

Vietnam in the TPP Negotiations: Opportunities, Priorities and Challenges for U.S. Business

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Vietnam in the TPP Negotiations: Opportunities, Priorities and Challenges for U.S. Business

Outline

- I. Overview of the TPP Negotiations**
- II. U.S. Negotiating Objectives**
- III. Market Access (goods and services)**
- IV. Intellectual Property Rights**
- V. Pharmaceuticals**
- VI. Trade Facilitation**
- VII. Challenges Confronting U.S. Business**
- VIII. Conclusions**

Trans-Pacific Partnership Negotiations

I. Overview of the TPP Negotiations

- 2009: Start of TPP negotiations delayed due to change in administration
- December 2009: USTR notified Congress of intention to enter into the TPP negotiations
- March 2010: Round 1 in Australia (AUS, Chile, Peru, Singapore, Vietnam, U.S., Brunei, and NZ).
- June 2010: Round 2 in U.S.
- October 2010: Round 3 in Brunei (MYL joins)
- December 2010: Round 4 in New Zealand (Vietnam becomes full member)
- January 2011: Exchange of goods offers
- February 2011: Round 5 in Chile
- March/April 2011: Round 6 in Singapore/exchange of services offers
- June 2011: Round 7 in Vietnam
- September 2011: Round 8 in U.S.
- October 2011: Round 9 in Peru
- Notional conclusion Q4 2011; but mid-2012 more likely

Trans-Pacific Partnership Negotiations

I. Overview of the TPP Negotiations

- Other countries that may join the TPP negotiations in the future
 - Japan
 - Canada
 - Thailand
 - Philippines
 - Indonesia

Trans-Pacific Partnership Negotiations

II. U.S. Negotiating Objectives

- High-standard, high-ambition, comprehensive, “next generation” free trade agreement
- Cross-cutting, horizontal commitments
 - ❖ Regulatory coherence
 - ❖ Competitiveness
 - ❖ SMEs
 - ❖ Supply Chain
 - ❖ Development, but not Special & Differential treatment
- Broad-based, flexible and expandable regional agreement

Trans-Pacific Partnership Negotiations

II. U.S. Negotiating Objectives

- Platform for broader economic integration in the Asia-Pacific Region.
- Advance U.S. economic and foreign policy interests throughout SE Asia.
- Expand U.S. export markets
- Avoid being locked out of fastest growing region because of proliferation of regional FTAs that exclude the U.S.
- Counter China's growing regional and global influence

Vietnam in the TPP Negotiations: Opportunities, Priorities and Challenges and for U.S. Business

III. Market Access

A. Goods

- i. Imports
- ii. Exports

B. Services

- i. Outbound
- ii. Inbound (very limited)

Vietnam in the TPP Negotiations: Opportunities, Priorities and Challenges and for U.S. Business: goods

