

MEMORANDUM

REPUBLIC OF VIETNAM'S PROGRAM TO PAY ITS OWN WAY IN WORLD TRADE

I. Background

A. Political and Military: For more than a century Vietnam was a colony of France administered as part of French Indochina, which also included Laos and Cambodia. The Geneva Conference of July 1954 divided Vietnam at the 17th Parallel between the Communists in the North (13 million people) and the free state of Vietnam in the South (12 million people). The Geneva Conference also recognized the independence of Vietnam from French rule. North Vietnam inherited the bulk of the nation's industry and important mineral resources, whereas the South was endowed with a highly favorable relationship between the land and the population. All Vietnam was faced with grave destruction and general disrepair as a result of the bitter 10-year war between the Communist-led Viet Minh and the French. Vietnam, even under the French, has always been an essentially agricultural nation, with more than four-fifths of the people living off the land. The colonial rule intensified the specialization of rice and rubber cultivation as the two main crops grown for export. Vietnam was tied to the French economy which supplied Vietnam with all its manufactured goods and capital and received all its exports. The French provided few opportunities for Vietnamese to achieve managerial, administrative or technical skills. In the few instances where Vietnamese acquired such skills, opportunities to practice them were severely limited.

From July 1954 until mid-1956, the Vietnamese Government under Ngo Dinh Diem, pursued a course of military and political consolidation. The prime danger to Free Vietnam's survival was unquestionably internal security. Challenging Ngo's authority were the various religious-politico sects (e.g. Binh Xuyen, Cao Dai, Hoa Hao) each with their own armies available to the highest bidder, the French die-hards, and the countless Communist cells and arms caches. Ngo reorganized the army along modern lines, with direct U.S. assistance and training advice, welding into a smaller, but highly effective force of about 150,000. This National Army--even before direct American assistance began in January 1955--took on and defeated the major sect forces in pitched battle. Other sect units were won over by diplomacy or politicking, or scattered and chased into the countryside. Some fled into exile. The Communist agents and arms were systematically rooted out by the army and militia. Almost simultaneously Ngo proceeded to liquidate the vestiges of French colonialism, confirmed by a treaty with France in December 1954. The French forces were sent on their way in a matter of months. French economic control was wiped out in all important areas of public interest: the Bank d'Indochine was transformed into the National Bank of Vietnam, the piaster's link to the French franc was severed, Vietnam took over the French-owned railways, airlines, etc. Indeed, Vietnam withdrew from the French Union--or more technically, failed to join when independence was achieved though the French had committed them to it on paper before independence. With its great privileges curtailed, French capital very largely withdrew, at the same time counting on special treatment from the Communists in the North. By early 1956 most of the Free nations of the world had accorded Vietnam diplomatic recognition and established regular diplomatic, cultural and commercial relations with it.

In 1955 Ngo, then premier, called for a referendum to choose the chief of state and form of government. On October 23 he defeated former Emperor Bao

Dai in Vietnam's first universal free election by an overwhelming majority. On October 26th, he declared Vietnam a republic and himself the first president. The following March another universal election was held to choose 123 representatives for a Consultative Assembly to draft Vietnam's first constitution. On October 26, 1956, President Ngo promulgated the first constitution, patterned largely after the American model, and the consultative body became Vietnam's National Assembly.

B. Economic: When Ngo arrived in Vietnam in July 1954, he was faced with a chaotic economy, artificially and dangerously inflated by the ten-year war. This condition was immediately aggravated gravely by the rapid French withdrawal, particularly of the military and naval establishments, and by the sudden influx of almost one million refugees from Communist North Vietnam. Indescribable tension and uncertainty prevailed, with the various sects vying for power, and the Communist Viet Minh army of more than 350,000 massed on the borders in an aggressive posture. Moreover, the Geneva 1954 parley had, over the bitter objections of Ngo and the U.S., set a target date of July 1956 as the so-called deadline for nationwide elections to unify Vietnam under one regime.

