

Prescribed capital could be contributed once in full at the time of establishment of the joint venture enterprise or by instalments as agreed upon by the parties.

2. 100% Foreign Owned Enterprise

The prescribed capital of a 100% foreign owned enterprise should be equivalent to at least thirty (30) per cent of the total investment capital of the enterprise. In special cases, this proportion may be less than thirty (30) per cent if approved by the SCCI.

VII. DOCUMENTATION FOR APPLICATION OF INVESTMENT OR BUSINESS LICENCE

1. Contractual Business Cooperation

Documentation for submission to the SCCI to apply for a business licence for this form of investment shall include:

- a. An application for a business licence.
- b. A business co-operation contract.

The following main matters must be dealt with in a business co-operation contract:

- The nationalities, addresses, and the names of the duly authorized representatives, of the contracting parties.
- A description of the intended business activities.
- A list of the main equipment and materials, their quantity and quality; the specification, quantity and quality of the products of the business; the proportion of products to be sold in the domestic and international markets; and the proportion of revenue to be received in foreign currency and in Vietnamese currency.

In the case of production of import substitutes, the method of payment shall be clearly stated.

- The rights and obligations of the contracting parties, the method of determination and distribution of profits or losses of the business, and the conditions for assignment by the parties of their rights and obligations under the contract.

- The duration of the contract and the responsibilities of the parties in performance, amendment and termination of the contract.
- The procedure for the resolution of disputes between the contracting parties.
- The effectiveness of the contract.

2. Joint Venture Enterprise

Documentation for submission to the SCCI for an investment licence for this form shall include:

- a. An application for an investment licence.
- b. Joint Venture Contract.

The following main matters must be dealt with in a joint venture contract:

- The nationalities, addresses, and authorized representatives of the joint venture parties.
- The name, address and business activities of the joint venture enterprise.
- The invested capital, the prescribed capital, the proportion of capital contribution to be made by each party, the form and timing of the making of capital contributions, the timetable for construction of the enterprise and the conditions and procedure for assignment of the invested capital.
- A description of the main equipment and materials required for the establishment of the joint venture enterprise; the products of the business and the markets in which they will be sold; the proportion of the revenue to be received in Vietnamese currency and in foreign currency. In the case of production of import substitutes, the method of payment shall be clearly stated.
- The duration of the joint venture enterprise, and events which may give rise to termination and dissolution.

- The resolution of disputes between the joint venture parties; the arbitration procedures and law to be applied in case of a dispute.
- The responsibilities of each party in the performance of the joint venture contract.
- The effectiveness of the contract.

c. Charter of the proposed joint venture enterprise

The charter of the joint venture enterprise shall include the following principal matters:

- The nationalities, addresses, and authorized representatives of the joint venture parties.
- The name, address and business activities of the joint venture enterprise.
- The invested capital, the prescribed capital, the proportion of contribution to the prescribed capital to be made by each party, and timing of the making of capital contributions.
- The number of members, composition, rights and obligations and duration of the board of management of office of the members of the board of management, and of the general director and deputy directors of the joint venture enterprise.
- The representatives of the joint venture enterprise before the law courts, arbitration and State bodies of Vietnam.
- The principles governing financial management, standards of accounting and statistics systems, and the insurance of assets of the joint venture enterprise.
- The ratio for distribution of profits and losses by the joint venture parties.
- The duration of the enterprise, and its termination and dissolution.
- Labour relations in the joint venture enterprise.

- Training plans for executives, technical and business persons and employees.
 - The procedure for amending the charter of the joint venture enterprise.
- d. Information evidencing the parties' juridical person status, and financial position.
- e. A feasibility study.

3. One hundred per cent foreign owned enterprise

Documentation under this form of investment shall include:

- a. An application.
- b. The charter of the proposed enterprise.

The charter of an enterprise with one hundred (100) per cent foreign owned capital shall include the following principal matters:

- The nationality, address, and authorized representative of the foreign investor.
- The name of the enterprise, its address and its activities.
- The invested capital, the prescribed capital, the timetable for capital contribution and any construction project.
- The representatives of the enterprise before the law courts, arbitration and State bodies of Vietnam.
- The principles governing financial matters, accounting standards, and statistics, and the insurance of the assets of the enterprise.
- The duration of the enterprise, termination and dissolution.
- Labour relations in the enterprise.
- Training plans for executives, technical and business persons and employees.
- The procedure for amending the charter of the enterprise.

- c. Information evidencing the foreign investors' juridical person status and financial position.
- d. A feasibility study.

VIII. TRANSFER OF TECHNOLOGY

- 1. The Government of the Socialist Republic of Vietnam offers favourable conditions for transfer of foreign technology and protects the legal rights and benefits of all parties that transfer foreign technology into Vietnam. Vietnam encourages and gives preferential treatment to transfers of advanced technology.
- 2. The transfer of foreign technology into investment projects in Vietnam may be treated as a contribution to prescribed capital or may be the subject of payment of royalties in accordance with a technology transfer contract.

The following activities may be regarded as the transfer of technology:

- a. Transfer of the ownership or licensing of patents, utility solutions, industrial designs, trademarks, or other objects of industrial property.
 - b. Transfer of know-how or technical expertise in the form of technological solutions, design documents, formulas, and technical specifications with or without equipment.
 - c. Provision of the technical assistance and consultation services, including training and information supply.
- 3. The transfer of technology into Vietnam shall be subject to the following requirements:
 - a. It shall enhance the technological standards and production efficiency, improve the product quality or enable new products to be manufactured.
 - b. It shall not be detrimental to production safety.
 - c. It shall make rational use of energy, natural resources, and manpower.
 - d. It shall not adversely affect the environment.

IX. EXPORT-IMPORT REGIME

1. Parties who enter into a contractual business co-operation or who establish enterprises with foreign owned capital are entitled to conduct direct export-import trade, or to contract trading activities to other export-import organizations.
2. Parties to a contractual business co-operation or who establish enterprises with foreign owned capital operating on the basis of the investment or business licence issued by the SCCI, shall be entitled to import once in full or in partial shipments the following: equipment, machinery, transport vehicles, raw materials and other supplies for the capital construction of the enterprise or project, and to file an application for an import permit of the abovementioned items.

Import procedures for importation of equipment, machinery and spare parts transport vehicles, raw materials and fuel, and other supplies for the normal operation of the enterprise may be made once for the whole year upon request of a party to a business co-operation or of an enterprise with foreign owned capital.

X. FOREIGN EXCHANGE CONTROL

1. All capital funds and revenues of an enterprise with foreign owned capital in foreign and Vietnamese currencies must be deposited in its accounts opened at a Vietnamese bank, a joint venture bank or the branch of a foreign bank in Vietnam.
2. In special cases, an enterprise with foreign owned capital may open a loan account overseas at a foreign bank after obtaining approval from the Governor of the State Bank of Vietnam.
3. Enterprises with foreign owned capital must, in principle, generate enough foreign currency revenue to pay for all foreign currency expenditure, including the profits to be repatriated by the foreign investors.

In special cases such as the production of import substitution goods, development or construction of infrastructure projects, this self balancing requirement in relation to foreign currency revenue and expenditure may be reviewed by the SCCI, in consultation with the State Bank, the Ministry of Trade and alternative arrangements may be approved as follows:

- Conversion of Vietnamese currency into foreign currencies.
- Payment by other commodities with equivalent values.

4. Foreign nationals or expatriates working in enterprises with foreign owned capital or for parties to a contractual business co-operation, are entitled to remit abroad their salaries and other legitimate income in foreign currencies after deducting personal income tax payable and other expenses incurred.

XI. LABOUR AND SOCIAL INSURANCE

1. Recruitment and training of labour

- a. Enterprises with foreign owned capital may recruit Vietnamese nationals aged eighteen (18) years or older in any of the following ways:

- By recruiting from those who are introduced by the local labour office, and who meet the criteria and qualifications required by the enterprise.
- By engaging a labour supply company or investment service company to recruit labour in accordance with the criteria and qualifications specified by the enterprise.
- In the event that those who are introduced by the local labour office or through the labour supply company or investment service company do not meet the requirements of the enterprise, the enterprise may resort to advertisements placed by itself for recruitment and may recruit workers from other localities.

- b. For the purpose of training, the enterprise may employ workers aged sixteen (16) years or older. If, by the completion of the training those workers are still under the age of eighteen (18) and the enterprise requires them to start work, they must obtain the approval from their parents or sponsors. Where the workers have no parents or sponsors, approval must be obtained from the local labour office.

In employing persons not yet eighteen (18) year old, the enterprise should observe all provisions concerning the working regime and time, annual leave with full salary, labour safety regulations, and other provisions for protection of minors.

2. Labour contract

- a. All employment of workers in an enterprise with foreign owned capital must be effected through the signing of a labour contract in writing between the employee and the director (or a person authorized by him) of the enterprise.
- b. A labour contract shall be entered into in accordance with the standard form issued by the Ministry of Labour War Invalids-Social Affairs.
- c. A labour contract may be signed in any of the following forms:
 - An indefinite term labour contract.
 - A definite term labour contract.
 - A labour contract for a specific or seasonal job.

3. Collective Labour Agreement

- a. The director of each enterprise or a person authorized by him, shall, on the basis of free and voluntary collective negotiation, together with a representative of the workers, sign a collective labour agreement no later than six (6) months after the date of the commencement of its operation.
- b. A collective labour agreement must include the following essential items: the salary to be paid in respect of each type of occupation, working conditions, labour protection, social insurance, collective welfare, and other items as agreed upon by both parties.

4. Working Time

- a. The normal working hours of each employee shall not exceed eight (8) hours a day and forty eight (48) hours a week.
- b. The normal working hours shall be reduced by at least one hour per day in respect of those workers who are under eighteen (18) years of age, who perform heavy and hazardous work, and female workers in their seventh month of pregnancy or later or who are nursing babies under twelve (12) months of age.

- c. Annual leave with fully paid salary. All employees shall be entitled to at least eighteen (18) days fully paid leave each year.

