



EU and Vietnam reach agreement on free trade deal

Brussels, 04 August 2015

Today the EU and Vietnam have reached an agreement in principle for a free trade agreement (FTA), after two and a half years of intense negotiations. Following a telephone conversation this morning between EU Trade Commissioner Cecilia **Malmström** and Vietnamese Minister of Industry and Trade Vu Huy **Hoang**, all issues of substance have been agreed, and both sides have reached a mutually beneficial and balanced package.

This agreement will remove nearly all tariffs on goods traded between the two economies.

"We have a deal. This finely balanced agreement will boost trade with one of Asia's most dynamic economies. It sets a new, better and modern model for Free Trade Agreements between the EU and developing countries, and establishes a good standard for the trade relationship between the EU and South East Asia as a whole" Commissioner **Malmström** said. *"Vietnam is a growing economy and once this agreement is up and running, it will provide significant new opportunities for companies on both sides, by increasing market access for goods and services. Over 31 million jobs in Europe depend on exports, so having easier access to a growing and fast developing market like Vietnam, with its 90 million consumers, is great news. And Vietnam's exporters will now get much easier access to the EU for their products, giving an important boost to the Vietnamese economy. Both sides have worked extremely hard in the past few months to achieve this breakthrough".*

On the basis of today's agreement, the negotiating teams will now continue the process, settle some remaining technical issues and finalise the legal text. Once finalised, the agreement will then need to be approved by the Council and the European Parliament.

"Our deal will also make sure that trade does not happen at the cost of the environment or of people's rights. The EU and Vietnam have committed to ensure the respect of workers' rights and to support a sustainable management of natural resources," Commissioner **Malmström** added.

This agreement is the first of its kind that the EU has concluded with a developing country. As such, the ambitious and symmetrical liberalisation agreed upon – with a transition period to allow Vietnam to adapt – breaks new ground compared to other EU agreements with developing countries. It shows the shared conviction of the EU and Vietnam that trade is essential to growth, the creation of jobs and sustainable development.

Besides eliminating tariffs, Vietnam will also remove almost all of its export duties. The agreement will also create new market access opportunities in services and investment. Vietnam has agreed to liberalise trade in financial services, telecommunications, transport, and postal and courier services. On investment, Vietnam will open its market to the EU, for instance by removing or easing limitations on the manufacturing of food products and beverages, as well as in the non-food sectors.

On government procurement, the EU and Vietnam have agreed on disciplines fully in line with Government Procurement Agreement (GPA) rules of the WTO, achieving a degree of transparency comparable to other EU Free Trade Agreements with developed countries and more advanced developing countries.

The agreement will also improve the protection in Vietnam of Geographical Indications (GIs) representing EU flagship agricultural products, such as Champagne, Parmigiano Reggiano cheese, Rioja wine, Roquefort cheese and Scotch Whisky. Vietnamese GIs too will be recognised as such in the EU, providing the adequate framework for further promoting imports of quality products such as Mộc Châu tea or Buôn Ma Thuật coffee.

The FTA includes a robust and comprehensive chapter on Trade and Sustainable Development, covering labour and environmental matters of relevance in trade relations between the EU and Vietnam. Commitments to the core labour standards and Conventions of the International Labour Organisation (ILO) ensure the respect of fundamental workers' rights by both parties. In addition, the chapter includes commitments which will support the conservation and sustainable management of natural resources (including wildlife, forestry, and fisheries). Special attention is devoted to areas such as Corporate Social Responsibility and fair and ethical trading schemes.

The FTA will set up dedicated structures to ensure the full implementation of the chapter, including

mechanisms to ensure the involvement of independent economic, social, and environmental stakeholders both in the EU and in Vietnam.

The Agreement will also contain a legally binding link to the Partnership and Cooperation Agreement (PCA) that governs the overall relationship between the EU and Vietnam, thereby ensuring that human rights, democracy, and the rule of law are essential elements of our bilateral trade relations.

The agreement includes a dedicated chapter on cooperation in implementing the Agreement and to assist Vietnam in reaping the full benefits. Boosting sustainable development is a key objective for such cooperation. Areas of particular importance include labour and environmental matters, trade facilitation, and small and medium-sized enterprises (SMEs).

After the conclusion of the Singapore FTA in 2014, this will be the second FTA between the European Union and a country of the Association of South East Asian Nations (ASEAN). As such, it is a building block towards the EU's ultimate objective of an ambitious and comprehensive region-to-region FTA with ASEAN as a whole.

What's next?

After this breakthrough, technical discussions will have to be completed so as to finalise the legal text of the agreement. Given the cooperation established with Vietnam over many years and strengthened by this negotiating process, it is expected that this process could be finalised in a few months' time and certainly before the end of the year.

EU- Vietnam Trade in facts and figures

In 2014, the EU was the second trading partner for Vietnam after China (not including trade within ASEAN), representing 10% of total Vietnamese trade. The EU was Vietnam's second export destination (after the US), with the EU purchasing as much as 18% of Vietnam's global exports.

In 2014, EU-Vietnam trade in goods was worth over €28.2 billion, with €22.1 billion of imports from Vietnam into the EU and €6.2 billion of exports from the EU to Vietnam.

Vietnam's key export items to the EU include telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture. EU exports to Vietnam, meanwhile, are dominated by high-tech products including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products.

Total bilateral trade in services amounted in 2013 to €2.9 billion, with a slight surplus for the EU.

The EU is one of the largest foreign investors in Vietnam. In 2013, EU investors committed a total of more than €500 million in Foreign Direct Investment and thus remain Vietnam's sixth largest foreign investor partner.

Since 2013, Vietnam has been the EU's fourth most important trading partner among the ten ASEAN Member States, surpassing the EU's bilateral trade with Indonesia.

Further information

EU trade relations with Vietnam:

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/vietnam/>

See also: MEMO - Facts and figures of the EU-Vietnam Free:

[http://europa.eu/rapid/press-release MEMO-15-5468_en.htm](http://europa.eu/rapid/press-release_MEMO-15-5468_en.htm)

Follow the opening remarks by EU Trade Commissioner Cecilia Malmström at her press conference:

<http://ec.europa.eu/avservices/video/player.cfm?ref=I107577>

Commissioner Malmström on [Twitter](#)

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