



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. The United States and Vietnam officially signed a bilateral market access agreement on May 31, 2006. Vietnam will now work with its Working Party Members to finalize multilateral negotiations, a draft Protocol of Accession, and a 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. Vietnam targets to have its application approved at the WTO General Council's meeting on October 10-11, and become a full member of the WTO by the APEC Leaders' Summit in Hanoi on November 18-19.

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 led to the introduction of legislation granting Vietnam's PNTR in US Congress on June 13, 2006. The Senate bill (S.3495) was approved by the Senate Finance Committee, and is now reported to the full Senate. Meanwhile, the House bill (H.R.5602) is referred to the House Committee on Ways and Means.

Background

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

Virtually all U.S. trading partners enjoy unconditional NTR. However, under U.S. trade law, dating back to the Trade Act of 1974, Vietnam currently has only 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-favored-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 amendments¹ 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.

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
23 March 2006	Ukraine PNTR becomes Public Law.

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 & Technical Corrections Act of 2004</i>
19 November 2004	Armenia PNTR Bill passes the Senate as part of the <i>Miscellaneous Trade & 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

14 June 2000	Georgia becomes a full member of the WTO (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 & 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

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.