EU/Vietnam Free Trade Agreement

2018/0356(NLE) - 14/06/2019 - Legislative proposal

PURPOSE: to conclude the Free Trade Agreement between the European Union and Viet Nam.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: on 23 April 2007, the Council authorised the Commission to enter into negotiations for a region-to-region Free Trade Agreement (FTA) with countries of the Association of Southeast Asian Nations (ASEAN).

On 22 December 2009, the Council agreed on the principle of launching bilateral negotiations with individual ASEAN countries based on the authorisation and negotiating directives of 2007, whilst preserving the strategic objective of a region-to-region agreement.

On the basis of the negotiating directives adopted by the Council in 2007, and supplemented in October 2013 to include investment protection, the Commission has negotiated with Vietnam an ambitious and comprehensive FTA and an Investment Protection Agreement (IPA), with a view to creating new opportunities and legal certainty for trade and investment between both partners to develop.

Vietnam has become the EU's second biggest trading partner in ASEAN after Singapore and ahead of Malaysia, with trade between the EU and Vietnam worth EUR 47.6 billion in 2017. It is one of the fastest growing countries in ASEAN.

According to a study on the economic benefits to be expected from the FTA, EU exports to Vietnam are expected to increase by more than EUR 8 billion by 2035, while exports from Vietnam to the EU are expected to increase by EUR 15 billion. These estimates correspond to an increase, in relative terms, in EU exports to Vietnam of almost 29% and in exports from Vietnam to the EU of almost 18%. The EU's national income could increase by more than EUR 1.9 billion by 2035 as a result of the FTA, while Vietnam's could increase by EUR 6 billion over the same period.

CONTENT: the draft Council decision concerns the approval, on behalf of the European Union, of the Free Trade Agreement between the European Union and Vietnam. The Agreement was signed subject to its conclusion at a later date.

In line with the objectives set by the negotiating directives, the Commission secured:

- the comprehensive liberalisation of services and investment markets, including crosscutting rules on licensing and for the mutual recognition of diplomas, and sectorspecific rules designed to ensure a level playing field for EU businesses;
- new tendering opportunities for EU bidders in Vietnam, who is not a member of the WTO Agreement on Government Procurement;
- the removal of technical and regulatory trade barriers to trade in goods, such as duplicative testing, in particular by promoting the use of technical and regulatory standards familiar in the EU in the sectors of motor vehicles, pharmaceuticals and medical devices, as well as green technologies;
- based on international standards, a more trade-facilitative regime for the approval of European food exports to Vietnam;
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Vietnam's commitment to reduce or eliminate its tariffs on imports from the EU, and a cheaper access of European businesses and consumers to products originating in Vietnam;

- a high level protection of intellectual property rights, including with regard to the enforcement of these rights, also at the border, and a TRIPs-plus level of protection of EU GIs;
- a comprehensive chapter on trade and sustainable development, which aims at ensuring that trade supports labour rights, environmental protection and social development and promotes the sustainable management of forests and fisheries; and
- a swift dispute resolution mechanisms through either panel arbitration or with the help of a mediator.

The EU-Vietnam FTA and IPA include institutional provisions that lay down an implementing bodies' structure to continuously monitor the implementation, operation and impact of the agreements. It establishes a Trade Committee that has as its main task to supervise and facilitate the implementation and application of the agreement.