



EVFTA: OPPORTUNITIES FOR EUROPEAN BUSINESSES

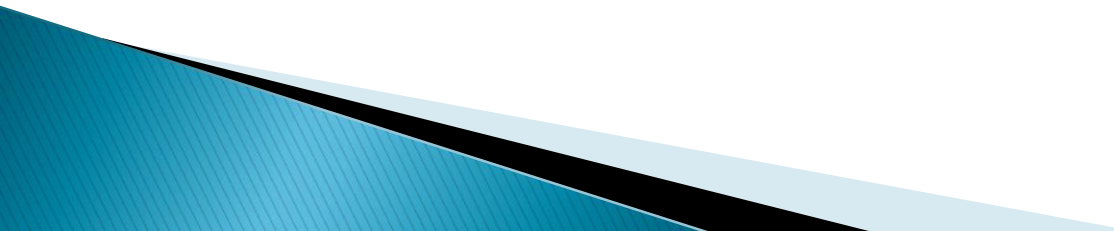
Overview of Viet Nam - EU relations

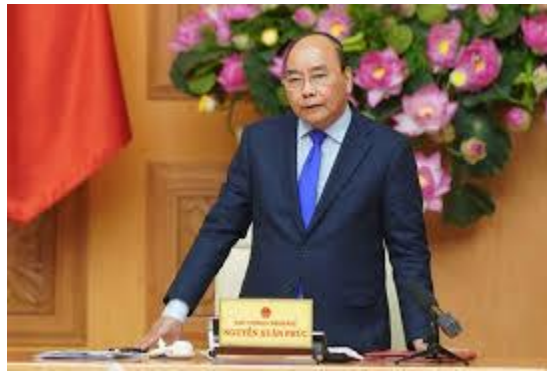
- ▶ **November 1990:** established diplomatic relations
 - ▶ **July 1995:** signed Framework Cooperation Agreement
 - ▶ **June 2012:** signed Partnership and Cooperation Agreement (PCA)
 - ▶ **Oct 2016:** PCA entered into force
 - ▶ **June 2019:** signed EVFTA and EVIPA
 - ▶ **August 2020:** EVFFTA took effect
- >>>> **Bilateral relations have been strengthened in both political and economic areas.**
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Viet Nam - EU economic relations

- ▶ **Important partners:** EU is 4th biggest trade partner and 2nd biggest export market of Viet Nam.
Viet Nam is the 2nd largest trade partner of the EU within ASEAN.
- ▶ **Bilateral trade** reached US\$ 56.4 billion in 2019
- ▶ **EU direct investment** to Viet Nam amounted to US\$ 24.67 billion in 2019 (7.6% of total FDI)
- ▶ **Top investors:** the Netherlands, Germany, France...

EVFTA at a glance

- ▶ **Official signing:** 30 June 2019
 - ▶ **Ratification** by EU (12 Feb 2020) and Viet Nam (8 June 2020)
 - ▶ **Entering into force:** 1 August 2020
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“This Agreement can be seen as a broad and modern expressway bringing the EU and Viet Nam closer together”