III. Market Access

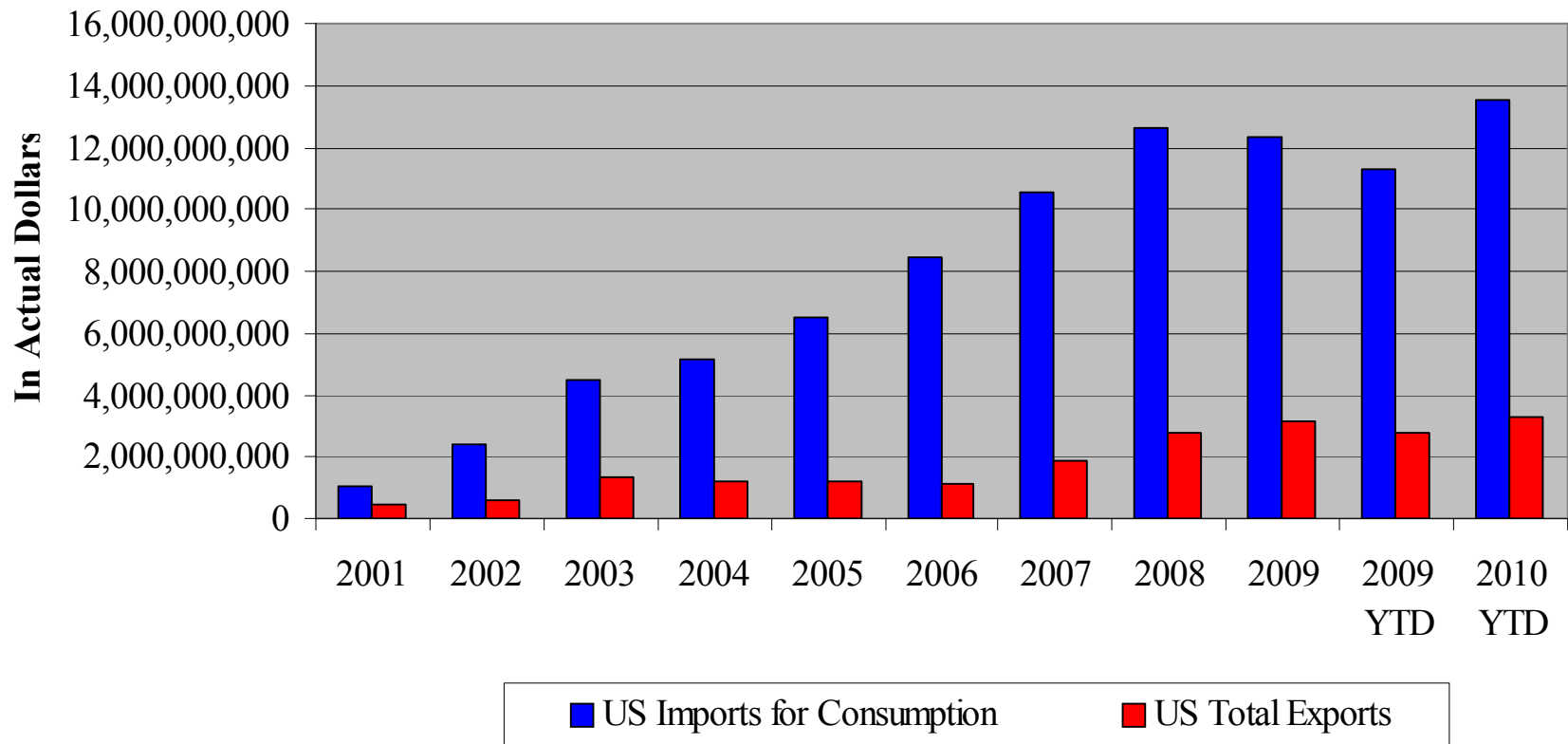
A. Goods

➤ **The Big Picture: Bilateral Trade**

- ❖ 2001 \$1.5 billion
- ❖ 2007 \$12.5 billion
- ❖ 2010 \$17.5 billion
- ❖ **U.S. Imports from Vietnam**
 - 2001 \$1 billion
 - 2007 \$10.5 billion
 - 2010 \$14 billion
- ❖ **U.S. Exports to Vietnam**
 - 2001 \$461 million
 - 2007 \$2 billion
 - 2010 \$3.5 billion

Aggregate Two-Way Trade Opportunities for U.S. Business: goods

Bilateral Trade Between U.S. & Vietnam



U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

A. Goods

i. Key Imports from Vietnam (inbound)

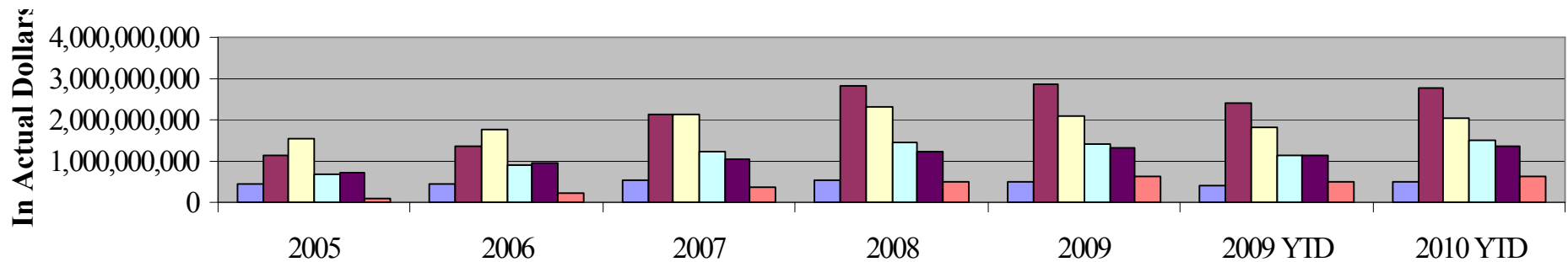
- ❖ Textiles and Apparel
- ❖ Footwear
- ❖ Wooden furniture
- ❖ Aquaculture products
- ❖ Consumer electronics

- Near-term import benefits/opportunities for U.S. business in goods sector likely to remain in these categories of goods.

