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Remarks by Ambassador Michael W. Marine Texas Tech 5th Triennial Vietnam Symposium March 17, 2005

Thank you very much. It's a pleasure to be here today. I am honored to have the chance to speak on a subject that I have come to know a little bit about and about which I hope to learn more over the next few days. Looking at the schedule for this year's Conference, I was struck by the range of topics and the depth and breadth of the expertise of the presenters and panelists. Events such as this provide us – both American and Vietnamese participants – with the chance to look back and compare notes, but also to take stock on where we are and share thoughts on where we are going.

In that spirit, I would like to use my time today to share my thoughts on where the U.S.-Vietnam relationship and the direction I think it's headed. As many people have noted during this Conference, this year is a very important and symbolic one for the bilateral relationship. The year 2005 marks not only the 10th anniversary of the normalization of bilateral relations but also the 30th anniversary of the end of the war. It is a good time to take stock, to measure our progress and to focus on the way ahead.

Since the normalization of relations in 1995, we have created significant ties in the areas of trade and investment, health, education and culture, and security, to name just a few. The bilateral relationship is increasingly complex and multifaceted. Since the Bilateral Trade Agreement came into force in December 2001, trade – in both directions – has mushroomed and now forms a firm basis for a mutually beneficial relationship.

As a growing economic partner, Vietnam offers unusually promising prospects for greater interaction with the United States. Consider this: Vietnam is a nation of more than 82 million people with a per capita annual income of only \$537, according to the World Bank. This income, however, is growing at an extremely rapid, and at the moment at a sustainable rate. Vietnam also has aspirations to become an industrialized nation by the year 2020. Regardless of whether you consider that a realistic target, you must acknowledge that Vietnam's large population is highly energetic and entrepreneurial, devoted to education and training, and very young. On top of that, more than 1.5 million Vietnamese-Americans reside in the United States. Many of these people have close links to Vietnam, creating a human resource base and a source of capital that is awakening to the opportunity to create economic and commercial links between Vietnam and the United States. As a consumer market and a potential supplier to the United States market, Vietnam has spectacular potential. Encouraged by the success of the Bilateral Trade Agreement, the United States has been actively supporting Vietnam's efforts to become a member of the World Trade Organization this year. Our burgeoning economic relationship helps to promote the growth of Vietnamese civil society, encourages the Government of Vietnam to speed up the pace of its economic reforms and draws Vietnam deeper into the rules-based international trading system – all developments we think will enhance the quality of life for Vietnamese people and the security and stability of the Southeast Asian region. The end result will be a stronger, more vibrant society and a country that is a powerful and stable force for security and progress regionally and internationally.

Let's look at the past to see what we can expect in the future: as a direct result of the lower tariff levels negotiated as part of the Bilateral Trade Agreement, Vietnam's exports to the United States rose by some 12% in 2002, 90% in 2003 and another 16% in 2004, while our annual exports to Vietnam, boosted by the sale of some Boeing aircraft, have roughly tripled over those three years. The growth in trade on both sides – greatly outpacing economic growth – shows what happens when you take an axe to the artificial barriers that were standing in the way of U.S.-Vietnam trade.

One of the most successful elements of our bilateral commercial relationship has been the aviation sector. Boeing has achieved significant success in supplying aircraft to Vietnam Airlines as that carrier has undertaken rapid expansion of its fleet and routes. Boeing appears set to further bolster its strong position in Vietnam with an initial sale of four of its new 787 aircraft, expected to be concluded shortly.

The signing of a bilateral air services agreement between the United States and Vietnam in late 2003 heralded another breakthrough in the aviation sector. As a result of this accord, in December 2004, direct commercial flights between our two countries were reestablished when United Airlines initiated daily direct flights between San Francisco and Ho Chi Minh City. Vietnam's national carrier, Vietnam Airlines, is also contemplating starting its own direct service to the United States.

Investment is another key aspect of the U.S.-Vietnam bilateral relationship. It is now in its relative infancy but has tremendous potential. Vietnam's official figures show that total U.S. direct investment rose in 2004 to just over \$1.28 billion, but this understates the real total. This data does not include investments by U.S. subsidiaries in Singapore and elsewhere in the region, such as nearly \$1 billion by Conoco-Phillips alone. When you add these investments the total of realized U.S.-related investment through 2003 jumps to \$2.6 billion.

