

US, Vietnam Sign Historic Bilateral Market Access Agreement

Brings Vietnam One Step Closer to WTO Membership

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Ho Chi Minh City - Deputy U.S. Trade Representative Karan Bhatia and Vietnamese Deputy Minister of Trade Luong Van Tu today formally signed a bilateral market access agreement that is required as part of Vietnam's bid to accede to the World Trade Organization (WTO). The bilateral agreement, which will be implemented fully when Vietnam joins the WTO, will create significant new opportunities for U.S. producers and exporters of industrial and agricultural goods as well as U.S. services providers.

"This is a great agreement for the United States. It opens a vibrant and growing market for American agricultural goods, a range of services, and manufactured products. It also opens the door for Vietnam to join the international rules-based trading system. Through this agreement, Vietnam will become more transparent in its regulatory trade practices, enhance the economic freedoms enjoyed by its people, and establish a more level playing field between Vietnamese and foreign companies," said Ambassador Bhatia.

"While we work internationally with our trading partners and Vietnam on the multilateral aspects of the accession, we will be seeking the approval of Congress for Permanent Normal Trade Relations (PNTR) status for Vietnam. We believe there is strong bipartisan support for the PNTR and will continue to work closely with both parties in Congress in the hopes of completing that process as soon as possible," added Bhatia.

"This truly is an historic step in the relationship between our two countries. It marks the passing of another milestone on the road to full normalization of relations between our two countries. Eleven years ago, the United States and Vietnam agreed to a roadmap to normalize relations. Both Republican and Democratic Administrations have followed that roadmap and the agreement that we sign today moves us a step closer toward fulfillment of a mutual goal -- Vietnam's WTO accession," Bhatia concluded.

BACKGROUND

Vietnam's tariff commitments in the agreement include membership in the Information Technology Agreement (ITA) that provides for duty-free entry of IT products such as computers and semiconductors. Vietnam has also agreed to zero duties on aircraft. Over 94 percent of U.S.

exports of manufactured goods will face duties of 15 percent or less upon implementation of Vietnam's accession commitments. Approximately three-fourths of U.S. agricultural exports to Vietnam will face bound tariff rates of 15 percent or less.

U.S. service providers will benefit in particular from more open access in the areas like telecommunications (including satellite services), distribution, financial services (including branching for insurance in addition to existing branching commitments with respect to banking) -- and energy services.

The bilateral market access agreement also addressed the application of science-based measures in regulating products that are a priority to U.S. exporters of agricultural products.

Other issues that are addressed include shelf-life requirements and market access for large motorcycles and technology products with encryption. Vietnam will reduce export duties on non-ferrous and steel scrap, and eliminate WTO prohibited industrial subsidies. Vietnam will immediately stop disbursements under the key subsidy program for Vietnam's textile and garment industries and terminate all WTO-prohibited subsidies to these industries on accession to the WTO.

Vietnam has been negotiating its terms of accession to the WTO since 1995. To complete its accession bid, Vietnam must complete multilateral negotiations on a Working Party Report and Protocol of Accession that details the changes Vietnam will make to bring its trade regime into conformity with WTO rules. Vietnam is continuing to enact and implement legislation that will enable it to apply WTO provisions after its accession. It is making rapid progress in this effort.

To effectuate the agreement, Congressional action is necessary to terminate application of the Jackson-Vanik amendment to Vietnam and authorize the granting of permanent normal trade relations (MFN) tariff treatment to products of Vietnam.

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