5. Salaries and Wages

- a. Wages and salaries (including hourly, weekly or monthly basis wages and salaries and contract wages) must be clearly set forth in labour contract.
- b. Wages and salaries are to be paid in accordance with productivity, quality of work, the specific trades and industry, occupation, working conditions and living costs from time to time and irrespective of age or sex.
- c. Employees who work night shifts (or for extra hours) shall be paid extra pay at least by fifty (50) per cent of the rate paid in respect of day shifts.

6. Social Insurance

- a. Every month, each enterprise must pay a contribution to social insurance in a sum equivalent to ten (10) per cent of the amount of total wages and salaries bill paid to its employees. This sum shall be allocated as follows:
 - Two (2) per cent must be deposited at the local labour office for the purpose of employment benefits.
 - Eight (8) per cent must be paid into the social insurance fund established at the enterprise and jointly administered by representatives of the enterprise and of the workers for the purpose of covering expenses that may arise as a result of:
 - ♦ sickness, labour accidents, occupational diseases (including leave taken and medical expenses)
 - ♦ pregnancy, maternity and child care
 - ♦ funeral expenses (for those who die during the term of their employment)

b. Every month, each employee is liable to pay ten (10) per cent of his or her salary to the local social insurance fund for the purpose of the following schemes:

- Old age benefits
- Benefits paid to those who become permanently disabled as a result of sickness, occupational disease labour accidents or hazards
- Burial and funeral expenses (for those who die while receiving old age pensions or permanent disability benefits) and surviving benefits paid to relatives of the deceased.

XII. TAXATION, TAX EXEMPTION AND REDUCTION

1. Corporate Income Tax

a. Enterprises with foreign owned capital and business co-operation foreign partners pay corporate income tax at twenty five (25) per cent of the profit made except in privileged cases which enjoy lower tax rates in order to encourage investment.

In respect of projects for exploitation of oil and gas and some rare and precious natural resources, the corporate income tax rate may be higher than twenty five (25) per cent of the profit made depending on the nature and characteristics of each project.

Projects liable to the twenty five (25) per cent rate of profits tax may be considered for income tax exemption for the first profit making year and for reduction of fifty (50) per cent for up to two (2) succeeding years.

b. The rates of corporate income tax for privileged cases for investment incentive are as follows:

- Twenty (20) per cent for projects having two (2) of the following requirements:
 - ♦ employing 500 or more workers;
 - ♦ using advanced technology;

- ♦ exporting at least eighty (80) per cent of its products;
- ♦ having prescribed capital or contributed capital in business co-operation of USD 10 million or more.

Projects in this category may be considered for income tax exemption for the first two (2) profit making years and for reduction of fifty (50) per cent for up to three (3) succeeding years.

- Fifteen (15) per cent for projects of:
 - ♦ infrastructural construction;
 - ♦ exploitation of natural resources (except oil and gas and rare, precious resources);
 - ♦ heavy industry (metallurgy, basic chemicals, mechanical manufacture, cement);
 - ♦ growing of perennial industrial plants;
 - ♦ investment in the mountains and region of harsh natural and socio-economic conditions (including hotel projects but not the rare or precious resources exploitation);
 - ♦ non-compensatory transfer of properties (including hotels) to Vietnam.

Projects of this category may be considered for income tax exemption for the first two (2) profit making years and for reduction of fifty (50) per cent for up to four (4) succeeding years.

- Ten (10) per cent for enterprises with foreign owned capital carrying out projects of:
 - ♦ building infrastructures in the mountains and regions of harsh natural and socio-economic conditions;
 - ♦ afforestation;
 - ♦ special importance.

Projects of this category may be considered for income tax exemption for the first four (4) profit making years and for a reduction of fifty (50) per cent for up to four (4) succeeding years.

Note: The provision of income tax exemption and reduction as above stated do not apply to the hotel projects (except those to be carried out in the mountains and region of harsh natural and socio-economic conditions or those where the property will be transferred to Vietnam upon termination and do not apply to projects in banking, finance, insurance, accounting and auditing services and trading.

- c. Foreign organizations and individuals that reinvest their shares of profits for a period of three or more years are entitled to a refund of the tax paid for the profits re-invested.
- d. Enterprises established in export processing zones shall be subject to corporate income tax as follows:
 - Manufacturing enterprises: ten (10) per cent of profits made and tax exemption for the first four (4) profit making years.
 - Service enterprises: fifteen (15) per cent of profits made and tax exemption for the first two (2) profit making years.

2. Withholding Tax

Foreign organizations and individuals shall be subject to an withholding tax on overseas remittances of profits at the following rates:

- a. Five (5) per cent of the remitted profits for foreign organizations and individuals having contributed prescribed capital or business co-operation capital of USD 10 million or more;
- b. Seven (7) per cent of the remitted profits for organizations and individuals having contributed prescribed capital or business co-operation capital of USD 5 million or more;
- c. Ten (10) per cent of the remitted profits for all other cases.

3. Import Tax

Enterprises with foreign owned capital and parties to a business co-operation are exempt from import duties in the following cases:

- a. Machinery, equipment, spare parts and production-business facilities (including transport means) and other materials imported into Vietnam for investment in capital construction of the enterprise or to be used as fixed assets of the contractual business co-operation;
- b. Raw materials, spare parts, accessories and other materials imported for the production of the export goods. These articles, when imported, are subject to a temporary import duty payment but a tax repayment proportional to the export volume will be made.
- c. Patents, technical know-how, industrial processes, technical assistance, etc. contributed by the foreign partners as part of the prescribed capital or to a business co-operation shall be exempt from all taxes in relation to the transfer of technology.
- d. If imported items are referred to in paragraphs 1 and 2 above are to be sold or transferred in the Vietnamese market approval from the Ministry of Trade must be obtained and import duty, sales tax or special sales tax must be paid as specified by the Law of Vietnam.

4. Personal Income Tax

- a. Foreign nationals working and having incomes in Vietnam are subject to personal income tax at following rates:

	Grade	Monthly average income/person	Tax Rate (%)
1		up to 3,000,000 VND	0
2		over 3,000,000 to 9,000,000 VND	10
3		over 9,000,000 to 21,000,000 VND	20
4		over 21,000,000 to 42,000,000 VND	30
5		over 42,000,000 to 60,000,000 VND	40
6		over 60,000,000 VND	50

- b. Vietnamese citizens or residents in Vietnam are subject to personal income tax at the following rates:

Grade	Monthly average income/person	Tax Rate (%)
1	up to 650,000 VND	0
2	over 650,000 to 1,300,000 VND	10
3	over 1,300,000 to 1,900,000 VND	20
4	over 1,900,000 to 2,900,000 VND	30
5	over 2,900,000 to 4,400,000 VND	40
6	over 4,400,000 VND	50

XIII. RENTAL OF LAND, WATER SURFACE, SEA SURFACE

1. The State of Vietnam shall lease out land, water surface and sea surface to enterprises with foreign owned capital and to parties to a business co-operation for their use in accordance with the purpose of the project.

2. Rentals of urban land are calculated as follows:

Rental rates of land in cities, townships, or urban areas are generally in the range of USD 0.5/square metre/year to USD 18/square metre/year. In particular rental of urban land areas are categorized as follows:

- a. Urban land of group I (Ho Chi Minh City): USD 2.25 to 18.0/square metre/year.
- b. Urban land of group II (Hanoi city): USD 2.0 to 16.0/square metre/year.
- c. Urban land of group III (including Haiphong, Hue, Danang, Vungtau, Bienhoa, Nhatrang, Cantho, Dalat): USD 1.5 to 12.0/square metre/year.
- d. Urban land of group IV (*): USD 1.0 to 8.0/square metre/year.
- e. Urban land of group V (**): USD 0.5 to 4.0/square metre/year.

(*) Group IV comprises of following cities and townships: Namdinh, Campha, Hongai, Langson, Caobang, Bacninh, Hadong, Haiduong, Thanhhoa, Doston, Samson, Quinhon, Longxuyen, Buonmethuot, Phathiet, Thudaumot, Tayninh, Vinhlong, Soctrang, Camau, Baclieu, Mytho, Thuduc town, Hooomon town, Nhabe town, Anlac town, Donganh town, Socson town, Caugiay town, Gialam town, Vandien town.

(**) Group V comprises of following townships: Thainguyen, Viettri, Vinh, Hoabinh, Sonla, Yenbai, Vinhyen, Tuyenquang, Ninhbinh, Laichau, Laocai, Hagiang, Hatinh, Phutho, Sontay, Thaibinh, Bacgiang, Kienan, Uongbi, Bimson, Tamdiep, Hanam, Hungyen, Phanrang, Playcu, Rachgia, Tuyhoa, Caolanh, Chaudoc, Sadec, Dongha, Quangngai, Kontum, Hoian, Donghoi, Tanan, Travinh, Tamky, Bentre, Vinhan, Vithanh, Songcong, Gocong, Quangtri.

3. Land rentals in rural areas:

Land rental rates in rural areas are generally in the range of USD 50 to 1,000/hectare/year, more particularly:

- Mountainous and bare hill areas: USD 50 to 200/hectare/year
- Other areas: USD 200 to 1,000/hectare/year.

For land required for agricultural farming or forestry development purposes such as: afforestation, planting of food crops, industrial cash-crops or fruits bearing trees ..., land rental rates is calculated at the minimum rates in the abovementioned rental rate range and shall not be subject to payment prior to the projects yielding products.

Other projects which occupying land for other development purposes are subject to rents at fifty (50) per cent or less of the normal rate, during the period of survey and exploration.

4. Rentals of water and sea surfaces.

- Rentals for water surfaces, rivers, ponds, lake and inland waters: USD 100 to 700/hectare/year.
- Rentals for sea surface: USD 200 to 800/square kilometre/year.

5. Readjustment of rentals of land and water and sea surfaces.

Every five (5) years the Ministry of Finance publishes adjusted rental rates for land, water and sea surfaces. Adjustments (either up or down) shall not exceed fifteen (15) per cent of the preceding rate.

In cases where a foreign owned enterprise makes advance payment of rental, this rental rate shall not be subject to any adjustment and shall remain unchanged throughout the lease term.

