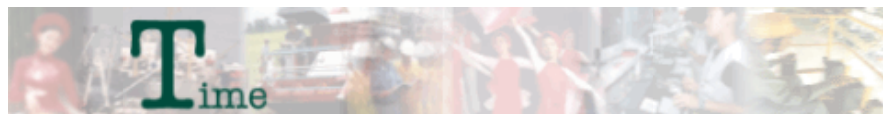


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**SNC SaigonNews**  
TRUNG TÂM THÔNG SÀI GÒN  
SAIGON NEWS CENTER  
<http://www.saigonnews.vn>

The SPECIAL EDITION ON THE WEB  
**Saigon Times**  
WEEKLY

No. 25'05 (716) June 18, 2005

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**Pushing Into The U.S. Market**

**Vietnam remains small fry among exporters to the United States, even as its earnings there soar into the billions of dollars. It is intent on being a big fish in the pond.**

- By Le Uy Linh



Exports of Vietnam's com-modities to the U.S. market have encountered many difficulties, mostly trade barriers. But Vietnam's exporters are still striving to get their products into this massive market.

Rising in the ranks of Vietnam's industries with a high potential for export is wood processing, which last year earmarked a US\$1 billion-plus revenue, of which more than US\$390 million was from exports to the U.S. This market is becoming the biggest target for Vietnam's wood furniture

exports. The Vietnam Trade Commission in the U.S. predicts a quicker increase of turnover from exports of wood furniture from Vietnam to the U.S., probably at US\$500-550 million in 2005.

The trade commission says Vietnam's export of wood furniture to the U.S. have been fast growing because its import tax has dropped to

0-3%. On the other hand, American importers are eyeing Vietnam as a major supplier of wood furniture to replace China, until now the largest exporter of this product to the U.S. Penalty anti-dumping taxes have been imposed on imports from China. However, the revenue from Vietnam's export of wood furniture still remains small, less than 2% of total turnover from the U.S. import of wood products.

Vietnam's Wood Processing Association notes that adding other materials such as metal, plastic, leather, and cloth instead of using wood alone has become a common trend for wood furniture makers. On the other hand, American consumers now tend to prefer wood products of medium and high quality. Thus, Vietnamese enterprises are advised to focus on tapping these lines of products to avoid competition with the low-quality Chinese wood furniture and the U.S. accusation of dumping goods at much reduced prices.

Similar to wood furniture, Vietnam's footwear industry has the chance of attracting American importers that are looking for import sources other than China, the biggest exporter of footwear to the U.S. Until now, the EU countries remain the main importers of Vietnam's footwear; it seems, therefore, Vietnamese enterprises have not yet considered tapping the huge U.S.

**Business**

**Pollution At Home Is A Danger**

Environmental pollution that is sufficient to harm you may come right from your own house

**Company**

**Starting Up With Style**

From Hanoi to the fashion centers of the world. That is what one entrepreneur has achieved for her products.

**Cover Story**

**Strong Support For WTO Ticket**

Vietnam is drumming up support for entry to the WTO scheduled for late this year

**Vietnam-U.S. Commercial Relations**

Commercial relations between Vietnam and the U.S. have made considerable progress in the past 10 years, creating a multifaceted bilateral relationship

**Positive Impact of the BTA**

An expert's view on how Vietnam should step up its massive legal and policy reforms to comply with the BTA and WTO standards

**Pushing Into The U.S. Market**

Vietnam remains small fry among exporters to the United States, even as its earnings there soar into the billions of dollars.

**Investors Get Upbeat Call**

American investors are optimistic that there will be a new wave of investment flowing into Vietnam as soon as the country enters the World Trade Organization

**U.S. Investment Is Like An Iceberg**

Statistics don't always reflect reality and this may be so with a new study showing investment rankings are different from those usually cited

**A Decade Of Positive Growth**

With the normalization of relations between Vietnam and the U.S., consumer products giant Procter & Gamble led the way in entering Vietnam.

market. But the fast mounting export of footwear from Vietnam to the U.S. over the past one or two years shows the great opportunity for Vietnamese enterprises. Vietnam's export of footwear to the U.S. can be further boosted since it has posted a 40-50% annual increase though it has only a 2% share of the U.S. market.

