

Import Administration
International Trade Administration
U.S. Department of Commerce
14th Street and Constitution Avenue
Washington, DC 20230

Re: Case No. A-552-801 , Investigation Of Certain Frozen Fish Fillets From The Socialist Republic Of Vietnam: Opportunity For Comment On Petitioner's Allegation That Vietnam Has A Non-Market Economy (NME)[Add FED REG Cite]

To Whom It May Concern:

Cargill, Incorporated strongly supports the elimination of non-market economy (NME) status for Vietnam under the Tariff Act of 1930 (as amended) and files this statement in response to the Department's August 9, 2002, request for public comments in the above cited case. Cargill also supports the statement filed separately by the American Chamber of Commerce of Vietnam in this matter. Cargill has extensive experience in Vietnam, and we believe that Vietnam has made sufficient progress toward functioning as a market economy to be relieved of its status as an NME, as it has moved to open its doors to western investment since the United States first restored full diplomatic and trading relations with this important country.

Vietnam is one of the 59 different countries in which Cargill has investments and operations. Globally, Cargill is an international marketer, processor and distributor of agricultural, food, financial and industrial products. The company employs some 97,000 people and is headquartered in Minneapolis, Minnesota.

Cargill's Experience in Vietnam

In 1994, shortly after the United States lifted its embargo on doing business with Vietnam, Cargill opened a one-person office in that country. Since then, Cargill's businesses have grown rapidly. Cargill now employs some 300 Vietnamese workers in a wide range of jobs in businesses from Hanoi in the north to Can Tho in the south. Cargill now has representative offices in Hanoi and Ho Chi Minh City. The company has been developing three new animal feed manufacturing plants in Dong Nai, Hanoi, and the Mekong Delta that produce feed for poultry, cattle, swine and Vietnam's aquaculture industry. Cargill also operates a poultry breeding farm and hatchery, which produces about half the day-old chickens in southern Vietnam, and has been seeking to invest in the southern deep-water port of Ba Ria in Vung Tau Province.

Cargill is also a leading commodity trading company in Vietnam. Cargill has been one of the largest buyers of the country's agricultural products, including soyabean meal, rice and rubber. Cargill also supplies fertilizer to Vietnamese farmers and corn and soybean meal to the Vietnamese feed industry as well as for its own account. The company is looking to provide U.S. commodities, such as wheat, soybeans and cotton to the

Vietnamese market. As in any market where Cargill invests, the company is committed to a long-term relationship with its suppliers and customers in Vietnam.

Cargill is also very proud of our 300 Vietnamese employees, who are among the fastest learning, most loyal, hardest working and most competent people Cargill employs anywhere in the world. As a sign of our confidence in the work force there, Cargill has reduced the number of its foreign managers in Vietnam down to two. All other management employees are Vietnamese.

Vietnam's strong agricultural base is another positive for a business like Cargill. Productive private farms produce a food surplus. A vital agricultural and food sector can then provide consumers with affordable and safe food. What they save on food they will spend on other products and services -- all of which help to create more business activities and jobs. Vietnam also has the advantage of not bearing the burden of an inefficient industrial base that plagues other centrally planned countries like Russia.

Many studies have shown that hunger persists around the world largely because poverty persists. For countries like Vietnam, where 70 percent of the labor force work in agriculture and forestry, increasing agricultural productivity can help boost the livelihood of a broad base of the population.

Vietnam's Real Progress

Agriculture officials certainly recognize the benefits that increased efficiency and lower food costs will provide, and they have demonstrated that they understand how best to achieve the growth that they want. Indeed, Vietnam is making progress and agricultural growth has been robust. The government has been reducing license requirements, speeding up approvals, and taking incremental steps to reduce land costs and leases. Industrial crops like coffee and rubber have experienced the fastest growth, while the rice yield has doubled since 1987. Vietnam is now the world's second largest rice exporter, and Cargill participates in that business. Just a few years ago, for example, Vietnam would only allow the export of rice through state-owned companies under a strictly controlled quota program. Today, however, anyone can export rice, and government involvement has been minimized.

Today, in the animal feed industry, many private feed companies, both foreign and local, compete freely against Cargill in the Vietnam market. Their prices for finished feed products are based on the prices of input material like corn, soybean meal and fishmeal which are sold in the market at competitive prices, again determined by fundamental rules of supply and demand.

Private companies also now are able to enter into private contracts with other, Vietnamese businesses with confidence that they will be honored. For example, Cargill has been signing contracts with Vietnamese animal feed dealers to supply them with feed. Prices under the contract are determined by market influences and are not protected by any government guarantees or other interference. Similarly, our feed dealers have been

able to enter into market-based supply contracts with their farmer customers. Such private, enforceable contracts would have been unthinkable just a few years ago, but today they demonstrate that Vietnam has indeed moved on beyond the old days of central control to a new era of competition based on the operation of a free market.

There is no question that Vietnam has made significant progress in its march to revamp its system to respond to and participate actively in the global economy. It has done this by embracing market principles and freeing up its enormous potential to grow and compete. The U.S. government has played an active role in encouraging Vietnam to take these steps under the year-old Bilateral Trade Agreement and as Vietnam moves forward in its effort to accede to the World Trade Organization. The U.S. government should be rewarding Vietnam's efforts by recognizing that Vietnam no longer deserves to be treated as a non-market economy under the Tariff Act of 1930 (as amended). Continuing to burden efficient Vietnamese producers with inappropriate comparisons under the NME rules, particularly in agriculture and food production, is unjustified and unfair. This is particularly true when measured against the treatment that the United States gives other countries that operate with far greater degrees of central control than Vietnam.

Sincerely,

Chanh Troung
Chief Representative
Cargill Vietnam Ltd.