Trade Facts

Office of the United States Trade Representative www.ustr.gov
May 31, 2006

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

When Vietnam becomes a WTO member, U.S. services providers will benefit from enhanced market access and national treatment in Vietnam across a wide range of sectors, including insurance, banking and securities, telecommunications, energy services, express delivery services, engineering and construction services, and professional services. In addition, Vietnam agreed to consider providing more liberal access than that specified in its schedule.

Banking and Securities: Vietnam currently limits foreign banks to a minority shareholding position of 49 percent, but allows bank branches. Vietnam only allows foreign securities companies to open representative offices. Our WTO bilateral market access agreement with Vietnam includes the following improvements:

- As of April 1, 2007, U.S. and other foreign banks will be able to establish 100-percent foreign-invested subsidiaries. As Vietnamese legal entities, these subsidiaries will receive non-discriminatory ("national") treatment upon accession. U.S. banks will be able to establish a 100-percent foreign-invested bank subsidiary, take unlimited local currency deposits from legal entities, and issue credit cards.

- As of the date of Vietnam's accession, foreign securities firms will be able to open joint ventures with up to 49 percent foreign ownership. After five years, foreigners will be able to own 100 percent of securities firms and will be able to branch into Vietnam for some securities activities (asset management, advisory, and settlement and clearing services).

- Foreign-invested firms established in Vietnam will be afforded national treatment, across all other financial services sub-sectors.

- Cross-border market access commitments will be comparable, or superior, to those of OECD countries.

Insurance: Foreign insurance companies currently are allowed to operate in Vietnam through joint-ventures with a Vietnamese partner and are subject to a number of limitations on their scope of business. Direct branching is not allowed in the insurance sector. After its accession, Vietnam will permit foreign insurance companies to operate under the following terms:

- Vietnam will allow foreign insurance companies to operate through 100-percent foreign-owned subsidiaries. Vietnam also will allow foreign insurance companies to open direct branches offering non-life insurance after five years from the date of its accession.

- Vietnam will allow foreign insurance companies to operate with minimal limitations on their scope of business. For example, for one year after the date of Vietnam's accession, foreign insurance companies will not be permitted to sell certain lines of statutory insurance; thereafter, there will be no limitations on access to the Vietnamese insurance market.

- Vietnam will provide foreign insurance companies with full national treatment.

- Furthermore, Vietnam will implement its commitment for branching in the non-life insurance sector in a manner consistent with the internationally recognized industry standards of the International Association of Insurance Supervisors (IAIS).

Telecommunications: Vietnam will open its telecommunications market and permit majority-owned foreign supply in four areas reflecting key U.S. commercial priorities: basic public telecommunications services offered on a non-facilities basis (fixed and mobile services offered by leasing transmission capacity from a Vietnamese company); private data networks (primarily serving multinational investors, offering Internet-based applications); satellite services; and submarine cable services.

Vietnam also accepted the pro-competitive WTO Basic Telecommunications Reference Paper which establishes an independent regulator and obligations to prevent anti-competitive behavior by the dominant supplier. The Reference Paper establishes transparency obligations and interconnection requirements.

Energy Services: Vietnam has made a broad range of commitments that will result in the phased opening of its energy services market. Vietnam will allow U.S. energy services firms to compete for energy services projects associated with oil and gas exploration and development, management consulting, technical testing and analysis, and repair and maintenance of equipment, among others.

Upon accession, Vietnam will permit foreign energy services companies to operate as joint-ventures with a Vietnamese partner for a period of three to five years, depending on the type of service. Thereafter, foreign energy services companies will be able to operate as 100-percent foreign-owned enterprises. Vietnam also has committed to provide foreign energy service companies with full national treatment.

Express Delivery: Vietnam will allow foreign express delivery companies to operate as majority shareholders in joint-ventures with Vietnamese partners upon accession and as 100-percent foreign-owned enterprises after five years. Vietnam's membership in the WTO will ensure the unrestricted delivery of documents, parcels, packages, goods and other items through all relevant modes of supply, and guarantee that foreign express delivery operators will receive treatment no less favorable than that accorded to the Vietnam Post Office.

Transportation Services: Vietnam will open its markets for maintenance and repair of aircraft, allowing foreign companies to form joint-ventures with Vietnamese partners upon accession, and to operate as 100-percent foreign-owned enterprises after five years from Vietnam's accession.

Business Services: Vietnam will provide improved market access for professional and business service providers, including lawyers, accountants, architects, engineers, consultants, advertising and marketing executives and veterinarians. U.S. service providers will be allowed to operate as 100-percent foreign-owned enterprises in most of these sectors, either upon accession or after a brief phase-in period. Vietnam also improved access in the computer and related services sector, including allowing 100-percent foreign equity investment in this rapidly growing sector, in which U.S. companies are globally competitive.

Distribution Services: Vietnam will liberalize the wholesale, retail and franchise sectors. Upon accession, U.S. service providers will be allowed to establish joint-ventures with Vietnamese partners, and on January 1, 2009, U.S. service suppliers will be allowed to operate as 100 percent foreign-owned enterprises. Foreign-invested distributors will also be allowed to distribute both imported and domestically produced goods. In addition, Vietnam’s commitments on retailing services provide for direct sales by individual commission agents.

Environmental Services: Vietnam will liberalize its environmental services market. It will allow U.S. service providers to provide a range of services, from sewage services to noise-abatement services, through joint-ventures with Vietnamese partners upon accession, or as 100-percent foreign-owned enterprises after five years. Vietnam also has committed to provide foreign service suppliers with full national treatment.

Hotels and Restaurants: Vietnam will open its market to increased U.S. investment in the Vietnamese lodging industry, and create opportunities for U.S. hotel management companies.