Prior to Dienbienphu some two billion dollars in American aid, almost all military, was pumped into Indochina to support the French effort. Until January 1955, American aid continued to be channeled through the French. After Ngo firmly defeated the initial challenges of the sects, the U.S. began to channel aid directly to Free Vietnam. The American program was essentially conducted on an emergency basis to stabilize the economy and to help build a strong national army. Between 1955 and 1957 the army was cut 50 percent--to a size one-half to a third of the army in the North. American aid was also pumped in to meet the emergency refugee situation. The military and refugee emphases, combined with the budgetary limitation set by the U.S. Congress, seriously curtailed any efforts at economic development. Meanwhile, the imminent and acute scarcity of consumers goods dictated an emphasis on imports of such goods. The refugee and defense programs introduced great inflationary pressures, aggravated by curtailed domestic production. This inflationary pressure provided a second major reason for developing an aid mechanism which heavily relied on consumer goods imports. The mechanism adopted proceeds as follows:

1. ICA provides the Vietnamese Government with lists of categories of consumer goods from which the latter can choose its imports periodically;

2. the Vietnamese Government then issues licenses to its local importers allowing them to import enough to fulfill overall quotas in each category; issuance of an import permit implies availability of dollars or other necessary foreign exchange to pay the exporter abroad.

3. Vietnamese importers pay for the goods in piasters. The piasters are deposited in the "Counterpart Fund" to permit the Vietnamese Government to pay its domestic obligations--essentially the soldiers and the refugees during the first few years.

4. ICA pays the American or foreign exporter in dollars or other relevant currencies. Hardly any of the American aid funds pass through

the hands of the Vietnamese, except as piasters from the sale of consumer goods.

Vietnamese importers are required to make deposits in the counterpart fund upon arrival of the goods but before they are sold to wholesalers or retailers. If, as has occurred on numerous occasions, the importers acquire excessive inventories and are forced to sell their goods at a loss, then they are more reluctant to order new supplies from abroad. The result is a diminution of the counterpart funds, which makes it extremely difficult for the Vietnamese Government to meet its domestic obligations.

The essential feature of this system is that it provides consumer goods to offset the inflationary pressures of the money going into the hands of the soldiers and refugees--a situation which otherwise would have undoubtedly resulted in runaway inflation. Nevertheless, even with this system, the struggle against inflation was a hard and dangerous one. It was, however, won by 1957.

With this mechanism U.S. aid, in effect, has been financing the foreign trade deficit of the Republic of Vietnam. Amounting to almost 40 percent of the National Budget of the Vietnamese Government, U.S. aid at the same time covers roughly three-fourths of Vietnam's imports. In pre-war times Vietnam's trade deficit had been substantially less because her exports of rice and rubber were greater and her overall imports smaller. Her trade deficit was covered by France, who following Vietnamese independence no longer covered this obligation.

II. The Period of Transition and Debate: From July 1956 until the autumn of 1957, President Ngo pursued a policy of further consolidation, both politically and militarily, completing the elimination of sect and Communist opposition.

A. Debate on Economic Policy: Within the high government circles an internal debate proceeded over the course of Vietnam's development. The main issues included:

1. Should Vietnam's development be based predominantly on the agricultural or industrial sectors? Related to this issue,

2. How much diversification should be permitted? Conversely, should Vietnam continue to specialize in the production of rice and rubber as export crops and continue to remain heavily dependent on imports of other products?

3. To what degree should Vietnam's development rely on public and/or private capitalization?

4. To what degree will private foreign capital be permitted to participate in Vietnam's development?

It has become apparent from the results of this debate that no hard economic ideology underlies the varying points of view within the government. The results themselves reflect a highly pragmatic attitude in choosing among policy and project alternatives. The Vietnamese have refused to set up rigid regulations binding all project decisions in the future.

B. Private Enterprise Bias: The Government, on the other hand, demonstrated a basic predisposition towards private enterprise, except in areas con-

cerning national security--e.g. utilities, transportation, banking, etc. The new Vietnamese Constitution itself protects privately-owned enterprises and no expropriation is permitted without compensation. The first major step to give this concrete form was taken on March 5, 1957, with President Ngo's declaration on the National Policy of Investments. Having the effect of law, the declaration established two principles to govern Vietnam's policy for economic development:

1. Internally "free enterprise in the framework of a plan in which the role of the State will be essentially to orient, coordinate and assist private enterprise."

2. Vietnam "desires to cooperate and increase exchanges with friendly countries" and "appeals to domestic as well as foreign capital."

The declaration outlined incentives for private capital, foreign and domestic, and, although demonstrating a preference for private capital, indicated that mixed public-private ventures were permissible too. The Government reserved the right to claim 51 percent participation in certain industries affecting national security. Special incentives, including protection against expropriation; repatriation of capital, salaries and profits; and exemption from duties and taxes, were specified for approved foreign investments. Most important, the policy established a flexible procedure permitting the Government to provide further incentives in ratio to the importance of the new industry to the nation's economy.

