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A3-0110/94

REPORT

of the Committee on Foreign Affairs and Security

on the development of relations between the European Union
and Vietnam

Rapporteur: Mr Guy GUERMEUR

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PE 206.913/fin.
fr - Or. fr

- * Consultation procedure
simple majority
- **I Cooperation procedure (first reading)
simple majority
- **II Cooperation procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members to reject or amend the common position
- *** Assent procedure
absolute majority of Parliament's component Members to give assent
except for simple majority under Articles 8a, 105, 106, 130d and 228 EC

- ***I Codecision procedure (first reading)
simple majority
- ***II Codecision procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members either to adopt a declaration of intent
to reject the common position, or to amend or confirm the rejection of the common position
- ***III Codecision procedure (third reading)
simple majority to approve the joint text
absolute majority of Parliament's component Members to reject the Council text

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At the sitting of 2 April 1990 the President of the European Parliament announced that he had forwarded the motion for a resolution by Mr Tsimas on relations between the European Community and Vietnam, pursuant to former Rule 63/new Rule 45 of the Rules of Procedure, to the Committee on Foreign Affairs and Security as the committee responsible and to the Committee on Development and Cooperation for its opinion.

At its meeting of 21 May 1990 the committee decided to draw up a report and, on 29 June 1990, appointed Mrs Alliot-Marie rapporteur. Following the latter's resignation, Mr Guermeur was appointed rapporteur at the meeting of 20 July 1993.

At its meetings of 26 January 1994 and 22 February 1994 the committee considered the draft report.

At the last meeting it adopted the resolution by 21 votes to 2, with 1 abstention.

The following took part in the vote: Baron Crespo, chairman; Catherwood, 2nd vice-chairman; Crampton, 3rd vice-chairman; Guermeur, rapporteur; Avgerinos, Bertens, Cheysson, Delorozoy, Fernandez Albor, Ford (for Balfe), Günther, Habsburg, Lagakos (for Bonetti), Langer, Lenz, Llorca Vilaplana, Lomas (for Dury), Newens, Onesta, Penders, Pasmazoglou, Poettering, Puerta and Sakellariou.

The Committee on Development and Cooperation decided on 8 January 1993 not to deliver an opinion.

The report was tabled on 23 February 1994.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A
MOTION FOR A RESOLUTION
Resolution on the development of relations between
the European Union and Vietnam

The European Parliament,

- having regard to the motion for a resolution tabled by Mr TSIMAS on relations between the European Community and Vietnam (B3-0265/90),
 - having regard to its resolution of 12 September 1991 on the situation in South-East Asia¹,
 - having regard to its resolution of 12 June 1992 on economic and trade relations between the European Community and Indo-China²,
 - having regard to its resolution of 29 October 1993 on the European Community's economic and trade relations with Vietnam³,
 - having regard to its resolution of 19 November 1993 on the participation of the European Community in the international programme for the reintegration of Vietnamese returnees⁴,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs and Security (A3-0110/94),
- A. whereas Vietnam plays an essential role in the Indo-China peninsula and South-East Asia in general as a result of its history and the size and economic dynamism of its population,
- B. having regard to the role of history in shaping the present situation of Vietnam and, in particular, to the influence which the Chinese threat has had for centuries on the political life of the nation,
- C. whereas this threat is still very much alive in the minds of the Vietnamese people and continues to have a certain influence on Vietnam's diplomatic policies,
- D. acknowledging also that the industrialized countries of Asia, America and Europe in various ways bear a share of the responsibility for the sufferings of the Vietnamese people,

