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*Plenary sitting*

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**A9-0003/2020**

23.1.2020

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## **RECOMMENDATION**

on the draft Council decision on the conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam (06050/2019 – C9-0023/2019 – 2018/0356(NLE))

Committee on International Trade

Rapporteur: Geert Bourgeois

***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam (06050/2019 – C9-0023/2019 – 2018/0356(NLE))**

**(Consent)**

*The European Parliament,*

- having regard to the draft Council decision (06050/2019),
  - having regard to the draft Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam (06051/2019),
  - having regard to the request for consent submitted by the Council in accordance with Articles 91(1), 100(2), Article 207(4) first subparagraph, Article 218(6), second subparagraph, point (a)(v) and Article 218(7) of the Treaty on the Functioning of the European Union (C9-0023/2019),
  - having regard to its non-legislative resolution of ...<sup>1</sup> on the draft decision,
  - having regard to Rule 105(1) and (4) and Rule 114(7) of its Rules of Procedure,
  - having regard to the opinions of the Committee on Development and the Committee on Fisheries,
  - having regard to the recommendation of the Committee on International Trade (A9-0003/2020),
1. Gives its consent to the conclusion of the agreement;
  2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Socialist Republic of Viet Nam.

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<sup>1</sup> Texts adopted of that date, P9\_TA(0000)0000.

## EXPLANATORY STATEMENT

The EVFTA is the most comprehensive and ambitious deal of its type ever concluded between the EU and a developing country. It represents an ambitious model for EU trade policy with emerging economies. A model where we negotiate as partners, on equal footing, and share a common agenda and values- to stimulate growth and employment, boost competitiveness, fight against poverty and consolidate structural reforms. A model where we aim to achieve a mutual beneficial partnership.

The EU and Viet Nam have concluded trade and investment agreements in December 2015 after more than three years of negotiations. Afterwards, the legal review of the EVFTA went on for long two and a half years. Both sides agreed for the final EVFTA text in June 2018. On 17 October 2018, the Commission has sent the EVFTA to the Council of Ministers for approval and ratification by the European Parliament<sup>2</sup>. The agreement was signed on 30 June 2019, in Hanoi, and Council's request for consent was announced in Parliament's plenary on 15 July 2019.

The negotiated outcome is a split of the agreement into two parts- trade and investment part- in order to follow the new architecture of EU FTAs based on the Singapore ECJ opinion 2/15 of 16 May 2017.

Viet Nam is a booming, competitive and connected economy with almost 100 million citizens, a growing middle class and a young and dynamic workforce. Vietnam is also one of the fastest growing countries in ASEAN with average GDP growth rate of around 6.51 % from 2000 until 2018. It is also one of the most open and pro free trade economy in the region.

The FTA will create a new opportunities for growth and development on both sides - for example, by making significant cuts in customs duties for EU products, including cars, car parts, machinery and poultry, while protecting those sectors which are particularly sensitive.

The EU is currently Viet Nam's largest trading partner after China and the second largest export market after the US. EU exports to the country in last ten years grow annually by an average of 5-7%. However, the Union's trade deficit with Viet Nam is relatively high, reaching Euro 27 billion in 2018.

The EVFTA includes commitments to protect people's basic rights at work, their human rights more broadly, and the environment. It is designed to be an instrument for development and social progress in Viet Nam- to support Viet Nam in its efforts to grow and develop its economy for the benefit of its entire people.

The EVFTA includes a comprehensive and binding chapter on Trade and Sustainable Development (TSD), dealing with labour and environmental matters. The EVFTA commits Viet Nam to implement the core ILO conventions that they have ratified and to make

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<sup>2</sup> Viet Nam will continue to have trade preferences with the EU under the Generalised Scheme of Preferences still 2 years as of entry into force of the agreement and even longer when the negotiated rates are higher than the GSP rate.

sustained efforts to ratify the outstanding ones, namely 105 and 87 for which on 14 June 2019 Viet Nam presented ratification target dates.

In case of lack of compliance with the TSD provisions, the agreement foresees a mechanism of dispute resolution that involves governments, an independent panel of experts and civil society groups. Civil society plays a crucial role in monitoring the implementation of the trade and sustainable development provisions. In particular, the agreement foresees the establishment of domestic advisory groups (DAGs) composed of trade unions, environmental bodies and business associations that may submit recommendations to the Parties about the implementation of these provisions. These advisory groups shall be established quickly after the entry into force of the agreement.

