

## **U.S., Vietnam Reach Preliminary Agreement on Market Access**

Move helps clear way for Vietnam to join World Trade Organization

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Washington -- The United States and Vietnam have reached an agreement in principle on a bilateral market access agreement that will lower trade barriers to many U.S. industrial and agricultural products and services, the Office of the United States Trade Representative (USTR) announced May 14.

The agreement will help clear the way for Vietnam's accession to the World Trade Organization (WTO), the USTR said.

"This is a very good agreement for the United States. It opens a new and growing market for American agricultural goods, services such as financial services, and manufactured products," U.S. Trade Representative Rob Portman said in a press statement.

"This agreement also signals an historic step in our bilateral relationship," Portman said. "Vietnam recognizes that broad-based reform and economic liberalization are essential to its integration into the global economy. We intend to work hard with Vietnam to complete the process of its full accession to the WTO in the near future."

According to the USTR's statement, the agreement would substantially lower tariffs on U.S. industrial and agricultural products and remove nontariff barriers currently faced by U.S. service providers. It also would continue the process of political and economic reform in Vietnam, including development of increased transparency in commercial activity and adherence to the rule of law, the USTR said.

The announcement noted that the formal signing of the bilateral agreement would take place in the near future once both sides have undertaken the required legal and legislative consultations.

Briefing reporters in a conference call May 14, senior U.S. trade officials said the agreement would boost access by U.S. companies to the fastest-growing market in Southeast Asia -- one that has experienced a 50 percent increase in gross domestic product over the past four years.

Two-way trade between the United States and Vietnam already has grown to more than 7.8 billion dollars a year, an increase of more than 400 percent since 2001.

Without providing precise industry-by-industry details, an official noted that, in the manufacturing area, 94 percent of imports from the United States would encounter Vietnamese duties of 15 percent or less. On key products like construction equipment, pharmaceuticals and aircraft, for example, the negotiated duties would fall between zero and five percent, the briefer said.

He called the agreement "similarly positive" for U.S. agriculture, as duty rates are pegged at 15 percent or less for a wide range of products.

As for the service area, one of the officials said, the agreement would "open up key sectors like telecom, financial services and energy services, (and) open up branching in the non-life insurance sector and in securities."

The official described the agreement as "a major accomplishment in a 20-year process of the normalization of bilateral relations between the U.S. and Vietnam." (See [related article](#).)

He deemed it important that Congress act quickly to grant Vietnam permanent normal trade relations once the agreement is signed in final form. Ongoing consultations with legislators have shown broad, bipartisan support, and "we don't believe this should be a contentious vote," he said.

Noting that Vietnam is serving as the chair of the Asia-Pacific Economic Cooperation (APEC) forum this year, one trade official said that the country would now be in a stronger position to use that office to support a successful conclusion of the World Trade Organization Doha negotiations. (See [APEC](#).)

Asked whether a final U.S.-Vietnamese agreement could be ready for signing at the APEC meeting scheduled for next month, the officials declined to set a specific timeline.

The signing will come "as soon as possible," and "if things could work out that it could be done in Vietnam in early June, that would be great," he said.

For more information, see [USA and the WTO](#).

A [press release](#) and [fact sheet](#) on the agreement are available on the USTR Web site.

Created: 14 May 2006 Updated: 15 May 2006

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