In October 1957 President Ngo issued an implementing note, spelling out in greater detail the incentives available, definitions of terms, procedures, rates of duties and taxes involved, and a priority list of industries encompassed in the new five year plan. Most significant, the rights and incentives for domestic capital were accorded also to foreign capital, as well as added privileges involving transfer of currency for profits, capital and salaries.

These two presidential declarations together provide the framework for private and foreign investment law in Vietnam. They reflect Vietnam's disposition towards private enterprise as well as the zealously-held predilections of high U. S. aid officials.

C. The Five Year Plan and Development Policies: However, while these policy decisions were in the process of formulation over at least an 18-month period, proposals for various projects--private and public, foreign and domestic--accumulated on the desks of the top Vietnamese officials. No major developmental steps in the industrial area could be taken until the first five year plan had been agreed upon. This event took place in the summer of 1957. The plan resolved a number of major issues:

1. the essential base of Vietnam's economic development is agricultural;

2. within this framework, diversification of crops as well as expansion of the traditional rice and rubber cultures would be vigorously pursued. Major efforts would be taken to open new lands (Vietnam is largely underpopulated); to effectuate the land reform program; to expand both fishing and livestock; and to increase per acre yields. New crops comprising major imports, such as coffee, tea, jute, tobacco, sugar, kaolin and cotton, would be strongly encouraged.

3. A major portion of the plan would be devoted to basic development needs, especially highways, railroads, shipping, airlines, communications, electric power, irrigation and social welfare.

4. A lesser, but crucial role, would be accorded to industrial development, hopefully on a private basis, but especially for those industries which comprise major imports and raw materials for which are found in Vietnam. Top priorities, therefore, were accorded to glass, textiles, chemicals, paper, wallboard, pharmaceuticals, cement, coal mining, food processing, handicrafts, and sugar refining. All are in the category of light industries revealing Vietnam's rejection of autarchic policies. All, however, would combine to vastly diminish Vietnam's total imports and her dependence on foreign aid to meet her trade deficits.

It soon became absolutely clear that the Vietnamese Government had no intention of participating in the financing or management of these industries unless it was unable to attract private investment and management, domestic or foreign. The Government, if obliged to participate initially in such enterprises, stands ready to withdraw and to sell its shares to private Vietnamese investors on demand. When more than one proposal is submitted, the Vietnamese Government is generally ready to approve that investment proposal which provides maximum advantage to the Vietnamese economy--whether those proposals be mixed Vietnamese and foreign private capital, mixed Vietnamese public and private capital; mixed private foreign and Vietnamese public funds, or any combinations thereof. The Government will encourage, facilitate, offer incentives to, and, if necessary, help to finance, those industrial projects which help to decrease the trade deficit by reducing imports, which provide employment at all levels for Vietnamese, and which add to the wealth of the Vietnamese economy and people, consistent with the overall development plan.

III. Breaking the Logjam: Once the basic policies had been determined, the logjam was broken in the autumn of 1957. A torrent of pent-up decisions on more specific problems and projects flowed steadily in succeeding months.

A. Vietnam Seeks Foreign Capital: Early in 1957 the Vietnamese Government initiated a campaign to attract private foreign investment. By autumn, with the basic policy decided, this campaign was stepped up forcefully, particularly in seeking investments from priority industries such as textiles, glass, paper, etc. The initial phase involved communicating Vietnam's general attitudes and policies regarding private foreign investment to potential investors, predominantly in the United States. This was followed up by specific approaches to relevant industries. Competing proposals began to flow in from many capital-surplus nations in Europe, as well as Japan, the Republic of China and the United States.

B. Investment Guaranty Pact Signed: After careful negotiation, Vietnam and the United States in November 1957 signed the Investment Guaranty Agreements which enable ICA to insure American private investments approved by the Vietnamese Government against nationalization or expropriation, war risk and currency inconvertibility. The low-cost insurance is backed by the U.S.

Government and is renewable annually.