Vietnam wants more U.S. investment to help make up for a lack of domestic capital and to build up its technological and human resource base. U.S. capital adds jobs, skills and economic opportunities for the 1.5 million young Vietnamese entering the job market each year. Attracting these investments from the United States and elsewhere will be crucial if Vietnam is to sustain the high economic growth rate it needs to reach its modernization and industrialization objectives. I get out of Hanoi as much as I can, and I regularly meet politicians and business leaders outside the capital. They always ask me for “more investment from the United States.” It would be nice if I had a magic dial in my office that I could turn to increase the flow: I'd give it a little crank, voila – more U.S. investment in Haiphong or Danang.

But obviously, I can't. American investors make their decisions on the basis of expected returns and predicted risks. If American investment is flowing to other countries other than Vietnam, it is because investors perceive those markets as offering a greater reward/risk ratio. If Vietnam wants more of that relative scarce capital, it needs to improve that ratio in Vietnam. Return on investment is one area that the Government of Vietnam can, and should, improve: they can do this by reducing the cost of investing in Vietnam. Decision makers for U.S. companies must take into account the costs of bureaucratic inefficiency, unpredictable taxes and fees, onerous licensing and regulatory obstacles, and corruption when determining the costs of any investment. Today, Vietnam is still considered a relatively more expensive and riskier investment destination because those problems exist more frequently in Vietnam than they do in other competing investment locations. And on top of that, the tenuous rule of law and potential legal and tax obstacles to doing business – such as the unexpected tax on new vehicles that automakers like Ford encountered after building a \$100 million plant in Vietnam – pose additional risk factors that potential investors must weigh when exploring the possibilities of doing business in Vietnam.

The result is that despite the extremely high potential for rewards, Vietnam remains an uncertain investment option for many American businesses. Here again, though, the future is bright and shining: the risks and problems with investing in Vietnam are being whittled away one by one from many different directions, from

central government officials implementing Bilateral Trade Agreement and WTO commitments to legal reform establishing Vietnam's commercial code to dynamic local officials willing to champion the rights of foreign investors in order to secure badly needed jobs and technology. That's the trend in Vietnam: the rewards of investing in a booming economy keep going up, while the costs and risks of doing business keep going down. The Vietnamese Government's task is to keep these two trendlines moving in the right directions.

Helping Vietnam maintain its economic growth in the face of transnational challenges is an area where the United States is making significant contributions. President Bush named Vietnam one of fifteen priority countries to receive assistance from his Emergency Plan for AIDS Relief. A key reason why President Bush chose Vietnam as the 15th priority country - and the only one in Asia - is because there is a very real chance the epidemic can be controlled there with prompt action. If we fail, however, the human and other costs will be enormous. Having served in Kenya in the late 1990's, I have seen first-hand the devastation HIV/AIDS can cause in a vibrant nation. The assistance we are providing - \$17 million last year, \$25 million this year and similar levels expected in the future - will help to limit the spread of this terrible disease and provide for the care of people living with HIV/AIDS. It will also play a pivotal role in keeping Vietnam on track to modernize its economy and to integrate fully into the world marketplace.

The same concerns motivate our efforts to work with the Government of Vietnam in efforts to combat Avian Influenza. The spread of this and other infectious diseases threatens lives and livelihoods with drastic possible consequences for regional stability and, in worst-case scenarios, the entire world. The United States and Vietnam have a clear mutual interest in combating these threats.

Significantly, over the last ten years the U.S.-Vietnam relationship has developed in ways that many pundits considered highly unlikely, if not impossible. For example, in the area of defense and military-to-military contacts, our ties have moved ahead very quickly. In November 2003, Vietnamese Minister of Defense Gen. Phan Văn Trà visited Washington, where he met with Secretary of Defense Rumsfeld. This was soon followed by the first-ever visit of a U.S. warship to the Socialist Republic of Vietnam. We now have cooperative programs underway in military health and are exploring how our two militaries can work together on education programs.

Military and defense issues are often the most sensitive in any relationship, so these deepening ties are an important sign of the greater trust and spirit of cooperation our two countries now share. The United States and Vietnam no longer have any circumstances under which it is plausible to imagine our militaries fighting each other - the United States respects Vietnam's sovereignty and territorial integrity and forthrightly opposes any efforts at separatism or other challenges to Vietnam's borders. Instead, we have many areas of mutual interest in regional and international security. Our current defense cooperation represents the first steps in finding an appropriate way for our nations to meet the 21st century's security challenges together.

As we mark the 30th anniversary of the end of the war, we must not forget those on both sides who made the ultimate sacrifice during that terrible conflict. The best way to do this is to remain steadfast in our efforts to achieve the fullest possible accounting for our missing personnel from the Indochina conflict. Cooperation on this humanitarian mission provided the initial impetus that enabled us to move relations forward, and this work remains one of our top priorities. Right now, there are teams spread out across Vietnam conducting investigations and recovery activities. I want to thank the dedicated men and women - both American and Vietnamese - who work so hard to find answers for the loved ones of these soldiers. I also regularly urge the Vietnamese government to maintain its high level of cooperation and to take concrete steps to allow full access to all archival records, renewed joint activities in the Central Highlands, and a concerted effort to conduct underwater recoveries.