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

U.S. Imports [HTS 2]

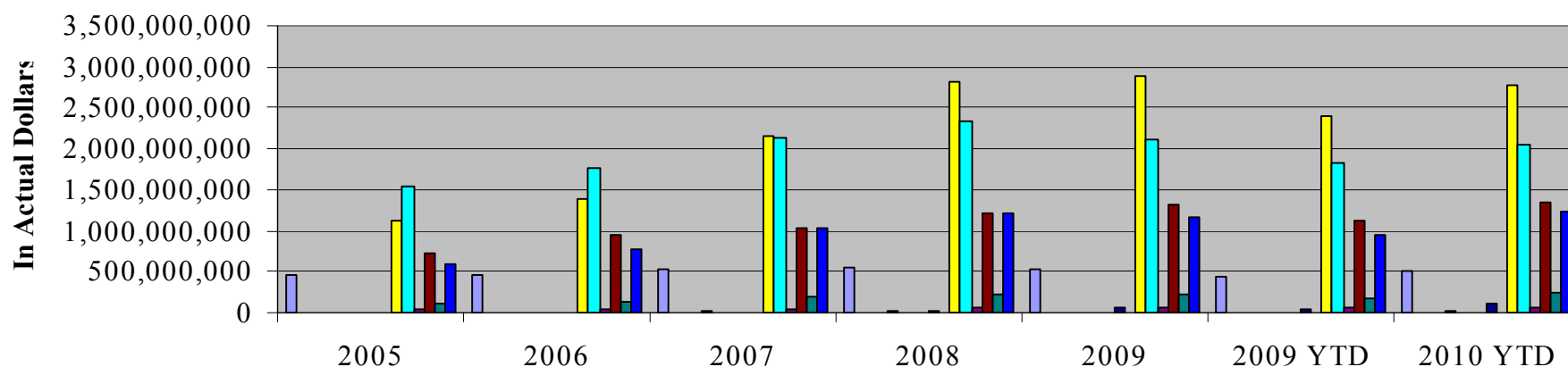


- HTS 3: FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES
- HTS 61: ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED
- HTS 62: ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED
- HTS 94: FURNITURE; BEDDING, CUSHIONS ETC.; LAMPS AND LIGHTING FITTINGS NESOI; ILLUMINATED SIGNS, NAMEPLATES AND THE LIKE; PREFABRICATED BUILDINGS
- HTS 64: FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES
- HTS 85: ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION RECORDERS AND REPRODUCERS, PARTS AND ACCESSORIES

U.S. Imports from Vietnam

Opportunities for U.S. Business: Goods (inbound)

U.S. Imports from Vietnam



- HTS 3: FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES
- HTS 52: COTTON, INCLUDING YARNS AND WOVEN FABRICS THEREOF
- HTS 53: VEGETABLE TEXTILE FIBERS NESOI; YARNS AND WOVEN FABRICS OF VEGETABLE TEXTILE FIBERS NESOI AND PAPER
- HTS 54: MANMADE FILAMENTS, INCLUDING YARNS AND WOVEN FABRICS THEREOF
- HTS 55: MANMADE STAPLE FIBERS, INCLUDING YARNS AND WOVEN FABRICS THEREOF
- HTS 56: WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF
- HTS 57: CARPETS AND OTHER TEXTILE FLOOR COVERINGS
- HTS 58: SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAP ESTRIES; TRIMMINGS; EMBROIDERY
- HTS 59: IMPREGNATED, COATED, COVERED OR LAMINATED TEXTILE FABRICS; TEXTILE ARTICLES SUITABLE FOR INDUSTRIAL USE
- HTS 60: KNITTED OR CROCHETED FABRICS
- HTS 61: ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED
- HTS 62: ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED
- HTS 63: MADE-UP TEXTILE ARTICLES NESOI; NEEDLECRAFT SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS
- HTS 64: FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES
- HTS 9401: SEATS (OTHER THAN BARBER, DENTAL AND SIMILAR CHAIRS), WHETHER OR NOT CONVERTIBLE INTO BEDS, AND PARTS THEREOF
- HTS 9403: FURNITURE, NESOI (OTHER THAN SEATS, MEDICAL, SURGICAL, DENTAL OR VETERINARY FURNITURE) AND PARTS THEREOF

