



To: USABC Members
RE: Report on the U.S. Senior Executives Trade Mission to Vietnam
Date: April 18, 2006

Summary:

The U.S.-ASEAN Business Council and U.S.-Vietnam Trade Council were pleased to have conducted a Senior Executives Trade Mission to Ho Chi Minh City and Hanoi Vietnam, from March 8 to 11, to discuss priority issue areas affecting U.S. businesses. The mission, led by Matthew Daley, President of the U.S.-ASEAN Business Council, was particularly timely, having been conducted in anticipation of Vietnam's upcoming bilateral negotiations with the U.S. in Geneva late March 2006, and its imminent accession to the WTO.

With thirty-nine representatives from twenty-one companies, the business mission to Vietnam was the biggest delegation in the history of the Council, representing a broad cross section of industries. Companies that participated in the mission included: ACE Group, AIG, Alticor, Anheuser-Busch, The Boeing Company, Cargill, Citigroup, Diageo, FedEx, The Ford Motor Company, General Electric, GlaxoSmithKline, JHPIEGO, J. Ray McDermott, J.P. Morgan Chase, Oracle Corporation, Phillip Morris, Time Warner, Unisys, UPS, and United Technologies.

In addition to specific issue areas of concern, the mission's participants delivered key messages to Vietnam's leadership, including 1) Vietnam should conclude its bilateral agreement with the U.S. as soon as possible as timing is critical for Vietnam's successful attainment of PNTR from the U.S. Congress, 2) a comprehensive and robust agreement is vital to strong U.S. business support for Vietnam's PNTR vote; 3) U.S. businesses look forward to working with the Government of Vietnam on the implementation of this important agreement; and 4) U.S. businesses look forward welcoming Vietnam as a full member of the global trading community when it hosts the APEC Summit in November 2006.

Full economic normalization with Vietnam has been for more than a decade the primary goal of the U.S.-Vietnam Trade Council. To support this objective, the Council has conducted a range of programs to assist Vietnam with its bid to join the WTO. These include providing targeted technical assistance to Vietnam's negotiators on related WTO issues, collaborating with Vietnamese government agencies to assist on the implementation of Vietnam's international trade commitments, and longer term capacity

building and outreach activities for ministries, think tanks, tertiary institutions, and the media. These programs are an important part of U.S. private sector engagement in the development of Vietnam's economy.

This mission, no doubt fits within this framework, as does the work that will be conducted in the short to medium term following this mission's conclusion. Since the conclusion of the trade mission on March 11th, the Council has begun to engage in various follow-up activities including: providing technical assistance on PNTR, Vietnam's WTO negotiations (e.g., sector specific and general capacity building) and APEC; raising public awareness on key issues of importance to the U.S. business community (e.g., organizing and participating in conferences, distributing information, reaching out to the media); meeting with other key officials, such as Deputy Prime Minister Nguyen Tan Dung and officials responsible for key APEC events; and organizing a Coalition for Vietnam's WTO Accession. A complete list of follow-up activities is enclosed herein.

We look forward to working with mission participants and others to achieve Vietnam's successful conclusion of its bilateral agreement with the U.S., including PNTR for Vietnam, formal WTO membership, and strong implementation of its WTO commitments.

Key Meetings:

During the visit to Ho Chi Minh City and Hanoi, mission participants met with key members of Vietnam's leadership including:

Prime Minister Phan Van Khai
Deputy Prime Minister Vu Khoan
Minister of Industry Hoang Trung Hai
Minister of Planning & Investment Vo Hong Phuc
Minister of Foreign Affairs Nguyen Dy Nien
Vice Minister of Trade Luong Van Tu
Vice Minister of Foreign Affairs Le Van Bang
Vice Minister of Finance Le Thi Bang Tam
National Assembly delegates Vu Xuan Hong
Madame Ton Nu Thi Ninh,
Mr. Le Thanh Hai, Chairman of the Ho Chi Minh People's Committee
Dr. Nguyen Thien Nhan, Vice Chairman of the Ho Chi Minh People's Committee

During their visit, the delegates met with these and many other government officials. The mission reportedly was one of the most well-received business delegations by Vietnam's leadership, with ample coverage by both local and foreign press alike.

