Trade Facts

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Vietnam's Accession to the World Trade Organization (WTO) Fact Sheet on Bilateral Market Access Agreement on Industrial Goods

Exports of U.S. industrial goods to Vietnam have increased by over 50 percent in the four years since implementation of the U.S.-Vietnam Bilateral Trade Agreement (2001) and exceeded $900 million in 2005. As part of our WTO bilateral market access agreement, Vietnam will further expand market access for U.S. exports by significantly reducing tariffs on many manufactured goods. More than 94 percent of U.S. exports of manufactured goods will face duties of 15 percent or less upon implementation of Vietnam's WTO accession commitments. Vietnam has committed to bind all tariff lines, creating greater transparency for U.S. exporters, and to lower its average bound tariff rate on industrial and consumer goods by 20 percent after full implementation. Average staging for all consumer and industrial products will be approximately two years with many commitments being implemented immediately upon accession.

Some examples of tariff reductions in areas of commercial significance to the United States include:

- Information Technology Products: Upon accession, Vietnam will join the Information Technology Agreement (ITA), which eliminates tariffs on information technology products including computers, cell phones and modems. U.S. exports to Vietnam of these products exceeded $40 million in 2005.

- Chemicals, Cosmetics and Pharmaceuticals: Vietnam has committed to reduce tariffs to the harmonization rates required by the Chemical Harmonization Agreement on 80 percent of chemical products, which will cover the vast majority of U.S. chemical exports to Vietnam. Vietnam's average tariff on cosmetics, a key sub-sector in chemicals, will be reduced from 44 percent to 17.9 percent upon full implementation. Pharmaceutical tariffs will average 2.5 percent within five years after accession.

- Civil Aircraft Equipment: Vietnam's tariff on airplanes and engines will be eliminated within seven years following accession. Vietnam's average tariff on all aircraft parts will fall to less than 9 percent in the same timeframe.

- Motor Vehicles and Parts: Tariffs on priority U.S. vehicles such as SUVs will be reduced by 50 percent after full implementation. Tariffs on auto parts will be reduced by 19 percent to an average of 13 percent. Vietnam also will reduce its tariff on large motorcycles by 56 percent and motorcycle parts by 32 percent after full implementation.

- Agriculture and Construction Equipment: Vietnam will bind tariffs at 5 percent or less for close to 90 percent of its tariff lines.

- Medical and Scientific Equipment: Vietnam will bind tariffs at zero on 91 percent of medical equipment products within five years of accession. The average tariff rate for this entire sector will be less than 1 percent. Vietnam will eliminate all duties on 96 percent of scientific equipment within three years after accession.

- Wood Products: Vietnam's average tariff on wood products will be approximately 4 percent upon accession.

Vietnam also addressed non-tariff issues that significantly impact the scope and quality of market access:

- Motorcycles: Vietnam eliminated its ban on imports of large motorcycles (i.e., those with engines with capacities greater than 175cc's). Within a year, Vietnam will establish a non-discriminatory and transparent system for the importation, distribution, and use of large motorcycles by individuals and firms that meet agreed criteria

- Products Equipped with Encryption Technology: Vietnam will exempt general, commercially traded goods, including all products covered by the Information Technology Agreement, from restrictions imposed on imports of encryption machines and software.

- Ferrous (Steel) and Other Scrap Metals: Vietnam will reduce export duties on these important, globally traded inputs to steel and other metalworking production by up to 51 percent of current levels over the next five to seven years.

- State-Owned and State-Controlled Enterprises: Vietnam has confirmed that its state-owned and state-controlled enterprises will make purchases (not for governmental use) and sales in international trade based on commercial considerations.