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

- **What do the trade data mean for U.S. Business**
 - **Apparel** (Chs. 61 and 62)
 - ❖ Exports from Vietnam: \$5.2 billion in 2010
 - ❖ Current U.S. tariffs: High tariffs, e.g. 37.5% *ad valorem*, and/or specific tariffs per kg.
 - ❖ Significant potential tariff benefits/eventual tariff elimination (likely phased over 10 yrs or more. New market access checked by “yarn forward” rules, limited 3rd country fabric exceptions (TPLs), and onerous customs enforcement provisions)
 - ❖ Imports likely to increase as tariffs phase-out

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

- **Apparel** (Chs. 61 and 62)
 - ❖ U.S. Beneficiaries
 - U.S. importers/retailers (e.g. Wal-Mart, Gap, Levi's, Target, Federated)
 - U.S. Consumers
 - ❖ U.S. Opponents
 - U.S.-based textile manufacturers (NCTO)

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

➤ **Footwear** (Chs. 64)

- ❖ Exports from Vietnam: \$1.5 billion in 2010
- ❖ Current U.S. tariffs: Duty free to 37.5% *ad valorem*, and/or specific tariffs.
- ❖ Significant tariff benefits/eventual tariff elimination (likely phased over 10 yrs or more)
- ❖ Imports likely to increase significantly
- ❖ U.S. Beneficiaries
 - U.S. importers and retailers (e.g. Nike, Reebok, Wal-Mart, Target)
 - U.S. Consumers
- ❖ U.S. Opponents
 - U.S. manufacturers of protective footwear

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

- **Wooden Furniture** (HTS 9403)
 - ❖ Exports from Vietnam: \$1.6 billion in 2010
 - ❖ Current U.S. tariffs: MFN duty free
 - ❖ No tariff benefits
 - ❖ Imports likely to continue to increase because of China AD order on WBF. Possible AD/CVD case
 - ❖ U.S. Beneficiaries
 - U.S. importers, retailers (e.g. *Ethan Allen, Ikea, furniture importers*)
 - U.S. Consumers
 - ❖ U.S. Opponents
 - U.S. furniture manufacturers

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

- **Aquaculture** (catfish fillets, shrimp and prawns, etc.)
 - ❖ Exports from Vietnam: \$580 million in 2010
 - ❖ Current U.S. tariffs: Duty free to 6% *ad valorem*
 - ❖ TPP will provide minimal tariff benefits
 - ❖ Imports likely to increase
 - ❖ Growth in market access impacted by AD orders and USDA labeling regulations
 - ❖ U.S. beneficiaries
 - ✓ U.S. importers, processors and consumers
 - ❖ U.S. opponents
 - ✓ U.S. producers

U.S. Imports from Vietnam

Opportunities for U.S. Business: goods (inbound)

III. Market Access

- **Consumer Electronics** (Ch. 85)
 - ❖ Exports from Vietnam: \$720 million in 2010
 - ❖ Current U.S. tariffs: Duty free to 15% *ad valorem*, most tariffs are between 2% to 5%
 - ❖ TPP will provide modest tariff benefits
 - ❖ Imports likely to increase significantly because of tariff advantage over China
 - ❖ U.S. beneficiaries
 - ✓ U.S. importers, retailers
 - ✓ U.S. consumers
 - ❖ U.S. opponents
 - ✓ None