The agreement also commits the two parties 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 main elements of the EVFTA are:

- From day one after entry into force 65% of EU **exports to Viet Nam will be duty-free**, the rest will be liberalised after ten years, with a few exceptions. The EU will liberalise 71% of its imports at entry into force and 99% will be duty-free after seven years. The tariffs will be removed gradually over transitional periods, allowing producers to adjust.
- The EVFTA **prohibits discrimination between imported and domestically produced** goods and forbids the adoption of any prohibition or restriction on the importation of any good, in accordance with WTO rules.
- **State trading enterprises** are allowed but shall operate in accordance with WTO rules.
- The **remanufactured goods** will receive the same treatment as new ones.
- Introducing and maintaining export **subsidies on agricultural goods** liberalised by each importing Party will be prohibited.
- Viet Nam accepts marking of **origin of ‘Made in EU’** for non-agricultural goods (with the exception of pharmaceuticals). Markings of origin referring to EU Member States will continue to be accepted.
- The **rules of origin** included in the EVFTA follow the EU approach and their main features are the same as those of the rules of origin of the EU’s GSP, but contain a number of limitations taking into account the specific situation of both Parties.
- Provisions addressing **trade barriers** go beyond the obligations of the WTO.
- Viet Nam commits itself to applying the same **food safety requirements** to like products coming from all EU Member States. The specific recognition by the Parties of the official health status as accepted by international organisations such as the OIE for certain diseases of animals is innovative and will help to tackle barriers in Viet Nam related to BSE.

- **Intellectual Property Right (IPR):** Viet Nam will accede to WIPO Internet Treaties (access to and use of creative works on the Internet or other digital networks). Authors, broadcasters, performers and producers gain additional rights like right of reproduction, of distribution, or of communication to the public. Viet Nam will apply WIPO recommendation on the protection of well-known trademarks. Viet Nam has committed to extend term of protection for designs to 15 years. Data protection on pharmaceutical products (including biologics) and agrochemical products has been set at five years. The Parties shall protect plant varieties rights.
- **169 European Geographical Indications (GI)** will benefit from the recognition and protection on the Vietnamese market at a comparable level to that of EU legislation. 39 Vietnamese GIs, too, will be recognised and protected as such in the EU.
- **Trade in services** Service sector represents 40 % of GDP in Viet Nam. With this agreement Viet Nam goes beyond its WTO commitments and provides for better access in a number of business subsectors (e.g. architectural and urban planning services) and offers new market access to sectors such as building cleaning, packaging, trade fairs and others. In higher education services, Viet Nam opened cross border services for the first time. In financial services, in securities Viet Nam committed on market access and national treatment. Viet Nam opened up both courier and postal services except those subject to universal service and reserved services.
- The FTA promotes a number of **rules on e-commerce**, such as the prohibition of customs duties on electronic transmissions.
- Viet Nam and the EU have agreed on disciplines in line with the **Government Procurement Agreement (GPA)** rules of the WTO. This is particularly valuable as Vietnam is not yet member of the GPA. The government procurement chapter of the EVFTA achieves a degree of transparency and procedural fairness comparable to other FTAs that the EU has signed with developed and more advanced developing countries.

## Conclusion

The agreement is an important stepping-stone towards the EU's ultimate goal of a region-to-region free trade area with ASEAN countries. Together with similar agreements with Singapore and Japan, it strengthens EU's relations with Asia at the time when multilateral rules-based trade is being put in question. It is a strong signal against protectionist tendencies.

The EU-Viet Nam trade agreement will eliminate over 99% of all tariffs. It will encourage more European companies to be present in Viet Nam and promote better access for Vietnamese business to the EU market.

It is a high quality agreement based on values. With trade and development chapter, the trade agreement is also an important tool to improve local business environment and social and environmental conditions. With all the commitments and concrete steps by Vietnamese authorities the trade agreement is already operating as a tool to lift up Vietnamese standards to international, European, labour and environmental levels. With the agreement into force, the EU will have more leverage to pressure Vietnam on human rights and environmental issues.



Your rapporteur therefore recommends to give consent to the agreement.

