

September 24, 2002

The Honorable Donald Evans
Secretary of Commerce
Attn: Central Records Unit, Room B-099
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

**RE: Comments on non-market economy status for Vietnam
(Case Number A-552-801)**

Dear Mr. Secretary:

On behalf of New York Life International (NYLI), I would like to respectfully submit the following comments in response to the Department of Commerce August 14th Notice for Public Comment on the status of Vietnam as a market economy in relation to its investigation in Case Number A-552-801.

NYLI is the global insurance subsidiary of New York Life Insurance Company, a Fortune 100 company and the largest mutual life insurer in the United States. As the company's global arm, NYLI currently has operations in Argentina, Hong Kong, India, Indonesia, Mexico, the Philippines, South Korea, Taiwan and Thailand. We are in the process of opening our joint venture life insurance operation in China.

Our experience in Vietnam began in December 2000, when NYLI officially opened a representative office in Hanoi with the goal of establishing commercial operations. Our experience to date in Vietnam compares favorably to our experience in other countries in East Asia and around the world. Insurance is a highly regulated industry around the world, thus we are accustomed to dealing with a varied array of public sector rules and procedures for initial establishment, subsequent expansion, and continued operation. Although some of these regulations are specific to the insurance industry, in particular prudential regulations of the financial sector, we are also subject to general economic regulations governing the overall private sector, and can therefore speak with knowledge of the general business climate in Vietnam.

Our decision to apply to enter the Vietnamese insurance market was based on our analysis of a number of market factors. In addition to consumer indicators such as high-savings rates, a growing middle class and need for individual financial planning, our research also took into account the macroeconomic conditions in the country. Since the nature of the life insurance business is long-term, we necessarily look to the long-range health of the financial sector of a target market, including the ability of foreign competitors to have market access, the establishment of a stable regulatory system, and the adherence to international supervisory standards.

In choosing to enter the Vietnamese market, we were convinced that, since 1987, Vietnam has embarked upon the path to becoming an important emerging market in the ASEAN community and in the Asia-Pacific region. For more than a decade and a half, the Government of Vietnam has demonstrated its determination to move from a centrally planned system to a modern, market-oriented economy. This commitment was most recently confirmed and enhanced by the Government of Vietnam's pledge to institute continued market reforms in the financial sector through the conclusion of the U.S.-Vietnam Bilateral Trade Agreement (BTA), which includes commercially meaningful commitments in life insurance.

The BTA guarantees market access for U.S. life insurance firms. U.S. firms are granted licenses to offer life insurance products in the Vietnamese market and may operate as a subsidiary or within a joint venture structure. There is no government control over or involvement in the choice of a domestic joint venture partner, other than the requirement that the partner be authorized to offer life insurance. Under the BTA, equity limitations on joint ventures with U.S. companies will be completely lifted to allow 100% ownership by 2006. However, the Government of Vietnam has allowed foreign wholly owned insurance subsidiaries in advance of this timeframe. Once U.S. firms undertake operations in this sector, they have effective control over allocating capital and setting prices for life insurance products based on conditions in the domestic economy.

The Ministry of Finance (MOF) is reinforcing these market-based reforms by the promulgation of new insurance regulations. For example, recent MOF regulations have eliminated discriminatory capital requirements based on ownership form and has replaced these with prudential requirements. Licensing procedures and product approvals have been streamlined and made more transparent.

The MOF has demonstrated its continued commitment to enhancing the professionalism of Vietnam's insurance supervisory authority through the planned adoption of internationally accepted insurance supervisory standards in the form of the International Association of Insurance Supervisors (IAIS) Core Principles. In evaluating these world-class standards for adoption in Vietnam and through their avid participation in insurance technical assistance programs with U.S. regulators sponsored by companies such as our own, the Government of Vietnam is demonstrating its commitment to a modern financial market.

With regard to the domestic labor market, we have been free to choose our employees in our office, and to establish wage rates by mutual agreement with our candidates. The Government of Vietnam has had no direct involvement in these specific work agreements, other than providing that the wage amount must not be lower than the legal minimum wage.

Finally, in addition to the BTA and membership in the ASEAN Free Trade Agreement (AFTA), Vietnam's pledge to accede to the World Trade Organization (WTO) is additional evidence that their reform process is forward-moving. In our sector of activity, Vietnam is considered a country which is clearly according high and increasing value to market principles. And as such, we ask the Department of Commerce to consider this aspect of Vietnam's economy in making its decision in the case before it.

If the Department of Commerce decides to schedule public hearings on this issue, New York Life International would welcome the opportunity to participate.

Sincerely,

Raymond J. Sander
Vice President
International Government Affairs