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

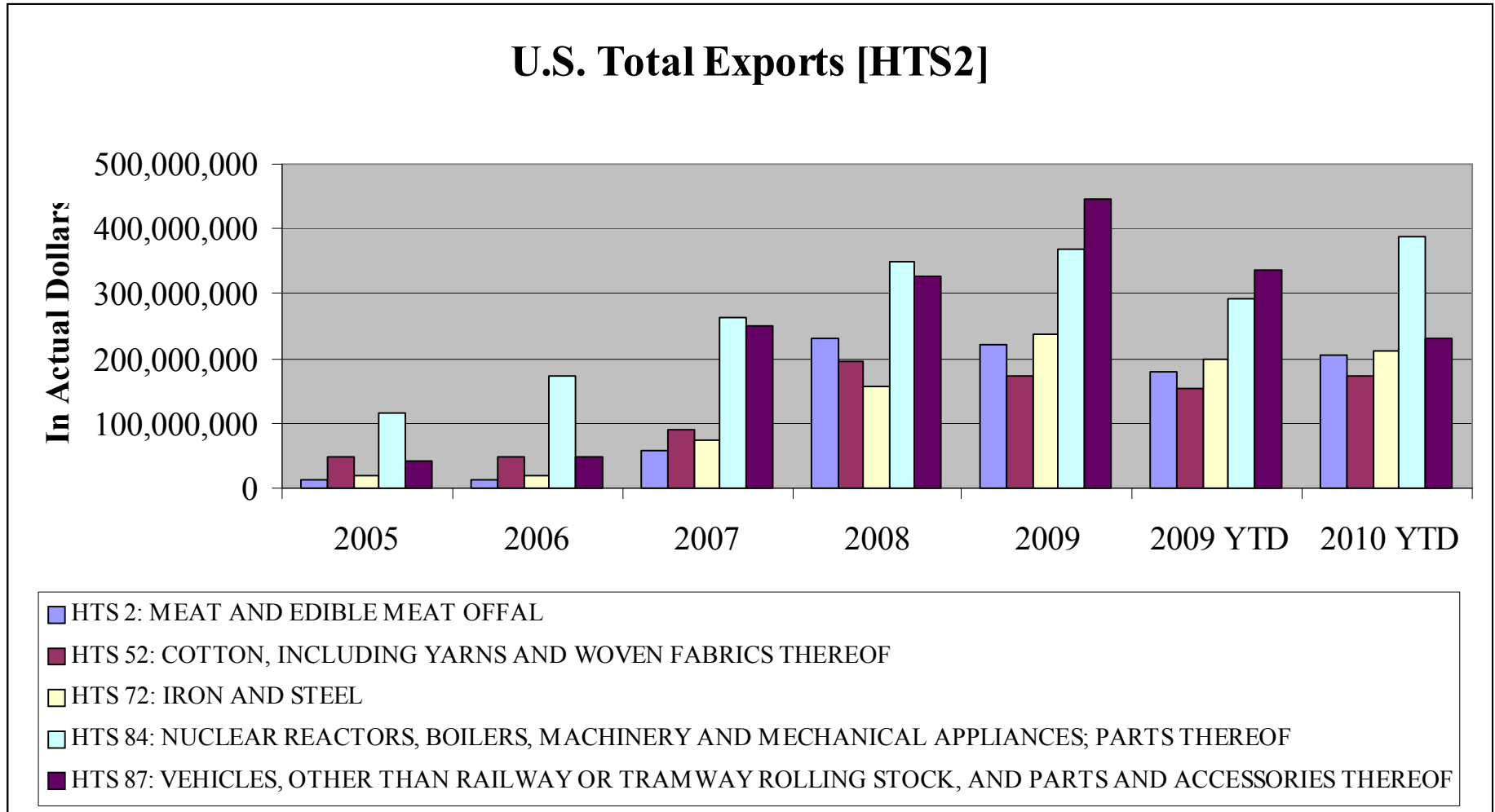
A. Goods

ii. Key U.S. Exports to Vietnam

- ❖ Vehicles
- ❖ Heavy machinery
- ❖ Iron and steel
- ❖ Meat
- ❖ Cotton

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)



U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

A. Goods

- **What do the data mean for U.S. Business**

- **Vehicles** (cars, motor bikes, motorcycles)

- ❖ Exports to Vietnam: \$225 million in 2010
- ❖ Current U.S. tariffs: Mostly 100% *ad valorem*
- ❖ Potentially significant tariff benefits
- ❖ Exports likely to increase
- ❖ U.S. Beneficiaries
 - U.S. manufacturers (e.g. *Big Three*; possibly Japanese and Korean companies assembling in the U.S.; Harley Davidson)
- ❖ Vietnamese Domestic Opponents
 - Domestic motor bike manufacturers and used motorbike dealers
 - Retailers of used motorbikes

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

➤ **Heavy Machinery** (generators, boilers, turbines, engines, construction machinery, earth movers, excavators)

- ❖ Exports to Vietnam: \$380 million in 2010
- ❖ Current U.S. tariffs: duty free - 100% *ad valorem*
- ❖ Potentially significant tariff benefits
- ❖ Exports likely to increase
- ❖ U.S. Beneficiaries
 - U.S. manufactures and exporters (e.g. *GE, CAT, John Deer*)
- ❖ Vietnamese Domestic Opponents
 - No known

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

➤ Iron and Steel

- ❖ Exports to Vietnam: \$235 million in 2010
- ❖ Current U.S. tariffs: MFN duty free to 40% *ad valorem*; mostly MFN duty free.
- ❖ Potentially significant tariff benefits
- ❖ Exports likely to increase
- ❖ U.S. Beneficiaries
 - U.S. steel manufacturers and exporters (*e.g. U.S. Steel, Nucor, etc.*)
- ❖ Vietnamese Domestic Opponents
 - Chinese transplants