¹ OJ No. C 267, 14.10.1991, p. 9

² OJ No. C 176, 13.7.1992, p. 228

³ See minutes of the sitting on that date

⁴ See minutes of the sitting on that date

- E. having particular regard to the strong legacy of feeling about the United States left in the collective consciousness of the Vietnamese people by the war,
- F. whereas Vietnam has fought hard for its independence since 1945; whereas, however, there has been no substantial progress towards democracy during this period,
- G. whereas, following the Paris agreements on Cambodia, Vietnam has turned its attention back to itself and its main concern now appears to be to modernize its economic system by introducing market economy mechanisms and integrating into the global economy,
- H. whereas the European Union, to which Vietnam and other countries in that region are linked through cultural and historic ties, can help Vietnam to attain these two objectives; whereas the cooperation agreement which is due to be negotiated between the two parties shortly is specifically geared to this purpose,
- I. welcoming the positive developments throughout the region since the restoration of peace in Cambodia; having regard in particular to the increased trade between the countries of South-East Asia and the economic liberalization measures in southern China,
- J. welcoming the fact that the total embargo on economic relations with Vietnam, initiated by the United States, has now been largely lifted,
- K. welcoming the agreement in principle that has now been reached between Vietnam and the International Monetary Fund and the process of resuming economic contacts with European Union Member States and undertakings,
- L. whereas Vietnam is in a period of transition towards a market economy and is still far from undertaking the political reforms needed to create a climate for democracy, even if some - as yet only hesitant - progress can be discerned in this area,
- M. aware at the same time that the transition towards a market economy inevitably brings with it social tensions which Vietnam must bring under control in order to avoid any nostalgic tendency which might pose a threat to what has been achieved so far, including the hesitant steps made towards democracy and religious toleration,
- N. whereas all of this must be taken into account in the development of relations between the European Union and Vietnam,
- O. whereas one of the main objectives of the common foreign and security policy (CFSP) enshrined in the Treaty on European Union is 'to develop and consolidate democracy and the rule of law and respect for human rights and fundamental freedoms'; whereas any significant progress in this sphere by Vietnam would help to foster the development of relations with the European Union,
- P. whereas, in this connection, certain administrative acts by the Vietnamese authorities constitute a threat to fundamental freedoms, run counter to the principles enshrined in the cooperation agreements with the European Union and weaken Vietnam's international position as a consequence,

- Q. whereas the Asian seaboard of the Pacific is in danger of being dominated by one or more large countries; whereas it is in Vietnam's interests to open up to other partners which may act as a counterweight to such power,
- R. having regard to Vietnam's geostrategic importance in that it is a country situated near one of the busiest shipping routes in the world,
- S. whereas, given the large regional economic groupings (NAFTA and APEC) which are emerging, it is clearly in the European Union's interests to have some influence in this region,
- T. whereas Vietnam could provide precisely such a foothold; whereas its strategic position in South-East Asia would add a new dimension to the CFSP if the European Union managed to forge close links with this country and with other countries in the region,
1. Urges the European Union, in the context of both the CFSP and its policy of economic cooperation with the Asian countries, to develop relations with Vietnam and rapidly conclude with it the current negotiations for a cooperation agreement as an initial stage in relations between the two parties;
 2. Calls on the Commission to conclude the above-mentioned agreement as a matter of urgency, in view of the lifting of the US embargo against Vietnam and the new competition situation which will result therefrom;
 3. Calls for the cooperation agreement currently in the process of negotiation with Vietnam to make explicit reference to the principles of the United Nations Charter and respect for human rights and democratic values; calls, therefore, for the European Union to be given real monitoring powers to ensure that Vietnam's commitment to such democratic principles is not merely an empty gesture;
 4. Calls, as it has recommended on two occasions without any action being taken by the Commission, for a delegation to be opened immediately in Vietnam and for interparliamentary relations to be established between the European Parliament and the Vietnamese National Assembly;
 5. Hopes that Vietnam will back up its programme of economic reform aimed at paving the way for a market economy with the necessary political reforms which will enable it to join the group of 'market democracies'; calls on the European Union and its Member States to support the Vietnamese Government's reform programme, laying particular emphasis on the need to make changes in the sphere of human rights and civil liberties;
 6. Points out that, in accordance with the guiding principles of the European Union, any economic development must be achieved within the framework of sustainable development, involving the health protection and social welfare of populations, respect for the environment, support for local markets and attempts to achieve self-sufficiency in food and energy;
 7. Believes that economic development in Vietnam may have a knock-on effect on the economies of its neighbouring countries and that this would make it possible to set up a regional sub-grouping (Vietnam, Cambodia, Laos, Thailand, Malaysia, Singapore, Indonesia and the Philippines) which could conceivably act as a counterweight to other dominant powers;

