

Vietnam - U.S. Textile Agreement Summary

Agreement Term: The agreement would run from May 1, 2003 to December 31, 2004. If the Parties do not terminate the agreement, or renegotiate it by December 1, 2004 or by December 1 of any subsequent year until Vietnam enters the WTO, the agreement will roll over for an additional year.

Quotas: In 2003, Vietnam's quotas would be set at the following base levels. These quotas will grow by 7% per year (2% for wool products):

Category	Description	Units	2003 Quota
200	Retail Yarn/Sewing Thread	Kg.	300,000
301	Combed Cotton Yarn	Kg.	680,000
332	Cotton Hosiery	Doz. Pr.	1,000,000
333	Men's and Boys' Suit-Type Coats	Doz.	36,000
334/335	Cotton Coats	Doz.	675,000
338/339	Cotton Knit Shirts and Blouses	Doz.	14,000,000
340/640	Men's and Boys' Woven Shirts	Doz.	2,000,000
341/641	Women's and Girls' Woven Blouses	Doz.	762,698
342/642	Skirts	Doz.	554,684
345	Cotton Sweaters	Doz.	300,000
347/348	Cotton Trousers	Doz.	7,000,000
351/651	Pajamas and Nightwear	Doz.	482,000
352/652	Underwear	Doz.	1,850,000
359/659-C	Coveralls	Kg.	325,000
359/659-S	Swimwear	Kg.	525,000
434	Men's and Boys' Other Wool Coats	Doz.	16,200
435	Women's and Girls' Wool Coats	Doz.	40,000
440	Woven Wool Shirts and Blouses	Doz.	2,500
447	Men's and Boys' Wool Trousers	Doz.	52,000
448	Women's and Girls' Wool Trousers	Doz.	32,000
620	Woven Fabric of Other Synthetic Filament Yarn	Sq. Mt.	6,364,000
632	Man-Made Fiber Hosiery	Doz. Pr.	500,000
638/639	Man-Made Fiber Knit Shirts and Blouses	Doz.	1,271,000
645/646	Man-Made Fiber Sweaters	Doz.	200,000
647/648	Man-Made Fiber Trousers	Doz.	1,973,318

Flexibility Adjustments: The specific limits may be adjusted annually by 6% swing. The specific limits may also be adjusted annually through carryforward (borrowing a portion of the following year's quota) or carryover (the use of unused quota from the previous year), although no limit may be adjusted by more than 11% annually using these flexibilities. Carryforward shall not

constitute more than 8% for Categories 338/339 and 347/348 and not more than 6% for all other products.

Visa Arrangement: Vietnam will issue visas to all exported products that are subject to quotas.

Enforcement: Each Party agrees to supply information reasonably believed by the other Party to be necessary for enforcement of the Agreement and to supply relevant monthly import and export data. The Parties agree to take measures necessary to investigate and punish circumvention, and to cooperate fully to address circumvention. The Parties agree to facilitate plant visits to verify production claims, and Vietnam agrees to suspend the issuance of visas to companies that bar entry to Customs authorities. If Vietnam discovers circumvention, it shall investigate and inform the Government of the United States of the result. After consultations, if the United States has clear evidence of circumvention or has demonstrated a substantial likelihood that circumvention has occurred, the United States may reduce Vietnam's relevant quota by an amount not to exceed the quantity of circumventing product. If the United States demonstrates clear evidence of multiple cases of circumvention within a 12-month period, the United States may "triple charge" Vietnam's relevant textile quota.

Consultation Mechanism: If the United States considers that imports of textiles of Vietnamese origin not subject to the Specific Limits under this Agreement are disrupting U.S. textiles markets and threatening to impede the orderly development of trade between the Parties, the Government of the United States may request consultations with the Government of Vietnam with a view to easing or avoiding such market disruption.

Market Access: Vietnam will bind its textile and apparel tariffs at 7% for yarn, 12% for fabric, and 20% for apparel. In accordance with the U.S. - Vietnam Bilateral Trade Agreement, Vietnam will also provide the U.S. with MFN treatment and will agree to refrain from utilizing non-tariff barriers.

Labor: Vietnam reaffirms its ILO commitments and agrees to further cooperation with the ILO. Vietnam agrees to support the implementation of codes of corporate social responsibility. The U.S. Department of Labor and the Government of Vietnam's Ministry of Labor, Invalids, and Social Affairs pledge to implement a November 2000 MOU and to meet to review progress toward the goal of improving working conditions in the textile sector in Vietnam.

Accuracy of Limits: The Parties note that the quotas are based on import data. United States may adjust the specific limits to accurately reflect trade.