



Coalition of Service Industries

December 1, 2006

The Honorable J. Dennis Hastert
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, D.C. 20510

The Coalition of Service Industries (CSI) represents US trade associations and companies providing financial, telecommunications, computer and related services, express delivery, logistics, audiovisual, business and professional, energy, and other services. We are writing to urge that Permanent Normal Trade Relations (PNTR) for Vietnam be approved next week, before the adjournment of the 109th Congress. Vietnam's WTO accession package provides for valuable commercial opportunities in important services sectors. The attached CSI fact sheet describes these benefits in detail.

This week, Vietnam's National Assembly approved its full WTO membership, meaning that it will accede to the organization by the end of December. If PNTR is not granted prior by that point, Vietnam's WTO commitments will not be automatically extended to the United States. We urge you to act promptly on Vietnam's PNTR before our companies, across the spectrum of service sectors, are disadvantaged while our competitors profit from the new opportunities created by Vietnam's WTO accession.

The United States needs to do very little in return for these concessions. We are only obliged to provide on a permanent basis the same normal trade treatment that we have already granted to Vietnam on an annual basis since 1998. As you know, Vietnam PNTR has broad bi-partisan support in both the Senate and the House of Representatives.

We urge the Congress to act on Vietnam PNTR in the remaining days of the 109th Congressional Session, and we look forward to working with you in that effort.

Sincerely,

Bob Vastine
President

Enclosure: CSI's fact sheet

Highlights of US-Vietnam WTO Accession Agreement Relating to Services

The US-Vietnam bilateral market access agreement secures high-quality, commercially valuable commitments in services sectors of importance to US companies. Under this agreement, US companies will enjoy national treatment, and be able to establish and operate in the most suitable corporate form. Vietnam's services commitments offer the following:

- **Banking.** Vietnam's commitments cover foreign bank branches, and as of April 1, 2007, US banks will also be able to establish wholly US-owned subsidiaries. The agreement will permit service through ATMs.
- **Insurance.** US insurers will be able to establish 100% US-owned subsidiaries upon accession, and open direct branches in non-life after 5 years. Certain lines of statutory insurance will be open to foreigners one year after accession.
- **Securities.** In 5 years after Vietnam's accession, foreign securities firms will be able to operate as wholly foreign-owned enterprises or branches in key sub-sectors, such as asset management, advisory, and settlement and clearing services.
- **Energy.** Vietnam will phase out barriers to foreign participation after 3 to 5 years depending on the sector. Contractual suppliers will not be required to establish commercial presence. US energy services firms will be able to compete for energy projects in exploration, development, and other energy services on a national treatment basis.
- **Express Delivery.** Upon accession, Vietnam will allow joint ventures with foreign majority ownership. Wholly foreign-owned enterprises will be allowed after 5 years. The agreement also creates a level playing field with the local postal monopoly.
- **Telecommunications.** Vietnam joined the Basic Telecom Reference Paper, which provides for a level playing field with local telecom monopolies, and ensures independent regulation and transparency. Vietnam will allow foreign companies to have majority ownership in key telecom sectors.
- **Business Services.** Vietnam's commitments cover legal, accounting, architectural, engineering, consulting, computer and related services, and others. US service providers will be allowed to operate as 100% US-owned enterprises in professional and business services, either upon accession or after a short phase-in period.
- **Distribution.** Vietnam's commitments cover wholesale, retail, direct sale, and franchising services. US distributors will be allowed to distribute imported and domestically produced goods. Wholly foreign-owned subsidiaries will be allowed in 2009.
- **Transportation.** US companies will be able to provide aircraft maintenance and repair services through joint ventures upon accession or as wholly US-owned companies after 5 years.
- **Environmental Services.** Vietnam will allow US providers through joint ventures upon accession, or as 100% US-owned enterprises after 5 years.
- **Hotels and Restaurants.** The agreement provides market access to US lodging and hotel management companies.
- **Transparency.** Vietnam has made significant commitments that will enhance regulatory transparency, including commitments for prior notice and comment.
- **Acquired Rights.** US enterprises that are already operating in Vietnam will be able to continue to operate under the conditions stipulated in their licenses after Vietnam joins the WTO.
- **Intellectual Property Rights.** Vietnam has committed to improve its laws to bring them into compliance with the Trade-Related Intellectual Property Rights (TRIPS) agreement.