



PERMANENT NORMAL TRADE RELATIONS FOR VIETNAM
HEARING BEFORE THE U.S. SENATE COMMITTEE ON FINANCE
WEDNESDAY, JULY 12, 2006

STATEMENT FOR THE RECORD

Submitted by
Governor Frank A. Keating
President and CEO
American Council of Life Insurers
101 Constitution Avenue, N.W. – Suite 700
Washington, DC 20001-2133

Mr. Chairman, Mr. Ranking Member and distinguished members of the Senate Finance Subcommittee on International Trade: Thank you for the opportunity to submit a statement on behalf of the American Council of Life Insurers in support of the proposed granting of Permanent Normal Trade Relations for Vietnam. Our industry looks forward to swift and successful passage of the aforementioned legislation.

The American Council of Life Insurers (“ACLI”) represents three hundred seventy-seven (377) member companies operating in the United States that account for 91 percent of total assets, 90 percent of the life insurance premiums, and 95 percent of annuity considerations in the United States. Internationally, ACLI members account for over 99 percent of life insurance premiums generated in overseas markets by U.S. based life insurance and retirement security companies.

ACLI applauds the achievement of U.S. trade negotiators in concluding the bilateral accession package for Vietnam to join the World Trade Organization, because we believe it continues the high standard of commercially meaningful agreements which supports our bilateral objectives in Vietnam as well as our multilateral objectives in the WTO.

We fully support the ongoing U.S. strategy of maintaining high standards for WTO accession while aggressively negotiating bilateral and regional FTAs as a mechanism for expanding market opportunities for U.S. insurance and retirement security exporters.

ACLI’s members are proud of the positive contribution we make to the U.S. financial services export surplus and are committed to further expanding our global market presence through trade negotiation and facilitation to continue creating wealth and jobs at

home in towns across America. We are also proud that our industry's products help build individual and national economic stability in markets where they are freely available, and that in turn supports strong and growing global economies throughout the world.

With an ambitious program of economic reform underway, Vietnam is the fastest growing major economy in Southeast Asia, with a GDP that has increased almost 50 percent since 2001. Vietnam's growth makes it an attractive and important market for the U.S. insurance industry.

Vietnam has a growing insurance sector since partially opening up the market six years ago, per the US-Vietnam Bilateral Trade Agreement concluded in July of 2000. The country has gone from having only one state-owned, monopolistic, non-life insurer a decade ago to having a more competitive life and non-life insurance environment with a dozen actively expanding insurance companies.

Of course, market barriers still exist in Vietnam. The U.S.-Vietnam WTO accession agreement will further lower barriers that inhibit U.S. life insurers, reinsurers and retirement security providers from entering and/or participating on a fully competitive basis in the fast growing Vietnamese financial market.

The current WTO accession agreement between the United States and Vietnam includes key provisions for the U.S. insurance industry that include: Full grandfathering and acquired rights protections; elimination of foreign ownership restrictions on subsidiaries, so that foreign investors may own 100 percent of an insurance company that they establish in Vietnam; the allowance of non-life insurance companies establishing as branches 5 years after Vietnam accedes to the WTO; and elimination of current limitations on the sale of mandatory insurance.

In conclusion, in order for the United States to recognize the benefits of the WTO accession agreement with Vietnam, the U.S. Congress must first grant Vietnam PNTR status, which ACLI urges the U.S. Congress to support. ACLI supports continued fair trade, trade liberalization and the multilateral framework by which important international trading rules have been established. To that end, Vietnam's inclusion in the WTO is a very important step forward and offers a great opportunity for our industry. We look forward to expeditious passage of PNTR for Vietnam.

ACLI would be pleased to provide any further information that the committee may request. Thank you.