3.12.2019

## **OPINION OF THE COMMITTEE ON DEVELOPMENT**

for the Committee on International Trade

on the draft Council decision on the conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam (06050/2019 – C9-0023/2019 – 2018/0356(NLE))

Rapporteur for opinion: Tomas Tobé

### **SHORT JUSTIFICATION**

For decades, the EU and its Member States have contributed to Vietnam's development in many of its different sectors and various regions and provinces. Over the years, the country witnessed one of the fastest growth rates in ASEAN countries (Association of Southeast Asian Nations) and hence, became an increasingly attractive partner for Europe and other regions of the world. According to the Commission Vietnam had an average GDP growth rate of around 6% between 2000 and 2014.

The Vietnam agreement is the most ambitious and comprehensive FTA that the EU has ever concluded with a middle-income country. As such, it sets a new benchmark for Europe's engagement with emerging economies. Not only will it eliminate over 99 % of customs duties on goods, it will also open up Vietnamese services markets to EU companies. According to European Commission figures, the FTA could boost Vietnam's booming economy by as much as 15 % of GDP, with Vietnamese exports to Europe growing by over one third.

The ultimate goal in South-East Asia is a region-to-region FTA with all ten ASEAN countries; a deal with Vietnam (the EU's second largest trading partner in the region) would be an important step in this direction.

The agreement aims to promote sustainable development on both sides. It includes commitments to protect people's basic rights at work, their human rights more broadly, and the environment. It also aims to support Vietnam's efforts to grow and develop its economy for the benefit of all its people.

In response to labour rights and environmental concerns about Vietnam, the FTA includes commitments to implement International Labour Organization core standards (for instance, on freedom to join independent trade unions and on banning child labour) and UN conventions (for instance, on combatting climate change and protecting biodiversity).

Despite the economic benefits of a free trade agreement with Vietnam, many stakeholders have expressed reservations due to human rights concerns. Political change in Vietnam has not kept pace with economic development. The country remains a one-party state where no dissent is tolerated. It has some of the least free media in the world (ranked 175th out of 180 countries in the 2018 Reporters Without Borders Press Freedom Index).

Despite the abovementioned human rights concerns, your rapporteur is of the opinion that concluding the FTA will be in the interest of both the EU and Vietnam. With this in mind, he therefore recommends to give consent to the agreement.

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The Committee on Development calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament give its consent to the proposal for Conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam; (2018/0356(NLE)).

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam
<b>References</b>	06050/2019 – C9-0023/2019 – 2018/0356(NLE)
<b>Committee responsible</b>	INTA
<b>Opinion by</b> Date announced in plenary	DEVE 15.7.2019
<b>Rapporteur</b> Date appointed	Tomas Tobé 4.9.2019
<b>Discussed in committee</b>	8.10.2019
<b>Date adopted</b>	3.12.2019
<b>Result of final vote</b>	+: 11 -: 7 0: 6
<b>Members present for the final vote</b>	Hildegard Bentele, Dominique Bilde, Charles Goerens, Mónica Silvana González, Pierrette Herzberger-Fofana, György Hölvényi, Martin Horwood, Rasa Juknevičienė, Beata Kempa, Pierfrancesco Majorino, Lukas Mandl, Norbert Neuser, Michèle Rivasi, Louis Stedman-Bryce, Marc Tarabella, Tomas Tobé, Miguel Urbán Crespo, Chrysoula Zacharopoulou, Bernhard Zimniok
<b>Substitutes present for the final vote</b>	Alessandra Basso, Stéphane Bijoux, Marlene Mortler, Caroline Roose, Patrizia Toia

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

11	+
ECR	Beata Kempa
ID	Bernhard Zimniok
PPE	Hildegard Bentele, György Hölvényi, Rasa Juknevičienė, Lukas Mandl, Marlene Mortler, Tomas Tobé
RENEW	Stéphane Bijoux, Charles Goerens, Chrysoula Zacharopoulou

7	-
GUE/NGL	Miguel Urbán Crespo
ID	Alessandra Basso, Dominique Bilde
NI	Louis Stedman-Bryce
VERTS/ALE	Pierrette Herzberger-Fofana, Michèle Rivasi, Caroline Roose

6	0
RENEW	Martin Horwood
S&D	Mónica Silvana González, Pierfrancesco Majorino, Norbert Neuser, Marc Tarabella, Patrizia Toia

**Key to symbols:**

+ : in favour

- : against

0 : abstention

3.12.2019

## **OPINION OF THE COMMITTEE ON FISHERIES**

for the Committee on International Trade

on the draft Council decision on the conclusion of the Free Trade Agreement  
between the European Union and the Socialist Republic of Viet Nam  
(06050/2019 – C9-0023/2019 – 2018/0356(NLE))

Rapporteur for opinion: Pietro Bartolo

PA\_Leg\_Consent

## SHORT JUSTIFICATION

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. 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.