Key Messages and Goals:

The delegation delivered the message that American companies are fully committed to supporting Vietnam's accession to the WTO and that Vietnam remains an important partner and market for their businesses. The delegation emphasized the need for continued progress on issues important to the American business community and investors in general towards global standards. Specifically, during the mission companies raised issues relating to: market access and non-tariff barriers; market access for "cultural" products and for the automotive and alcoholic beverage industries;

trading rights and distribution services; customs and trade facilitation; the protection of intellectual property rights; further liberalization of financial, telecom, express delivery and oil & gas service sectors; education and human resources training; and transparency and corporate governance. Vietnam's continued efforts to liberalize and improve business conditions, particularly in the areas mentioned, would enable American businesses to make further investments in the country. In addition to these specific issues, key discussions during the visit included:

- The impact of the U.S.-Vietnam Bilateral Trade Agreement on the bilateral relationship - U.S.-Vietnam trade has increased from US\$1.4 billion in 2001 to nearly US\$8 billion in 2005, and the U.S. has since become Vietnam's largest export partner.
- WTO Accession & PNTR - Vietnam's WTO accession and the extension of permanent normal trade relations status to Vietnam by the U.S. Congress, is considered the final step in the long journey towards full economic normalization between the two countries.
- APEC 2006 - The delegation and its members expressed their support for Vietnam as it plays host to APEC 2006. In addition, both sides shared their hope that, by November, Vietnam will be able to host the APEC Summit as a full member of the global trading community.
- US companies expressed their interest and willingness to work with the Vietnamese Government to further develop and/or strengthen the regulatory framework for conducting business and trade in Vietnam.

Press Coverage:

US-ASEAN Business Council's Business Mission to Vietnam had wide coverage in various press and media. Five samples are listed here below:

1. "US business delegation arrives in Vietnam", Business Week Online (8 March 2006)
http://www.businessweek.com/ap/financialnews/D8G78S700.htm?campaign_id=apn_home_down&chan=db
2. "HCMC and US-ASEAN council take stock", Vietnam Net - translated from an article on Tuoi Tre (March 2006)
<http://english.vietnamnet.vn/politics/2006/03/548765/>
3. "Vietnam urged to take bolder steps in WTO talks with U.S.", by Huu Chuong, Saigon Times Daily (9 March 2006)
<http://www.saigontimes.com.vn/daily/detail.asp?muc=1&Sobao=2643&SoTT=1>
4. "US delegation backs WTO bid", Vietnam Net (13 March 2006)
<http://english.vietnamnet.vn/politics/2006/03/549807/>
5. "Vietnam in 'end game' to join WTO - US trade mission", Forbes Online (12 March 2006)
<http://www.forbes.com/markets/feeds/afx/2006/03/12/afx2588416.html>

Feel free to contact Neo Tran (Neo.Tran@usvtc.org) or Dana Doan (Dana.Doan@usvtc.org) if you would like a copy of all articles on the Trade Mission that were collected by the Council.

Supplemental Material:

Please find attached the issues paper that was submitted to all meeting contacts in advance of our March Trade Mission and a list of follow-up activities that have been conducted or are currently being planned by the U.S.-Vietnam Trade Council and/or its educational affiliate, the U.S.-Vietnam Trade Council Education Forum.

If you are interested in a detailed meeting report, including a list of meeting participants and elaboration of meeting topics, please contact Neo Tran in Washington, DC (Tel: 202-547-3800 ext 115, E-mail: Neo.Tran@usvtc.org) or Dana Doan in Vietnam (Tel: 848-824-3651, E-mail: Dana.Doan@usvtc.org).

END MEMO