8. Calls, therefore, for Vietnam to become a member of ASEAN as soon as possible, which would help to create a climate of mutual trust and hence strengthen stability in the region;
9. Expresses its concern at the problems posed by the disputed waters around the Paracels and Spratly islands and the Gulf of Siam and calls on the parties concerned to make use of negotiation or arbitration rather than force as a means of settling these disputes;
10. Calls on the Council and the Commission to study the various aspects of the development of international relations in the Asian region and to report back to the European Parliament on ways of developing relations between the European Union and South-East Asia;
11. Calls for the fulfilment of all conditions which would enable the European Union to develop relations with all countries in the region without exception, including Indonesia;
12. Calls for particular attention to be focused on the development of exchange schemes with Vietnam including cultural exchanges, student exchanges, the training of managers in market economy techniques, cooperation in scientific and technical spheres and the study of the languages of the European Union Member States;
13. Welcomes the initial measures agreed on with European NGOs and urges the Vietnamese authorities to promote a climate in which there can be free dialogue in order to step up exchanges with a view to long-term cooperation beneficial to both sides;
14. Believes that the European Union, in conjunction with the Vietnamese authorities, which should draw up suitable legal arrangements to encourage foreign investment, must encourage undertakings to develop joint ventures in Vietnam in view of the importance of this market of nearly 70 million consumers which could then serve as a bridgehead for supplying other markets in South-East Asia, the Indian subcontinent and even China; confirms in this context its resolution of 29 October 1993 on the European Community's economic relations with Vietnam;
15. Welcomes in this connection steps taken by Member States of the European Union to strengthen their relations with Vietnam; notes with interest the particular efforts being made by France to encourage a normalization of Vietnam's position vis-à-vis the IMF;
16. Instructs its President to forward this resolution to the Council of the European Union, the European Commission and the Vietnamese Government.

B
EXPLANATORY STATEMENT

I. VIETNAM: A COUNTRY WITH A LONG HISTORY

1. Vietnam, which covers an area of 331 653 km² and has a population of approximately 70 million, is the most heavily populated country in the Indo-China peninsula.
2. The country has a long history: a Vietnamese ethno-linguistic group appeared for the first time in 200 B.C. in the kingdom of Nam Viet, later to be absorbed by China.

In 939 the country freed itself from Chinese domination. In the thirteenth century Vietnam repelled three Mongol invasions, but was reconquered in 1407 by China, as a result of which a national resistance movement was born, which would expel the Chinese in 1428. Under the Le dynasty a Chinese-style bureaucratic government was established and Vietnam extended its territory southward. In 1757 the country was divided into North and South, only to be reunified in 1802 by General Nguyen Anh, who later became Emperor Gia Long.

3. In the second half of the nineteenth century Vietnam was conquered by France: from 1883 to 1939 it had colony status, from 1939 to 1945, that of a French-administered possession.

In 1945 the Communists and the Nationalists under the leadership of Ho Chi Minh declared the country's independence. The ensuing war was to continue for seven years, ending on 7 May 1954 with the defeat of the French forces at Dien Bien Phu. The agreements signed in Geneva on 21 July 1954 put an end to the first Indochina War and led to the division of the country along the 17th parallel.

The guerrilla activities of the North Vietnamese in the South and those of the pro-Communist rebels led to the second Indochina War (the Vietnam War), in which the United States joined to fight alongside the successive South Vietnamese governments. The war lasted from 1955 to 1975; the United States withdrew most of its troops from Vietnam after the Paris agreements of 27 January 1973. In 1975 North Vietnam launched a large-scale offensive against the South which led to the unification, on 2 July 1976, of the two parts of Vietnam under the name of the Socialist Republic of Vietnam.

The Vietnam War claimed 1 150 000 dead and 2 600 000 injured on the Vietnamese side (North and South together) and 47 000 dead and 305 000 injured on the American side. The Vietnam War had strategic consequences which still cannot be fully measured: the United States, after its defeat, became wary of becoming involved in any foreign conflict which might turn into a guerrilla war. American foreign policy has been influenced by the 'Vietnam syndrome' ever since.