C. Intensive Trade Promotion Launched: To increase its import revenue and cut its trade deficit, Vietnam endeavored to locate markets for its products, especially handicrafts and artware, in the United States. Except for a few commodities--mainly rubber and cassia--Vietnam has very little else at present which is marketable in the U.S. Unfortunately, these handicrafts, woven rugs, artware and even the cassia (cinnamon) were classified by the U.S. Treasury Department as "China-type" goods. The Congressional legislation setting up restrictions against "China-type" products was originally designed to prevent entry of goods from Communist China. One of its side effects had been to keep out the products of anti-Communist Vietnam, thus lengthening the period Vietnam would require foreign aid from the U.S. The paradox was the result more of rigid interpretations of the law by the Administration and of mechanical difficulties than of negative motives. The Treasury Department maintained that its customs agents could not effectively differentiate between Chinese products and Vietnamese products (although they are capable of distinguishing between Chinese and Japanese products, which are far more similar). Thus, the Treasury Department asked the Vietnamese Government ~~instead to~~ establish a system whereby the origin of manufacture (Vietnam) could be certified from production point to export point by Vietnamese government officials. The Vietnamese were reluctant to establish such a bureaucracy when every agency of the Government was already woefully short of administrative personnel. Vietnam felt that her few administrators could be employed on more urgent jobs. The Treasury Department, nevertheless, found itself unable to make concessions as the "China-Type" law read. Finally, after almost two years of discussions, in December 1957, the Government of Vietnam signed a series of accords with the United States providing for a certification of origins procedure. By then the Vietnamese had already lost hundreds of thousands of dollars worth of potential orders and decided that the new administrative burden was more than compensated for by the expected increased import revenue. This cleared the way for an intensive campaign a few months later to promote the sale of Vietnamese goods, especially handicrafts, furniture, rugs and artware, in the United States.

D. Industrial Development Center Established: Two of the major obstacles to attracting new investments in Vietnam have been the lack of a central authority to consider proposals and expedite decisions and the absence of relevant economic and financial data upon which potential investors could make decisions. After lengthy negotiations, the U.S. Government agreed to finance the establishment of an Industrial Development Center (IDC) in Vietnam to deal with these problems, to facilitate inquiries, to train necessary personnel, to promote industrial investments from among domestic and foreign investors, and to finance approved domestic capital needs. Beginning in the spring of 1958, the IDC has assumed a major role in putting together needs with potential investors and managers, and in providing a central agency for inquiries, proposals, etc. The initial U.S. aid support of \$10 million dollars is unfortunately not large enough to provide significant capital for new projects but in all other aspects it is a major step forward. One of the IDC's major drawbacks--apparently at U.S. insistence--is the strong preference accorded to dollar loans which are repayable in dollars, a serious burden to domestic investors. In any event, Vietnam is well on the way to achieving the necessary modern machinery of administration and information that can run a smooth industrial developmental effort.

E. Initial Private Investment Decisions Taken: On February 28, 1958 a private American citizens group--the American Friends of Vietnam--sponsored a conference on "Investment Conditions in the Republic of Vietnam." The Conference, geared to potential American investors in the priority industries under Vietnam's developmental plan, proved to be a significant stimulus to those Vietnamese concerned with industrial development. For the first time, the Vietnamese presented at this conference well-formulated procedures for investment applications, codifications of existing policies for foreign investment including incentives and guarantees, and four summary proposals for private American investment. On the very eve of the conference, the Vietnamese Government cabled to Leo Cherne, the Conference Chairman, the first Government decisions taken on twelve private investment proposals, mostly foreign. These decisions approved industrial projects in the following industries: glass, sugar refining, pharmaceuticals, textiles, and fishing. Most were private foreign enterprises; some were mixed Vietnamese Government and private foreign. A few included private Vietnamese capital. Sources of foreign capital included the United States, Japan, France, and the Republic of China. This series of decisions constituted the major breakthrough and involved the first such decisions since Vietnam gained its independence. It served to demonstrate Vietnam's desire to attract foreign investments, its ability to make the decisions, its lack of concern with the question of foreign majority control in most industries (only one of the proposals involved majority control by the Vietnamese Government), and its flexible, pragmatic approach.

Announcement of these decisions spurred new proposals from American investors, but more than that it stimulated a greater flurry of proposals from other industrial nations in Europe and Asia. Unlike American capital holders, the latter proved more willing to accept larger risks, fewer guarantees, smaller profits, and did not require dollar convertibility for profits or sizable salaries for foreign technicians. In addition, they were not hesitant to associate with Vietnamese public financing, if necessary. This has served to present the Vietnamese with alternatives from which to choose, although by no means have most of the Vietnamese priority industrial needs been covered as yet.