In the article 13(9) of the FTA - Trade and Sustainable Management of Living Marine Resources and Aquaculture Products - the Parties recognise the importance of ensuring the conservation and sustainable management of living marine resources and marine ecosystems as well as the promotion of responsible and sustainable aquaculture.

In October 2017, after having obtained evidence for a number of trespasses by Vietnamese fishing vessels into neighbouring countries' waters, the Commission informed Member States about the country's failure to meet requirements on the prevention of illegal, unreported and unregulated (IUU) fishing and pre-identified it with a "yellow card" procedure under the IUU Regulation.

A delegation of this Committee visited Viet Nam (Hanoi and Ninham) in November 2018, in order to assess the measures taken by the Vietnamese authorities to address the fight against IUU fishing practices, inter alia the Action Plan aimed at reforming the Vietnamese fisheries sector.

The rapporteur for opinion of the Committee on Fisheries does not wish to venture into a political assessment of the Agreement, for which other committees are responsible. He believes that the Agreement should be endorsed by Parliament, since it would provide a stable framework for trade with a major partner of the EU. However, concerning the non-legislative resolution drawn up by the Committee on International Trade, he feels that some issues regarding the engagement of the Vietnamese authorities to tackle the fight against the IUU fishing should be addressed more specifically. For example, the still insufficient implementation of the new framework law for the fisheries sector, as well as of the coordinated monitoring, control and enforcement structures committed to effectively tackle and deter IUU fishing; the challenges still facing the Vietnamese Authorities as regards the overcapacity of its very fragmented fishing fleet and the overexploitation of resources stimulated by the fast-growing fish and seafood processing sector; the need to closely monitor its fishing fleet and to implement measures for the full traceability of fisheries products destined for exports to the EU market.

For these reasons, the rapporteur is of the opinion that preferential tariffs for fisheries and aquaculture products should be accompanied by the monitoring of the implementation of the Vietnamese Action Plan to tackle IUU fishing and by a review of the commitments made by Vietnam under the "Trade and Sustainable Development Chapter". Moreover, he believes that the EU should make full use of the tool at its disposal, such as a "red card", in case the conditions for sustainable fisheries were not fulfilled by Vietnam, in order to ensure the safety of imports of fish and seafood products into the EU market and to protect its consumers.



Finally, he recalls that the “yellow card” notification by the European Commission in October 2017 should be seen as an encouragement to the Vietnamese Authorities to persevere in their efforts to ensure the sustainability of the Vietnamese fishing operations and to effectively tackle IUU fishing activities. He therefore supports Vietnam’s application to join as a full Member the Western and Central Pacific Fisheries Commission (WCPFC), where the EU and Vietnam could further cooperate and push for more ambitious measures aimed at reducing IUU fishing in the WCPFC Convention area.

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The Committee on Fisheries calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament approve the proposal for a Council decision on the conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam	
<b>References</b>	06050/2019 – C9-0023/2019 – 2018/0356(NLE)	
<b>Committee responsible</b>	INTA	
<b>Opinion by</b> Date announced in plenary	PECH 15.7.2019	
<b>Rapporteur</b> Date appointed	Pietro Bartolo 23.7.2019	
<b>Discussed in committee</b>	4.9.2019	12.11.2019
<b>Date adopted</b>	3.12.2019	
<b>Result of final vote</b>	+: 17	–: 6
	0: 2	
<b>Members present for the final vote</b>	Clara Aguilera, Christian Allard, Pietro Bartolo, François-Xavier Bellamy, Izaskun Bilbao Barandica, Rosanna Conte, Richard Corbett, Rosa D’Amato, Chris Davies, João Ferreira, Søren Gade, Francisco Guerreiro, Niclas Herbst, Pierre Karleskind, Predrag Fred Matić, Francisco José Millán Mon, Grace O’Sullivan, Manuel Pizarro, Ruža Tomašić, Peter van Dalen, Theodoros Zagorakis	
<b>Substitutes present for the final vote</b>	Carmen Avram, Nicolás González Casares, Ska Keller, June Alison Mummery, Maxette Pirbakas, Caroline Roose, Bert-Jan Ruissen	
<b>Substitutes under Rule 209(7) present for the final vote</b>	Jeroen Lenaers, Robert Rowland	

