



ECONOMY: US Keeps Vietnam Waiting at WTO Door

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HANOI, Oct 25 (IPS) - Vietnam's attempts to enter the World Trade Organization (WTO) have been blocked by what the country's negotiators say are unacceptable new demands by Washington that the socialist country change the way its economy works, more than it already has.

So far, Vietnam has embraced capitalism cautiously to lessen the gap between rich and poor among its 77 million people, 69 percent of whom still subsist on agriculture.

But having formally applied to join WTO in 1995 and begun negotiations in earnest in 2002, the communist country had high expectations of making an entry when the global trade body holds its next ministerial in Hong Kong in December.

Ninh, a 52 year old rice farmer, scoops the fruits of this year's harvest onto two giant baskets which she carries on her shoulders. The work is hard, intense labor. And when the harvest is over, she'll take most of the rice home to feed her family. She sells just enough to pay the government tax.

She wants her children to have a chance to study and not work on the farm. "I want them to have good jobs to make a living," she says. "To work in the factory is better, but we don't have the opportunity to do that right now."

Even though Ninh says she hasn't heard of Vietnam's bid to enter the WTO, she knows the country's economy is changing.

"My neighbors are leaving farming," she says. "They are moving to find factory jobs or work in construction."

For the past fifteen years, Vietnam has been changing the way it does business, though perhaps not to the extent Washington would like to see it.

It has embraced market economy, attracted factory jobs from overseas and towering new buildings have sprung up in the capital and in Ho Chi Minh City. In 2002, foreign investors poured more than 1.2 billion dollars into Vietnam and the country seems all set to enter the world's official club of capitalist nations.

Yet, the administration of U.S. President George W. Bush has been pressuring Vietnam to eliminate subsidies and state owned enterprises while talks with negotiators from Washington have broken down over what Vietnam maintains are "new conditions" introduced in recent rounds of negotiations.

But new conditions are not the only issue. Last month, U.S. ambassador in Vietnam, Michael Marine criticised Vietnam for not full implementing a bilateral trade agreement that was negotiated in 2000 and also for resorting to "half measures".

"The U.S. clearly understands Vietnam's abilities and clearly understands that we cannot meet their new conditions," the country's lead WTO negotiator Ngo Quang Xuan told Vietnam's 'Youth' newspaper over the weekend, accusing the Washington of a "lack of goodwill".

The U.S. has a different spin on the negotiations. "American business wants a viable deal on this accession," says Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi.

"The American business community wants a deal that's good for Vietnam's future, not only for companies like Citibank and AIG but also for Vietnamese business," Sitkoff told IPS. "If you look at what WTO ascension is about, it's about creating a climate that will make people want to invest and feel secure about putting their money here."

But some observers complain that such changes could undercut what's been one of the most successful poverty reduction campaigns in the world. The British voluntary group Oxfam International reports that, in 1993, fully 58 percent of Vietnam's people were impoverished.

By 2002, that number had been cut in half. State-owned companies transport chemicals and fertilizers to rural families, 45 percent of which are still in poverty.

In April, Oxfam released a report entitled "Do as I Say, Not as I Do: The Unfair Terms for Vietnam's entry to the WTO" which noted that Vietnam is being forced to cut tariffs and subsidies twice as much as neighbors like Thailand, the Philippines, and Nepal, which are already members of the world body.

"For any country, joining the WTO is like jumping into a fast moving river in the dark without a paddle," says Steve Price-Thomas, Oxfam's spokesman in Hanoi. "It's hard to know for sure what will happen but the important thing is if you jump into a fast moving river at night you want to make sure you've got a life belt, a flashlight, know which way you're headed, that there's no rocks, etc. So we hope that Vietnam is ready and prepared for life in the club of the WTO."

Oxfam believes that Vietnam should enter the WTO on its own terms. A slow transition to the market economy has helped Vietnam become the world's second largest rice exporter and Oxfam is concerned that if Vietnam can't protect its rice farmers, they'll be hit hard once the country joins the WTO.

Back at the farm in Bac Ninh province, 38 year old Truong carries rice from a diesel-powered thresher into his front yard. He says he makes less than ten cents a day tilling the fields. But he and his wife also work as day laborers -- and after fifteen years of hard work they were able to build a two-storey home in 2002.

Truong sees how more factories are being built out in the country-side and he thinks that if Vietnam joins the WTO, the government will take his farm. He says he has no problem with that--provided he's fairly compensated.

But Truong is concerned that he won't have a job after his farm is taken away. So, he says, if he does not get a fair price, he and his neighbors will protest.

(END/2005)