Projects with land lease terms longer than fifteen (15) years and in respect of which advance payment of rental is made enjoy a discount of fifteen (15) per cent of the rental otherwise due. A discount of ten (10) per cent applies to projects with a lease term from five (5) to fifteen (15) years where advance payment is made.

During the period of conducting survey, exploration and capital construction, rental is only paid at not more than fifty (50) per cent of the normal rate.

In cases where Vietnamese partners make their capital contributions in the form of the value of the right to land use, or use of water and sea surface, such value of the right to use is determined on the basis of rental rates specified above, and remains unchanged throughout the life of the project.

XIV. PROCESS OF EVALUATION AND LICENSING AN INVESTMENT PROJECT

1. General provisions on project evaluation

Within a time limit of three months after the date of receipt of the application for an investment licence (or business licence), the SCCI notifies its decision to the investors concerned.

If the SCCI requires the parties to a joint venture (or to a business co-operation contract, or the foreign investor in an one hundred (100) per cent foreign capital enterprise) to provide additional information, or to amend any provisions of the contract, charter of the enterprise or feasibility study, such requirements are notified to such parties within one (1) month after the date of receipt of the application.

If parties fail to reply to the SCCI in writing within 45 days after receipt of notification from the SCCI, the application will be invalidated. If the replies do not meet the requirements of the SCCI,

such time shall not be counted in the three month period referred to above.

If the application for investment licence (or business licence) is approved, the SCCI will grant the investment or business licence and the certificate for registration of the charter of the enterprise to the parties.

2. Substance of Project Evaluation

- a. The legal status and financial capacity of the foreign and Vietnamese investor.
- b. The compatibility of the project with social and economic objectives.
- c. The viability of a production plan and suitability of the proposed technology and technical know how.
- d. The compatibility of the proposed markets with State policy on the sale of products.
- e. Tax rates and duration of any tax exemptions or reductions. Land, water or sea surface rents.
- f. The effectiveness of the economic and social aspects of the project; the benefits to be gained by Vietnamese party and the State of Vietnam.
- g. The capability of existing infrastructure to meet the needs of the project.
- h. The location of the land, water or sea surface to be used for the project; the timing of and steps to be taken in construction.
- i. The use and protection of resources and protection of the environment and ecology.

Detailed matters to be considered may be specified for each type or nature of project.

THE STATE COMMITTEE FOR COOPERATION AND INVESTMENT

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**socialist republic of
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PERMANENT MISSION TO THE U.N.

20 WATERSIDE PLAZA ■ NEW YORK, NEW YORK 10010 ■ (212) 658-8001

No. 1 /BC

New York, February 4, 1994

PRESS RELEASE

**STATEMENT OF THE MINISTRY OF FOREIGN AFFAIRS
OF VIETNAM ON THE U.S. PRESIDENT'S DECISION
TO LIFT THE TRADE EMBARGO ON VIETNAM**

On February 3rd, 1994 President Bill Clinton declared the lifting of the embargo on Vietnam and proposed the mutual establishment of liaison offices in the two countries. This is a positive and significant decision, which contributes to opening a new page in U.S-Vietnam relations in the interests of the two peoples. This decision meets the desire of the American and the Vietnamese peoples as well as of many other countries. It is in line with the trend towards peace, development in Asia-Pacific and in the world. The improvement in Vietnam-U.S relations will make a significant contribution to the common endeavor of the countries in the world for the sake of peace, friendship and co-operation among nations.

The Government and peoples of Vietnam welcome this decision of the American Government.

On this occasion, the Vietnamese Government reaffirms its policy whereby it consistently attaches importance to relations with the United States and wishes for normal relations between the two countries on the basis of respect for each others' independence and sovereignty, non-interference in each others' internal affairs, equality and mutual benefits. Proceeding from such a position, Vietnam will continue to co-operate fully with the American Government and people in solving pending issues between the two countries. Vietnam accepts the establishment of liaison offices in the respective capitals to be seen as a transitional step towards full diplomatic relations. The Vietnamese Government re-iterates its policy of consistently regarding the question of Americans missing from the war as a humanitarian concern not linked with political issues. In consonance with their humane tradition and policy, the Government and people of Vietnam have been, are and will be cooperating in a constructive spirit with the American Government and people to solve this issue to the fullest possible extent.

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On this occasion also, the Vietnamese Government and people express their sincere gratitude to all those who in the United States and in other countries of the world have made their contribution to the lifting of the embargo on Vietnam and to the improvement of relations between the United and Vietnam. The Government and people of Vietnam once again affirm their policy of befriending all countries in the world community, for the sake of peace, stability and development in Southeast Asia and over the world.

Hanoi, February 4th, 1994



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No.04/BC

New York, April 21, 1994

PRESS RELEASE

FOREIGN MINISTRY'S SPOKESWOMAN STATEMENT ON
THE SEISMIC SURVEY BY THE U.S CRESTONE ENERGY COMPANY
IN THE TU CHINH BANK AREA ON THE CONTINENTAL SHELF OF VIETNAM

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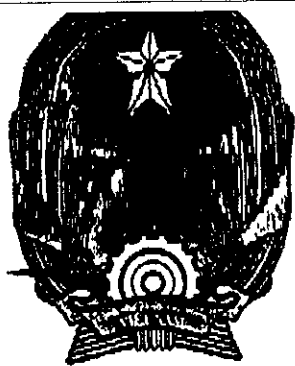
On April 18, 1994 the U.S Crestone Energy Company issued a press release saying that it is carrying out a seismic survey and preparing for a drill of exploration in order to estimate the potential of oil and gas in the so-called area of Wan'an Bei Wab-21 which is in fact the Tu Chinh bank area on the continental shelf and exclusive economic zone within the territorial waters of Vietnam.

On this question, the spokeswoman of the Foreign Ministry of Vietnam made the following statement:

Just as the Crestone Energy Company signed an oil exploration and exploitation contract with the Chinese National Offshore Oil Company in May 1992, the Foreign Ministry of the Socialist Republic of Vietnam stated clearly that this contract was illegal and seriously violated Vietnam's sovereign rights over its continental shelf and exclusive economic zone as well as international law. Vietnam, under international law, has long enjoyed its sovereign rights over this area. Before 1975, this area was divided into oil blocks and was explored and exploited by oil and gas contracts. The Provisional Revolutionary Government of the Republic of South Vietnam by then also declared its sovereign rights over this area. After the reunification of Vietnam, the Government of the Socialist Republic of Vietnam issued the May 12, 1977 and Nov. 12, 1982 statements reaffirming Vietnam's sovereign rights over its continental shelf and territorial waters. In 1988, Vietnam released a map dividing its oil blocks and since then has carried out oil exploration and exploitation in this area by itself and with foreign companies. Since 1989, by decree of the Government of the Socialist Republic of Vietnam an economy, science and service area has been set up as well as a functioning of a system of lighthouses and meteorological station. The seismic survey and the blatant

announcement of the preparation for oil exploration and exploitation by the Crestone Energy Company in the area located on Vietnam's exclusive economic zone and continental shelf is a seriously new escalation. The above-mentioned contract by the Crestone Energy Company is valueless and illegal. No foreign country nor company has the right to explore or exploit natural resources on Vietnam's continental shelf and exclusive economic zone without authorization from the Government of Vietnam. The Crestone Energy Company must bear all consequences caused by its action.

Hanoi, April 20, 1994



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No. 05/BC

New York, May 12, 1994

PRESS RELEASE

**FOREIGN MINISTRY SPOKESPERSON'S STATEMENT ON
VIETNAM'S SOVEREIGNTY OVER THANH LONG SEA AREA**

According to foreign reports, on May 10th, a spokesman of the Ministry of Foreign Affairs of China stated that "Thanh Long sea area belongs to the adjacent waters of the Nansha Islands" (Vietnam's Truong Sa) and that the exploration contract signed by Vietnam with the Mobil oil company was "illegal".

In this connection, the spokesperson of the Ministry of Foreign Affairs of Vietnam reiterates the following:

As determined by international law, especially the 1982 Convention On the Law of the Sea, the area of Tu Chinh and Thanh Long lie within Vietnam's exclusive economic zone and continental shelf, entirely under Vietnam's sovereignty. Vietnam has the sovereign right to explore and exploit natural resources in these areas, by itself or in cooperation with other foreign countries, a right with which no other country has the right to interfere. These areas are in no way related to the Truong Sa archipelago or the adjacent waters. Any statement or act contrary to this principle is illegal and runs counter to international law.

Hanoi, May 11, 1994

KEYNOTE SPEECH
to be delivered by H.E. DEPUTY PRIME MINISTER TRAN DUC LUONG
at the Seminar "Business and Investment Opportunities in Vietnam"
WASHINGTON D.C., MAY 19, 1994

Ladies and Gentlemen,

Allow me, on behalf of the Vietnamese participants, express our sincere thanks to the World Economic Development Congress (WEDC), the American economic organizations and companies for your initiative in holding this seminar, as well as for reserving me an opportunity to address the opening session. As you already know, after President Bill Clinton decided to lift the trade embargo on Vietnam, this is the first seminar held in Washington with the objective to boost Vietnam - America economic and commercial relations.

It can be generally perceived that it was the sensibility of a great number of American businessmen to the changes in the relationships between Vietnam and America that have made them become the long-time and strong supporters to the improvement and development of the economic relations between our two countries. The seminar today once again reaffirms the fact that a large part of the American business community are the vanguards who have shown their unceasing efforts in nurturing a strong desire to open a new chapter in the Vietnam-America relationship. Without fully understanding the past that used to lay a heavy burden on the two countries' relationship, we will not be able to adequately value those commendable efforts. Let me convey to you the genuine thanks from the people and government of Vietnam.

Ladies and Gentlemen,

How should the business and investment opportunities in Vietnam be properly assessed?

This is what the seminar is all about, as well as the issue that interests you most. Let me contribute some of our thinking to this interesting subject.

