



Prepared by:



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Issues Brief

PNTR FOR VIETNAM: VOTE YES!

House and Senate leadership have planned November lame duck votes on granting PNTR to Vietnam.

Coalition website usvtc.org/coalition.asp: Factsheets usvtc.org/trade/wto/index.htm

Website includes:

Bill language, Members statements, the benefits of the agreement, human rights issues, religious freedom, textiles, news reports, analysis, fact sheets, and much more.

House bill H.R. 5602 is cosponsored by 48 Representatives led by Representatives Jim Ramstad [R-MN-3] and Mike Thompson [D-CA-1]. Other House cosponsors are Representatives Judy Biggert [R-IL-13], Earl Blumenauer [D-OR-3], Leonard Boswell [D-IA-3], Kevin Brady [R-TX-8], Ken Calvert [R-CA-44], Dennis Cardoza [D-CA-18], Ed Case [D-HI-2], Robert Cramer Jr. [D-AL-5], Joseph Crowley [D-NY-7], Henry Cuellar [D-TX-28], Artur Davis [D-AL-7], Norman Dicks [D-WA-6], David Dreier [R-CA-26], Rahm Emanuel [D-IL-5], Anna Eshoo [D-CA-14], Lane Evans [D-IL-17], Jeff Flake [R-AZ-6], Wayne Gilchrest [R-MD-1], Wally Herger [R-CA-2], Rubben Hinojosa [D-TX-15], Darlene Hooley [D-OR-5], William Jefferson [D-LA-2], Eddie Bernice Johnson [D-TX-30], Nancy Johnson [R-CT-5], Ron Kind [D-WI-3], John Kline [R-MN-2], Jim Kolbe [R-AZ-8], James Leach [R-IA-2], Ron Lewis [R-KY-2], Carolyn Maloney [R-NY-14], Jim Matheson [D-UT-2], Jim McCrery [R-LA-4], Jim McDermott [D-WA-7], Gregory Meeks [D-NY-6], James Moran [D-VA-8], Michael Oxley [D-OH-4], David Reichert [R-WA-8], Paul Ryan [R-WI-1], Jose Serrano [D-NY-16], Christopher Shays [R-CT-4], Rob Simmons [D-CT-2], Ike Skelton [D-MO-4], Adam Smith [D-WA-9], Ellen O. Tauscher [D-CA-10], Greg Walden [R-OR-2], and Jerry Weller [R-IL-11].

Senate bill S. 3495 is cosponsored by 11 Senators led by Senators Max Baucus [D-MT] and Gordon Smith [R-OR]. Other co-sponsors are Senators John McCain [R-AZ], John Kerry [D-MA], Chuck Hagel [R-NE], Richard Lugar [R-IN], Lisa Murkowski [R-AK], Thomas Carper [D-DE], Mike Crapo [R-ID], Robert F. Bennett [R-UT], and Ted Stevens [R-AK].

Background

Vietnam is working to become a member of WTO this year. For the US to get the full benefit of Vietnam's membership, the US Congress must vote in favor of granting Vietnam permanent normal trade relations status or PNTR. On May 31, 2006, the United States and Vietnam signed a comprehensive bilateral agreement for Vietnam's accession to the WTO. On June 13, bills to grant PNTR status to Vietnam were introduced simultaneously in the House and the Senate. The Senate Finance Committee favorably reported the Senate PNTR bill (S. 3495) without amendments on July 31 by roll call vote: 18 ayes, 0 nays, and 2 present. The House bill (H.R. 5602) is currently referred to the House Ways & Means Committee. Vietnam expects to become a full member of WTO this year.

It is important to U.S. business that the PNTR bills become law before Vietnam becomes a member of the WTO.

US-Vietnam WTO Coalition

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Why is PNTR for Vietnam necessary?

- Vietnam's accession to the WTO without US PNTR puts the US in violation of its WTO obligation to provide "immediate and unconditional non-discriminatory treatment" to all WTO members. Without Vietnam PNTR, US companies are put at a tremendous disadvantage as all of Vietnam's WTO commitment will not be automatically extended to the US.
- If we do not grant Vietnam PNTR **we risk losing the full benefits** of Vietnam's accession-- for our farmers, workers, and companies -- of the strong, rules-based and enforceable market opening agreement we just negotiated.
- Membership in the WTO binds Vietnam to a comprehensive set of commitments including reductions on tariffs, elimination of non-tariff barriers, market access for services, and international trade disciplines that will bring about sweeping commercial law reform.