4. In 1978 relations with Cambodia and China deteriorated following border clashes; thousands of Chinese left the country as a result of the Vietnamese Government's policies against them. In 1979 Vietnam invaded Cambodia, overthrowing Pol Pot's Khmer Rouge regime and installing a new government in its place. China, which supported Pol Pot, responded by invading

northern Vietnam. After a nine-day war, Vietnam halted the Chinese invasion. In the 1980s Vietnam controlled Laos and Cambodia by a military presence. In 1989 the troops withdrew from Cambodia, paving the way for the Paris agreements.

II. VIETNAM'S DOMESTIC POLICY

5. At the fourth congress of the Vietnamese Communist Party, in December 1976, after the return of peace, a struggle took place between the ideologists and the military, on the one hand, and the reformers on the other. Although the conservatives (Le Duan, Truong Chinh) triumphed initially, the victory of the reformers was confirmed at the sixth party congress in December 1986 with the election of Nguyen Van Linh to the post of Secretary General and the adoption of a programme of economic reform known as 'Doi moi'.

The 1986-1990 five-year plan, which received aid of 8 to 9 billion roubles (relations with the USSR of perestroika were still friendly) aimed to meet the needs of the population, priority being given to agricultural production, consumer goods and exports.

In May 1987 Nguyen Van Linh, denouncing the corruption of party members and the inefficiency of the bureaucracy, met with resistance from the party. After the election on 17 June of Pham Hung as Prime Minister of the Republic (replacing Pham Van Dong) and Vo Chi Long as President of the Republic (in place of Truong Chinh), open conflict broke out between the Secretary General of the party and the conservatives, represented by Le Duc Tho and General Mai Chi Tho, Minister of the Interior. The conflict revolved around the release of political prisoners and a rapid solution to the Cambodian problem. The Secretary General's liberal line won the day and on 2 September 1987, the country's national day, 2 474 political prisoners and 4 211 common law criminals were released.

This policy met with resistance from many quarters, however, notably that of the military. On 31 December 1987 the National Assembly adopted a law on foreign investment, allowing 100% ownership of companies, repatriation of profits and tax concessions. On 17 February 1988, on the festival of Têt, 3 280 political prisoners and 2 586 common law prisoners were released.

6. In February 1988 Nguyen Van Linh developed the theory of 'economic capitalism in the context of political socialism' and the 'socialist consumer society'.

The economic situation nevertheless deteriorated: galloping inflation and a drop in cereal production brought famine in their wake. In October 1988 the government took steps to counteract rising population figures: vasectomy and sterilization were encouraged, families with more than two children were penalised. At the end of 1988 the economic situation was disastrous: 700% inflation; 6 million unemployed out of a working population of 32 million; 600 000 civil servants had not been paid for several months. Annual per capita income stood at \$140. The freedom of the press, which was accused of being a threat to 'historical nationalism', was curtailed.

At the congress of the Communist Party Central Committee (20-26 March 1989) a compromise was reached between the conservatives and the reformers. The former agreed to the continuation of economic reforms, the latter toned down their political demands. The Secretary General of the Party stated that

reform consisted in strengthening the Party with a view to establishing a 'socialist democracy' and not a 'multi-party bourgeois democracy'. It was emphasized that only a strong power was capable of leading the country out of its state of underdevelopment and avoiding the dangerous course taken by the Eastern European countries.

The Central Committee emphasized the need to check inflation and fight famine in the North, to put a stop to subsidies for State enterprises, to put high taxes on luxury goods and to reduce tax on industrial equipment.

7. In late December 1989 the National Assembly, at its second annual session, was invited to take on a more important political role. This did not, however, entail any relinquishment by the Communist Party of its monopoly of power.

In June 1991 the Party Congress replaced a large number of its leaders (half of the Central Committee, plus half the Politburo and almost the whole of the secretariat).

The policy of openness is personified by Vo Van Kiet, whose aim is to stabilize Vietnam's economy in order to bring the country out of its present crisis. Reintegration of Vietnam into the world economy is essential if this is to be achieved. To this end, the Party Congress, held in June 1992, adopted a programme of wide-ranging economic reform designed to encourage the private sector and foreign investment. However, political reform is not on the agenda.