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

17	+
ECR	Bert-Jan Ruissen, Ruža Tomašić
PPE	Peter van Dalen, Niclas Herbst, Jeroen Lenaers, Francisco José Millán Mon, Cláudia Monteiro de Aguiar, Maria Walsh, Theodoros Zagorakis
RENEW	Chris Davies, Pierre Karleskind
S&D	Clara Aguilera, Pietro Bartolo, Richard Corbett, Nicolás González Casares, Predrag Fred Matić, Manuel Pizarro

6	-
GUE/NGL	João Ferreira
NI	Rosa D'Amato, June Alison Mummery
VERTS/ALE	Christian Allard, Francisco Guerreiro, Grace O'Sullivan

2	0
ID	Rosanna Conte, Maxette Pirbakas

**Key to symbols:**

- + : in favour
- : against
- 0 : abstention

## PROCEDURE – COMMITTEE RESPONSIBLE

<b>Title</b>	Conclusion of the Free Trade Agreement between the European Union and the Socialist Republic of Viet Nam		
<b>References</b>	06050/2019 – C9-0023/2019 – 2018/0356(NLE)		
<b>Date of consultation / request for consent</b>	1.7.2019		
<b>Committee responsible</b> Date announced in plenary	INTA 15.7.2019		
<b>Committees asked for opinions</b> Date announced in plenary	AFET 24.10.2019	DEVE 15.7.2019	PECH 15.7.2019
<b>Not delivering opinions</b> Date of decision	AFET 4.12.2019		
<b>Rapporteurs</b> Date appointed	Geert Bourgeois 23.9.2019		
<b>Previous rapporteurs</b>	Jan Zahradil		
<b>Discussed in committee</b>	2.10.2019	6.11.2019	3.12.2019
<b>Date adopted</b>	21.1.2020		
<b>Result of final vote</b>	+ : 29 - : 6 0 : 5		
<b>Members present for the final vote</b>	Nikos Androulakis, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Jordi Cañas, Daniel Caspary, Anna Cavazzini, Ellie Chowns, Miroslav Číž, Arnaud Danjean, Nicola Danti, Emmanouil Fragkos, Barbara Ann Gibson, Enikő Györi, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Karin Karlsbro, Jude Kirton-Darling, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Emmanuel Maurel, Samira Rafaela, Luisa Regimenti, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Sven Simon, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, James Wells, Iuliu Winkler, Jan Zahradil		
<b>Substitutes present for the final vote</b>	Saskia Bricmont		
<b>Substitutes under Rule 209(7) present for the final vote</b>	Nicolas Bay		
<b>Date tabled</b>	23.1.2020		

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

29	+
ECR	Geert Bourgeois, Emmanouil Fragkos, Jan Zahradil
ID	Roman Haider, Maximilian Krah
NI	Tiziana Beghin
PPE	Anna-Michelle Asimakopoulou, Daniel Caspary, Arnaud Danjean, Enikő Győri, Christophe Hansen, Danuta Maria Hübner, Massimiliano Salini, Sven Simon, Jörgen Warborn, Iuliu Winkler
RENEW	Jordi Cañas, Barbara Ann Gibson, Karin Karlsbro, Samira Rafaela, Liesje Schreinemacher, Marie-Pierre Vedrenne
S&D	Nikos Androulakis, Miroslav Číž, Nicola Danti, Bernd Lange, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt

6	-
GUE/NGL	Emmanuel Maurel, Helmut Scholz
VERTS/ALE	Saskia Bricmont, Anna Cavazzini, Ellie Chowns, Heidi Hautala

5	0
ID	Nicolas Bay, Danilo Oscar Lancini, Luisa Regimenti
NI	James Wells
S&D	Jude Kirton-Darling

Key to symbols:

+ : in favour

- : against

0 : abstention