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

- **Meat** (beef and pork)
 - ❖ Exports to Vietnam: \$225 million in 2010
 - ❖ Current U.S. tariffs: 20% - 30% *ad valorem*
 - ❖ Potentially significant tariff benefits
 - ❖ Exports likely to increase
 - ❖ U.S. Beneficiaries
 - U.S. exporters (*e.g. beef/pork producers and processors*)
 - ❖ Vietnamese Domestic Opponents
 - Pork producers
 - Local farmers

U.S. Exports to Vietnam

Opportunities for U.S. Business: goods (outbound)

III. Market Access

➤ Cotton (yarn)

- ❖ Exports to Vietnam: \$200 million in 2010
- ❖ Current U.S. tariffs: 20% - 40% *ad valorem*
- ❖ Potentially significant tariff benefits
- ❖ Exports likely to increase
- ❖ U.S. Beneficiaries
 - U.S. exporters (*e.g. yarn extruders, NCTO members*)
- ❖ Vietnamese Domestic Opponents
 - Chinese transplants
- ❖ Benefits Vietnam's apparel manufacturers
- ❖ U.S. insufficient supply to satisfy VN's demand

U.S. Exports to Vietnam

Opportunities for U.S. Business: Goods (outbound)

III. Market Access

➤ Other potential beneficiaries

- ❖ **Agriculture** (VN tariffs: Dairy 20-30%; vegetables, citrus, fruits, coffee, tea 40-50%; rice 40%; prepared meats 50%; sugar 30-100%; dairy-containing preparations 15-50%, fruit juices 40%; wine and spirits 80%; tobacco 30-100%)
- ❖ **Chemicals, polymers and plastics** (relatively low tariffs, most are duty free, but some as high as 30%)
- ❖ **Pharmaceuticals** (relatively low tariffs, most are duty free, none higher than 10%)
- ❖ **Cosmetics and personal care** (tariffs between 10% and 30%)

Opportunities for U.S. Business: Services

III. Market Access

B. Services: Generally

- 80% of U.S. GDP and 80% of U.S. employment are in services.
- U.S. export of services in 2009 in excess of \$450 billion.
- Export of U.S. services key to maximizing benefit of TPP for U.S. business sector and specifically Vietnam.
- TPP already an important market for U.S. exports of services.
- Important opportunity to achieve additional market access for U.S. services sector in Vietnam.
- Vietnam's likely positions, negotiating strategy

Opportunities for U.S. Business: Services

III. Market Access

B. Services: Generally

- TPP covers all traditional aspects of trade in services in past FTAs:
 - ❖ Services
 - ❖ Investment
 - ❖ Financial Services
 - ❖ Telecommunications
 - ❖ E-commerce
- Horizontal disciplines
 - ❖ Regulatory coherence

Opportunities for U.S. Business: Services

III. Market Access

B. Services: Generally

- TPP should provide comprehensive market access in all aspects of trade in services:
 - ❖ Cross-border supply
 - ❖ Portfolio investment
 - ❖ NCMs based on a negative list approach
- TPP will build on Vietnam's WTO Services schedules, high level of liberalization on financial services, telecom, express delivery, professional services, distribution services.
- Further services disciplines and commitments needed across-the-board in order for U.S. services industry to see meaningful benefits from Vietnam's participation in TPP

Opportunities for U.S. Business: Services

III. Market Access

B. Services: Generally

- Investor Protections:
 - ❖ Crucial for investor confidence
 - ❖ Creating a climate to attract high-quality, long-term U.S. investment in Vietnam
 - ❖ Keys to investor protection
 - ✓ Investor-state dispute settlement
 - ✓ Broad definition of investment, including portfolio investment and cross-border investments
 - ✓ Protections against expropriation
 - ✓ Liberal transfers provisions

Opportunities for U.S. Business: Services (outbound)

III. Market Access

B. Services

i. Outbound

➤ Chapter-specific issues:

- ❖ Investment
- ❖ Financial Services
- ❖ Services
- ❖ Telecommunications
- ❖ E-commerce

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- Investment Chapter Priorities
 - ❖ Eliminate sections in Vietnam's Investment Law which prohibit or condition foreign investment
 - ❖ Liberalize list of conditioned investments
 - ❖ MFN/NT
 - ❖ Minimum standard
 - ❖ Expropriation
 - ❖ Free transfers of capital
 - ❖ Performance requirements