We also have a growing relationship with Vietnam in areas that were once considered quite sensitive, such as

counterterrorism and law enforcement. Although there is much more that I believe we could be doing – particularly in the field of law enforcement – we have made progress in recent years, most notably in last year's signing of the bilateral Counter-narcotics Agreement. This agreement facilitates training programs in which Vietnamese law enforcement officials benefit from the experience and expertise of their American counterparts in stemming the movement of drugs into and through Vietnam.

We are hopeful that by building bridges this way, we will be able in the future to expand our cooperation to include more direct cooperative efforts to shut down drug traffickers and other criminal organizations. U.S. officials have cooperative, operational relationships with their colleagues around the world – from China to Eastern Europe to South America and Africa. These partnerships – cop to cop, putting brains and experience to work to take down criminals – are necessary because criminal networks of drug and human traffickers care nothing about borders and can exploit any bureaucratic impediment to interdicting them.

Right now, Vietnamese reluctance to work directly with operational law enforcement officers from the United States or any other country makes Vietnam a potentially weak link in combating transnational crime. In recent months, we have garnered a few success stories, persuading the Vietnamese to seize drug money from a courier and to arrange for several individuals wanted in the United States to be deported from Vietnam. Now, we need to use these openings to build a deeper, more productive working relationship. I am confident that, over time, Vietnamese law enforcement officials will see the merits of working with us. I encourage them to do so sooner rather than later.

Many Americans are puzzled by the way our ties with Vietnam have expanded into so many areas in such a short period of time. I think one of the best explanations is the realization – on both sides of the Pacific – of the importance of stable and productive relations. Although our shared history is not a happy one, it is clear now that Vietnam and the United States have no strategic differences. In fact, there are many areas in which the interests of the United States and Vietnam overlap or are virtually identical.

Another common interest between Vietnam and the United States is in the area of security. Both countries desire peace in the Asia-Pacific region and believe that there can be no economic growth and prosperity without a stable security environment.

Vietnam also shares our opposition to the development and spread of Weapons of Mass Destruction (WMD) and we are pleased that, as fellow members of the International Atomic Energy Agency's (IAEA) Board of Governors, we are able to discuss with our Vietnamese counterparts global issues of mutual interest. Vietnam, through APEC, has publicly called upon the DPRK to visibly honor its commitment to give up its nuclear weapons program. This is of no small significance considering the traditionally close ties between Hanoi and Pyongyang.

Vietnam and the United States also stand together in opposition to the global scourge of terrorism. Vietnam leaders have spoken out in no uncertain terms about the need to fight terrorism, and Vietnam has been an active participant in regional counterterrorism efforts, particularly in the context of the Association of Southeast Asian Nations.

The United States and Vietnam also have a mutual interest in seeing that Asia remains a safe and stable place in which all peoples are allowed to exist, develop and trade peacefully and in which security challenges such as WMD proliferation, terrorism, international crime and drugs and environmental threats can be addressed in strong Asia Pacific regional institutions. Asia needs an open and inclusive regional institutional architecture through which Asia-Pacific nations can work effectively to handle issues as diverse as nuclear weapons smuggling and tsunami relief. That architecture should be transparent, should be inclusive and it should respect

the rights and interests of small states as well as large ones. We see APEC - the Asia Pacific Economic Cooperation Forum - as a key element of that architecture and support the development of other institutions that meet those conditions. Vietnam and the United States have a shared interest in that regard, particularly Vietnam serving as APEC host next year.

Of course, in any bilateral relationship, whether between close allies or newfound partners, there will be frictions and areas of disagreement. In fact – and, to some extent, counter-intuitively – the closer two countries become and the broader their relationship is, the greater the number of problems can arise.

I think this is where the United States and Vietnam are now, but it's not something we should rue or seek to change. There will always be areas in which the United States and Vietnam don't see eye-to-eye. This doesn't mean we should whitewash or ignore areas of disagreement for the sake of the overall relationship. Nor does it mean we should hold one aspect of bilateral relations hostage to another. Rather, the challenge is how we manage – and, hopefully, find ways to overcome – our differences so that they don't overshadow or weaken the overall relationship between both countries.

One area in which we have our differences with Vietnam is human rights, including religious freedom. As the Department of State has described in the Human Rights and Religious Freedom Reports, the United States Government has serious concerns about the human rights and religious freedom situations in Vietnam. The Government of Vietnam continues to be intolerant of political dissent and significantly restricts freedom of speech, the press, assembly and association.

