

Commission presents EU-Vietnam trade and investment agreements for signature and conclusion

The trade agreement will eliminate virtually all tariffs on goods traded between the two sides. The agreement also includes a strong, legally binding commitment to sustainable development, including the respect of human rights, labour rights, environmental protection and the fight against climate change, with an explicit reference to the Paris Agreement.

President of the European Commission Jean-Claude **Juncker** said: *“The trade and investment agreements with Vietnam are exemplary of Europe’s trade policy. They bring unprecedented advantages and benefits for European and Vietnamese companies, workers and consumers. They take fully into account the economic differences between the two sides. They promote a rules- and values-based trade policy with strong and clear commitments on sustainable development and human rights. By adopting them a few hours before welcoming the participants in the ASEM-EU Summit in Brussels, the Commission shows its commitment to open trade and engagement with Asia. I now expect the European Parliament and EU Member States to do the necessary for the agreements to enter into force as soon as possible”.*

Commissioner for Trade Cecilia **Malmström** said: *“The Commission has now delivered two valuable and progressive agreements with Vietnam that I am convinced the European Parliament and EU Member States can support. Vietnam has massive potential for EU exporters and investors to do business, both now and in the future. It is one of the fastest-growing economies in Southeast Asia, with a vibrant market of more than 95 million consumers, an emerging middle class and a young, dynamic workforce. Through our agreements, we also help spread European high standards and create possibilities for in-depth discussions on human rights and the protection of citizens. I hope the Council and the European Parliament will approve the agreements swiftly to allow businesses, workers, farmers and consumers to reap the benefits as soon as possible.”*

The trade agreement will eliminate over 99% of customs duties on goods traded between the two sides. Vietnam will remove 65% of import duties on EU exports from entry into force of the agreement, with the remainder of duties being gradually eliminated over a 10-year period, to take into account that Vietnam is a developing country. The agreement also contains specific provisions to address non-tariff barriers in the automotive sector, and will provide protection for 169 traditional European food and drink products in Vietnam, the so-called Geographical Indications, like Rioja wine or Roquefort cheese. Through the agreement, EU companies will be able to participate on an equal footing with domestic companies in bids for procurement tenders with Vietnamese authorities and state-owned enterprises.

Besides offering significant economic opportunities, the trade agreement also

ensures that trade, investment and sustainable development go hand in hand, by setting the highest standards of labour, safety, environmental and consumer protection, ensuring that there is no 'race to the bottom' to attract trade and investment. The agreement commits the two parties to respect and effectively implement the principles of the International Labour Organisation (ILO) concerning fundamental rights at work; and to implement international environmental agreements, such as the Paris Agreement; to act in favour of the conservation and sustainable management of wildlife, biodiversity, forestry and fisheries; and to involve civil society in the monitoring the implementation of these commitments by both sides.

The trade agreement includes an institutional and legal link to the [EU-Vietnam Partnership and Cooperation Agreement](#), allowing appropriate action in the case of breaches of human rights.

The investment protection agreement, meanwhile, includes modern rules on investment protection enforceable through the new Investment Court System and ensures that the right of the governments on both sides to regulate in the interest of their citizens is preserved. It will replace the bilateral investment agreements that 21 EU Members States currently have in place with Vietnam.

Alongside the agreement recently reached with Singapore, this agreement will make further strides towards setting high standards and rules in the ASEAN region, helping to pave the way for a future region-to-region trade and investment agreement.

Background

Vietnam is the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN) after Singapore, with trade in goods worth €47.6 billion a year and €3.6 billion as it comes to services. While EU investment stock in Vietnam remains modest standing at €8.3 billion in 2016, an increasing number of European companies are establishing there to set up a hub to serve the Mekong region. Main EU imports from Vietnam include telecommunications equipment, clothing and food products. The EU mainly exports to Vietnam goods such as machinery and transport equipment, chemicals and agricultural products.

Next steps

The Commission is now submitting to the Council the proposals for signature and conclusion of both agreements. Once authorised by the Council, the agreements will be signed and presented to the European Parliament for consent. Once the European Parliament has given its consent, the trade agreement can then be concluded by the Council and enter into force. The investment protection agreement with Vietnam will be ratified by Member States according to their respective internal procedures.

For more information

[Memo: The EU-Vietnam trade and investment agreements](#)

[EU-Vietnam trade agreement – dedicated website](#)

Factsheets: [benefits of the EU-Singapore trade agreement](#), [agriculture, standards and values](#)

[Examples of small European companies doing business with Vietnam today](#)

Trade in your town: [Detailed factsheets on all individual EU countries' trade with Vietnam](#)

[Infographic](#)