A Potential Economy

It can be generally concluded that after 7 years of reform and renovation, the economy of Vietnam has begun to step out of the crisis : the reduced inflation, stable economic development and important continued

improvements in agricultural production, manufacturing industries and exports have been achieved It should be noted that against the a set of targets we had envisaged for the 1991-1995 five-year plan, by the end of 1993 we have accomplished a number of objectives designed to be obtained by 1995. A target of 5.5-6% growth had been aimed for the five-year plan, but it has reached 7.25% on average during the past 3 years. Similarly, annual industrial production growth projected at 8 - 12% for the five-year plan has actually been recorded at 12% in the past 3 years . The growth rate for agricultural production was planned at 3.7%, and the actual figure reached 4.5% during 1991-1993. Until the end of the 1980s, Vietnam's exports only met from 40 to 60% of its import demands., but from the beginning of the 1990s, exports have satisfied 80-90% of the requirements of import, even there was a rapid increase of import due to investments in new projects. In 1992 the trade balance was achieved. In 1993 Vietnam was able for the fourth time in maintaining its position as the third largest exporter of rice in the world.

The above achievements have contributed to a notable improvement of the living standard of the majority of the people and a positive remarkable transformation of the socio-economic situation of the country. As long as three years ago, the shortage of goods was rampant everywhere in Vietnam. This picture is no longer seen even in a situation of a rapid increase of the people's purchasing power and a widespread introduction of many new brands of good. Vietnam has been able to produce an unprecedentedly abundant and diversified industrial commodities. Foreign goods are available everywhere. However, these achievements of the Vietnamese economy and the dynamic development of other economies in the region are facing Vietnam with a pressing demand to accelerate our economic growth and to further renovate our economy.

We plan to attain a average annual growth of 7.5% to 8% for GDP in the coming years so that by the year 2000 the GDP will have been increased by 2.5 times instead of 2 times as compared with 1991. The export volume by the year 2000 will have been augmented to \$US 15 -17 billion which is higher than the \$US 13 billion figure of the previous plan. In order to realize these substantial increases, we will have to make much stronger efforts in developing the infrastructure, in transforming the economy towards further reducing the agricultural production share in GDP and increasing the ratios of the manufacturing and service industries .

It should be emphasized that Vietnam is wasting no time in designing a new strategy for national industrialization and modernization which is primarily export-oriented. The main reason why this strategy was chosen

stemmed from our desire to integrate the Vietnamese economy into the world economy and to exploit our comparative advantages for attaining a rapid development and for narrowing the gap of development levels with many regional countries. Favorable domestic conditions and opportunities in Southeast Asia also led Vietnam to decide to pursue this strategy.

Among Vietnam's advantages, we should first of all think of a market with a population of more than 70 million people, an abundant human resource base characterized by the Oriental culture and potential human skills, the diverse natural resources, the convenient geo-economic position which can become a bridge linking the large economies in the region. Yet we should not forget the special importance of the socio-economic renovation policy being pursued by the Vietnamese government which has been vigorously liberating those enormous potentialities of the country.

Business and Investment Opportunities in Vietnam

Vietnam still certainly has many things to do to accomplish the above-mentioned important economic growth and development objectives. These tasks form the strategy that can bring the Vietnamese economy to the take-off stage by the year 2000.

In order to obtain a sustainable growth rate of 8% annually until the year 2000, to quadruple the present export volume by the year 2000...., the government of Vietnam has projected that in the remaining 7 years of the 20th century, tens of billions of dollars of investment will be needed for renovating and upgrading the national road system and the airports; repairing and building new sea ports, developing the post and telecommunication network, expanding the construction material industries, the electricity generation and distribution system, building a large number of hotels and commercial centers in the major cities and economic zonesThis huge amount of investment is planned to be mobilized from both domestic and foreign sources.

In the coming years we will pay special attention to the development of the oil and gas, the manufacturing and light industries - including textile and garment, food processing - the supporting industries for transport and communication, tourism. In a certain period of time we will focus on developing the labor-intensive industries in order to quickly create employment and reduce agricultural labor in the rural areas, during which time the quality of labor will be gradually enhanced. At the same time, if the situation of certain industries permits, we will not hesitate to go straight to

modern and high technologies. The rapid development and modernization of the post and telecommunication industry in the recent years has proved that Vietnam can also succeed in that direction.

We are considering the establishment of three development triangles in the country (Hanoi - Hai Phong - Quang Ninh, Hue - Quang Nam - Da Nang, Ho Chi Minh City - Dong Nai - Vung Tau), considering them the strategic areas that will create the momentum for the national economic development. We encourage the setting up of industrial estates - which primarily consist of the export-oriented production activities whereas part of these estates' products may be domestically consumed. The government is also looking at recommendations from a number of economic experts and businessmen to set up free-trade zones.

In supporting the realization of the above objectives, we will particularly emphasize the development of the financial and monetary markets, further improvement of the macroeconomic management machinery and the legal system, reform of the administrative apparatus in parallel with a gradual promotion of the building of a law-governed state. These work demonstrates a harmonious combination of the economic and political reform and a continuous improvement of the market mechanism with state administration at the macro level, which will bring greater freedom to the workers and businessmen in their employment-related decisions and facilitate the achievement of the foremost objective of the Vietnamese nation : a wealthy people, a strong nation, and a just and civilized society.

Let me from this forum assert that the government of Vietnam welcomes the participation of the American business community in the above-stated economic development projects and programs. Up to now, 30 American business groups and companies have come to explore and study the Vietnamese market, 10 companies have opened their representative offices, and some have been awarded oil and gas exploration and exploitation contracts or approved investment licenses, among whom are Mobil Oil and Pepsi Cola... I am confident that with your apparent advantages in capital, technology and market, the American businessmen, already taking the lead in many products in the world markets, will soon gain a desirable foothold in the Vietnamese market. I expect the American banking and finance system will pave the way and facilitate the entry into the Vietnamese market by the American businessmen. Beside the existing legal regulations and the preferences being granted to the foreign investors, the government of Vietnam will be willing to work with the US government to create a general legal framework that is needed to support the business

communities of both countries in the expansion of their activities in our two countries. The Government of Vietnam would also like to see the Vietnamese products to be granted every preferential treatment in the US market so as to encourage our bilateral economic and commercial relationship. It will also help the import of the American products to the Vietnamese market and encourage the development of the two countries' relationship.

Nevertheless, you should also be aware of the difficulties and problems that are currently facing our country. They are first of all a poor infrastructure system, an underdeveloped market, limited and inexperienced management and administration skills, cumbersome bureaucracy in some localities.... These weaknesses are the restraints on the development of Vietnam's foreign economic relations which we are determined to overcome. As you already know, every beautiful rose is thorny. These inevitable problems of the development process will be gradually solved in the course of an improvement of the market mechanism and the social and economic situation in Vietnam, in the competition and interactions and expansion of the economic relations between Vietnam and the world market.

Vietnam and the International Community

It should be emphasized that the sound foreign policy that Vietnam has been pursuing in the recent years has significantly contributed to the reform and economic achievements of Vietnam and to the country's increasing integration into the international community.

The profound changes that took place in the former Soviet Union and Eastern Europe at the end of the 1980s brought about numerous difficulties to Vietnam, aggravating the socio-economic crisis in the country. It was the period that Vietnam suffered from the serious loss of traditional trading partners and the unresolved Cambodia problem, the total and abrupt disappearance of outside assistance and a frozen Vietnam - America relationships. Against that background, we are gaining more confidence to the policy of diversified economic and political relationships with the outside world, with the aim to befriend all countries of the international community for peace, stability, cooperation and development.

At present Vietnam enjoys diplomatic and economic relationships with more than 100 countries in the world. While trying to seek new trading partners, we still maintain good contacts with the traditional ones. With its policy to play an active and positive role for the peace, stability and cooperation in Southeast Asia, and is viewed by the world public opinion as

a responsible member of the world community. Vietnam affirms our willingness to join ASEAN as a full member, promotes the development of its contacts with APEC. We are also preparing to adhere to GATT (WTO) and expanding our existing economic and commercial relations with the European Union (EU).

The government of Vietnam, while expressing our high appreciation to President Clinton's decision of February 3, is actively making our contribution to the normalization of relations between the two countries. We are pleased to note the excellent efforts made by the Ministry of Foreign Affairs, the State Department and the experts of our two countries in the undergoing normalization negotiations. The two sides have reached agreement on the principles of the settlement of the technical issues relating to the exchange of liaison offices of general consular status. At the end of last April the US House of Congress voted to approve the Senate's resolution which highly evaluated Vietnam's cooperation in the MIA issue. We appreciate the vote. There remain hundreds of thousands of Vietnamese MIA to be found in Vietnam, so we are fully aware of the American MIA in Vietnam, and commit to continue to spare no efforts in solving this humanitarian issue.

The government of Vietnam is of the view that the prospect of the Vietnam - America relations will be brilliant if both sides respect the principles of equal and mutually beneficial cooperation, for a common objective of peace, stability, cooperation and development. In that direction, our two countries' relationships will be beneficial not only to our two countries, but also to the peace, stability, cooperation and development in the world.

I wish the seminar fine success.

Thank you for your attention



**socialist republic of
viet nam**
PERMANENT MISSION TO THE U.N.

■ 20 WATERSIDE PLAZA ■ NEW YORK, NEW YORK 10010 ■ (212) 658-8001 ■

No. 06/ BC

New York, May 26th, 1994

PRESS RELEASE

ANNOUNCEMENT

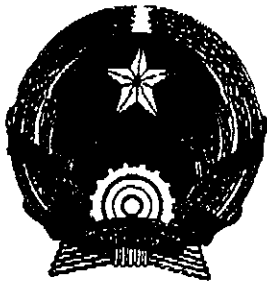
by the Vietnamese Ministry for Foreign Affairs
on the establishment of Liaison Offices of the
Socialist Republic of Vietnam and the United States
in respective capitals

On May 20 and 21, 1994, U.S Assistant to the Secretary of State Winston Lord, on behalf of the Government of the United States of America and Vice Minister for Foreign Affairs Ie Mai, on behalf of the Government of the Socialist Republic of Vietnam exchanged letters concurring in the establishment of representative offices in their respective capitals.

According to the agreement, the initial official representation of Vietnam in the United States and that of the United States in Vietnam will be in the form of Liaison Office and the head of the office will hold the title of "Chief of Liaison Office". The two offices will operate within the framework of the 1963 Vienna Convention on Consular Relations to which both countries are signatories.

