EU/Vietnam Free Trade Agreement

2018/0356M(NLE) - 12/02/2020 - Text adopted by Parliament, single reading

The European Parliament adopted by 416 votes to 187, with 44 abstentions, a non-legislative resolution on the draft Council decision on the conclusion of the Free Trade Agreement (FTA) between the European Union and the Socialist Republic of Vietnam.

Members stressed that the EU-Vietnam FTA is the most modern, comprehensive and ambitious agreement ever concluded between the EU and a developing country and should serve as a reference point for the EU's relations with developing countries and in particular with the Association of South-East Asian Nations (ASEAN) region. They stressed the economic and strategic importance of this agreement, given that the Union and Vietnam share common goals, as well as the significance of the agreement in terms of competitiveness of EU businesses in the region.

While recalling its commitment to multilateralism, Parliament stated that the agreement sends a strong signal in favour of a free, fair and reciprocal trade system in times of growing protectionist tendencies. The agreement should help the Union to strengthen its presence in the ASEAN region and enable the Union to promote its standards and values in the region.

Trade

Parliament believes that the FTA could help to close the EU's trade deficit with Vietnam, by exploiting the ASEAN country's growth potential in the coming years.

The agreement shall eliminate more than 99% of customs duties. Vietnam shall liberalise 65% of import duties on EU exports upon entry into force of the agreement, with the remaining tariffs to be phased out over a ten-year period. The EU shall liberalise 71% of its imports and 99% shall be duty-free after a period of seven years.

Access to public procurement

The FTA has a degree of transparency and procedural fairness comparable to other free trade agreements that the EU has signed with developed and more advanced developing countries. The FTA must not restrict domestic procurement flexibility with regard to requirements concerning, for example, the environment and working and employment conditions.

Rules of origin

Members welcome the fact that the provisions on rules of origin included in the FTA follow the EU approach, and that their main features are identical to those laid down in the EU's Generalised System of Preferences (GSP). The Commission is called on to monitor the proper and faithful implementation of these rules, with special attention to national content, and to step up action against any kind of manipulation and abuse, such as repackaging products coming from third countries.

Geographical Indications

Around 169 EU geographical indications shall benefit from recognition and protection on the Vietnamese market at a comparable level to that of EU legislation. Parliament suggested extending this list and called on the Commission to constantly monitor the flow of imports of those sensitive products and make a full utilisation of the provisions of the safeguard clause regulation whenever the legal and economic

requirements are met, in order to avoid any possible negative impact on the EU agri-sectors as a direct consequence of the implementation of the FTA. It also welcomed the detailed chapter on the Single Payment Scheme (SPS) which will establish a single and transparent procedure for the approval of EU food exports to Vietnam in order to accelerate the approval of EU export applications and avoid discriminatory treatment.

Services

Parliament pointed out that Vietnam already goes beyond its WTO commitments, providing for substantially better access in a number of business sub-sectors and offers new market access to sectors such as packaging services, fair trade and exhibition services or rental/leasing. Vietnam opened cross-border higher education services for the first time.

In addition, early ratification of the FTA shall help Vietnam to improve the protection of intellectual property rights and ensure the highest possible production standards and quality for consumers. The EU shall have the right to apply its own standards to all goods and services sold in the EU and the EU's high standards must never be seen as barriers to trade.

Parliament, however, regretted that the agreement does not include a provision on cross-border data transfers, arguing that a provision on compliance with EU data protection and privacy law should be included in a future revision of the agreement.

Sustainable development

Members stated that the enforceability of the trade and sustainable development chapter could be significantly improved, firstly by examining various enforcement methods, including a sanction-based mechanism as a last resort and, secondly, by reforming the Domestic Advisory Group (DAG) system, as Parliament has repeatedly called for. They called for the establishment of a Joint Committee of the National Assembly of Vietnam and the European Parliament in order to improve coordination and implementation of the Agreement as a whole.

Parliament called on the Vietnamese authorities to present an ambitious roadmap for the eradication of child labour by 2025 and to work further towards a progressive agenda on workers' rights through concrete measures.

Combating illegal and unreported fishing (IUU)

While noting the yellow card that Vietnam has already received and the measures already taken to improve the situation, Parliament called for further action to be taken and for continuous monitoring of Vietnam's efforts to ensure that the country continues to make progress in the fight against IUU fishing and to guarantee the full traceability of fisheries products. It called on the Commission to include safeguard measures for fisheries products in future agreements, such as the possibility of suspending preferential tariffs, until the yellow card for IUU fishing has been lifted.

Lastly, Parliament welcomed the commitment to effectively implement multilateral environmental agreements, such as the Paris agreement on climate change, and to act in favour of the conservation and sustainable management of wildlife, biodiversity and forests.