

## **Vietnam's WTO Membership and Permanent Normal Trade Relations Status**

### **Position**

RILA supports Vietnam's accession to the World Trade Organization (WTO) and full normalization of U.S.-Vietnam trade, including prompt enactment of U.S. legislation granting Permanent Normal Trade Relations (PNTR) status to Vietnam.

### **Background**

On May 31, 2006 trade negotiators from the U.S. and Vietnam signed a bilateral agreement in connection with Vietnam's accession to the WTO. When Vietnam joins the WTO, U.S. suppliers of goods and services (including retail and distribution services) will enjoy significantly expanded access to the Vietnamese market and existing quotas limiting Vietnamese textile and apparel exports to the U.S. will be lifted.

### **Policy Rationale**

WTO accession will bring Vietnam into the rules-based trading system, creating a more favorable climate for sourcing and investment by U.S. companies, and providing enhanced opportunities for RILA members and many other U.S. firms.

According to USTR, since 2001 U.S. exports to Vietnam have increased by more than 150 percent, including a 24 percent increase last year. Membership in the WTO will cement and increase U.S. access to this growing market. U.S. exporters will face significantly lower duties on the vast majority of their exports, and Vietnam will open up key service and investment opportunities. Extension of trading rights and liberalization of the distribution sector in Vietnam are also important elements of the accession package.

The accompanying U.S. reforms, including PNTR and the elimination of textile/apparel quotas, will be beneficial in their own right. These steps will improve retailers' ability find the best available combination of speed-to-market, product price and quality, providing a tremendous benefit to consumers. An enforcement mechanism will permit the temporary reimposition of quotas if an expedited WTO dispute arbitration finds that Vietnam has not promptly eliminated prohibited subsidies in the textile/apparel sector.

### **Status**

U.S. and Vietnam signed the bilateral accession agreement on May 31, 2006.

A multilateral process, being carried out within a WTO working party, must also produce an agreed "Protocol of Accession" before Vietnam formally joins. In conjunction with the accession, Congress will have to vote on PNTR status for Vietnam. Currently, Vietnam receives NTR status in the United States on an annual basis.

**Action Needed**

RILA urges Members of Congress to vote in support of PNTR for Vietnam. With a vote expected as early as this summer, RILA and its member companies will be playing an active role within U.S.-Vietnam WTO Coalition to foster congressional support and ensure that the PNTR measure passes with broad bipartisan support.

*For more information, contact Lori Denham, Senior Vice President, Policy and Planning; or Paul T. Kelly, Senior Vice President, Federal and State Government Affairs.*