The establishment of the liaison offices in the two capitals constitutes an important step toward normalization of relations between Vietnam and the United States of America, providing both governments with favorable conditions to continue the resolution of issues of common concern, in the interests of the two peoples and of peace, stability and development in the region.

Hanoi, May 26th, 1994



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No. 07/BC

New York, June 20, 1994

PRESS RELEASE

STATEMENT BY THE SPOKESPERSON OF THE MINISTRY OF
FOREIGN AFFAIRS OF THE SOCIALIST REPUBLIC OF VIETNAM

With regard to the statement dated June 16th of the spokesman of the Chinese Foreign Ministry, the spokesperson of the Foreign Ministry of the Socialist Republic of Vietnam has the followings to state:

The Chinese statement that the Tu Chinh area which is called by China as the "Wan'an Bei" is a part of "Nansha's waters" and the signing of an oil exploration contract by China with the Crestone Energy Corporation in this area runs counter to the principles of international conventions on the sea law, especially the UN Convention on the Law of the Sea-1982.

It is indisputable that the Tu Chinh area is completely located within the exclusive economic zone and continental shelf of Vietnam. This Tu Chinh Bank which is called by China as the "Wan'an Bei" is by no means connected with the Spratly archipelago over which Vietnam has always affirmed its sovereignty.

Since long time ago, Vietnam has always maintained its physical establishments and exercised normal activities of exploration and exploitation of natural resources in the Tu Chinh area. This is completely in accordance with international law.

For the interest of improvement of relations between Vietnam and China, and for the common interest of peace, stability of the region, China should not make any statement and act in violation of the indisputable sovereign rights of Vietnam over this area.

Hanoi, June 17th, 1994

Keynote Address

Tran Xuan Gia
Vice Chairman, State Planning Committee

U.S.- Vietnam Policy Forum ★ Washington, DC ★ July 22, 1994

Ladies and Gentlemen,

At the out-set, on behalf of the Vietnamese delegation, I would like to express my sincere thanks to the U.S.- Vietnam Trade Council and Georgetown University's School of Foreign Service for your initiative in holding this seminar, as well as for reserving me an opportunity to address the forum today.

After four days of working with diversified and productive presentations, you have helped us to understand more deeply the U.S. trade law and policy, as well as the opportunities and projects for the development of Vietnam - U.S. trade relations. We are hopeful that this seminar will help increase mutual understanding between our two countries and contribute to stepping up Vietnam - U.S. economic trade relations in the interest of the two peoples. I would like to take this opportunity to thank all of you for your kind words and feelings towards our country and people, as well as for your interest in broadening bilateral cooperation for the sake of peace, friendship, and long term cooperation.

Ladies and Gentleman,

As you know, so as to overcome the consequences of many years of war and a backward economy, Vietnam adopted a comprehensive policy of renovation (doi moi) in all socio-economic spheres by the end of 1986. After seven years of reform, renewal, and openness, particularly in the past four to five years, Vietnam has obtained very significant achievements and has begun to step out of crisis. This has allowed Vietnam to move onto a new period of stepped up industrialization and modernization of the economy and gradual integration into the world and regional economy. I can point out some of the most important achievements:

First, checking and driving back inflation, and consolidating the national financial situation in the face of dramatically reduced foreign aid. The inflation rate has continuously reduced from 800% in 1987 to 5.2% in 1993. The estimated 1994 inflation rate is under double-digit level. And the economy has generated a certain amount of capital accumulation. This saving accounts for 10% of GDP and keeps increasing with the economic growth.

Second, with considerably increased production the agricultural sector is capable of providing our food needs and exporting 1.5 to 2 million tons of rice, thus making significant

contributions to the stabilization and improvement of living conditions in Vietnam. In the last three years, the industrial production has kept increasing with the annual average rate of 11-12%. The private owned industry has reached the average annual growth rate of 10%. The service sector has rapidly developed and become more diversified. The average growth rate of the GDP is 7.5% per year, higher than the estimated growth rate of 5-6% per year in the five year plan from 1991-1995, and even higher than the 7.2% rate of the Strategy for Stabilization and the Development of Economy and Society to the year 2000.

Third, opening the door to the outside world:

In the export-import area, facing the demand for a new market after the former Soviet Union was disintegrated, Vietnam has managed to increase rapidly its exports with the annual growth rate of 20% and the export value in 1993 reached \$3 billion US dollars.

In the investment area, since the promulgation of the law of foreign investment at the end of 1987, Vietnam has granted more than 900 licenses with the total registered investment capital of more than \$8 billion US dollars, one third of which is in oil exploration and development, and two thirds of which is in industrial and service projects.

In recent years, OECD countries have, one after another, resumed aid to Vietnam, most significantly Japan in November, 1992 and then IMF in 1993. The restoration of full membership status of Vietnam in IMF has reestablished Vietnam's ties with the international financial community. In November 1993, at the Paris Conference, the international community expressed their support to Vietnam by providing her with \$1.86 billion US dollars of official development aid. The lifting of the trade embargo on Vietnam by the United States has not only opened up a new page in Vietnam -

U.S. relations, but it has also helped resolve many problems in Vietnam's relations with other countries and organizations.

Fourth, the achievements of doi moi (renovation) have gone hand in hand with our efforts in building a State governed by the rule of law. On the basis of the 1992 Constitution, the National Assembly has promulgated many laws, such as the Tax Law, Land Law, Bankruptcy Law, and the Law on Domestic Investment. The mechanism of macro-economic management has been rapidly improving, thus helping to create a favorable economic environment for our people and businesses to conduct business within the legal framework for the sake of a wealthy people, a powerful nation, and an equal and civilized society.

The economic renewal and reform has been enhanced with Vietnam's parallel political reform. The Vietnamese government advocates harmonizing the relationship between economic growth and social equality, bringing into full play the human factor, creating the best conditions to develop a democracy in accordance with the Vietnamese tradition, and respecting morality and humanity. Realities have shown that the growth and development have made important

contributions to the country's stability and in turn, political and social stability have created new and equal opportunities for all Vietnamese citizens to do business.

In spite of significant achievements, Vietnam's economy is still facing great difficulties; the level of goods production and services is low. According to our initial evaluation, Vietnam's GNP per capita is about \$200-250 US dollars. According to the "Report on the development of human resources in 1993" by UNDP, Vietnam's GDP per capita in 1990 was from one half to one fourteenth the figure of neighboring countries. In the last couple of years, Vietnam's growth of GDP per capita is 5%, as high as that figure of East Asia and Southeast Asia. However, the gap of development is still large. The GDP per capita of the latter is two to four times higher than ours. In such a context, Vietnam has no other choice than to step up the development process, thus narrowing the gap of development with other nations and integrating itself into the world community. It is our plan, in ten years, from 1991 to the year 2000, to double GDP per capita and in seven years, from 1994 to the year 2000, to double GDP and increase export value by four times. As a matter of fact, should the objective conditions allow, Vietnam will not miss any opportunity to reach a higher growth rate.

In an effort to implement this long-term program of development, Vietnam intends to invest about \$48-50 billion US dollars, among which foreign capital will play an important role. It is our government priority to invest in socio-economic infrastructure in order to help internal and external businesses to do business effectively. On the basis of a comprehensive economic policy, Vietnam welcomes the cooperation and investment from U.S. companies in such promising areas as oil and gas exploration and exploitation, mining, aviation, maritime transportation, telecommunications, financing and banking services as well as in other industries. In a short period of time after the lifting of the embargo, investment by U.S. companies in Vietnam has increased rapidly with 15 projects, totalling \$141 million U.S. dollars. However, the U.S. ranks 15th among 40 countries having invested in Vietnam. The prospect for enlarging trade and increasing investment from the U.S. is great. This will serve the interests of our two countries as this area bears great potentials.

In international affairs, with a foreign policy of openness, diversification, and multilateralization of relations, Vietnam has obtained the broad sympathy and support of the world community. Vietnam's foreign policy is based on long-term strategic need, which serves to maintain peace, stability, and create a favorable international environment which focuses all of our efforts on saving our country from poverty and backwardness, avoiding the danger of lagging behind other countries, and step by step integrating ourselves into the world and the region.

In realizing its foreign policy, Vietnam has set a priority in developing relationship with neighboring and other regional countries on the basis of peace, friendship, cooperation, equality and mutual benefit. Vietnam entered the Bali Treaty in July 1992 becoming an associate member of ASEAN. In the near future, we will become a full member of this organization. These are evidences of Vietnam's foreign policy of peace, friendship and cooperation. Vietnam has also actively taken part in regional security dialogues, for example ARF, and is prepared

to join the Asia-Pacific Economic Cooperation (APEC) at an appropriate time. Vietnam has been and is joining the other regional countries to build a Southeast Asia of peace, stability, prosperity and development.

The second priority in Vietnam's foreign policy is to develop a relationship with the major powers and developed countries on the basis of respect for independence, sovereignty, territorial integrity, non-interference in each other's internal affairs, equality, mutual benefit, and peaceful resolutions of all disputes. Along these same lines, we have strengthened our comprehensive relations with Western European countries, Japan and Australia, normalized relations with China and are on the way toward normalization with the U.S.

We attach great significance to the relationship with the U.S. Our two countries have experienced an unfortunate period with untold feelings and serious wounds. However, we believe that we are having an opportunity to close the bitter past, look forward to the future, open up a new chapter in bilateral ties, and build relations and friendship, cooperation, equality and mutual benefit. We very much appreciate the U.S. technology and expertise as well as financial potential and hope that our two countries will soon have normal trade and economic relations in the long-term interests of the people. We are aware of the important role the U.S. plays in this region. Therefore, we welcome the U.S., as an Asian-Pacific power, to bring into full play her role in contributing to the maintenance of peace and stability and the development of economic, commercial, cultural and scientific-technological relations in this most dynamic region.