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- Investment Chapter Priorities
 - ❖ Negative list of non-conforming measures
 - ❖ Investor-state dispute settlement
 - ❖ Minimal or no local content requirement

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- **Financial Services Chapter Priorities**
 - ❖ Good investor protections, regulatory transparency and good outcome on market access will create a climate that will encourage U.S. services investment
 - ❖ What's needed to boost financial services investment:
 - ❖ High-standard text based on KORUS FTA and the Rwanda BIT texts.
 - ❖ Extend the Investment Chapter and Rwanda BIT investor protections to financial services suppliers; subject NT and MFN to ISDS
 - ❖ Provisions on portfolio management
 - ❖ Right to establish and commercial presence
 - ❖ 100% ownership and right to establish in corporate form of choice

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- What's needed to boost financial services investment:
 - ❖ Right to branch (no limits)
 - ❖ Right to obtain a license (no quotas)
 - ❖ Negative list-based NCMs
 - ❖ Cross-border services for financial services firms to qualified investors w/o establishment of commercial presence
 - ✓ Large-scale commercial risk insurance
 - ✓ Banking and brokerage (GATS plus)
 - ❖ Greater regulatory transparency
 - ❖ Allowance to perform trade and transaction processing abroad

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- **Services Chapter Priorities**
 - ❖ Based on KORUS FTA text
 - ❖ GATS-plus market access
 - ❖ Disciplines requiring SOEs to operate in commercial manner
 - ❖ Narrow NCMs to boost market access
 - ❖ Opportunities for U.S. services investment and additional market access
 - ❖ **Sector-Specific Issues**
 - Express Delivery Services
 - Retail, Distribution and Audiovisual Services
 - Professional Services

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- What's needed to boost Services investment
 - ❖ Broad market access for all professional services (law, accounting, consulting, engineering, architectural, medical, express delivery, etc.)

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- Telecommunications Chapter Priorities:
 - ❖ Roll back the requirement that an ISP must have a joint venture with a local commercial supplier in Vietnam
 - ❖ Prevent implementation of draft regulation requiring that the purchase and distribution of all foreign programming and foreign channels be sold to VN market through single govt. entity
 - ❖ All VN telecoms are SOEs; open-up competition to non-SOE entities in the telecom market
 - ❖ VN nervous about allowing unfiltered content and some internet services

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- What's needed to boost telecom opportunities for U.S. Business:
 - ❖ Resist govt. control over the flow of information
 - ❖ Narrow NCMs to boost market access
 - ❖ Elimination of equity limitations and caps on joint ventures or 100% foreign ownership in telecom sector
 - ❖ Eliminate JV requirement for cinema construction; stop film censorship
 - ❖ Eliminate foreign equity limits for facilities-based public telecom services (services provided by a supplier that does not own its own transmission capacity but contracts for it from a facilities-based supplier).
 - ❖ Eliminate requirement that facilities-based operators must be majority state-owned; limiting pool of JV partners and reinforces state control over market entry.

Opportunities for U.S. Business: Services (outbound)

III. Market Access

- E-Commerce Chapter Priorities
 - ❖ Template, KORUS FTA chapter
 - ❖ Electronically delivered goods and services receive no less favorable treatment than like products delivered in physical form
 - ❖ Duty free treatment for software, video, and other content on digital media (CDs, DVDs, etc.)
 - ❖ Elimination of equity limitations and caps on joint ventures or 100% foreign ownership in telecom sector
 - ❖ No content monitoring or censorship
 - ❖ Eliminate GOV control over ISP portals

Opportunities for U.S. Business: Services (inbound)

III. Market Access

B. Services

ii. Inbound

- Vietnam lacks a developed, export-oriented services sector.
- The TPP services' commitments will facilitate the eventual growth and development of an export-focused services industry in Vietnam.
- Years away.

Opportunities for U.S. Business: IPR

IV. Intellectual Property Rights

- Vietnam on Special 301 Watch List, work to do.
- Next generation IPR chapter, based on KORUS FTA text
- Piracy, infringement and lax IPR enforcement are disincentives for U.S. investment, addressing these will be key
- Increase in IP violations over the Internet
- Stepped-up enforcement will boost U.S. investment
- Key IPR Priorities and Elements:
 - Strong provisions protecting famous trademarks
 - Trademark license
 - Promote registration of GIs
 - Copyright Protections
 - Extended term of protection to match U.S. law (lifetime+70yrs)
 - Exclusive rights for sound recordings
 - Protection for encrypted signals
 - Enforcement authority to seize infringing intellectual property