8. The National Assembly elections held on 19 July 1992 produced a slight shift towards greater democracy: there were 395 seats and 601 candidates, 63 of whom were non-Communists, 7 members of the clergy and 18% women. Only 100 members of the previous Assembly stood for re-election.

Despite this small stirring of 'democracy', very few things actually changed on the political scene. Most of the successful candidates were members of the Communist Party. However, the higher intellectual level of members was one encouraging sign: 50% of Assembly members now have a university degree.

In September the Assembly elected Le Duc Anh as President and Vo Van Kiet as Prime Minister. Both of their mandates were in fact renewed.

9. These small steps towards democracy cannot yet be considered enough. The limits of the democratization of the regime were apparent in a recent event which the rapporteur made known to the diplomatic representation of Vietnam in Brussels. In November 1993 the Vietnamese Government opposed the holding of a meeting, which had already been organized in detail, of the Vietnamese NGOs (including the Movement for Union of the People and the Construction of Democracy, which is tolerated by the Vietnamese authorities) and representatives of the International Committee for a Free Vietnam, although the whole point of the meeting was to promote the development of Vietnam. The organizers of the movement have since been put in prison.

If trade is to develop between the European Union and Vietnam, as the Vietnamese Government so ardently wishes, the Vietnamese authorities must obviously not just allow, but encourage, human contacts and accept that ideas must be freely exchanged.

10. Finally, to complete this overview of political life in Vietnam, we must mention the First National Conference of the Vietnamese Communist Party, which has just been held (20-25 January 1994). It confirmed its intention of pursuing the policy of 'Doi moi' and affirmed that Marxism-Leninism and the thinking of President Ho Chi Minh needed to be reviewed in order to be applied to the new situation in an appropriate way. This reflects the ideological disarray which reigns in Vietnamese government circles, with economic reforms running counter to Party dogma and threatening the legitimacy of the Communist Party.

III. THE ECONOMIC SITUATION IN VIETNAM

11. The reforms introduced since 1987 have brought about impressive economic progress in Vietnam. In 1992 the growth rate reached 8.3% and the level of foreign investment topped 6 billion dollars. In 1993 growth should be in the region of 7%, or even 7.5%. The Asian Development Bank has in fact predicted a growth rate of 8.2% for 1994.

Since 1991 exports have risen by an average of 20% each year. These economic successes have been achieved despite the fact that aid from the former Soviet bloc, starting with Russia, has been suspended. It should also be noted that Vietnam has become the world's third largest rice exporter. The reforms carried out since 14 July 1993 in the area of agriculture (renewable 20-year leases for annual crops and 50-year leases for long-term crops), together with tax reductions, the right to transfer, buy and sell, lease and inherit land for farms of less than 3 ha, should benefit Vietnam's 57 million peasants and help to increase agricultural production.

12. It is worth emphasizing that these successes were achieved while the country's infrastructures were still in ruins or non-existent. The Vietnamese estimate their needs in this respect at \$40 billion by the year 2000, of which at least \$20 billion must be in foreign capital. Once the United States had withdrawn its opposition to intervention by the large international credit organizations, Vietnam, having repaid its debt of \$13.5 million to the Asian Development Bank, received \$76.5 million from the latter to protect Hanoi from floods and develop irrigation of the rice fields in the North. In addition, on the basis of a plan supported by France, Germany and Japan, Vietnam repaid its arrears of \$140 million to the IMF, which undertook to provide an initial credit line of 223 million dollars. Vietnam also received two loans from the World Bank on 26 October 1993. The problem now is whether or not the country can absorb these large foreign loans, despite its obvious needs. Of the \$6.3 billion in foreign investment pledged between 1988 and August 1993, only about 25% have been spent, essentially on exploring for oil.

The standard of living in Vietnam remains very low. Per capita income is estimated at between \$220 and \$350. Vietnam must therefore devise an economic strategy which will enable it to remedy the environmental damage from which several areas of the country are suffering, essentially as a result of the two wars which have taken place since 1945, and to deal with the population explosion, which is particularly acute in the South. In order to develop its infrastructure, Vietnam will need foreign capital, but it must be careful not to allow its foreign debt, currently estimated at \$4 billion, to become excessively large if it wishes to receive loans from the international credit organizations such as the World Bank and the IMF. In

parallel it must pursue its political reforms and overcome the resistance which will certainly arise within the machinery of the State to the internationalization of the economy and the demands for liberalization by the people which will inevitably follow.