In recent years, thanks to the efforts of both sides as well as of our two countries' friends, Vietnam - U.S. relations have been improved with positive advances. Our Vice Prime Ministers Pham Van Khai and Tran Duc Luong had meetings with U.S. Secretary of State Warren Christopher, many government officials, scholars as well as leading businessmen in Washington. We welcome and very much appreciate the decision made by U.S. President Bill Clinton on February 3, 1994 to lift the trade embargo on Vietnam and regard it as our important step on the way toward full normalization. We are delighted to notice that with goodwill and a constructive spirit, the two sides have reached agreement in principle to resolve diplomatic properties and set up liaison offices in the two capitals. Most recently the success of the visit to Vietnam by the U.S. Presidential delegation has reflected an inevitable trend of improving relations, continuing cooperation and increasing mutual understanding and trust.

In order to achieve full normalization of bilateral relations, we believe that both sides should have good-will and a constructive spirit to resolve outstanding issues. Most recently, the Vietnamese government and people made their utmost efforts in dealing with U.S. humanitarian issues, including the MIA issue. Right in our homeland, almost 20 years after the war, we have been continuing the search of 300,000 MIA cases. Therefore, Vietnam fully understands and shares the concern of the U.S. government, people, and MIA families whose loved ones are still listed as missing. Now as before, Vietnam regards the MIA issue as a humanitarian one and shares with the U.S. the desire to put an end to the suffering of U.S. MIA families. Vietnam has been, is, and will continue to actively resolve this issue. With that spirit, as early as in

February 1973, two weeks after the signing the Paris agreement, we began unilateral efforts to resolve the MIA issue; such unilateral efforts are still going on. Since 1987, with U.S. cooperation such efforts have been stepped up and have brought about considerable results.

Ladies and Gentlemen,

The Vietnamese government holds that the prospect for Vietnam - U.S. relations is great should both sides respect principles of equal cooperation and mutual benefit and focus all our efforts on the common goal of peace, stability, cooperation, and development. Along this line, our bilateral relations also have positive significance toward the trend of peace, stability, cooperation, and development.

At this forum, I would also like to affirm that the Vietnamese government welcomes and greatly appreciates any contribution by the Vietnamese-American community to the building of our prosperous country.

Thank you for your attention, and I welcome comments from you.

Remarks of

Doan Manh Giao
Vice Minister, Office of the Government

U.S.- Vietnam Policy Forum ★ Washington, DC ★ July 22, 1994

Regional Security is a major issue. Following is just a brief summary of some of my main points:

- * Vietnam wants East Asia and the Pacific to be a region of peace and stability.

The Asia and Pacific region is the most dynamic region in the world and has an increasing political and economic role to play. For several decades, this region has had the highest economic growth rate (7.6% vs 2.9% for the whole world). The 17 countries of APEC alone account for 48% of world production. Since 1993, trade across the Pacific has surpassed trade across the Atlantic, with 60% of the world's foreign investment now conducted in this region. In this context, many countries in the area have taken great steps forward with economic success and became newly industrialized countries (NICs).

Vietnam, due to its own historical circumstances, is left behind many countries in the region economically. We consider this a security threat. Vietnam, with a GDP per capita of only U.S. \$230, is one of the poorest countries in the world. So it is easy to understand why we need an environment of peace, stability and development. It is also necessary for us to pursue a policy of cooperation and friendship with other countries, first with neighboring countries in the region, in order to reconstruct and develop our economy.

Fortunately, the main trend in the world at present is one of peace, stability and cooperation. The existence and development of one country must be attached to and depends on the world development and will be affected by relationships between countries.

During the last four decades, Vietnam has been the battleground of the two opposing systems of the world -- a battlefield for testing big powers' determination. The consequences left over from the war on our country are serious. We still have 300,000 MIAs unaccounted for from the war with the US. Therefore, as you may understand, the Vietnamese people only want peace and stability so that their country can have economic prosperity. I would like to repeat here what Vietnam Foreign Minister Nguyen Manh Cam said at the Twelfth Williamsburg Conference in Hanoi last March: During several decades, located at a cross-roads, Vietnam has always been affected from the outside, positively as well as negatively. Facing the survival of the country, we had, on the one hand, to fight bravely, but on the other hand, our people consistently pursued a policy of peace and friendship with outside...

* Destabilization and Vietnam's attitude:

One of our concerns is that, in the post-Cold War period, the world and our region witness not only the greater possibility for peace and stability but also increasingly economic competition between countries and groups of countries. Asia and the Pacific is not only the most dynamic region for economic development but also the place where many governments have been spending large amounts of money to buy weapons, including nuclear weapons, to modernize their armed forces. The Pacific, according to Vietnamese literature, means the Sea of Peace. But we can understand that it is not easy to predict when there will be storms out at sea, especially when there still exist many sources of conflict on territorial borders as well as disputes over some islands.

Yesterday morning we had a breakfast with Senator John McCain. We share his concerns about the unstable situation in Cambodia caused by the Khmer Rouge's bold acts of sabotage. Everybody knows that the Khmer Rouge could not be so aggressive if there were no support from outside. Ironically, all the major powers as well as the United Nations know of the situation but none have responded with action.

Concerning the security in Asia and the Pacific, Vietnam, based on its own experience, respects the role of the major powers. In foreign relations, apart from our relations with ASEAN, Vietnam pays special attention to its relations with larger countries in the region such as China, the United States and Japan, in a way that helps create a relationship of mutual confidence and cooperation. We are preparing ourselves so that we will soon be able to join regional and international organizations.

Concerning the dispute over the Spratly Islands, Vietnam stands for settlement of conflicts between countries through peaceful negotiations on the basis of equality, mutual respect and understanding, as well as respect for international laws. Last June, Vietnam's National Assembly passed a resolution to ratify the 1982 International Convention on the Law of the Sea.

During the process of negotiating for a long-term settlement, all the concerned parties should maintain stability on the basis of status-quo, not using armed forces nor threatening to do so, working together to seek a proper cooperation acceptable for all parties. I would like to take this opportunity to point out that the Tu Chinh area is completely located within the exclusive economic zone and on the continental shelf of Vietnam, and is by no means connected with "the disputed area".

Concerning the ASEAN, after gaining observer status in 1992, we have participated in six working committees and five cooperation programs and are now preparing to join this organization as a full member. Later this month, Vietnam will participate in the ASEAN forum on regional security. On the Cambodian issue, Vietnam respects and supports Cambodia's democratically elected government. Vietnamese government has patiently responded to the provocative activities of the Khmer Rouge, including their mass sabotage against Vietnamese nationals living in Cambodia.

Vietnam has also acknowledged the importance of the relationship between the U.S. and Vietnam on the region's stability as well as prosperity of the two countries. That's why Vietnamese people and government have cooperated and will continue to cooperate with the people and the government of the United States to solve the remaining issues in the relations between the two countries, including the MIA issue on the basis of humanitarian, mutual respect and understanding.

In closing, I would like to repeat Vice Prime Minister Tran Duc Luong's speech in New York on May 23 during his visit to the U.S.: The Asia and Pacific region that both our two countries are members of, is a region of development and stability, but also has potential challenges. Coping with these challenges is still a major common task for all countries in this region. Vietnam would like to see that all countries, regardless of their size, big powers or small states, developed or developing countries, regardless of their political regimes or different cultural values, will share this common task.



SOCIALIST REPUBLIC OF VIETNAM
MISSION TO THE UNITED NATIONS

20 WATERSIDE PLAZA
NEW YORK, N.Y. 10010

STATEMENT BY
H.E. Mr. NGUYEN MANH CAM,
MINISTER FOR FOREIGN AFFAIRS
OF THE SOCIALIST REPUBLIC OF VIET NAM
TO THE 49TH SESSION OF
THE UNITED NATIONS GENERAL ASSEMBLY

New York, October 7th, 1994

(Check against delivery)

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Mr. President,

Allow me, on behalf of the delegation of the Socialist Republic of Vietnam, to warmly congratulate you on your election to the presidency of the 49th Session of the General Assembly. I am confident that, under your guidance and with the active contributions of the member countries, this Session of the General Assembly will achieve a successful outcome. I also wish to take this opportunity to express our admiration for the efficient performance of your predecessor, H.E. Mr. Samuel R. Insanally. We highly appreciate the great efforts made by H.E. Mr. Boutros Boutros-Ghali in his high post as the Secretary General of the United Nations for the cause of peace, national independence and development.

Mr. President,

The United Nations Organization is approaching the final year of its first half a century of existence. The most appropriate way for us to celebrate the 50th anniversary of our organization is to help it act commensurate with its global role and important, difficult and complex tasks set out by the new situation. Since the 48th Session of the General Assembly, we have witnessed immense and profound changes in the world as a whole and in each region. Mankind is confronted by both opportunities and challenges. To turn the beautiful wishes into real life and to overcome the obstacles so as to settle the global and pressing issues and to promote peace, cooperation and development are the task of each country and of the community of countries as a whole.

The panorama of the world is full of contradictions. While the threat of a destructive world war has been further checked, ethnic, religious and territorial conflicts continue to persist or even multiply in a number of regions. Against this gloomy backdrop, there have been some rays of hope for settling certain conflicts. The success of the struggle waged by the South African people to abolish Apartheid and establish a new united, democratic and non-racial state in South Africa constitutes a historic achievement for both the South African people, the United Nations and the world community. The Vietnamese delegation welcomes the delegation of the new South Africa to our General Assembly. In the Middle East, encouraging progress has been made, particularly between Palestine and Israel and between Jordan and Israel, in the process of negotiation and search for peace. These developments foster hopes of reaching a just and lasting peace in the region and of restoring the Palestinian people's rights to self-determination and an independent state on their own land.

