EU/Vietnam Investment Protection Agreement

2018/0358(NLE) - 13/05/2019 - Document attached to the procedure

Investment Protection Agreement (IPA) between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam, of the other part

The EU-Vietnam IPA will ensure a high level of investment protection, while safeguarding the EU's and Vietnam's rights to regulate and pursue legitimate public policy objectives such as the protection of public health, safety and the environment. Parties shall regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, safety, environment or public morals, social or consumer protection, or promotion and protection of cultural diversity.

Under this Agreement, Parliament are commited to:

- complement and promote regional economic integration efforts;

- strengthen their economic, trade and investment relationship in accordance with the objective of sustainable development, in its economic, social and environmental dimensions, and to promote investment under this Agreement in a manner mindful of high levels of environmental and labour protection and relevant internationally recognised standards and agreements to which they are party;

- the principles of sustainable development in the Free Trade Agreement.

The agreement contains all the innovations of the EU's new approach to investment protection and its enforcement mechanisms that are not present in the 21 existing bilateral investment treaties between Vietnam and EU Member States. It is a very important feature of the IPA that it replaces and hence improves the 21 existing bilateral investment treaties.

Provisions on "national treatment" and "most-favoured-nation treatment" ensure that each Party shall accord to investors of the other Party and to the investments concerned, with regard to the operation of the investments concerned, (i) treatment no less favourable than that it accords, in similar situations, to its own investors and their investments; (ii) treatment no less favourable than that it accords, in similar situations, to investors from a third country and their investments.

The IPA protects EU investors and their investments in Vietnam from expropriation, unless it is for public purposes, in accordance with due process, on a nondiscriminatory basis and against payment of prompt, adequate, and effective compensation according to fair market value of the expropriated investment.

Also in line with the negotiating directives, the IPA negotiated by the Commission will offer investors the option of a modern and reformed investment dispute resolution mechanism. The agreement sets up a standing international and fully independent dispute resolution system, consisting of a permanent First Instance and an Appeal Tribunal that will conduct dispute settlement proceedings in a transparent and impartial manner.

The institutional chapter of the FTA establishes a Trade Committee that has as its main task to supervise and facilitate the implementation and application of the agreement.