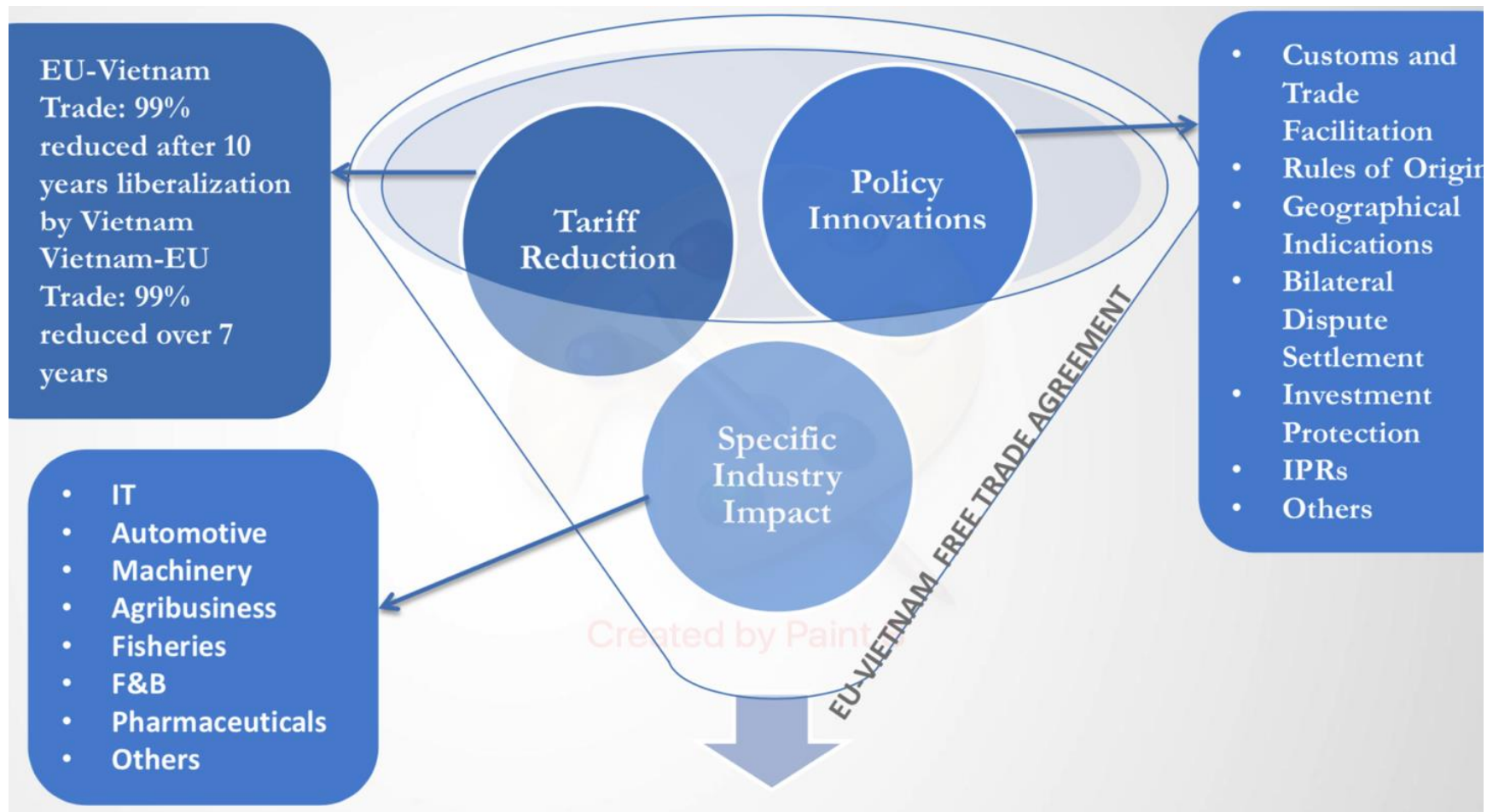
Prime Minister Nguyen Xuan Phuc



EVFTA is “the most ambitious free trade deal ever concluded with a developing country”