Over the past year, there have been certain positive developments in the world economy. In a number of countries there have been signs of recovery. Globalism and regionalism have accelerated. Economic competition is acute and, in this context, the developing countries continue to bear innumerable

disadvantages. A number of developing countries, however, are in the midst of poverty and backwardness, millions of people are threatened by starvation with every passing day. The developing countries hope that, with the conclusion of the Uruguay Round and the decision to establish the World Trade Organization, trade and investment will be expanded, thus strongly enhancing international economic cooperation on the basis of equality and mutual benefit. They cannot, however, help being worried about attempts to use social and environmental issues as fuel for protectionism. This will affect the common sentiments amongst the world's nations at a time when joint efforts are needed for solving global issues in the interest of development and advancement of each nation and of the whole community. In an increasingly interdependent world where globalism is being strengthened, it is an ever pressing demand to facilitate the expansion of cooperation on the basis of equal and mutual benefit and to narrow the gap of levels of development between the North and the South for the sake of sustainable and lasting peace. We, therefore, welcome the initiative taken by the Secretary General on an "Agenda for Development" and believe that through broad consultations among the member countries, we will arrive at an agenda that responds to the common demands and that will ensure that the United Nations will play an active role in assisting the economic and social development of and the eradication of poverty in member countries and will strengthen its important role in international economic relations. We share the views expressed by many delegations that maintenance of international peace and security and promotion of development are the two primary and important tasks of the United Nations. It is our hope that the role of the United Nations in the field of development should be strengthened thus responding to the desire of countries.

The trend of dialogue and international and regional cooperation is increasingly being strengthened. In order to promote international cooperation, it is necessary to observe the principles of respect for independence, sovereignty, non-interference in the internal affairs of states, equality and mutual benefit. In today's world of increasing awareness of national independence, respect for the rights of nations to determine their own way of development and to maintain their national identities constitutes an indispensable condition for maintaining peace and stability and expanding international cooperation. Blockade or embargo, sanctions or imposition of one's will in international relations are relics of the past and run counter to the aspirations of the peoples, the common trend and the international law. In this connection, we wish to express our deep sympathy with the Cuban people regarding the difficulties they are encountering. We demand an end to the economic, commercial and financial embargo imposed on Cuba and a prompt and effective implementation of the relevant resolutions of the General Assembly. We welcome the joint-communique on immigration issues signed

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between the United States of America and Cuba and hope that the two countries will continue their dialogue in order to settle other issues of difference between them.

Mr. President,

In a time of opportunities and challenges, and hope and fear, the responsibility of the United Nations in maintaining international peace and security has become ever more cumbersome. Never before has the United Nations been directly engaged in dealing with so many hotbeds of tension. Despite the efforts made by the United Nations, there have yet to be found satisfactory solutions to the conflicts in Bosnia, Somalia, Rwanda. The tendency to resort more and more to measures of enforcement and intervention in resolving intra-state conflicts has prompted legitimate concerns among many countries. We are of the view that peace-keeping operations should strictly observe the principles of national sovereignty and territorial integrity, non-interference in the internal affairs of states, and persevering in the peaceful settlement of conflicts. Lessons should be drawn from the successes and failures of peace-keeping operations, so as to help the United Nations to better discharge the task entrusted to it by the member states. The complex world situation and the important role of the United Nations urgently require restructuring of the organization. With the growing democratization of international relations, we therefore join the majority of member states in their demand for reform and democratization of the UN system. This includes the increase in the membership of the Security Council to enhance its representativeness in the basically changed situation, transparency in the Council's decision-making process, and revitalization of the work of the General Assembly as the broadest body representing all member states. Through the convening of the recent World Conference on Population and development as well as the coming World conference on Women and the World Summit on Social Development, the United Nations has clearly demonstrated its commitment in promoting international cooperation to resolve the global social issues which are of vital interest to all states.

Mr. President,

In this important forum, I would like to mention an interesting coincidence of history. Together with the 50th anniversary of the United Nations, the Vietnamese people will commemorate the 50th anniversary of our President Ho Chi Minh's solemn declaration to the entire world of the birth of an independent, free and democratic Vietnam. Only half a century after its birth does Vietnam now have the conditions to concentrate its efforts on socio-economic development.

Located in the most dynamic, developing part of the world, Vietnam is fully aware of the danger of lagging behind in the level of development, as compared to many other countries. It has

therefore set for itself the pressing task to rapidly overcome its state of poverty and underdevelopment and to join the mainstream of development in the region and in the international community. To that end, Vietnam has entered upon the path of renewal in every sphere of social life. The core of this renewal is to develop a multi-sector economy which operates through the market mechanism with regulation by the state at the macro-level, while firmly maintaining socio-political stability, and step by step strengthening and perfecting the rule of law which is truly of the people, by the people and for the people. The renewal process has recorded important initial results. The annual average growth rate in GDP was 7.3% for the three years 1991-1993 and 8% for the first half of 1994. International economic cooperation and trade relations have been increasingly expanded. Foreign investment has rapidly grown and the people's living conditions have been improved. New progress has been made in the cultural, social, educational and healthcare areas, especially regarding the welfare of children.

Together with those economic reforms, Vietnam has carried out, step by step, the renovation of the political system so as to build a society which firmly ensure the rights of each person and of all people. To develop a state governed by the rule of law, we have stepped up the enactment of laws and perfected our legal system and gradually carried out national administrative reform. After the promulgation of the new constitution in 1992, the National Assembly of Vietnam adopted a number of important laws such as the Civil Law, the Labour Law, the Land Law, the Law on the Promotion of Domestic Investment.

With those achievements, Vietnam is now shifting to a new stage of development - a stage of industrialization and modernization of the country. This long and arduous process involves extremely complex tasks in order to achieve our objectives of a prosperous and strong country with a civilized and equitable society.

To create a favourable international environment for the development of the country, we have been pursuing a foreign policy of openness, diversifying and multilateralizing our relations of friendly cooperation with all other countries in striving for peace, independence and development. This policy coincides with the trend of peace and cooperation for development in the world and particularly in South East Asia which has emerged from many decades of confrontation and war. In its foreign policy, Vietnam gives first priority to enhancing the relations of friendship and cooperation with neighbouring countries in the region, and actively contributing to the building of South East Asia - a region of peace, stability, cooperation and development. Vietnam's bilateral relations with each of the ASEAN countries and with ASEAN itself, particularly in the economic and trade fields, have undergone unprecedented, rapid and positive developments,

especially since Vietnam became an observer to the association in mid 1992. At the Conference of Foreign Ministers of ASEAN held in Bangkok last July, the ASEAN foreign ministers unanimously supported Vietnam's full membership in this association. With the practical support of ASEAN countries, Vietnam is actively preparing to soon join this association as a full member. Vietnam's accession to ASEAN conforms with the general trend, benefits the countries of the region thus enhancing cooperation especially in the economic and trade field and helping the promotion of relations with other countries and international organizations.

In the new regional context, all ten countries of South East Asia, for the first time, participated in the recent Conference of Foreign Ministers of ASEAN countries, and also for the first time the ASEAN Regional Forum (ARF) on regional security was held in Bangkok on July 25th, 1994. This demonstrated the growth of cooperation in Southeast Asia as well as the major concern for peace, stability and security in the region. In order to ensure ~~peace~~ stability and development of each country and of the whole region, Vietnam is of the view that the countries of the region should consolidate existing points of agreement, narrow differences so as to settle disputes including those on the Eastern Sea through bilateral and multilateral negotiations among directly concerned parties, without resorting to the use or threat of use of force. While working for a fundamental and durable solution, all concerned parties should refrain from doing anything that further complicates the situation, and at the same times strictly respect the right of countries to sovereignty over their continental-shelf and their exclusive economic zones in accordance with international law, especially the United Nations Convention of 1982 on the Law of the Sea.

Vietnam has been following the situation in Cambodia and hopes that the Kingdom of Cambodia will be a country of peace, independence, neutrality and non-alignment, entertaining friendly relations with all other countries. It is the policy of Vietnam to strengthen good neighbourly relations with the Kingdom of Cambodia and to respect the right to self-determination of the Cambodian people. Vietnam holds that all signatories to the Paris Agreement on Cambodia should observe that agreement, without interfering into the internal affairs of Cambodia and make positive contributions to the restoration of peace, stability and national reconciliation in Cambodia.

For the sake of maintaining the traditional friendly relations between Vietnam and Cambodia and for the protection of the legitimate rights of the Vietnamese residents who have been, for many generations, living in Cambodia, we wish to draw the attention to the Immigration Law promulgated by the National Assembly of Cambodia on August 26th, 1994, wherein certain articles have caused certain concerns. His Royal Highness King Sihanouk and the Royal Government of Cambodia have shared this legitimate concern of the

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Government of Vietnam, and have committed to avoid regrettable consequences and agreed to soon begin negotiations with Vietnam to settle this problem.

The United States of America's lifting of the embargo imposed upon Vietnam has opened up new prospects for building and broadening multi-faceted cooperation between our two countries in the interests of the two peoples and those of peace, stability, cooperation and development in the region and throughout the world.

Mr. President,

Multilateral relations, especially within the framework of the United Nations, are playing an increasingly important role. With the commemoration of the 50th anniversary of our organization, we shall review all the activities of the past 50 years, draw lessons, so as to enhance the capacity and efficiency of the UN system in the new context in response to the confidence and expectations of the peoples throughout the world. For its part, Vietnam will unceasingly strive to make positive contributions to the common cause of the United Nations for peace, development and social progress in the entire world.

Thank you Mr. President.

Actions of the United States Congress

January 26, 1994

SENSE OF THE SENATE.—It is the Sense of the Senate that—

(1) The government of the United States is committed to seeking the fullest possible accounting of American servicemen unaccounted for during the war in Vietnam;

(2) Cooperation by the Government of Vietnam on resolving the fate of those American servicemen unaccounted for has increased significantly over the last three years and is essential to the resolution of outstanding POW/MIA cases;

(3) Substantial and tangible progress has been made in the POW/MIA accounting process;

(4) Cooperative efforts between the U.S. and Vietnam should continue in order to resolve all outstanding questions concerning the fate of Americans missing-in-action;

(5) U.S. senior military commanders and U.S. personnel working in the field to account for U.S. POW/MIAs in Vietnam believe that lifting the U.S. trade embargo against Vietnam will facilitate and accelerate the accounting efforts; and,

(6) Therefore, in order to maintain and expand further U.S. and Vietnamese efforts to obtain the fullest possible accounting, the President should lift the U.S. trade embargo against Vietnam immediately.

