

Our position

The EU-Vietnam Free Trade Agreement: An Opportunity to Boost our Strategic and Economic Ties



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €2 trillion in 2016, directly supports more than 4.5 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Executive summary

In this paper, AmCham EU sets out its key messages regarding the EU-Vietnam Free Trade Agreement which was concluded in 2015 and is pending ratification. AmCham EU members strongly support a smooth ratification and implementation of this ambitious FTA, which represents a great opportunity for both European exporters and the Vietnamese economy, and also sets the stage for a deeper strategic partnership between the EU, Vietnam and the ASEAN region.

Introduction

The EU-Vietnam free trade agreement concluded in 2015 is one of the most ambitious and comprehensive FTAs the EU has ever concluded with a developing country – and an important signal that the EU remains open for business. We now urge the EU and EU member states to move forward with swift ratification of the FTA. As the largest non-Asian foreign investor in Vietnam, EU Member States will benefit from this comprehensive agreement which would further open up markets, increase trade flows and economic growth, and boost innovation and job markets on both sides. The FTA will also help Vietnam to integrate successfully as a market economy into the global economy.

AmCham EU Priorities Reflected in FTA Outcome

AmCham EU members are pleased to see that many of its priorities – as previously set out in its [comprehensive paper issued in 2014](#) – have been included in the FTA, including increased tariff liberalisation, the elimination of many non-tariff barriers, adequate enforcement of Intellectual Property Rights (IPRs), clear and flexible rules of origin (RoO), and simplified customs procedures.

AmCham EU further welcomes the addition of robust sustainable development and investment provisions, setting out an ambitious agreement and a precedent for future FTAs with developing countries. It includes strong commitments to protect people's fundamental rights at work and progressive human rights and environment provisions, helping to follow through on the EU's pledge to use trade policy to advance European values and standards globally.

With respect to investment protection, the EU and Vietnam have agreed on a new, transparent and independent investment protection and dispute resolution mechanism which guarantees the respect of the substantive investment protection rules applicable to European and Vietnamese investors. The system strikes the right balance between protecting investors and safeguarding the right of a state to regulate.

To ensure an effective and smooth implementation of the FTA and make the most of its potential, authorities on both sides should start preparing for implementation prior to ratification and raise awareness of the content and potential of the FTA. The two sides should cooperate ahead of time on potential compliance issues and consult with the business community and civil society on the practical implementation of provisions in the deal.

EU Trade Policy in Context

Following the Court of Justice of the EU (CJEU)'s May 2017 Opinion on the EU-Singapore FTA – which stated that the FTA should be considered a so-called “mixed agreement” that must be ratified not only by the Council and the European Parliament, but also by the national and regional parliaments – it is of utmost importance to swiftly assess the consequences for ratification of the EU-Vietnam FTA. Given that the agreements are based on the same mandate, it is expected that the EU-Vietnam FTA be addressed in the same manner. Whatever the outcome, the decision on how to progress with ratification should be taken swiftly and decisively. AmCham EU urges the EU and the Member States to consider the negative consequences for the credibility of EU trade policy, and the EU's relationship with third countries, of any further delay in implementation of the agreement.

The EU-Vietnam FTA is a modern and ambitious agreement with forward-looking provisions in areas including sustainability, environment and labour rights. Modern trade agreements no longer deal with market access alone; trade with developing countries such as Vietnam must be responsible and consistent with EU and universal values. The FTA highlights Vietnam's active approach in pursuing international integration for the benefit of its citizens, and its support for free and open trade at a time of rising protectionism which threatens the prosperity of the global economy.

Modern trade deals also need the support of the national public and national parliaments. The EU and Member State governments should work together, in full transparency and in an open and constructive manner, to deliver an EU-Vietnam FTA and a modern EU trade policy that works for all. This agreement provides an excellent opportunity to demonstrate the value of a progressive EU trade that benefits businesses and citizens at home, and encourages economic, political, and social development in Vietnam and around the world.