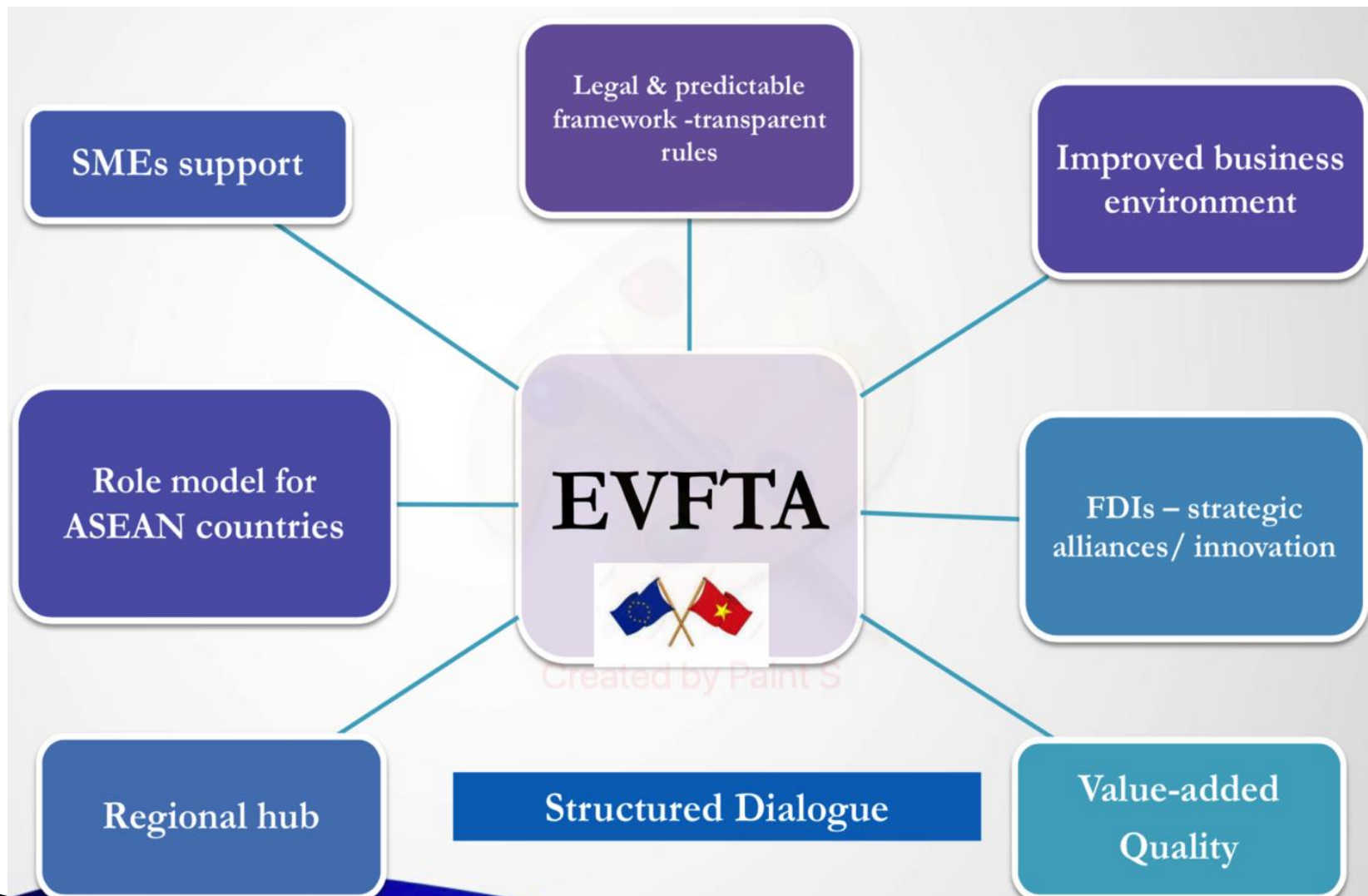
EU Trade Commissioner Cecilia Malmstrom

EVFTA at a glance



Source: Eurocham Viet Nam

Benefits of EVFTA



Source: Eurocham Viet Nam

Opportunities for EU businesses: Exports - Imports

- ▶ **Access to Viet Nam's large market** with nearly 100 million consumers and ASEAN markets
- ▶ **EU exports to Viet Nam** are expected to increase by 33% by 2025 and 36.7% by 2030
- ▶ **Viet Nam import tariffs reduction under the EVFTA:**
 - **49.5%** tariff lines eliminated (equivalent to 64.5% of EU exports) in the first year.
 - **91.8%** tariff lines eliminated after 7 years.
 - **98.3%** tariff lines eliminated after 10 years.
- ▶ **Viet Nam to provide protection** for 169 EU geographical indications (mostly wine and food)
- ▶ **Streamlining and harmonization of procedures**

Specific commitments on import tariffs

Items	Commitments on import tariffs
Cars and spare parts, motorbikes	0% after 9 years for high-cylinder cars and 10 years for other cars 0% after 7 years for automobile parts
Wine, spirits and beer	0% after 7 years for wine, spirits and after 10 years for beer
Pork and chicken	0% after 9 years for pork and 10 years for chicken
Milk and dairy products	0% after 3-5 years
Machinery	0% after 7 years

Opportunities for EU businesses: Investment

- ▶ EVFTA commitments aim at creating an **open and favorable investment environment** for businesses
- ▶ **Viet Nam's commitments in service** go further than as compared with the WTO framework.
- ▶ **Ease of market access** with no limitations on number of enterprises in the market, value of transaction, number of natural persons employed (unless reservation is specified in the Schedule).
- ▶ Application of **National Treatment and MFN**.

Commitment on Services and Investment

Service sectors	Commitments on market access by Viet Nam
Banking	EU credit institutions are favorably allowed to raise foreign ownership to 49% of charter capital in 2 Vietnamese joint stock commercial banks (valid for 5 years)
Insurance	Allowing cross-border cession of reinsurance and voluntary health insurance services according to domestic law
Telecommunication	<ul style="list-style-type: none">- Same level of commitment as in CPTPP.- For value-added telecommunications services without network infrastructure, EU companies could set up wholly foreign-owned enterprises after a transition period

Service sectors	Commitments on market access by Viet Nam
Transportation	<ul style="list-style-type: none"> -For empty container transport services, EU shipping lines could perform these service on Quy Nhon-Cai Mep route and on all routes after 5 years - For ground services at the airport, after 5 years, EU businesses could enter into joint venture with Vietnamese partners in which foreign capital does not exceed 49%.
Distribution	<ul style="list-style-type: none"> - Abolish requirement of economic needs test after 5 years (reserve right to implement distribution system planning on a non-discriminatory basis). - EU enterprises could reserve operating conditions under current licenses and to be required 1 license to perform import, distribution, wholesale and retail activity.

Other important benefits

- ▶ **Better investment protection** under the EVIPA
- ▶ **Participation in Viet Nam's government procurement market** through clearly defined criteria concerning: (1) Value of the procurement; (2) Procuring entity; (3) Goods and services.

- ▶ *EU businesses are welcome to take advantage of the broad and modern expressway named EVFTA.*
- ▶ *The EVFTA, together with other cooperation frameworks (such as Singapore-EU FTA), will foster EU-ASEAN trade and economic relations*

*THANK YOU FOR YOUR
ATTENTION!*