#### Five biggest earners in the U.S. market (Unit: US\$ mil.)

Rank	Exports	2002	2003	2004
1	Garments	971	251	2,755
2	Seafood	617	731	566
3	Footwear	224	324	473
4	Wood furniture	89	139	389
5	Farm, forestry products	179	236	360
<b>Total (US\$ bil.)</b>		<b>2.4</b>	<b>4.5</b>	<b>5.2</b>

The turnover from footwear exports to the U.S. reached the US\$500 million mark in 2004, ranking third in turnover after exports of apparel and marine products.

Most of the footwear Vietnam exports to the U.S. are products processed for top foreign brands.

Experts in the industry advise Vietnam's small and medium enterprises to be united in chains or consortiums in order to take big orders from the U.S., to manufacture high-end goods and take advantage of their skilled and low-cost labor to offer competitive prices.

Other key export products like textiles and apparel and marine products are having many difficulties to enter the U.S. market. Vietnam's export of textiles and marine products is under the quota regime which makes harder competing with member countries of the World Trade Organization, which no longer have this imposition. China, for instance, has rapidly taken the biggest share of the U.S. market since January 1, 2005, the day the quota regime was lifted; it has pushed on in its domination of this market.

Marine products used to be a big export item of Vietnam to the U.S. but in recent years its exports there has plunged drastically because of the anti-dumping regulations and the stepped-up control of the fish fillet trade name. According to the Ministry of Fisheries, the new regulations by the U.S. Customs Service force exporters from countries affected by the anti-dumping tax law to make a security deposit equivalent to the total value of imports in one year multiplied by the rate of the anti-dumping tax. This deposit is a heavy burden for exporting enterprises because the security deposit is returned to them only three years after the examination of the production cost and the selling price is completed and a new tax rate is fixed.

Nevertheless, Vietnamese managers together with enterprises are striving to find measures to break through these deadlocks. The Vietnam Textile and Garment Association said enterprises are trying to avoid facing the Chinese giant head-on, contenting themselves with some share of the medium-quality and high-end markets. Moreover, they hope to retrieve competitiveness thanks to the probable admission of Vietnam to the WTO by the end of this year.

**Law, regulations!**

## Tourism

### Big Push Into Lucrative Market

Saigontourist has various programs to attract visitors from the U.S., which has become one of Vietnam's top-five tourism markets

### Summer Fun With Sun And Sea

Vietnam has strong potential in sea tourism, with a coastline of more than 3,000 kilometers and many magnificent beaches and bays

Many economists suggest that Vietnamese enterprises ought to be very careful about the law and regulations of the U.S. and the methods of trading with American partners apart from coping with market competition. In the U.S., the law greatly influences the business environment as most enterprises are accustomed to lawsuits. They try to resolve trade disputes in a court of law. At a recent colloquium on the U.S.-Vietnam trade relationship, attorney Ross Meador, president of Rogers and Meador Co., suggested Vietnamese enterprises pay more attention to drafting contracts. "They should consult a law firm to avoid any dispute or loss arising from the contract," he said

Lee Baker, a law consultant at the Vietnam-U.S. Trade Council, advises Vietnamese enterprises to sign short-term contracts with the American counterparts but assure themselves that the contracts can be renewed and their provisions amended. Should any dispute arise, they ought to select a leading lawyer or arbitrator to settle it. And verdicts by an American tribunal should be chosen instead of the verdicts by a Vietnamese court since it may be difficult to force an American enterprise to execute any decision by a Vietnamese tribunal.

Law experts also said enterprises often face another deadlock: Customs formalities for exports to the U.S. Most of the time the deadlock was caused by the enterprises themselves, as they did not know how to fill the declaration forms or they didn't declare the exact amount, nor the details of goods. In this case, enterprises are advised to seek help from a professional customs broker.

Law experts also said disputes are common in international trade. They said the lawsuits against dumping were based on the laws of the countries involved and the members of WTO already have reached an agreement against dumping. When the goods imported by a country tend to flood its market and cause damage to the local producers, an organization of these producers will lobby the government to reconsider imposing levies on import goods.

Facing circumstances leading to lawsuits against dumping, enterprises are advised to be calm and cooperate with investigators. All proceedings will be based on the legal regulations. Moreover, the government of countries investigating any dumping case always has to consider the interest of the local consumers first as these consumers will be indirectly affected when an anti-dumping tax is levied on import goods.