



## **Vietnam WTO Accession: Permanent Normal Trade Relations (PNTR)**

### **Status of Vietnam WTO Accession**

Vietnam has now completed bilateral negotiations with all its Working Party Members, including the United States. It will now work with them to finalize multilateral negotiations, a draft *Protocol of Accession*, and its *Report* to the General Council. This package will have to be approved by the WTO General Council before Vietnam can officially become a member of the WTO.

In order for Vietnam to receive immediate and unconditional MFN from the United States, Congressional approval of Permanent Normal Trade Relations (PNTR) for Vietnam is necessary. The successful conclusion of negotiations with the United States paves the way for Vietnam's PNTR vote to be introduced to the U.S. Congress for ratification.

### **Background**

#### **Vietnam's current trade status with the U.S.**

Unconditional NTR is enjoyed by virtually all U.S. trading partners. However, under U.S. trade law, dating back to the Trade Act of 1974, Vietnam currently has conditional normal trade relations (NTR) status. The underlying condition for annual renewal is Vietnam's continued compliance with the freedom of emigration requirement, detailed in the Jackson-Vanik amendment of the Trade Act of 1974, which applies to a group of identified non-market economies including Vietnam. Each year the U.S. President must grant an annual "waiver", certifying that Vietnam does not deny its citizens the right to emigrate, in order for Vietnamese imports to enter the U.S. market at normal (most favored nation) tariff rates. This waiver extends NTR status for 12 months. Congress, by a two-thirds vote of both the House and Senate, can disapprove the President's waiver within 60 days from the date the waiver is scheduled to take effect. Congressional disapproval, should it occur, would take the form of a joint resolution disapproving the President's determination.

#### **PNTR and Vietnam WTO accession**

To attain permanent normal trade relations status requires legislation removing Vietnam from the Jackson-Vanik requirements. While prior granting of PNTR status by the U.S. is not necessary for Vietnam's accession to the WTO, nor does Vietnam's accession automatically obligate the U.S. to grant PNTR to Vietnam, Members of the WTO are generally obligated to grant, on a reciprocal basis, immediate and unconditional most-

avored-nation treatment to the products of all other WTO Members. Therefore, the U.S. must either grant Vietnam unconditional normal trade relations (NTR) or PNTR status or else choose, before accession, to invoke the “non-application” provision of Article XIII of the WTO Agreement. If the non-application clause is invoked, however, Vietnam will have the right to withhold from the U.S. the benefits of its WTO accession commitments that have been granted to other WTO members (i.e., those commitments that go beyond the bilateral trade agreement).

### **Congressional procedures**

Independent of Vietnam's accession to the WTO, the U.S. could extend PNTR status to Vietnam by the Congressional enactment of a statute authorizing the U.S. President to terminate the application of Title IV of the Trade Act of 1974, with respect to Vietnam, and to extend to it permanent nondiscriminatory status, or PNTR. This procedure was used to grant PNTR status to other Jackson-Vanik countries, including: Albania, Bulgaria, China, Czech Republic, Estonia, Georgia, Hungary, Kyrgyzstan, Latvia, Lithuania, Mongolia, Romania, Slovakia, and Ukraine.

Upon introduction of PNTR granting legislation in the House and possibly, but not necessarily, the Senate, the bill is referred to the House Ways & Means Committee and the Senate Finance Committee for consideration. The bill would move through both houses of Congress under normal procedures as no special or “fast track” procedures apply to a bill that terminates the application of *Title IV of the Trade Act of 1974*. Once introduced, the bill is open to amendments<sup>1</sup> and congressional rules that typically govern the consideration of any ordinary bill for up to 60 days. Upon Congressional enactment of the statute, the U.S. President would implement the extension of PNTR status by Presidential proclamation.