How will Vietnam's WTO accession benefit the US economy?

- Vietnam's WTO commitments open up its market to US goods and services. Vietnam is the **fastest growing market for US products in Asia**. Since entry into force of the Bilateral Trade Agreement (BTA) in late 2001, US exports to Vietnam have increased by 150%.

US Manufactured Products

94% of US exports of manufactured goods will face duties of less than 15%. Industrial tariffs on US priority products including construction equipment, pharmaceuticals, aircraft parts, chemicals, and IT products will for the most part have low duties of 0-5%.

US Agricultural Products

Duties on 75% of all US agricultural exports will fall from an average of 26% (2003) to 15% or less, including priority products such as soybeans; whey; cotton; grapes; apples, pears; selected beef, pork and variety meats; and processed foods. Vietnam has committed to recognizing US systems of inspecting beef, pork and poultry.

US Services

The Agreement provides substantial market access across a broad variety of service sectors including banking, insurance, securities, telecommunications, computer-related services, professional services, distribution, and energy services.

- WTO Accession **compels Vietnam to abide by international trade rules**, including the elimination of non-tariff barriers and other trade distorting domestic support and subsidies. Vietnam has also agreed to implement upon accession key WTO disciplines including the WTO Agreement on Customs Valuation, WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPS); Agreement on Trade Related Investment Measures (TRIMS); Agreement on Sanitary & Phytosanitary Measures (SPS); and Agreement on Technical Barriers to Trade (TBT) which promote trade facilitation, transparency, and predictability for US businesses. As such, US companies will have the ability to better protect their intellectual property rights, and combat measures such as forced technology transfer, trade distorting subsidies, local content requirements, and other practices that potentially could drain jobs and technology away from the US. Vietnam's actions or inactions would also be subject to WTO law, practice and precedent under the WTO's dispute settlement mechanism.
- Strong **US remedies against dumping and import surges will remain intact** for Vietnamese goods. The agreement includes a provision recognizing that the US may employ special methodologies, designed for non-market economies, to counteract dumping for 12 years after Vietnam's accession.
- The Congressional Budget Office estimates that Vietnam's PNTR would **increase US revenues** by \$18 million in 2007, by \$108 million over the 2007-2011 period, and by \$253 million over the 2007-2016 period.

How would PNTR for Vietnam advance US interests and values such as the seeking of our Missing in Action (MIA), and Vietnam's compliance with international norms on labor, human rights and religious freedom?

- Since 1988, the United States has taken steps to normalize the US relationship with Vietnam. US-Vietnam normalization has been steadily marshaled through the Reagan, Bush I, Clinton, and Bush II Administrations.
- US engagement with Vietnam allows us to have **continued dialogue and progress on labor, human rights and religious freedom.**
- Our bilateral relationship with Vietnam has progressed on all fronts; including:
 - > The establishment of a joint task force in 1992 for cooperative excavation and recovery, and continued progress on seeking our Missing in Action (MIAs);
 - > An ongoing dialogue on labor relations through the US-Vietnam Labor MOU (2000);
 - > A Bilateral Trade Agreement (2001), which has promoted increased transparency and significant US business engagement in the development of Vietnam's economy;
 - > A Bilateral Counter Narcotics Agreement (2003);
 - > An ongoing dialogue on human rights and religious freedom including an Agreement on Religious Freedom (2005).
- Vietnam's continued integration into the global economy through its WTO accession will **expose people to information, ideas and debate** from around the world.
- WTO accession will **strengthen rule of law in Vietnam**, advancing US interests in bringing Vietnam into international agreements and institutions that promote these values.

How does PNTR support our broader interests in Asia?

- Strong US engagement in Vietnam gives us an additional foothold in the Asia Pacific region where large economies such as China, Japan, and India project strong spheres of influence.
- Strong US engagement in the ASEAN region – a population of 570 million people – is in the interest of the US from both a strategic and economic point of view.
- Engagement with Vietnam is a key component of maintaining a secure environment in a region that supports the global war on terrorism.

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