Basic information

2018/0358(NLE) NLE - Non-legislative enactments	Awaiting final decision
EU/Vietnam Investment Protection Agreement Accompanying procedure 2018/0358M(NLE) **Subject** 6.20.03 Bilateral economic and trade agreements and relations **Geographical area** Vietnam	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	BOURGEOIS Geert (ECR)	23/09/2019
	Shadow rapporteur WINKLER Iuliu (EPP) LANGE Bernd (S&D) KARLSBRO Karin (Renew) BRICMONT Saskia (Greens/EFA) LANCINI Danilo Oscar (ID) MAUREL Emmanuel (GUE/NGL)	

Former committee responsible	Former rapporteur	Appointed
INTA International Trade		

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	TOBÉ Tomas (EPP)	04/09/2019

Former committee for opinion	Former rapporteur for opinion	Appointed

	DEVE Development		
Council of the European Union			
European Commission	**Commission DG**	**Commissioner**	
	Trade and Economic Security	MALMSTRÖM Cecilia	

Key events

Date	Event	Reference	Summary
17/10/2018	Preparatory document	COM(2018)0693	
07/05/2019	Legislative proposal published	05931/2019	Summary
15/07/2019	Committee referral announced in Parliament		
21/01/2020	Vote in committee		
23/01/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0002/2020	
11/02/2020	Debate in Parliament		
12/02/2020	Decision by Parliament	T9-0028/2020	
12/02/2020	Results of vote in Parliament		

Technical information

Procedure reference	2018/0358(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consent by Parliament
Amendments and repeals	Accompanying procedure 2018/0358M(NLE)
Legal basis	Treaty on the Functioning of the European Union TFEU 207-p4 Treaty on the Functioning of the European Union TFEU 218-p6a
Stage reached in procedure	Awaiting final decision
Committee dossier	INTA/9/00391

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE642.860	15/10/2019	

Amendments tabled in committee		PE643.173	12/11/2019	
Committee opinion	DEVE	PE641.171	03/12/2019	
Committee report tabled for plenary, 1st reading/single reading		A9-0002/2020	23/01/2020	
Text adopted by Parliament, 1st reading/single reading		T9-0028/2020	12/02/2020	

Council of the EU

Document type	Reference	Date	Summary
Legislative proposal	05931/2019	07/05/2019	Summary
Document attached to the procedure	05932/2019	13/05/2019	Summary

European Commission

Document type	Reference	Date	Summary
Preparatory document	COM(2018)0693	17/10/2018	Summary
Commission document (COM)	COM(2018)0694	17/10/2018	

Additional information

Source	Document	Date
European Parliament	Briefing	14/11/2019
European Commission	EUR-Lex	

EU/Vietnam Investment Protection Agreement

2018/0358(NLE) - 17/10/2018

PURPOSE: to approve the conclusion of the Investment Protection 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: the dynamically growing Southeast Asian economies, with their over 600 million consumers and a rapidly rising middle class, are key markets for European Union exporters and investors. With a total EUR 227.3 billion of trade in goods (2017) and EUR 77 billion of trade in services (2016), the Association of Southeast Asian Nations (ASEAN) taken as a whole is the EU's third largest trading partner outside Europe, after the US and China.

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.

Vietnam is one of the fastest growing countries in ASEAN, with an average GDP growth rate of around 6% in the past decade that is forecasted to be maintained in the future.

In 2007, the Council authorised the Commission to enter into negotiations for a region-to-region Free Trade Agreement (FTA) with countries of the ASEAN.

In 2013, based on a new EU competence under the Lisbon Treaty, the Council authorised the Commission to extend the on-going bilateral negotiations with ASEAN countries to cover also **investment protection**.

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.

CONTENT: the Commission called on the Council to approve, on behalf of the Union, **the Investment Protection Agreement between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam**, of the other part.

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 sector-specific 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**;
- 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;
- a swift **dispute resolution mechanisms** through either panel arbitration or with the help of a mediator.

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.

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.

Institutional provisions: 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. The agreements being an integral part of the overall bilateral relation between the EU and Vietnam as governed by the PCA, the mentioned structures will form part of a common institutional framework with the PCA.

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. It shall be comprised of representatives of the EU and of Vietnam who will meet every year or at the request of either side. The Trade Committee will be in charge of supervising the work of all specialised committees and working groups established under the agreement (Committee on Trade in Goods; Committee on Customs; Committee on Sanitary and Phytosanitary Measures; Committee on Investment, Trade in Services).

BUDGETARY IMPLICATIONS: the EU-Vietnam FTA will have a financial impact on the EU budget on the side of the **revenues**. It is estimated that foregone duties could reach an amount of EUR 1.7 billion upon full implementation of the agreement. The estimate is based on average imports projected for 2035 in the absence of an agreement and represents the annual loss in revenues resulting from the elimination of EU tariffs on imports originating in Vietnam.

The EU-Vietnam IPA is expected to have a financial impact on the EU budget on the side of the **expenditures**. The agreement will be the EU's third (after the EU-Canada Comprehensive Economic and Trade Agreement, and the EU-Singapore) to incorporate the Investment Court System (ICS) for the resolution of disputes between investors and states. An amount of EUR 700 000 of additional yearly expenditure is foreseen from 2019 onwards (subject to the entry into force of the agreement) to finance the permanent structure comprising a First Instance and an Appeal Tribunal.

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.

EU/Vietnam Investment Protection Agreement

2018/0358(NLE) - 07/05/2019 - Legislative proposal

PURPOSE: to conclude the Investment Protection Agreement between the European Union and its Member States, on the one hand, and Vietnam, on the other.

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).

In 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 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 is a vibrant economy of more than 90 million inhabitants, with the fastest growing middle class in ASEAN, and a young and dynamic workforce. With its high literacy rate and education levels, comparatively low wages, good connectivity and a central location within ASEAN, more and more foreign investors are choosing Vietnam as their hub to service the Mekong region and beyond.

CONTENT: the draft Council Decision concerns the approval, on behalf of the European Union, of the Investment Protection Agreement between the European Union and its Member States, on the one hand, and Vietnam, on the other. The agreement, signed subject to its conclusion at a later date, must now be approved.

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.