## **Some Examples of Previous PNTR Votes and Accessions to WTO**

### **Ukraine WTO Accession**

2 March 2005	PNTR Bill introduced in the House of Representatives (A version of the final bill that passed)
16 March 2005	PNTR Bill introduced in the Senate (A version of the final)
18 November 2005	PNTR Bill passes by UC vote in Senate (This was a different version of the bill)
1 March 2006	U.S. and Ukraine close bilateral negotiations
8 March 2006	PNTR Bill for Ukraine passes House of Representatives
9 March 2006	PNTR Bill for Ukraine passes Senate by Unanimous Consent
31 March 2006	Presidential Proclamation of PNTR for Ukraine is issued

---

<sup>1</sup> China's PNTR bill included a number of China-related measures including the creation of: a safeguard measure to increase duties in cases where Chinese imports cause or threaten to cause market disruption; a Congressional-Executive Commission on the PRC to monitor human rights, rule of law, and other issues; an objective to secure an annual WTO review of China's WTO compliance; an appropriation to promote compliance with trade agreements at the Department of Commerce, USTR, USDA, and overseas; an annual USTR report on China's WTO compliance; a taskforce to prohibit importation of goods made by force or prison labor; a technical assistance and rule of law program to promote labor law and commerce law; and an appropriation to increase personnel and make improvements to Radio Free Asia.

### **Armenia WTO Accession**

June 1999	Armenia concludes bilateral negotiations with the U.S.
10 December 2002	WTO General Council approves Armenia's Accession
4 February 2003	PNTR Bill for Armenia introduced in the House
5 February 2003	Armenia formally becomes a member of the WTO (U.S. invokes "non application" clause)
21 July 2003	PNTR Bill for Armenia introduced in the Senate
10 August 2004	Armenia PNTR Bill passes the House as part of the <i>Miscellaneous Trade &amp; Technical Corrections Act of 2004</i>
19 November 2004	Armenia PNTR Bill passes the Senate as part of the <i>Miscellaneous Trade &amp; Technical Corrections Act of 2004</i>
3 December 2004	Armenia PNTR becomes Public Law

### **China WTO Accession**

15 November 1999	China concludes bilateral accessions negotiations with the U.S.
15 May 2000	PNTR Bill is introduced in the House
24 May 2000	PNTR Bill passes the House of Representatives
14 September 2000	PNTR Bill passes the Senate
10 October 2000	PNTR for China becomes Public Law
10 November 2001	WTO Ministerial Conference in Doha approves China's Accession
11 December 2001	China formally becomes a member of the WTO

### **Georgia WTO Accession**

<b>14 June 2000</b>	<b>Georgia becomes a full member of the WTO</b> (U.S invokes "non-application" clause)
25 July 2000	PNTR Bill passes the House
13 October 2000	PNTR Bill passes the Senate
9 November 2000	PNTR for Georgia (as part of the <i>Tariffs Suspension &amp; Trade Act of 2000</i> ) becomes Public Law

### **Albania WTO Accession**

16 July 1999	PNTR for Albania passes the House
3 November 1999	PNTR for Albania passes the Senate
18 May 2000	PNTR for Albania becomes Public Law
8 September 2000	Albania becomes a full member of the WTO

### **Kyrgyz WTO Accession**

20 December 1998	Kyrgyz Republic becomes a full member of the WTO (U.S invokes "non-application" clause)
16 July 1999	PNTR bill passes the House
3 November 1999	PNTR bill passes the Senate
18 May 2000	PNTR for Kyrgyz becomes Public Law

*Updated –19 May 2006*

### **Mongolia WTO Accession**

29 January 1997	Mongolia becomes a full member of the WTO (U.S invokes “non-application” clause)
9 February 1999	PNTR passes the House
27 May 1999	PNTR passes the Senate
1 July 1999	PNTR for Mongolia becomes Public Law

### **Bulgaria WTO Accession**

5 March 1996	PNTR for Bulgaria passes the House
28 June 1996	PNTR for Bulgaria passes the Senate
18 July 1996	PNTR for Bulgaria becomes Public Law
1 December 1996	Bulgaria becomes a full member of the WTO

### **Moldova WTO Accession**

8 May 2001	WTO General Council approves Moldova’s accession
26 July 2001	Moldova becomes a full member of the WTO (U.S invokes “non-application” clause)
5 March 2003	House Ways & Means Committee seeks written comments on PNTR for Armenia and Moldova, and NTR for Laos Moldova still does not have PNTR.