It is true that Vietnam is clearly less repressive now than it was a decade ago, with the Vietnamese people enjoying more individual freedom and increasing control over their own lives. On that continuum, there has been great progress. And the Vietnamese Government proudly and rightly touts its progress in delivering “collective” human rights such as education and poverty reduction. Much more is possible, however.

We need to demonstrate to the Vietnamese authorities that expanded personal freedoms and increasing emphasis on and adherence to the rule of law will set the stage for greater international integration and increased engagement with the United States.

To express our concern about the state of religious freedom in Vietnam, including the ability of some Vietnamese citizens to exercise freely their religious beliefs, last September the United States designated Vietnam as a Country of Particular Concern for religious freedom violations. The plain fact is that although millions of Vietnamese practice a wide variety of faiths, not an insignificant number of Vietnam's citizens are not free to worship and practice as they would like. And, this is something we cannot ignore.

The Government of Vietnam asks us to focus on the majority who are content, and who are free to practice or not practice their religion as they see fit rather than concentrating on the relatively few who complain that they are oppressed. But it is the treatment of the minority, the respect of the rights of those who may be opposed to the government, that defines whether a country respects human rights. And, though it may anger the Vietnamese authorities, we will not stop advocating for those who have suffered for their beliefs.

We have seen some encouraging signs that the situation for believers is improving. The Prime Minister of Vietnam recently issued an Instruction on Protestantism which, among other things, clearly prohibits forced renunciations of faith. We are also encouraged by the recent promulgation of the implementing regulations of last year's Ordinance on Religion. These regulations should make it possible for churches not yet registered with the Government to register their activities and carry out their religious beliefs peacefully and without fear of interference. This is exactly the kind of protection of religious rights that represents religious freedom. We are

hopeful that, with the implementation of these new legal instruments and continued progress in the area of religious freedom, this issue can move to the positive side of the bilateral ledger.

Another welcome sign of progress was the release on the occasion of the Tet amnesty of a number of prisoners of concern, including Dr. Quách and Father Lý. However, there remain in Vietnamese prisons a number of individuals who are there solely for the peaceful expression of their beliefs or the practice of their faiths. They include journalist Nguyễn Văn Bình, Catholic Brother Nguyễn Thiên Phùng, Dr. Phạm Hồng Sơn, essayist Nguyễn Khắc Toàn and Hoa Hao monk Bùi Tuấn Nhã, and I have urged and will continue to urge the Vietnamese authorities to release these individuals and others like them. I hope all of you will show the same interest and concern and do what you can to support this cause.

We also remain concerned about conditions in the Central Highlands. The ethnic minorities living there have a number of legitimate grievances that the authorities have not yet adequately addressed, including poverty, job discrimination, land-rights problems and restrictions on religious freedom.

In dealing with these and other issues that require our attention – and there will without a doubt be other issues we haven't even thought of that will require our attention – I see it as my responsibility, and the responsibility of my staff in the Vietnam Mission, to help to minimize distrust between our two countries by maximizing communication and fostering understanding.

I know to some of you this may sound like a diplomatic nicety, but I can assure you it isn't. When one considers how far apart the United States and Vietnam once were, how implacably against each other we were – and it wasn't that long ago – I believe it's a testament to efforts in both countries to build bridges, foster communication and create an atmosphere of trust and understanding that we have been able to accomplish what we have over the past decade. I can assure you that these efforts will continue.

To build mutual understanding, public diplomacy efforts in Vietnam have focused on education and training of officials, journalists, students and the general public about American values and systems as well as highlighting the importance of people-to-people exchanges as part of our overall bilateral relationship. Vietnam has the largest Fulbright program in the world which enhances not only opportunities for academic exchange but also allows Vietnamese scholars to return home and help develop Vietnam's growing sectors in science, technology and social sciences.

But it's not just the work of embassies and government officials that can build bridges and bring our two countries closer together. Events such as this Conference, by allowing participants from both our countries to meet face-to-face and share ideas, can play a key role in eliminating misunderstanding and creating trust. Educational exchanges, cultural tours, tourism – all the things that don't often make it into calculations about national power and foreign relations – have an incalculably important role to play in the U.S.-Vietnam bilateral relationship.

So in many ways, it's incumbent upon you – scholars and educators and others with ties in both countries – to use your expertise, your experience and your contacts to do what you can to help to continue to build this still very young, and increasingly important, relationship. I for one will continue to do all I can, and I hope that you will share my hope and optimism for the future and will continue to do your best as well.

Thank you.

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