



WTO Accession for Vietnam



Office of the United States Trade Representative, May 2006

Overview of WTO Accession Process

- Negotiations underway on two tracks:
 - Bilateral: opens markets to U.S. exports and investment;
 - Multilateral: focuses on WTO rules (e.g. agriculture, customs, protection of IPR, treatment of state-owned or controlled enterprises, transparency, customs-related topics, etc);
- U.S. reached agreement in principle May 14; formal signing of bilateral and completion of multilateral agreement to follow
- Implementing Vietnam's WTO accession will require PNTR vote

Key Benefits of WTO Accession

- Economic benefits for the United States
- Promotes reform in Vietnam
- Supports broader U.S. interests with respect to Vietnam
- Supports broader interests in Asia

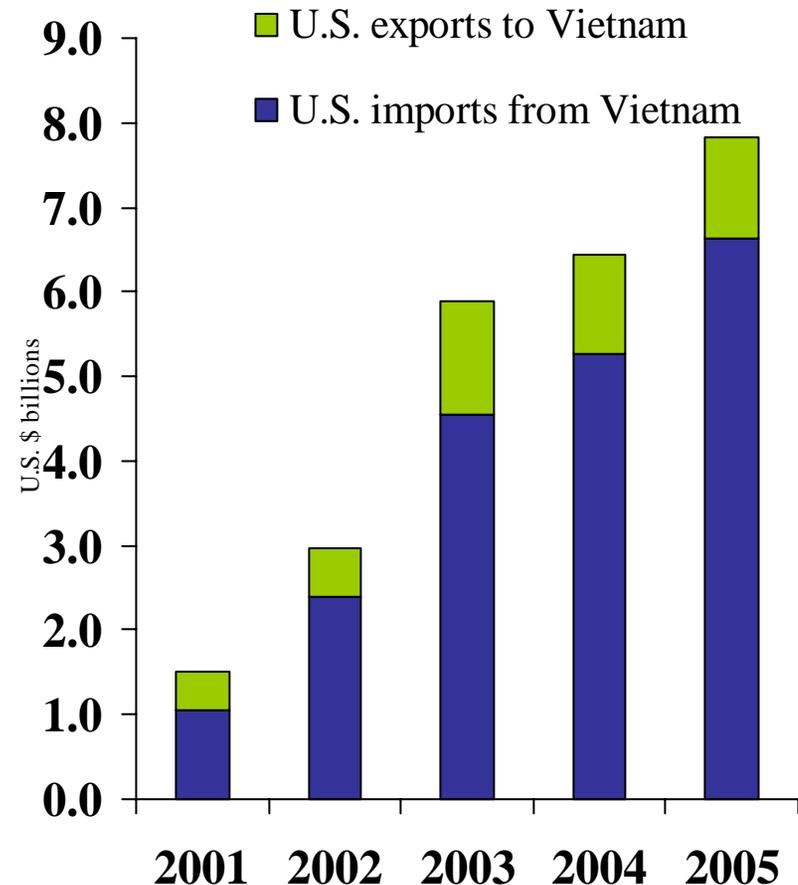
Vietnam: Rapid Economic Growth and Great Potential

Key Strengths:

- GDP growth 8.4% in 2005, GDP increased from \$31bn to \$52bn over last five years, fastest growth in Southeast Asia
- Population of 82 million, 14th largest in the world
- Imports and investment growing dramatically
 - U.S. is 6th largest supplier of Vietnam's imports, behind ASEAN, China, Taiwan, Korea and Japan
 - U.S. is 5th largest investor, behind Netherlands, Korea, Japan and Singapore
- Quickly becoming a competitive regional manufacturing base

Vietnam: A Growing Trading Partner for the U.S.

- Since 2001 when the Bilateral Trade Agreement (BTA) came into force, two-way trade has grown to \$7.8 billion, an increase of more than 400%
- U.S. exports increased 150% since 2001, fast growing export market for U.S. goods in Asia
- In 2005, U.S. exports totaled \$1.2 billion, up 24%; of which agricultural exports were \$192 million, up 20% over 2004.



New Opportunities for Key U.S. Exports After Accession

- Locks in market access by binding tariff rates
- Approximately 94% of U.S. exports of manufactured goods will face duties of 15% or less
 - Average tariff rate reduced from approximately 18% to 12-13%
 - Key focus on U.S. priorities: construction equipment, pharmaceuticals, and civil aircraft will have low duties of 0-5%. Vietnam has agreed to join International Technology Agreement (ITA) and embrace more than 75 percent of the chemical harmonization initiative. Vietnam has committed to implement low duties upon accession on nearly all medical equipment.
- Duties on 75% of U.S. agricultural exports will fall to 15% or less
 - Key focus on U.S. priorities: soybean products; cotton; fruits and vegetables; selected beef, pork and variety meats; and processed foods such as frozen fries, select chocolate, peanut butter, and tomato paste

New Opportunities for U.S. Service Providers

WTO accession will provide substantial market access across a broad variety of services sectors, including key U.S. priorities, such as:

- Financial services including branching rights for insurance, banking, and securities
- Telecommunications and computer-related services
- Professional services (e.g. legal, accounting)
- Distribution services
- Energy Services

WTO Accession Will Help Promote Meaningful Market Access

Accession will address:

- **Trading Rights** – U.S. firms will be assured the right to import virtually all goods into Vietnam by 2009
- **Quantitative Restrictions** – Vietnam will eliminate import bans on most products and make remaining import licensing WTO consistent
- **Sanitary and Phytosanitary Measures** – Vietnam will apply science-based sanitary and phytosanitary standards to all agricultural goods; recognize equivalence; and implement regulations for biotech and shelf-life in a non-trade disruptive manner
- **Intellectual Property Rights** – Vietnam finalizing new laws to bring it into full TRIPS compliance, including providing data protection
- **Industrial and Agricultural Subsidies** – Vietnam agreed to eliminate WTO prohibited industrial subsidies and agricultural export subsidies

WTO Accession Promotes Reform in Vietnam

- Enhances transparency
 - Will adopt WTO and GATT transparency provisions
 - Will create an official website for notification of comment periods and new regulations
 - Is already publishing draft laws and regulations for public comment and incorporating suggestions into laws
- Promotes rule of law and encourages good governance
 - Prompting Vietnam to enact over 80 laws or ordinances covering all aspects of trade and commerce. New laws reduce administrative discretion and support predictable commercial environment
 - Provides framework for enforcement and accountability through WTO Dispute Settlement, Trade Policy Review and other mechanisms to enforce WTO disciplines

Vietnam Accession Supports Broader U.S. Interests in Vietnam

- Continues maturation of U.S.-Vietnam relations underway since normalization in 1995
- WTO obligations will expand economic freedom and strengthen civil society
- Closer engagement enhances our message to Vietnam on concerns regarding human rights and religious freedom, and will support already strong POW/MIA cooperation

Vietnam Accession Supports Broader U.S. Interests in Asia

- Supports linkages with commercially and strategically significant ASEAN region.
 - Total GDP of \$2.7 trillion
 - Population of 570 million
 - 4th largest export market for U.S. (\$50 billion)
- Encourages growth of emerging alternative Asian market