

United States Senate

WASHINGTON, DC 20510

July 24, 2024

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

Dear Secretary Raimondo,

We write to express our ongoing concerns regarding the U.S. Department of Commerce's review of the Socialist Republic of Vietnam's non-market economy (NME) status. With your department's determination deadline fast approaching, we must reiterate why a decision to graduate Vietnam to market economy status would undermine our national interest.

Your department is required by statute to conduct a rigorous inspection of Vietnam and its economy to determine whether Vietnam can graduate to market economy status. In this case, it is obvious that Vietnam does not have a market economy. Vietnam's currency is not freely convertible. It does not protect free bargaining between labor and management. Its government retains substantial control over prices and production through state-owned or heavily subsidized enterprises—so much so that even in the course of this review, your own department has initiated numerous antidumping and countervailing duty investigations against Vietnam in recognition of these distortions. There is no doubt that the country's nonmarket economic practices already violate fair competition and lawful trade.

As your department has been made amply aware by numerous domestic industry submissions, graduating Vietnam to market economy status would deprive American industries and workers across the country of the necessary tools to defend themselves against such unfair trade. For the past two decades, Vietnam's aggressive pricing practices have injured domestic producers. A premature decision to graduate Vietnam could cripple these producers, damage secure and critical supply chains, and eliminate good jobs in our country's most vulnerable regions.

Vietnam has been a communist country since 1975 and the Department of Commerce officially designated Vietnam as a non-market economy in 2002. In the years that have followed, the Vietnamese government has had every opportunity to pursue real internal reforms to earn a market economy designation. Instead, the Communist Party of Vietnam (CPV) is tightening its control over the country. For example, the CPV's Politburo issued a government-wide order last year, Directive 24, to target and eliminate "hostile" foreign forces and influence within the country that threaten to undermine the CPV's rule. According to reports, Directive 24 "frames all forms of international cooperation and commerce as threats to national security and articulates a disturbing

plan to deal with these perceived threats.”¹ In order to eliminate “hostile” forces, Directive 24 increases the CPV’s authority over every level of the government, the broader economy, and the country’s population. The Directive further augments the CPV’s authority to restrict and punish civil society groups and trade unions, control foreign organizations, censor and eliminate dissent, and control Vietnamese nationals traveling abroad.¹¹ These are not the actions of a nation that is opening up its economic or political system.

This administration may nevertheless believe that granting market economy status, despite the overwhelming evidence, would advance American interests by drawing Vietnam out of China’s sphere of influence and into ours. However, there is no evidence that Vietnam will change its diplomatic or military policies regarding China in exchange for greater market access. Vietnam already enjoys a goods trade surplus of over \$100 billion a year with the United States, yet continues to forge closer relations with the People’s Republic of China.

In fact, granting Vietnam market economy status may only incentivize greater China-Vietnam cooperation, as Beijing could seek to increase transshipment through Vietnam and relocate its companies to Vietnam in order to exploit such preferential status. There is no diplomatic or military justification for undermining the American economy in this way.

The U.S. Department of Commerce has a mandate to advance and promote America’s interests, not to undermine our industries in pursuit of a misguided geopolitical strategy. We urge you to honor this mandate and continue to treat Vietnam as a non-market economy.

Thank you for your attention to this important matter.

Sincerely,



Tom Cotton
United States Senator



Roger F. Wicker
United States Senator



Bill Cassidy, M.D.
United States Senator



Cindy Hyde-Smith
United States Senator



Josh Hawley
United States Senator



Katie Boyd Britt
United States Senator



John Boozman
United States Senator

¹ Sebastian Strangio, “Communist Party Directive Takes Aim At ‘Hostile Forces’ in Vietnam,” *The Diplomat* (March 4, 2024).

² Ben Swanton and Michael Altman-Lupu, “Vietnam’s Leaders Declare War on Human Rights as a Matter of Official Policy: An Analysis of Secret Directive 24,” [Project88](#) (March 1, 2024).