AMENDMENT NO. 1263 TO AMENDMENT NO. 1262

Mr. KERRY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY], for himself, Mr. MCCAIN, Mr. ROBB, Mr. MURKOWSKI, Mr. KERREY, Mr. SIMPSON, Mr. JOHNSTON, Mr. PRESSLER, Mr. WARNER, Mr. INOUE, Mr. CHAFEE, Mr. PELL, Mrs. KASSEBAUM, Mr. MATHEWS, Mr. BENNETT, and Mr. AKAKA proposes an amendment numbered 1263 to amendment No. 1262.

Mr. KERRY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the first word in the pending amendment and insert the following:

OF THE SENATE.—It is the Sense of the Senate that—

(1) The government of the United States is committed to seeking the fullest possible accounting of American servicemen unaccounted for during the war in Vietnam;

(2) Cooperation by the Government of Vietnam on resolving the fate of those American servicemen unaccounted for has increased significantly over the last three years and is essential to the resolution of outstanding POW/MIA cases;

(3) Substantial and tangible progress has been made in the POW/MIA accounting process;

(4) Cooperative efforts between the U.S. and Vietnam should continue in order to resolve all outstanding questions concerning the fate of Americans missing-in-action;

(5) U.S. senior military commanders and U.S. personnel working in the field to account for U.S. POW/MIAs in Vietnam believe that lifting the U.S. trade embargo against Vietnam will facilitate and accelerate the accounting efforts;

(6) Therefore, in order to maintain and expand further U.S. and Vietnamese efforts to obtain the fullest possible accounting, the President should lift the U.S. trade embargo against Vietnam expeditiously; and

January 26, 1994

(7) Moreover, as the U.S. and Vietnam move toward normalization of relations, the Government of Vietnam should demonstrate further improvements in meeting internationally recognized standards of human rights.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. I understand the amendment is in the form of a second-degree amendment?

Mr. KERRY. It is in the form of a second-degree amendment to the amendment of the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, the amendment that I have sent to the desk commences what I and other Senators believe is a very important discussion for the U.S. Senate.

I have sent this amendment to the desk with 16 cosponsors. They are: Senator MCCAIN; Senator ROBB; Senator MURKOWSKI; Senator Bob KERREY of Nebraska; Senator SIMPSON; Senator JOHNSTON; Senator PRESSLER; Senator WARNER; Senator INOUE; Senator CHAFEE; Senator PELL; Senator KASSEBAUM; Senator MATHEWS; Senator BENNETT; and Senator AKAKA.

This amendment seeks to address the question of our current relationship with Vietnam and the embargo that is currently in place pending judgments about the accounting of our prisoners of war.

Mr. President, I know this is a sensitive issue, as does the Senator from Arizona. We bring it to the floor with the utmost sensitivity and with a great deal of consideration. We believe very deeply in one simple concept: That if we urge the President of the United States, as this amendment seeks to do, to expeditiously lift the embargo against Vietnam, we will do a better, faster and more thorough job of providing answers to our families and to our veterans about POW-MIA.

We do not offer this amendment to pick a fight with anyone. We do not do it with any disrespect to anybody. To the contrary, I think it is fair to say we do it with the utmost respect, particularly to the families who have carried with them deep questions for 20-plus years about what happened to loved ones who were lost in Vietnam. But we are convinced that the goal of achieving the biggest accounting possible of our veterans is best served by moving forward in a cooperative process that will get Americans into Vietnam and help us to find the answers that we seek regarding those loved ones.

I know that some are going to come to the floor and say, "Don't reward Vietnam." This is not a reward. We will explain 100 different ways why it is not. Some will say, "Don't take your leverage away." We will point out it is not a question of taking away leverage, but rather a question of giving us more leverage, about how this is a mecha-

tion of this body to address the lifting of the sanctions.

Last year, I introduced legislation to lift the most restrictive aspects of this trade embargo. I have asked the Banking Committee to hold hearings on my bill. I have also communicated with Senator ROBB, chairman of the East Asian Subcommittee of the Foreign Relations Committee, asking him to hold oversight hearings on United States policy towards Vietnam. He has indicated he will do so.

So, Mr. President, I urge our colleagues to pass this resolution today so that we can send a clear signal to the President that the time has come to lift the trade embargo. I commend the previous administration, President Bush, for initiating the first opening by saying American firms could open offices in Vietnam, but not do business. I also commend President Clinton for allowing United States firms to participate in development projects in Vietnam that are financed by international financial institutions.

Mr. President, in conclusion, I ask each of my colleagues to reflect on the question I asked earlier in my statement: If not now, when? When are we going to be satisfied as to what constitutes full accountability? It is a subjective argument because, as I have indicated, 2,238 are currently unaccounted for in Vietnam vis-a-vis 8,177 in Korea, 78,794 in World War II and 1,648 in World War I. We have to recognize the harsh reality and the unfortunate fact that we will never be able to account for all of our missing. But, we must continue to try by the best method. The isolationist approach we took for 19 years did not result in what we all want to have happen, and that is full accountability. The changes over the last 3 years have resulted in a small U.S. presence. The presence of the Joint Task Force in Hanoi has accelerated the process. The Vietnamese are now working in concert with us, maybe not to our full satisfaction, but substantially better than we had before.

So again, Mr. President, I think this is the time. If we are back here in 6 months or back here in a year debating the same issue of whether we are satisfied with the cooperation or whether we are satisfied with the status of accountability, we are still going to have to address the same issues. In the meantime, we run the risk of the Vietnamese deciding that they will no longer cooperate to the degree that they have been if the message that they take from this debate is that we do not feel they are cooperating. A loss of cooperation will only hurt the process of accountability.

So I would implore my colleagues to reflect on the reality of what this debate means for further progress. I have the utmost respect for the opinion of my colleagues who served in Vietnam, who were prisoners of war in Vietnam. They know better than any one of us the anguish that goes into a decision to

support the pending resolution to initiate a relationship with and a presence in Vietnam. But I have made up my mind that the amendment, which urges the President to eliminate the trade sanctions against Vietnam, does not lose sight of the highest obligation of Government, and that is the full accountability of those who have made the supreme sacrifice for their country.

I really believe that this is the appropriate time and the appropriate method for meeting our humanitarian obligation to follow the best possible course for lessening the anguish of those families who have not received answers about the fate of their loved ones.

I encourage my colleagues to support the amendment and I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska yields the floor. Who yields time?

Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire [Mr. SMITH] is recognized.

AMENDMENT NO. 1266

Mr. SMITH. Mr. President, under the terms of the unanimous consent agreement, I send an amendment to the desk on behalf of myself, Senator DOLE, Senator GRASSLEY, Senator D'AMATO, Senator CAMPBELL, and Senator HELMS and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Hampshire [Mr. SMITH], for himself, Mr. DOLE, Mr. GRASSLEY, Mr. D'AMATO, Mr. CAMPBELL, and Mr. HELMS, proposes an amendment numbered 1266:

AMENDMENT NO. 1266

On page 179, after line 6, insert the following new section:

SEC. 174. LIFTING OF SANCTIONS ON SOCIALIST REPUBLIC OF VIETNAM CONTINGENT UPON POW/MIA PROGRESS.

(a) LIFTING OF SANCTIONS.—The prohibitions, restrictions, conditions, and limitations on transactions involving commercial sale of any good or technology to the Socialist Republic of Vietnam, or involving the importation into the United States of goods or services of Vietnamese origin, in effect as of January 25, 1994 under the Act of October 6, 1917 (40 Stat. 411 et seq.) as amended shall remain in effect until thirty days after the President determines and reports in writing to the Senate and the House of Representatives that the Socialist Republic of Vietnam has provided the United States with the fullest possible unilateral resolution of all cases or reports of unaccounted for U.S. personnel lost or captured in Vietnam, Laos, or Cambodia for which officials of the Socialist Republic of Vietnam can be reasonably expected to have in their possession additional information or remains that could lead to the fullest possible accounting of said U.S. personnel based on U.S. intelligence and investigative reports, analyses, and assessments obtained or conducted prior to January 26, 1994;

(b) CONSULTATION.—It is the sense of the Senate that the President should consult with Congress, POW/MIA family representatives and national veterans organizations to the maximum extent possible prior to making determinations under subsection (a).

(c) NONDELEGATION.—The authority of the President to make the determinations and report to which subsection (a) refers may not be delegated.

(d) DEFINITIONS.—For purposes of subsection (a)—

(1) the phrase "cases of unaccounted for U.S. personnel" means cases involving United States personnel originally listed by the United States as prisoners of war, missing in action, or killed in action/body not recovered following their wartime loss incidents in Vietnam, Laos, or Cambodia; and

(2) the phrase "accounting" means the return of unaccounted for U.S. personnel alive, repatriation of their remains, or convincing evidence as to why neither is possible."

Mr. SMITH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. SMITH. Mr. President, thank you.

Mr. President, just a couple of quick points in response to a couple of speakers before going into the remarks on my amendment.

Some are making the debate that it seems as if the person with the most medals from the Vietnam war—for example, General Vessey or Admiral Larson or others—are the best qualified people to tell us what our policy in Vietnam should be.

I reject that argument. Although all of those people have great credibility, we have thousands of members of the DAV, and their organization, which I shall point out very shortly in my remarks, is opposed to this amendment to the Kerry amendment, and they have their medals. Also, many of them lost limbs in the war and obviously have been injured.

So I do not think having a medal or having a great, illustrious military career which is fantastic is the criteria we ought to use to judge as to whether or not the Vietnamese are making the full accounting that we are asking for.

So with all due respect to those gentlemen named, I think there are many, many people who have worked the issue for a number of years, some of whom have military backgrounds, some of whom have not, some of whom worked in our intelligence community for 25 years on this issue who have not served in the military. Although that is very impressive, that is not the only necessary criteria to judge as to whether or not we are receiving the full cost accounting.

I also want to respond briefly to something Senator MIKULSKI mentioned. I am sorry she is not here on the floor at this time. But she brought up a very good point. It is something I want to respond to.

I have spent the past several months in debate on this. I spent a lot of time during the select committee hearings. Apparently I just did not seem to get the message out in a clear manner to try to have the American people and many who discuss this issue understand why it is that we have not nar-