Opportunities for U.S. Business: Pharmaceuticals

V. Pharmaceuticals

- U.S. FTA Pharmaceuticals chapters as building-block for TPP chapter to secure greater market access and regulatory transparency for U.S. pharmaceuticals
- Address concerns about Vietnam's discriminatory treatment against foreign firms across a range of product registration requirements for imported pharmaceuticals
- Regulatory transparency on drug approval
- Break-down NTBs in Vietnam, especially those that restrict access to innovative medicines
- Strong protection and enforcement of IPR which is critical to pharmaceutical development

Opportunities for U.S. Business: Trade Facilitation

VI. Trade Facilitation

- Trade Facilitation
 - U.S. exporters and Vietnamese importers and Vietnamese gov. officials will benefit from the TPP TF provisions
 - TF provisions built on existing GATT commitments in Articles V (Transit), VIII (fees and formalities) and X (publication and administration of trade regulations)
 - Based on U.S. FTA template
 - Will help to address systemic concerns about inefficient customs clearance

Opportunities for U.S. Business: Trade Facilitation

VI. Trade Facilitation

- Trade Facilitation
 - Key Provisions
 - ❖ Regulatory transparency and publication
 - ❖ Release of goods prior to assessment and payment of duties
 - ❖ Use of automation
 - ❖ Risk management
 - ❖ Cooperation between customs authorities
 - ❖ Expedited release for Express Shipments
 - ❖ Independent administrative and judicial appeal
 - ❖ Advance rulings
 - ❖ Importer-focused, self-certification

Challenges Confronting U.S. Business

VI. Challenges Confronting U.S. Business

- In Vietnam
 - ❖ Corruption
 - ❖ Bureaucratic inefficiency
 - ❖ Capacity constraints
 - ❖ Ineffective regulatory regime
 - ❖ Customs delays and customs procedures
 - ❖ Poor infrastructure
 - ✓ Ports
 - ✓ Rail
 - ✓ Roads
 - ✓ Distribution
 - ✓ Unreliable electrical grid
 - ❖ Internet connectivity

Challenges Confronting U.S. Business

VI. Challenges Confronting U.S. Business

- In the United States
 - ❖ Challenge to get a well-balanced agreement that can pass in a Congress controlled by either party, and then sell it to Congress. Persuade Congress that Vietnam is a worthy FTA partner
 - ❖ Convincing Congressional skeptics of the importance of the agreement and Vietnam's participation
 - Potential for bipartisan opposition
 - ❖ Allaying concerns that the TPP negotiations will dilute U.S. trade remedy tools
 - Title VII will remain fully available as it is in the KORUS FTA
 - ❖ Respond to concerns about granting permanent preferential market access to a Communist country, with one party rule and a centrally planned economy.
 - ❖ Confront concerns from organized labor/NGOs about Vietnam's labor practices, lack of civil liberties and political pluralism (multiparty system, right to assembly, collective bargaining, free press, censorship)
 - ❖ Colombia FTA analogy.

Challenges Confronting U.S. Business

VI. Challenges Confronting U.S. Business

- In the United States
 - ❖ In the end, if a well-balanced agreement is achieved, Congress will pass the implementing legislation for the TPP agreement
 - ❖ Vietnam-specific concerns won't be the dominant narrative because the TPP is a multiparty agreement with ambitions to serve as a spring-board for broader U.S. trade engagement in APEC.

Opportunities for U.S. Business: Conclusion

VII. Conclusion

- Opportunities for U.S. Business (goods)
 - ❖ Tariff reduction and eventual elimination on goods from Vietnam (e.g. apparel, footwear, consumer electronics; aquaculture and furniture already MFN duty free)
 - ❖ Increase imports of aquaculture products, apparel, footwear, consumer electronics and furniture
 - ❖ Boost U.S. exports of agriculture products, vehicles, heavy machinery, cotton, meat, chemicals, plastics.
- Opportunities for U.S. Business (services)
 - ❖ Market access in Services, Fin. Services, Investment, Telecom and E-Commerce
 - ❖ Investor protections

Opportunities for U.S. Business: Conclusion

VII. Conclusion

- Opportunities for U.S. Business (services)
 - ❖ ISDS
 - ❖ Narrow NCMs
 - ❖ Elimination of Services-based NTBs
- IPR
- Pharmaceuticals
- Trade Facilitation
- Final thoughts on negotiating with an NME like Vietnam, dealing with SOEs, depth of GOV experience.

Thank You

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