

**Remarks by Deputy USTR
Ambassador Jon M. Huntsman, Jr.
U.S. Vietnam Trade Council
Willard Intercontinental Hotel
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Introduction

Special and Honored Guests: Deputy Prime Minister Dong (Zong), Minister Vu Khoan, Ambassador Chien, Ambassador Peterson. Ladies and Gentlemen. Good evening.

One of the greatest privileges of public service is that - from time to time - you're granted an opportunity to be present as history is made. Former Secretary of State Dean Acheson observed this himself in the title of his memoirs - "Present at the Creation."

Three months ago I enjoyed the great privilege of being the first **trade** official of the Bush Administration to travel to Vietnam, where I had the pleasure of sitting down with Minister Vu Khoan to chart out the completion of the historic achievement we've gathered here to recognize.

For tonight as we celebrate the signing of the U.S. - Vietnam Bilateral Trade Agreement, we too have an opportunity to be present at a creation as well - the creation of nothing less than a new era in U.S.-Vietnamese relations, the launch of Vietnam on a path to full membership in the community of trading nations, and a singular moment in the Bush Administration's policy of broad engagement with our partners in Asia.

Developing Relations

As Senator McCain, who has kindly joined us here this evening, commented on the floor of the Senate before casting his vote in favor of ratifying the BTA, the completion of this agreement marks the final step in the full normalization of our relationship with Vietnam. Ratification is indeed the culmination of a long process of normalization begun over a decade ago and pursued in turn by President George Bush, President Clinton, and now President George W. Bush. The final success of

the agreement's passage indicates an unprecedented bipartisan commitment to progress in our overall relationship with the people of Vietnam.

The road to normalization has been marked by several achievements as our nations gradually cooperated to overcome a late 20th century marked by pain and estrangement. This cooperation led first to the lifting of the U.S. trade embargo in 1994 and was soon followed by the normalization of diplomatic relations in 1995. Ambassador Pete Peterson, who has also joined us this evening, returned to Hanoi in 1997, and so ably served our nation as the first U.S. ambassador in over twenty years, and led the efforts in 1998 to lift Jackson-Vanik restrictions on Vietnam.

The efforts of Senator McCain and Ambassador Peterson in renewing America's relationship with Vietnam are beyond noteworthy, and serve as an example of leadership we have come to rely upon in preparing this historic moment in the affairs of our two nations.

The BTA, Trade & Development

The document that Ambassador Zoellick and Minister Vu Khoan signed today is, indeed, an historic accomplishment. But it is also the product of long years of devotion by leaders from both capitals, efforts led by Minister Vu Khoan and former USTR Charlene Barshefsky, and carried out through hours of negotiations by former Deputy USTR Richard Fisher and U.S. negotiators like Joe Damond. We owe tonight largely to their tireless efforts, and should recognize the magnitude of their achievement.

As we review the agreement's success and future importance, we need to consider the treaty in light of two factors: Asia's economic recovery and the explicit link between trade and development.

No one is under any illusions about the difficulties facing Asia's economic recovery from the current world downturn. With the exception of China, growth in East Asia this year will be stagnant. Hong Kong, Japan, Singapore and Taiwan are braced for negative growth; while no country in ASEAN expects growth better than 3 percent. Even China, despite the lift of WTO accession, is feeling the pinch, lowering growth forecasts for the year to below 7% for the first time in a decade.

The continued ability to attract and retain direct investment is critical to the region's swift rebound. But, as Ambassador Zoellick likes to remind us, "capital is a coward". Indeed, investors have already made telling judgements about what they consider to be destinations in the region that promise transparency, accountability and stability. Of the total \$143 billion of inward Foreign Direct Investment to Asia in the year 2000, ASEAN countries received a mere \$28 billion between them.

Capital is certainly making critical choices in Asia, and yet that very same capital seems to be telling us something entirely positive about Vietnam. Over the first eight months of this year, Vietnam licensed over \$1.1 billion dollars in new foreign investment - a 35 percent increase from the same time period the previous year. Vietnam is enjoying a growth in investment its ASEAN partners can only envy. Why the disparity?

New York Times columnist Thomas Friedman tells a story about a trip he made to Vietnam in 1995 - a Vietnam just entering the age of globalization. He relates speaking with an elderly woman who had opened a street stall with a small weighing scale - like you or I might have in our bathroom to give us a daily dose of reality.

The woman had quite cleverly fashioned a niche market for herself, weighing people and goods for a small fee. Friedman noted that the entire street thrived with many such entrepreneurs, each one of them finding their way toward prosperity, often with nothing more than shrewd ingenuity.

Why is there so much optimism about Vietnam's economy? Investors, like Friedman, and other observers, have recognized a couple of important facts about the country.

- The first is the quality of the Vietnamese people. Vietnam's people are perhaps its most precious resource. Despite history's vicissitudes they have proven time and time again that they are resilient, resourceful, and ready to march purposefully into the future.
- The second reason brings us back to our celebration this evening. Investors like some of you here realize clearly that the Bilateral Trade Agreement and Vietnam's future accession to the WTO promise to unlock the full potential of Vietnam's people.

The Bilateral Trade Agreement, once implemented, will create an environment that fosters key qualities that capital wants in a sound investment: transparency, accountability and stability.

- The Agreement creates the opportunity for every Vietnamese citizen to follow in the footsteps of Tom Friedman's dynamic entrepreneur, opening the door for wide participation in international trade. The eventual development of a trading class will lead to obvious economic benefits already enjoyed by most of Vietnam's ASEAN partners.
- Vietnam has also agreed to radically transform its openness to U.S. investment in ways that promise to improve Vietnam's attractiveness to U.S. investors.
- Finally, the Agreement paves the way for Vietnam's accession to the WTO by introducing sweeping reforms that will be central in preparing Vietnam for a successful bid for membership, and the wide benefits the WTO affords.

This is by no means an exhaustive list of the benefits afforded both nations through this Agreement - but as I noted before, investors can see the writing on the wall, and are eager to tap Vietnam's potential.

In a larger sense, the flow of capital to Vietnam is making a very positive statement about the relationship between open trade and development. Put simply, free trade creates opportunities. The multiplier effect of trade is seen in opportunities for businesses to flourish, for jobs to be created, and for economies to grow.

As President Bush himself has observed, free trade has a deeper effect on development than the economic side of the equation, noting that "trade creates jobs for the unemployed. When we negotiate for open markets, we are providing hope for the world's poor. And when we promote open trade, we are promoting political freedom. Societies that open to commerce across their borders will open to democracy within their borders." Ultimately, our bilateral trade agreement is a critical step in deepening our relationship with the people of Vietnam on many levels.

Vietnam and U.S.-Asia Policy

Our long efforts over 7 years to bring the Vietnam agreement to fruition are symbolic of our commitment to remain engaged in Asia. As we have gathered Vietnam into the value system of global free enterprise, so are we now building new linkages throughout the region - linking our nation to Asia through the values inherent in free trade.

We have worked hard to cultivate an encouraging pattern of engagement and consultation with our partners in Asia, and have made initial inroads in several markets, launching new trade initiatives with Japan, India, Korea, Indonesia, the Philippines, Singapore and the entire membership of ASEAN.

Today's signing of the BTA with Vietnam should also be viewed as nothing less than a landmark achievement within our broader efforts at engagement, and promises to be a key contributor to the prosperity of both our nations, for Southeast Asia as a region, and for the overall welfare of a like-minded community of nations committed to a trading system based on rules and transparency.

Today, my friends, we have indeed been fortunate to witness firsthand history in the making and to be present at the creation of the future of U.S. relations with the people of Vietnam. Thank you.