IV. VIETNAM'S FOREIGN RELATIONS

13. Vietnam became a member of COMECON during the Cold War, in 1978. In the same year a treaty of friendship and cooperation was signed with the USSR, which provided most of the funding for Vietnam's five-year plan for 1986-1990. With the collapse of Communism in Europe, the Vietnamese Government had to repatriate the dozens of Vietnamese students and workers who were in the Soviet Union and the Central and Eastern European countries. The military aid, and then the economic aid, provided by the Soviet Union were reduced and this desertion by 'Big Brother' meant that Vietnam had to seek and create links with countries in its own part of the world.
14. The reorientation of Vietnam's foreign policy centred mainly around the countries of ASEAN, an organization set up in 1967 to counter the spread of Communism in South-East Asia. As soon as he took up office, the Prime Minister, Vo Van Kiet, visited Indonesia, Thailand and Singapore, where he paved the way for a series of political and economic agreements with each of these countries.

Thailand, for example, lifted its embargo on exports of so-called 'strategic products' to Vietnam and in 1992 granted it technical assistance to the tune of \$8.6 million.

On the political front, all the members of ASEAN - except Brunei - said that they would accept Vietnam's application for membership of the 1976 treaty of friendship and cooperation, which would give it observer status in the organization. In this way Vietnam will be able to take part in the political dialogue between the countries of South-East Asia.

15. Relations with China were normalized in November 1992 with the signing by Vietnam of the Paris agreements on Cambodia (October 1991) and the disappearance of the strategic alliance between Vietnam and the USSR.

In 1992 agreements were signed between the two countries in the areas of shipping, transport and telecommunications.

Some problems do, however, remain: the exact definition of the border between the two countries, the dispute over the Spratly islands, over which both countries claim territorial sovereignty, and relations with Taiwan, where Vietnam is under pressure from China and has to exercise caution.

The desire for rapprochement between Vietnam and the ASEAN countries must be placed in the context of Sino-Vietnamese relations. Following the collapse of the USSR, the threat to security in the region comes from Beijing and not Hanoi, and Vietnamese integration represents an improvement in the balance of power in the area vis-à-vis China. For Vietnam, integration with ASEAN is a means of sustaining its economic development and providing reinforcement in its dialogue with China.

16. Relations with South Korea and Japan are progressing very rapidly. South Korea has granted Vietnam 50 million dollars' worth of aid and loans of \$120

million with preferential interest rates for the purpose of importing industrial equipment. An economic cooperation agreement has been signed between the two countries.

After the lifting of the embargo by Japan in November 1992, investment by Japanese firms has risen considerably. Japan also gives Vietnam development aid.

17. Until 3 February 1994, relations with the United States were dominated by the country's continuing embargo against Vietnam as a result of uncertainty over the fate of American soldiers missing in action in Vietnam during the war. After signs of willingness on the part of the Vietnamese authorities to cooperate with the United States in looking for missing US soldiers, President Clinton took the bull by the horns and decided - despite the opposition of Vietnam veterans - to lift the embargo imposed against Vietnam 19 years ago. This will open the way for the normalization of relations between the two countries and enable the United States to develop investments in Vietnam, a country undergoing rapid economic expansion.
18. In November 1990 the European Community and Vietnam established relations. In 1992 the Community's financial commitment to Vietnam amounted to ECU 27.7 m. In December 1992 the two parties signed an agreement in the textile sector.

Pending the signing of a cooperation agreement, the essential ingredient in the European Community's activities vis-à-vis Vietnam is the international programme to reintegrate the boat people.

This programme has a twofold objective: it has a humanitarian aspect, being a programme to achieve economic reintegration of people who had fled their country, but it is also a development programme, since one of its objectives is the economic development of small local communities.

