

# The U.S. Trade Hypocrisy in Vietnam

**America's insistence on an agricultural trade barrier will hobble plans for a pivot to Asia.**

By Jeffrey Fowler

President Obama's pivot toward Asia has largely been framed in terms of deeper security ties between the U.S. and Asian nations. But it's important to remember that strategic relationships are about more than just military bases and exercises. The pivot can't work without a market-access agenda as well.

Trade and maritime security go together, especially in East Asia. More than half the world's commercial shipping navigates the Indo-Pacific region. Nearly a quarter of all traded goods pass through the Strait of Malacca. The United Nations suggests half of the world's merchant fleet tonnage, 8.4 billion tons, transits the South China Sea annually.

Consumer growth in the region makes these markets an important part of a mutually beneficial relationship for the U.S. The Organisation for Economic Cooperation and Development estimates that by 2030, Asia's middle class will account for 59% of world-wide consumption. With Asian GDP growing at around 5.5% annually, it's an economic engine American leaders recognize. U.S. Secretary of Agriculture Tom Vilsack has highlighted the importance of agricultural trade with Vietnam: "In terms of exports, we are experiencing the best years in America's history. Partnerships with growing markets like those in China and Vietnam are integral to the strength of the U.S. economy in the decades ahead."

China is already combining military and economic power to influence the region. It is investing \$50 billion for the Asian Infrastructure Investment Bank, \$41 billion for a new "Brics" development bank, and other projects that the Council on Foreign Relations estimates dwarf the postwar U.S. Marshall Plan.

Granted, strategic investment is unlikely to block shipping. However, China's construction of air bases on the Spratly Islands—600 miles from its Hainan Island, 400 miles from Vietnam and even closer to the Philippines—is universally considered encroachment.

As the U.S. pivot sends the U.S. searching for more friends in the area, Vietnam is a natural partner. The military, political and economic evolution in Vietnam has the potential to redefine the future of that nation and the region.

Having reconciled a painful past, our ties are strengthening based on mounting mutual interests. In Singapore recently, U.S. Secretary of Defense Ash Carter said, "The United States wants a shared regional architecture that is strong enough, capable enough and connected enough to ensure that all Asia-Pacific peoples and nations have the opportunity to rise."

But in the face of this growing rapport it would appear the U.S. has forgotten at least part of the economic lesson that China is implementing. Countries seek a holistic relationship with potential partners, not one based solely on one aspect or one country's desires.

And so we come to the U.S. Department of Agriculture catfish program, a now notorious trade barrier designed to stop exports of Vietnamese catfish to the U.S. Exports of this fish represent about 2% of Vietnam's gross domestic product. The U.S. is the major market for the fish. If the USDA program is implemented, that revenue goes away overnight.

Imagine if a country sought closer ties with the U.S. but then erected a trade barrier that gutted 2% of America's GDP. That would be like killing 3.62 million jobs and zeroing out \$220 billion in wages, the equivalent of the entire auto-parts industry.

In February, Vietnam's chief Trans-Pacific Partnership (TPP) negotiator warned in a letter to his U.S. counterpart, "If the United States does not eliminate the program, I am afraid that, as a result, Vietnam will have no choice but to balance out our agriculture offer to the U.S."

In May 2014, the 10 governments of the Association of Southeast Asian Nations wrote to U.S. Trade Representative Michael Froman, "In recent remarks concerning the U.S. trade agenda, you argued that the United States does not use regulation to discriminate against foreign goods. You stated: 'Whether we pursue trade agreements or not, the U.S. will continue to see foreign imports because our consumers demand them and we have virtually no barriers to imports.' With all due respect, that is not the case when it comes to the USDA program. It does not take diplomatic training to hear those nations calling out America's hypocrisy."

It is self-defeating for Congress to pass and the Obama administration to implement a program that will disrupt an important developing partnership with Vietnam. That partnership is an essential part of a strategy to balance interests in the South China Sea and enhance the free trade with Asia that peacefully benefits us all.

For the pivot to work, the catfish program has to go.

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