly involved with the efforts that culminated in the creation of the National Endowment for Democracy (NED) and served as chief executive officer of the Center for International Private Enterprise (CIPE), one of the original entities of the NED.

Ambassador Samuels has served on a number of boards of voluntary organizations and on several special government commissions. He is a member of the Council on Foreign Relations and the Council of American Ambassadors. Dr. Samuels holds a Ph.D. in African History from Columbia University and a B.A. from Yale University. He is the author of a number of books and articles on world trade, foreign policy, African countries and issues, Portugal, and third world issues. He is an avid philumenist.

June 1997

Question for the Record Submitted to
Deputy Assistant Secretary Bader
by Congressman Berman
House Committee on International Relations
June 18, 1997

Question

Have the cases of Dr. Nguyen Dan Que and Professor Doan Viet Hoat been raised? What was the Vietnamese response?

Answer

We continue to follow closely the cases of Doan Viet Hoat and Nguyen Dan Que, two men who have been jailed for peacefully expressing their political views. We would like to see them, and other political prisoners, released. We raise these cases frequently with the Vietnamese government and urge that they, and other political prisoners, be released.

Dr. Hoat is serving a 15-year sentence for publishing a reformist newsletter; Dr. Que is serving a 20-year sentence for publicly supporting political reform and respect for human rights.

Secretary Albright raised the cases of these well-known prisoners during her June visit to Vietnam. Treasury Secretary Rubin also raised the cases during his April trip to Vietnam. In addition, the U.S. Embassy in Hanoi has raised both cases with Vietnamese authorities on many occasions. The cases were also discussed at length during the fifth session of our bilateral human rights dialogue, held in Hanoi on March 7 of this year.

We continue to request that these dissidents be released. In the interim, we have also requested that Doctors Hoat and Que be moved from solitary confinement, that they be given medical assistance, and that they be allowed visits by family members. The Vietnamese government has indicated it would consider releasing Dr. Hoat for humanitarian reasons provided he agrees to leave Vietnam; we are waiting to hear if he has agreed to do so. The Vietnamese government has not been forthcoming on the case of Dr. Que.

**Answer to Question by Congressman Hastings
from Susan G. Esserman
General Counsel, Office of the U.S. Trade Representative**

Question

Do other countries, such as the European Union, afford Vietnam Most Favored Nation Status?

Answer

We believe that Vietnam's major trading partners, including the European Union, Japan, the ASEAN countries, and Canada, grant Vietnam MFN treatment. In some cases (the EU, Canada) this was done quite recently, i.e., in the past 3 years. We are not aware of any countries, aside from the United States, that do not grant Vietnam MFN treatment.

Question for the Record Submitted to
Deputy Assistant Secretary Bader
by Congressman Gilman
House Committee on International Relations
June 18, 1997

Question

How much money is involved in funding the opening of the Consulate General in Ho Chi Minh City?

Answer

In fiscal year 1997, the Bureau of East Asian and Pacific Affairs spent \$1.3 million dollars related to the opening of the Consulate General in Ho Chi Minh City, Vietnam, including the initial purchase of office and residential furniture and equipment and vehicles. This expenditure enabled us to provide American Citizen Services; to support to the Orderly Departure Program (headquartered in Bangkok); to report on political, economic and commercial activities in the most populous and prosperous part of the county; and, to support the opening of offices for the Foreign Commercial Service, the Foreign Agricultural Service, the United States Information Service and the Immigration and Naturalization Service. The initial expenditures were in support of 11 State positions.

We anticipate spending an additional \$1.2 million of bureau funds in fiscal year 1998 for Ho Chi Minh City opening costs. On August 7, 1997, Congressmen Rogers, Latham, Moran and Cunningham raised the American flag for the first time over the consulate general's temporary offices in Ho Chi Minh City.

The Department intends to build an interim facility which is projected to be completed in fiscal year 2000. This project, which is not yet under contract, will not be funded by the bureau, but by funds from our property settlement with the host country. When completed, this facility is projected to house the seventh busiest consular section in the world, staffed by 20 American consular officers. The building will also house the consul general, political section, economic section, USIS, INS and administrative support (including unclassified communications and security).



**NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA**

1001 CONNECTICUT AVENUE, NORTHWEST, SUITE 619

WASHINGTON, D.C. 20036-5004

UPDATE LINE 2004-01-08

STATUS OF THE POW/MIA ISSUE: JUNE 16, 1997

2,123 Americans are still missing and unaccounted for from the Vietnam War: Vietnam - 1,584 (North, 581; South, 1,003); Laos - 455; Cambodia - 76; Peoples Republic of China territorial waters - 8. The League seeks the return of all U.S. prisoners, the fullest possible accounting for those still missing and repatriation of all recoverable remains.

The League's highest priority is resolving the live prisoner question. Official intelligence indicates that Americans known to have been alive in captivity in Vietnam, Laos and Cambodia were not returned at the end of the war. In the absence of evidence to the contrary, it must be assumed that these Americans are still alive. As a matter of policy, the U.S. Government does not rule out the possibility that American POWs could still be held.

Unilateral return of remains by the government of the Socialist Republic of Vietnam (SRV) has been proven the most effective means of obtaining accountability. Extensive field activities have brought some progress through joint recovery or turnover in the field of remains fragments. From that process, 106 Americans have thus far accounted for by the Clinton Administration, all as a result of joint field operations. (LA-52; VN-50; CB-4). Archival research in Vietnam has produced roughly 30,000 items, documents and photos, but very few are relevant to accounting for missing Americans. A comprehensive wartime and post-war process existed in Vietnam to collect and retain information and remains. For this reason, unilateral SRV efforts to locate and return remains and provide records offer the most productive short term potential. The Defense Department's case-by-case review and other evidence reveal that unilateral SRV efforts could bring many answers.

Joint field activities in Laos are productive and, increasingly, the Lao Government has permitted greater flexibility while U.S. teams are in-country. Agreements between the U.S. and the Indochina governments now permit Vietnamese witnesses to participate in joint operations in Laos and Cambodia when necessary. Field activities in Cambodia, though few in number, have received excellent support. Over 80% of U.S. losses in Laos and 90% of those in Cambodia occurred in areas where Vietnamese forces operated during the war; however, Vietnam has not yet responded to numerous U.S. requests for case-specific records on U.S. loss incidents in these countries. Field operations and records research are the most likely means of increasing the accounting for Americans missing in Laos and Cambodia.

Despite U.S. intelligence assessments and other evidence that hundreds of Americans can best be accounted for by unilateral Vietnamese efforts to locate and return remains and provide relevant documents and records, President Clinton lifted the trade embargo, established a U.S. Embassy in Hanoi, normalized relations, nominated a U.S. Ambassador to Vietnam and, in May, 1996, determined, without supporting evidence, that Vietnam is "cooperating in full faith" to resolve this issue. The burden is squarely on the current administration to obtain increased accountability. The League supports steps by the U.S. to respond to concrete results, not advancing political and economic concessions in the hope that Hanoi will respond.

POW/MIA STATISTICS

Live Sightings: As of June 1, 1997, 1,856 first-hand live sighting reports in Indochina have been received since 1975; 1,782 (96%) have been resolved. 1,250 (67%) were equated to Americans now accounted for (i.e. returned POWs, missionaries or civilians detained for violating Vietnamese codes); 45 (3%) correlated to wartime sightings of military personnel or pre-1975 sightings of civilians still unaccounted for; 487 (26%) were determined to be fabrications. The 73 (4%) unresolved first-hand reports are the focus of current analytical and collection efforts: 61 (3%) are reports of Americans sighted in a prisoners situation; 12 (1%) are non-POW sightings. The years in which these 73 first hand sightings occurred is listed below:

Year	Pre-76	76-80	81-85	86-90	91	92	93	94	95-97	Total
	54	8	1	5	1	1	1	1	1	73

Accountability: At the end of the Vietnam War, there were 2,583 unaccounted for American prisoners, missing in action or killed in action/body not recovered. As of June 16, 1997, 2,123 Americans are still missing and unaccounted for, over 90% of whom were lost in Vietnam or in areas of Laos and Cambodia where Vietnamese forces operated during the war. A breakdown of the time frame during which the 460 Americans were accounted for follows:

1974-1975	Post war years:	28
1976-1978	US/SRV normalization negotiations:	47
1979-1980	US/SRV talks break down:	1
1981-1984	1 st Reagan Administration	23
1985-1988	2 nd Reagan Administration	151
1989-1992	Bush Administration	104
1993-1996	Clinton Administration	106

Unilateral SRV repatriations of remains have accounted for the vast majority of the 460, all but 3 of the Americans accounted for in Laos have been the result of joint excavations. The breakdown by country of the 460 Americans accounted for from the Vietnam War:

Vietnam	342*	Laos	111*
China	2	Cambodia	5

*4 remains were recovered from indigenous personnel; 1 from North Vietnam and 3 from Laos.