At the end of October 1992, the number of those voluntarily repatriated exceeded 30 000 (see the SANDBAEK report (A3-0265/93) on the participation of the European Community in the international programme for the reintegration of Vietnamese returnees).

19. Finally, specific mention should be made of France, the former colonial power, which played a decisive role in negotiating the peace agreements and which is endeavouring to develop a cooperation policy with Vietnam centred upon:
 - reconstruction of the country and the restructuring of its economy,
 - cultural, scientific and technical cooperation, governed by a framework agreement signed in 1977,
 - linguistic and educational cooperation.

The very recent visit by the Mayor of Paris, who was warmly welcomed in Hanoi, and that of the French Minister for Industry and Foreign Trade are confirmation of the excellent partnership which has begun.

Of course, this bilateral cooperation is not incompatible with the relations between the European Community - now the European Union - and Vietnam. One could even say that the historic links between that country and a Member State of the European Union have facilitated the establishment of such

relations. The relationship with France is a valuable element in the European policy of forging closer economic and cultural links between Vietnam and the European Union.

V. GEO-POLITICAL APPROACH TO RELATIONS BETWEEN THE EUROPEAN UNION AND VIETNAM

20. Our contemporary world is characterized by the formation of large economic (and political) blocs.

During the Cold War the world had an essentially bi-polar structure, with one camp centred around the United States, the other around the USSR. It was in this context that the first of the European Communities developed: the European Coal and Steel Community, which was to give birth 42 years later to the European Union. Its counterpart in the Communist bloc was COMECON, which was dissolved after the collapse of the Berlin Wall. At the military level NATO was created to meet the Soviet threat and that of Russia's allies in the Warsaw Pact, which has also disappeared. NATO is now left seeking a *raison d'être*.

21. In the context of the Cold War Vietnam was at the centre of two wars: one against France, the colonial power, and the other against the United States, which supported South Vietnam in the name of the doctrine of 'containment' and the 'domino theory'.

Vietnam was a kingpin in the Soviet strategy against the United States (and later, China). The fall of South Vietnam in 1975 brought in its wake the domination of Cambodia and Laos by the Vietnam which was the ally of the USSR. However, the collapse of the Soviet Union has left Vietnam isolated in the region and one may safely assume that China is not prepared to support it in the immediate future.

The formation of large regional economic blocs is now an inevitable feature of international relations; one need only think of NAFTA, APEC, the EEA, the Lomé Convention, etc.

It is clear, therefore, that the European Union, if it is not careful, is liable to find itself restricted to an area including the Scandinavian countries, Central and Eastern Europe - perhaps Russia -, the Mediterranean and the African countries. However, all the future projections show that the great zone of economic development in the twenty-first century will be the Pacific rim, from which Europe is at present largely excluded. Already this region has the world's highest economic growth rate (6% per annum) and trade within the area is growing much faster than trade in the rest of the world, enabling it to provide the impetus for its own growth. The attempt by the United States on the eve of the signing of the GATT agreements to use the Asian countries to exert pressure on Europe is a measure of their importance.

Europe, starting with the European Union, must find the partners it needs to enable it to benefit from the potential of this area, the population of which is almost 2.5 billion. If one includes China, South-East Asia, India and Siberia, it is clear that there are enormous needs in the area of infrastructure, consumer goods and equipment of all kinds, providing an enormous market for Europeans businesses. In addition, an intensification of relations between the European Union and Asia would allow the latter to free itself, at least partially, from the influence of the United States.

22. Vietnam could become one such foothold for the European Union; there would be advantages in such an arrangement for both parties. In this context we must welcome the forthcoming signing of a cooperation agreement between the European Union and Vietnam as a first stage in their relations. The conclusion of such an agreement is all the more urgent in that the United States has recently lifted its economic embargo against Vietnam and, in this new context, it is important that European firms should not lose out to US or other companies in such a rapidly developing country. Later, if the experience should prove to be rewarding, a partnership agreement should be concluded without too much delay.

VI. THE COOPERATION AGREEMENT WITH VIETNAM

23. The European Union and Vietnam are negotiating a framework cooperation agreement which will regulate their trade relations, *inter alia*. It will be a non-preferential agreement concluded for a period of five years, which will be tacitly renewable each year. The agreement will not include a financial protocol. Respect for human rights and democratic principles should form the basis of cooperation and be an essential part of the agreement. The European Parliament takes the view that a firm line should be taken on this point during negotiations.