IV. Vietnam Moves to Pay Its Own Way: Some of the aforementioned industrial projects are expected to begin producing before the end of 1958, thereby reducing imports during 1959. The effect will be cumulative in succeeding months. At the same time, Vietnam's efforts to squeeze the trade gap from the other end--by increasing exports--has picked up substantially since 1957.

A. Agricultural expansion: The major push in the developmental area has been made and will continue to be made in agriculture. Several large-scale refugee resettlement programs involving the clearing and reopening of abandoned lands were inaugurated in 1955 and 1956. The largest and most dramatic is the now-famous Cai San project, about 125 miles southwest of Saigon by road. A huge rectangular slice of territory comprising 270,000 acres along the fertile Mekong Delta, the Cai-San area had fallen fallow and unproductive during the ten-year war. By 1957, more than 100,000 refugees and former inhabitants had been resettled in the region, each family being allotted a 7 $\frac{1}{2}$ -acre plot of rich rice growing land by the Vietnamese Government. The latter, with American aid, provided raw materials for housing, a small boat for

transportation, farm tools, seeds and rice plants, and a daily subsidy of food until the first crop was sold. Tractors and water buffalo were provided for plowing. The Government instituted cooperatives and credit and crop insurance institutions. With Government assistance, the new peasant farmers voluntarily organized to dig a massive community irrigation system. By the end of the first year, and despite unexpected adverse weather conditions, the first harvest produced about 45,000 tons of paddy rice. Similar projects have been completed on the Plaine des Jones, at Ca-Mau, and elsewhere with proportionate results.

During 1957 the Government began a campaign of rubber tree replanting, which had been ignored in the main for ten years because of the war. Toward the end of 1957 President Ngo launched an effort to settle Vietnamese from overcrowded agricultural areas in the fertile Highlands along the Cambodian and Laotian frontier. This land had never been seriously cultivated although it is favorable to a wide variety of crops. A massive campaign was undertaken involving the mechanized clearing of the lands; followed immediately by landing plane loads of families who were given their own land, farm equipment, seeds, livestock, etc. At the same time, the Government sank wells, built roads, town halls, clinics and schools for each community. By the end of the first year more than 40,000 had been resettled there with another 50,000 expected during the following year. Several new crops--the most significant of which is jute--are being grown and their yields will substantially reduce dependence on imports.

B. Increase in Rubber and Rice Production and Export: As a result of these and similar programs including land reform and the purchase and redistribution to the farmers of lands owned by the French, Vietnamese agricultural production has climbed substantially since 1956. These results are reflected in the following table which demonstrates the rise in exports of rice and rubber:

Exports of Rice and Rubber

	<u>1955</u>	<u>1956</u>	<u>1957</u>
Rice (value in million piasters)	314.4 ^a	13.2 ^a	711.2 ^b
(volume)	31,600 tons ^a	4,300 tons ^a	130,099 tons ^b
Rubber (value in million piasters)	1,452.4 ^a	1,284 ^a	1,639 ^b
(volume)	62,400 tons ^a	63,600 tons ^a	75,191 tons ^b

^aUnited Nations ECAFE, Economic Survey of Asia and the Far East, 1957, p. 234.

^bEconomist Intelligence Unit (London) No. 22, July 1958, p. 8

Actual rice production and rice acreage have also increased between 1955 and 1957. According to a study by the First National City Bank in 1958, rice acreage and production figures for fiscal years since before the war are:

Rice Production and Acreage

<u>Crop or fiscal years</u>	<u>unit</u>	<u>35-39 (ave.)</u>	<u>45-49</u>	<u>54-55</u>	<u>55-56</u>	<u>56-57</u>
Rice acreage	thous. acres	5,250	3,040	3,820	4,270	4,400
Rice production (milled)	thous. tons	2,160	1,020	1,400	1,510	1,760

The main effects of the new lands under cultivation are first expected to be felt in 1958, although South Vietnam has already surpassed the acreage and production totals since the end of World War II. With a larger population to feed than in pre-war times, its export total is not expected to climb proportionately as fast. Pre-war exports of rice under the colonial regime averaged 1,250,000 tons. Rubber exports in 1957, however, have already doubled the pre-war average of 32,000 tons.

