

US-VIETNAM WTO COALITION



Permanent Normal Trade Relations for Vietnam Makes Economic Sense

Granting Vietnam Permanent Normal Trade Relations (PNTR) will increase U.S. market access to a rapidly growing Vietnamese economy. U.S. industrial, agricultural and service sectors will all benefit from new and expanded economic opportunities. PNTR is also a significant step toward securing a strong economic foothold for the United States throughout Southeast Asia.

Vietnam is Southeast Asia's fastest growing economy.

- Vietnam is the fastest growing major economy in Southeast Asia with a growth rate of 8.4 percent in 2005. Its gross domestic product (GDP) has increased almost 50 percent over the last five years to \$52 billion.
- Granting PNTR status to Vietnam will further open an expanding and commercially significant market for American agricultural goods, services and manufactured products.
- Vietnam's single largest source of foreign direct investment comes from U.S. corporations.
- U.S.-Vietnamese bilateral trade totals more than \$7.8 billion annually, a five-fold increase since 2001.
- The United States is currently Vietnam's largest export market, and in 2005, U.S. exports to Vietnam totaled \$1.2 billion – a 24 percent increase from the previous year.

Vietnam PNTR will provide important benefits for the United States.

- Vietnam's accession into the World Trade Organization – likely to take place this fall – is not contingent upon the U.S. granting PNTR status. However, PNTR will allow the U.S. to take advantage of the market opening concessions available to all other WTO members.
- If PNTR is not approved, the U.S. will be forced to accept higher tariff levels on our agricultural, manufactured and services companies while all other WTO nations enjoy immediate tariff reductions and eventual removal. American farmers, manufacturers and service providers will be at a significant disadvantage in the fastest growing economy in Southeast Asia.
- Vietnam has made considerable commitments to trade liberalization by opening its market to key U.S. service sectors including energy, financial services and telecom. PNTR will provide further opportunities for U.S. economic growth.

Closer ties with Vietnam will help secure America's economic position in Asia.

- The countries of Southeast Asia, with a total GDP of \$2.7 trillion and a population of more than 570 million people have become the United States 4th largest export market. Cultivating these expanding markets will help strengthen U.S. economic relations in the region and provide many new economic opportunities for U.S. businesses.
- PNTR is a vital opportunity for the United States to strengthen its economic foothold in Southeast Asia and foster enhanced bilateral relations with Vietnam.
- Vietnam PNTR will help keep the United States competitive in Southeast Asia and provide a counter to China's increasing economic influence in the region.

Vietnam must make significant economic and regulatory reforms upon entry to the WTO this fall. PNTR will ensure that U.S. interests benefit from these reforms.

- Vietnam's WTO accession will be accompanied by significant domestic reforms, including greater transparency in trade related government processes and increased emphasis on observing the rule of law.
- Vietnam's new intellectual property rights protections are consistent with the TRIPS Agreement, and WTO rules will enable enforcement to ensure that IPR protections are observed.
- New market access provisions will permit majority-owned foreign supply in four areas matching U.S. commercial telecom priorities, including basic public telecommunications services, private data networks, satellite services and cable services.
- U.S. firms will gain market access to provide goods and services to Vietnam's state-owned and state-controlled enterprises, which will be required to make purchasing decisions based on market conditions.
- Upon accession to the WTO, Vietnam has agreed to employ the WTO agreement on Sanitary and Phytosanitary Measures, applying science-based standards to all agricultural goods.
- With WTO membership, Vietnam will be subject to international trade rules and will provide the United States with a forum for dispute resolution.
- Granting Vietnam PNTR status will reinforce the current political and market reforms in Vietnam, and encourage further economic liberalization.

*US-Vietnam WTO Coalition
1101 17th Street NW, Suite 411
Washington, DC 20036
P: 202-289-1912
F: 202-289-0519
vncoalition@usasean.org*