The agreement should place emphasis on:

- the growth and development of trade and bilateral investment for the mutual benefit of the parties;
 - support for Vietnam's sustainable development, with a view *inter alia* to improving the living conditions of the poorest sections of the population;
 - a dialogue on economic cooperation for the mutual benefit of both parties and, in particular, support for Vietnam's efforts to restructure its society and economy and move from a State-trading to a market-economy system which would be open to the world;
 - support for environmental protection and sustainable management of natural resources;
 - stepping up technological exchanges.
24. It is important that the agreement should mention the right of return for Vietnamese citizens who have fled the country since the end of the war (the boat people) without them being penalised in any way. The agreement should also mention the importance of cultural relations and exchanges which would lay the foundations for a future partnership between the European Union and Vietnam. This is particularly important because European language and culture are making very rapid progress in Vietnam, despite the reserved attitude of the Americans.

VII. CONCLUSIONS

25. The aim of this report is to bring out the factors which should be borne in mind by the authorities of the European Union and of Vietnam before developing their relations further for their mutual benefit.

Vietnam, which is faced with the need to reconstruct after four decades of war as well as with a significant population increase, has chosen to develop its economy on the basis of the principles and mechanisms of the market economy. This decision, dictated by purely pragmatic and realistic

considerations, should enable Vietnam to become a member of the group of Asian powers which also grew, at least initially, out of authoritarian regimes.

Is China not following a similar path at the moment also? The Asian miracle should make the Pacific rim into the largest development zone of the twenty-first century.

If it is not to be left behind by these developments, Vietnam is in urgent need of foreign investment capital. One should also bear in mind the role which could be played by the Vietnamese diaspora.

For the European Union, this is an opportunity which must be seized if it does not wish to remain turned in on Europe, the Mediterranean and Africa, but instead to play a role throughout the world, as it has done for centuries.

Vietnam and the European Union therefore have a mutual interest in developing their relations, and the future framework cooperation agreement should be seen as the first step towards a closer partnership which would enable both parties to conquer shares of the market in South-East Asia, China, India and perhaps even Siberia.

26. Furthermore, by providing itself with a foothold in Vietnam, the European Union would give an extra dimension to its common foreign and security policy by becoming involved in an area of the world which is currently dominated by Japan, China and the United States. There is no doubt that the arrival of a new partner would be looked upon favourably by countries which might be worried by too great a dependence on the abovementioned countries because of historical or ideological memories which are still very vivid.
27. Vietnam thus has all the attributes needed to become a privileged partner of the European Union in an area of rapid development. Nevertheless, this cooperation will only assume its full dimensions if Vietnam, in parallel with its efforts to introduce a market economy, also introduces the reforms needed to create the conditions for political democracy. A market economy requires democratization of political life. The European Union and its Parliament therefore expect Vietnam to supplement the courageous economic reforms undertaken in 1987 with political reforms which would make it a trailblazer in the region. Vietnam's culture and history justify this ambition; the esteem and friendship felt by the European Union for its people will help Vietnam to achieve it.

MOTION FOR RESOLUTION B3-0265/90

by Mr TSIMAS

pursuant to former Rule 63/new Rule 45 of the Rules of Procedure
on relations between the European Community and Vietnam

The European Parliament,

- A. having regard to the political and economic developments in the European member states of COMECON, which may influence economic and political developments within COMECON's non-European member states,
- B. whereas Vietnam - a non-European member of COMECON - is important for the Community both economically and politically,
- C. whereas the Community has not yet developed economic and trade relations with Vietnam, and the Council is against the idea of establishing diplomatic relations,
 1. Calls on the Commission to:
 - reappraise political, economic and diplomatic relations with Vietnam, which occupies a crucial place in South East Asia,
 - put forward proposals aimed at establishing political, economic and trade relations between the European Community and Vietnam, based on the principle of mutual cooperation and understanding;
 2. Instructs its President to forward this resolution to the Council and the Commission.