(Note: Statistics are provided by the Defense POW/MIA Office.)

For the latest information, call the League's Update Line, (202)659-0133, 24-hours a day.

**OPENING STATEMENT for hearing on U.S.-Vietnam Relations
Wednesday, June 18, 1997**

It is distressing to know that millions of people every day are not allowed the same liberties and freedoms that we take for granted in this country. Unfortunately, human rights violations in Vietnam have taken a backseat to those in other countries where press coverage is far more reaching. So, as the U.S. moves to normalize relations with Vietnam, we cannot allow such human rights violations to go unchecked. I commend Chairman Bereuter for holding this important hearing on U.S.-Vietnam policy.

Congressman Royce would like these questions answered by Secretary Bader (Deputy Assistant Secretary of State for East Asian and Pacific Affairs):

1. I personally know Dr. Nguyen Thanh Giang, who is facing imminent arrest due to an article he has written denouncing human rights practices in Vietnam. Is the Administration aware of this case and what is it doing about it?
2. I know Ambassador Pete Peterson is familiar with the case Of Binh Tran, the Southern Californian detained on dubious charges. I met with him about this case before he was confirmed. Would you please provide me with an update on Binh Tran's legal case and U.S. efforts to aid her?

Question for the Record Submitted to
Deputy Assistant Secretary of State Jeffrey A. Bader
by Representative Edward R. Royce
House Committee on International Relations
Subcommittee on Asia and the Pacific
June 18, 1997

Question

I personally know Dr. Nguyen Thanh Giang, who is facing imminent arrest due to an article he has written denouncing human rights practices in Vietnam. Is the Administration aware of this case and what is it doing about it?

Answer

Officers of the American Embassy in Hanoi maintain periodic contact with Nguyen Thang Giang, who is a retired government geologist. The embassy reports that Giang is well acquainted with SRV President Tran Duc Luong, a fellow geologist, and Prime Minister Phan Van Khai.

Most recently, Giang attended a reception hosted by Ambassador Peterson at his Residence this past October. At that time Giang told an Embassy officer that Vietnamese authorities have ceased contacts, maintained earlier, in which the authorities expressed concerns about his writing. Giang and his family remain free and are able to contact the Embassy to report any changes in his treatment by the authorities.

Question for the Record Submitted to
Deputy Assistant Secretary of State Jeffrey A. Bader
by Representative Edward R. Royce
House Committee on International Relations
Subcommittee on Asia and the Pacific
June 18, 1997

Question

I know Ambassador Peterson is familiar with the case of Binh Tran, the Southern Californian detained on dubious charges. I met with him about this case before he was confirmed. Would you please provide me with an update on Binh Tran's legal case and U.S. efforts to aid her?

Answer

Ms. Binh was arrested in Vietnam in October 1993, tried on June 26 and June 30, 1995, and sentenced to four years in prison for tax evasion. She was released from prison on April 24, 1996, but was not allowed to leave the country until she paid the fine that was levied as part of her sentence--reportedly \$182,000. In addition, Ms. Binh's assets, estimated by her to be worth about \$200,000 were confiscated.

Subsequent to her release, the Embassy sent several diplomatic notes requesting the SRV to allow Ms. Binh to leave the country. The most recent note to the responsible judicial office was sent on June 23, 1997. This note asked that Ms. Binh be allowed to return to the U.S. temporarily to visit her sick father and attend the wedding of her two daughters. None of these requests has received a positive response.

Ms. Binh has met with Embassy Officers on numerous occasions in Hanoi and Ho Chi Minh City to seek our help and suggestions. The Ambassador raised Ms. Binh's case during his meeting with the Minister of the Interior in July. On September 25, Interior Ministry officials met with an embassy officer to respond to consular issues raised by the Ambassador, including the case of Ms. Binh. The embassy officer pressed Ms. Binh's case with the senior Interior Ministry official, noting that we fear for her health and state of mind and that it is highly unlikely she and her family will ever be able to pay the fine. It is noteworthy that the MOI official said the fine was only 1 billion Vietnamese dong (approximately \$95,000) and not \$182,000 as was originally stated.

