

August 4, 2008

Chairman, GSP Subcommittee
Trade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, N.W. Room F-220,
Washington, DC 20508

**RE: Designation of Socialist Republic of Vietnam as a GSP Beneficiary Country:
FR Doc. E8-14017**

Dear Chairman of the GSP Subcommittee:

On behalf of the Retail Industry Leaders Association (RILA), I am pleased to submit public comments to express strong support for designating Vietnam as a beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program.

By way of background, RILA promotes consumer choice and economic freedom through public policy and industry operational excellence. Our members include the largest and fastest growing companies in the retail industry – retailers, product manufacturers, and service suppliers – which together account for more than \$1.5 trillion in annual sales. RILA members provide millions of jobs and operate more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

RILA believes that granting GSP eligibility to Vietnam would benefit both the United States and Vietnam. Duty-free entry into the United States for qualifying eligible products helps make U.S. manufacturers more competitive and allows retailers to provide consumer goods at more affordable prices for Americans. Similarly, GSP eligibility would help Vietnam to reach its full economic potential by diversifying its market and becoming more globally integrated. That economic success also should reinforce support within Vietnam for continued economic and legal reform, which is essential for U.S. companies doing business in or with Vietnam. In addition, as more workers in Vietnam earn more, sales of American goods and services will expand in Vietnam.

RILA believes that Vietnam meets each of the mandatory and discretionary eligibility criteria for designation as a GSP beneficiary. The United States is one of a few developed countries that has yet to extend GSP to Vietnam. The European Union, Australia, New Zealand, Canada, and Japan, among others, all have deemed Vietnam to be eligible for GSP benefits, recognizing that Vietnam's economic development falls well

below that of most other nations in East Asia and that economic development in the country would benefit significantly from the GSP program. According to the U.S. State Department, Vietnam's per capita income in 2006 (the last year for which they have data) was \$726. Recent rampant inflation in Vietnam has exacerbated poverty in the country, with more people unable to earn enough to pay for essential goods and services. The situation makes it that much more important that measures such as GSP benefits be made available to alleviate economic difficulties.

Vietnam's legal and regulatory environment has undergone profound change. Vietnam has made great strides over the past decade to modernize and transform itself into a market economy, repeatedly demonstrating its sincere commitment to become a responsible stakeholder in the global trading system. The GSP program would continue and build on that progress. In 2001, the United States and Vietnam signed a Bilateral Trade Agreement (BTA), under which Vietnam committed to widespread market reforms and agreed to provide most-favored-nation and national treatment to U.S. products. In January 2007, Vietnam officially joined the World Trade Organization (WTO). To implement the obligations of the BTA and WTO accession, Vietnam has dramatically revamped its intellectual property, investment, agriculture and services laws. Further, in June 2007, the United States and Vietnam signed a Trade and Investment Framework Agreement (TIFA) that serves as a platform on which to further expand and deepen bilateral trade and investment ties.

Vietnam's commitment and effort to reform is also evident in the changes to its labor law, including in the area of worker rights. Vietnam has demonstrated steady progress on domestic legal protections relating to the right of association, the right to organize and bargain collectively, prohibitions on the use of any form of forced or compulsory labor, a minimum age for the employment of children, acceptable conditions of work, and a prohibition on the worst forms of child labor. It has signed and implemented five of the eight core International Labor Organization (ILO) conventions relating to compulsory labor, income equality, discrimination in the workforce, minimum age of labor and worst forms of child labor. It is working in tandem with ILO and international donors to ensure that these commitments are fully implemented.

Vietnam has demonstrated a deep commitment to and a record of accomplishment in meeting the GSP eligibility criteria. Through its annual review process, the GSP program will provide an effective avenue for continued bilateral dialogue and leverage on all of these important trade-related issues.

RILA appreciates the opportunity to provide these comments. If you have any additional questions, please contact me by phone at (703) 600-2046, or by email at stephanie.lester@rila.org.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Lester". The signature is written in a cursive style with a horizontal line at the end.

Stephanie Lester
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To learn more about RILA, go to www.rila.org