

United States Senate

WASHINGTON, DC 20510

December 11, 2023

The Honorable Gina Raimondo
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Raimondo,

We write to express our concerns regarding the U.S. Department of Commerce's review of the nonmarket economy (NME) status of the Socialist Republic of Vietnam. The recently announced process defies both normal order and common sense. Vietnam may be an important regional partner, but it does not have a market economy. A hasty decision to graduate Vietnam to market economy status would weaken the enforcement of U.S. trade and national security laws, embolden and advantage the Chinese and Vietnamese communist parties, and hurt American industries and their workers.

First, we are concerned that the review has been rushed and its outcome predetermined. Reviews of market economy status are, by both statute and convention, supposed to be rigorous and deliberative. To be considered a market economy, a nation's economy must satisfy a statutorily prescribed multi-factor test. The process has historically taken months to complete, even for reviews implicating only a handful of domestic industries. The Department has historically granted domestic industry stakeholders adequate time to provide input before making its determination.

Without any stated justification, your department has instead expedited the administrative review process and given domestic industries initially only 30 days to comment, now extended just a few additional weeks, totaling only 51 days. This is a very difficult timespan to compile and analyze data about a foreign country, involving thousands of datasets and countless pages of Vietnamese government records that require translation. In contrast, the Commerce Department gives foreign companies, including Vietnamese and Chinese companies, longer time to submit questionnaire responses in trade remedy cases—at least 90 days and often 180 days—than it has given the domestic industry in this instance. We are concerned that Commerce's 51 day review period is biased against our own domestic industries.

Second, we are concerned that graduating Vietnam to market economy status at this juncture would not serve the interests of the United States. Commerce may believe that granting such a concession could draw Vietnam closer to the United States, but common sense suggests otherwise. Vietnam shares an 806-mile border and a difficult history with China. Trade concessions are unlikely to substantively change Vietnam's strategic calculus in the region. Indeed, Vietnam already enjoys a \$114 billion annual trade surplus—the third largest surplus of any nation with the United States—yet, Vietnam still actively collaborates with China and is one of the largest sources of transshipped Chinese goods.

On the merits, Vietnam is also far from a market economy. The Hanoi government owns all the land in Vietnam, controls vast portions of the banking system, and its state-owned enterprises account for a third of the country's GDP. Furthermore, nearly two million children are estimated to be engaged in child labor, 30,000 Vietnamese are being forced to work against their will, and the economy is rife with corruption and graft.

Our industries—from steel to catfish—compete with Vietnamese exporters and rely on Commerce to enforce and uphold U.S. trade laws. In just the last twenty years, over 30 different American industries across at least 35 states have filed petitions against imported goods from Vietnam alleging dumping or circumvention. Anti-dumping and countervailing duty concerns have only gotten worse, with more than half of these lawsuits being filed within the past five years. Granting Vietnam market economy status would allow Vietnamese producers to mask price discrimination in the American market and further tip the scales in their favor.

We urge you to suspend your department's NME review and maintain Vietnam's status as a non-market economy. Should you move forward with the review, we insist that you grant domestic industry adequate time for comment. Your review and ultimate decision will have enormous impact on American competitiveness and supply chain security, and we hope a final departmental decision does not sacrifice the domestic industry and American workers for unrealistic gains overseas.

Decades ago, our leaders believed that they could draw a communist-led nation into the American order through economic integration. They were convinced that economic policy was the handmaiden of foreign policy and that trade concessions would induce market reforms and then political reforms. That strategy failed. It never delivered its promised liberalization—instead, it impoverished hundreds of thousands of Americans and enriched the government of the People's Republic of China. We would be foolish to repeat the same mistake.

Thank you for your attention to this important matter.

Sincerely,



JD VANCE
United States Senator



JOSH HAWLEY
United States Senator



TOM COTTON
United States Senator