

Statement of
BUSINESS ROUNDTABLE

IN SUPPORT OF
**S.3495—A BILL TO AUTHORIZE THE EXTENSION OF NONDISCRIMINATORY
TREATMENT (NORMAL TRADE RELATIONS TREATMENT) TO THE PRODUCTS OF
VIETNAM.**

BEFORE THE

FINANCE COMMITTEE

UNITED STATES SENATE

JULY 12, 2006

BUSINESS ROUNDTABLE
1717 RHODE ISLAND AVENUE, NW
SUITE 800
WASHINGTON, DC 20036

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Mr. Chairman and Members of the Committee, thank you for the opportunity to offer this statement by the Business Roundtable in support of Permanent Normal Trading Relations for Vietnam.

The Business Roundtable's members, which include leading U.S. corporations with a combined workforce of more than 10 million employees in the United States, have been long-time supporters of U.S. efforts to reduce barriers to trade around the world. We have appeared before this Committee in support of NAFTA, CAFTA, and FTAs with Australia, Chile, Singapore, Jordan, Bahrain and Morocco. We have supported expansion of the multilateral trading system and in appeared in support of the normalized trade relations with China that facilitated its entry into the WTO. We support trade liberalization because we know first hand how important liberalized trade is to U.S. global competitiveness and economic growth and how important it is to the success of our companies and their workers.

Approval of Permanent Normal Trade Relations (PNTR) for Vietnam is one of the critical trade policy decisions before Congress this year. Vietnam PNTR will pave the way for Vietnam's membership in the World Trade Organization and will bring significant opening of Vietnam's growing market to U.S. exports. Integration of Vietnam into the WTO is important for American businesses, workers and farmers. It is the fastest growing economy in Asia. Its 80 million people are quickly climbing out of poverty and becoming an important market for U.S. goods and services. Indeed, as the attached economic paper describes, total U.S. exports to Vietnam have grown by nearly 250 percent in the last five years. Agricultural exports have grown by nearly 200 percent.

The United States Trade Representative recently concluded the U.S.-Vietnam Bilateral World Trade Organization Accession Agreement. That agreement provides significant market access that American business needs to remain competitive. Under the agreement, 94 percent of U.S. exports to Vietnam of manufactured goods will have their duties reduced to 15 percent or less when Vietnam accedes to the WTO. Approximately 75 percent of agriculture goods will have similar tariff reductions. The bilateral agreement also commits Vietnam to joining the WTO International Technology Agreement, which will immediately eliminate all duties on all information technology products, an important American export. American service providers will also see significant liberalization in Vietnam -- including opening in the telecommunications, financial services and energy sectors -- sectors in which American companies are among the most competitive in the world.

Bringing Vietnam into the WTO is an important strategic step for U.S. trade policy. Vietnam has become an increasingly important player in the rapidly expanding and integrating

Asian economy. PNTR and WTO accession will help U.S. companies export to, and do business in, Vietnam by locking in the significant liberalization that has already occurred in Vietnam's economy and expanding that liberalization for critical sectors of the U.S. economy. Access to the fast growing Vietnamese market helps provide U.S. companies with another gateway to the dynamic Asian market.

WTO membership will ensure that Vietnam continues to open its economy and enact policies that are consistent with global trade rules, giving U.S. companies a more level playing field. Indeed, the process of negotiating its WTO accession has already prompted Vietnam to enact more than 80 new laws covering all aspects of trade and commerce, which will help it to create a predictable commercial environment for U.S. exports and investment -- a critical component of American global competitive success. Of particular importance, will be reforms to Vietnam's protections for intellectual property rights. To meet its WTO accession commitments Vietnam will completely overhaul its intellectual property scheme. In addition, Vietnam will implement the Agreement on Trade Related Aspects of Intellectual Property ("TRIPS"), providing American inventors, artists, authors and companies with better protections and enforcement options.

WTO membership and the attendant market access are not only important to for increasing markets for U.S. exports; bringing Vietnam into full membership in the family to trading nations will strengthen America's strategic relationship with Vietnam and help Vietnam to liberalize and grow its own economy to improve the lives of its people.

As the CEOs of leading American companies, we know the importance of establishing stronger trade ties and bringing Vietnam into full participation in the global trading system. The competitiveness of America's business, farmers, and workers, both at home and abroad, is strengthened by removing barriers and increasing U.S. access to international markets. To bring Vietnam into the WTO and reap the benefits of the market opening agreement negotiated by USTR Congress must grant Permanent Normal Trade Relations to Vietnam. We urge the Committee to quickly approve S. 3495 so that the Senate can vote to approve PNTR without delay.

The Business Roundtable appreciates this opportunity to express its views about the importance of PNTR for Vietnam. Attached to this statement is a economic paper that provides additional information.