

FACT SHEET: UNITED STATES LAUNCHES INVESTMENT TREATY NEGOTIATIONS WITH VIETNAM

President Bush and Prime Minister Nguyen Tan Dung announced today that the United States and Vietnam have agreed to launch negotiations of a bilateral investment treaty (BIT) that would strengthen investor protections and encourage the continuation of market-oriented economic reforms in Vietnam.

A BIT would give U.S. companies important legal protections and market access opportunities in a large and rapidly growing market. With a market of over 85 million people, Vietnam is the 13th most populous country and its economy has grown by more than seven percent in each of the last five years. The United States is Vietnam's seventh largest investor, with over \$780 million in disbursed direct investment through 2007 according to Vietnamese Government statistics. A BIT would provide U.S. investors in Vietnam with enhanced market access and stronger legal protections, including non-discriminatory treatment, the prohibition of unlawful expropriation, the right of free transfer of funds, greater transparency, and access to international arbitration to settle disputes with the Vietnamese government.

A high-standard BIT would build on the already strong investment relationship between the United States and Vietnam. In 2001, the United States and Vietnam concluded a Bilateral Trade Agreement (BTA) that includes basic protections for investors and envisions the future negotiation of a BIT. The conclusion of a BIT based on the U.S. model would strengthen and broaden the legal protections afforded to U.S. investors.

A BIT would support Vietnam's market-oriented reforms and efforts to improve its investment climate. Vietnam's success in implementing its World Trade Organization (WTO) and BTA obligations prepare it well to move to a new level of partnership with the United States in investment. The negotiation of a high-standard BIT would further cement Vietnam's commitment to these reforms by promoting market-oriented economic policies, enhancing regulatory transparency, and strengthening the rule of law in Vietnam.

BACKGROUND: Bilateral investment treaties (BITs) provide important legal protections for nationals and companies of one country when investing in another country. The United States negotiates BITs on the basis of a model text characterized by high standards of investment protection and market access commitments. The negotiation of a treaty with these high standards can be a valuable tool to guide and implement economic reforms and strengthen investment climates, especially in emerging economies. The U.S. model text, last updated in 2004, is substantively similar to the investment chapters of the free trade agreements the United States has concluded in recent years, and is the basis for treaties recently concluded with Uruguay (2005) and Rwanda (2008). The United States has 40 BITs in force. The Office of the U.S. Trade Representative and the Department of State co-lead U.S. BIT negotiations.