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INDUSTRY NEWS UPDATE

Japan, Vietnam ink free trade agreement

Japan and Vietnam signed an economic partnership agreement Thursday, laying the ground for about 92 percent of their trade in value to be duty-free in 10 years.

The agreement, signed by Foreign Minister Hirofumi Nakasone and Vietnamese Industry and Trade Minister Vu Huy Hoang in Tokyo, will come into effect as early as next year after the two countries complete necessary domestic ratification procedures, according to Japanese officials.

"We celebrate the signing of the agreement, which will elevate bilateral economic relations to a higher plane and bring tangible mutual benefits to the people of the two countries," said a joint statement of the two ministers.

This is Japan's 10th signed free trade agreement after similar accords with such economies as Singapore, Mexico, Malaysia, Chile, Thailand and the Association of Southeast Asian Nations. For Vietnam, this is its first bilateral free trade agreement.

The officials said the latest agreement is much more ambitious than the one with the 10-member ASEAN, which includes Vietnam, Singapore and Indonesia.

The accord between Japan and Vietnam will ensure bigger cuts in trade barriers on goods, investment and services, they said.

Japan and Vietnam launched negotiations for the agreement in January 2007.

Japan had mainly asked Vietnam to scrap or cut import tariffs on industrial goods, including auto parts and electrical products. Vietnam had sought duty-free access to Japanese markets for clothing, seafood and farm products.

Japan-Vietnam trade value totaled \$12.26 billion in 2007, of which exports from Japan to the fast-growing country accounted for \$6.12 billion, up 17.4 percent from the previous year, according to the officials.

(Source: TMCnet - USA, Dated 25th December 2008)