C. Overall Exports Rise: At the same time that the two main exports--rice and rubber--have increased, overall exports have also increased.

Exports--South Vietnam
(in million piasters)

<u>1955^a</u>	<u>1956^a</u>	<u>1957^b</u>
2,420	1,470	2,784

^aUnited Nations ECAFE, Economic Survey of Asia and the Far East, 1957.

^bEconomist Intelligence Unit (London), No. 22, July 1958

Despite the fact that rubber exports have increased steadily in volume and, over the past two years, in value, Vietnam's foreign trade no longer depends as much on rubber as before. This trend towards diversification and greater self-reliance is demonstrated by the following table:*

	<u>1st 6 Mos. 1956</u>	<u>1st 6 Mos. 1957</u>
Rubber.....	38.26%	57.4%
Rice.....	0%	25.62%
Other products.....	11.74%	16.98%

D. The Import Pattern and the Reduced Trade Deficit: At the same time that production is being increased and diversified, the Republic of Vietnam has taken strong measures to curb imports, especially of non-essentials, by a series of controls over import licenses and currency convertibility. As a result, imports have risen at a lower rate than exports and the coverage of imports by exports has increased significantly, as shown by the following table:

* From "Investment Conditions in the Republic of Vietnam," New York, 1958, p. 88. Other products exported, in order of the value, include animal products, pillow feathers, tobacco, aircraft, esparto and basketry, milled flour and starch, etc., beer, metal constructs, vegetable fats, oils, maritime and river transport,

electrical appliances, tea, ceramics, processed fish, leather and raw hides, wood and woodwork.

Imports and Coverage of Imports by Exports
(in millions of piasters)

	<u>1955^a</u>	<u>1956^a</u>	<u>1957^b</u>
Imports	9,210	7,370	10,104
Coverage (Exports as Pct. of Imports)	26.3%	19.9%	27.5%

^aUnited Nations, ECARE, Economic Survey of Asia and the Far East, 1957

^bEconomist Intelligence Unit (London), No. 22, July 1958

According to the Economist Intelligence Unit, imports in 1957 rose by 32.56 percent over 1956, while exports in the same period rose by 76.14 percent. U.S. aid, primarily through the consumer import and counterpart fund program, continues to cover most of the gap between imports and exports.

E. Vietnam's National Budget: Since 1955, government expenditures for defense have decreased steadily, whereas expenditures for development and administration have progressively risen. Since 1956, government revenue from domestic sources has also increased and reliance on foreign aid has decreased: in fiscal year 1957 foreign aid constituted 40.1% of the national budget as opposed to 44.8% the previous year. The figures, outlined in the following table,* indicate the Government's efforts to economize internally and to step up developmental efforts:

Government Expenditures: (in millions of piasters)

	<u>1955</u>	<u>Pct.</u>	<u>1956</u>	<u>Pct.</u>	<u>1957</u>	<u>Pct.</u>
Defense	7,100	66.3%	6,900	55.62%	6,600	46.5%
Development	1,000	9.3%	1,300	14.4%	2,400	16.9%
Administration	2,600	24.4%	3,800	30.4%	5,200	36.6%
Total	<u>10,700</u>	<u>100.0</u>	<u>12,500</u>	<u>100.0</u>	<u>14,200</u>	<u>100.0</u>

Government Receipts: (in millions of piasters)

Govt. Revenue	7,200	67.3%	7,300	58.4%	8,500	59.9%
Foreign Aid	3,800	35.5%	5,600	44.8%	5,700	40.1%
Changes in cash balance	- 300	-2.8%	- 400	-3.2%	-	-
Total	<u>10,700</u>	<u>100.0</u>	<u>12,500</u>	<u>100.0</u>	<u>14,200</u>	<u>100.0</u>

*United Nations ECARE, Economic Survey of Asia and the Far East, 1957, p. 176

F. Major Export Program Launched: This effort to expand exports and to reduce imports is one of the most dramatic achievements in Vietnam's four years as an independent republic. In the long run, of course, it has direct implications in terms of the amount of U.S. aid Vietnam will require for stability. More immediately, the American economy is involved through Vietnam's decisive efforts to establish a market for its products in the United States. Except for rubber and cassia, the only Vietnamese products with a potential market here are lacquer furniture and accessories, home furnishings, artware, ceramics, basketry and woven rugs. The Republic of Vietnam has already launched an impressive program to promote the sale of these products in the United States.