We would like to take this as an indication of an official inclination to try to resolve Ms. Binh's case, but we can not be certain of the Vietnamese government's intentions.

We will continue to discuss this case with the appropriate authorities in the Ministry of the Interior in order to achieve a possitive outcome for Ms. Binh.

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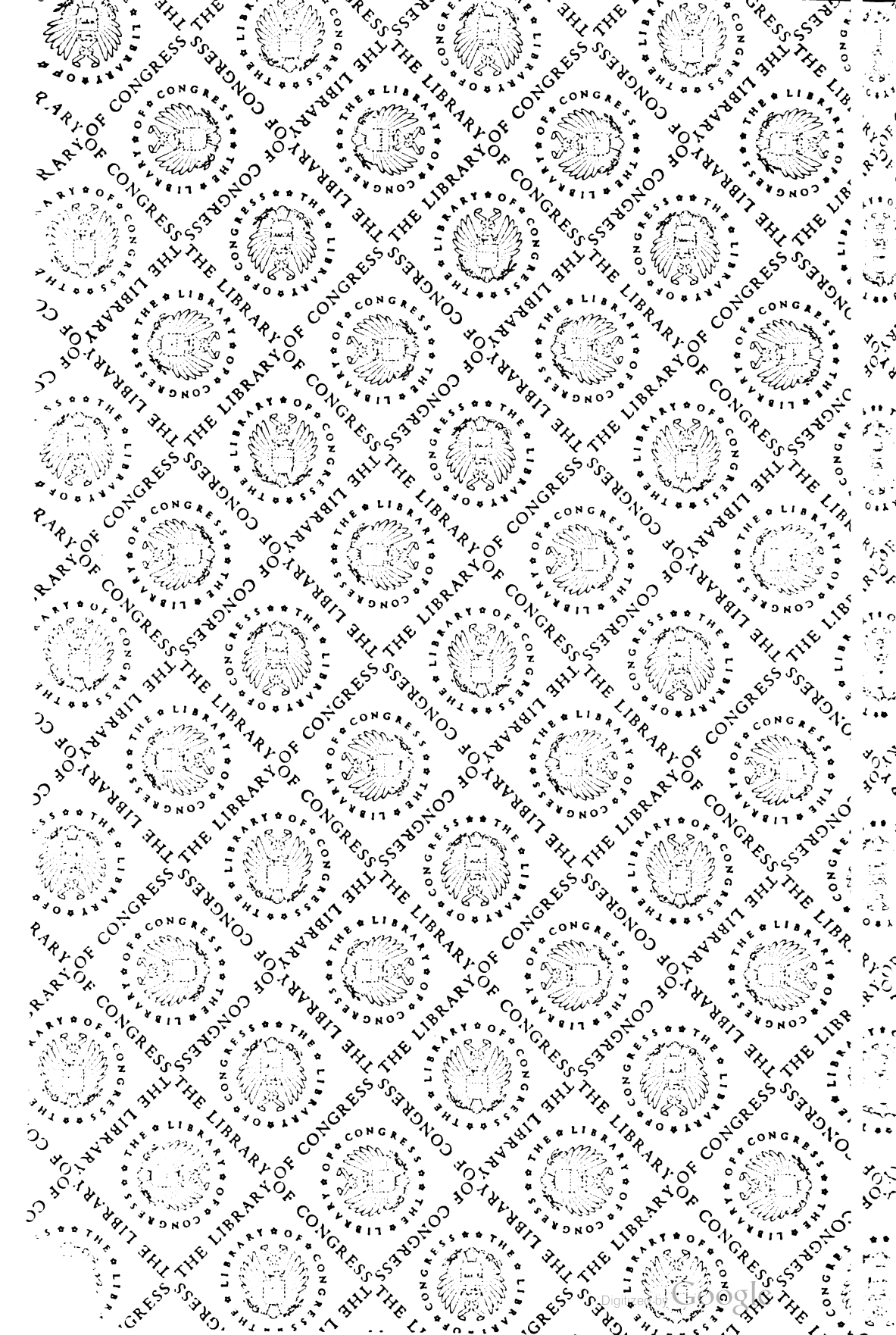
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