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DRAFT OPINION

of the Committee on Development

for the Committee on International Trade

on the proposal for a Council decision on the conclusion of the Investment Protection Agreement between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam, of the other part (COM(2018)0693 – C8-0000/2018 – 2018/0358(NLE))

Rapporteur for opinion: Doru Claudiu Frunzulică

PA_Leg_Consent

SHORT JUSTIFICATION

The EU-Vietnam Investment Protection Agreement (IPA) aims to stimulate trade and remove many of the remaining barriers to investment.

The investment chapters within the agreement provide a range of protections for qualifying foreign investors and their investments. These protections include, inter alia, an obligation to provide 'fair and equitable treatment', as well as so-called 'full protection and security', 'national treatment' and 'most favoured nation treatment'.

The creation of a stable and predictable investment climate is important to encourage investment and support job creation in Vietnam. Your rapporteur welcomes the improved provisions of the IPA in comparison to older and outdated provisions in the Bilateral Investment Agreements concluded between some Member States and Vietnam. In particular, greater transparency in proceedings is long overdue and welcome. It is vital that these provisions are respected and reviewed when necessary to ensure all stakeholders have full access to relevant information on ongoing investment protection dispute settlement cases.

Your rapporteur further emphasises the absolute imperative that the right of governments to regulate in the public interest, including on health, the environment, labour rights and tax policy, is fully respected and cannot be challenged by investors. The European Parliament has been at the forefront of demands for reforms of the investment protection system and will continue to monitor very closely the impact of IPAs including the proposed agreement with Vietnam, on both the right to regulate and on any potential chilling effect. The Investment Court System included in the Vietnam-EU IPA, including the commitment of both parties to protecting the right to regulate from investor challenges, is a significant step forward but not the end of the reform process.

In this regard your rapporteur further emphasises that investor responsibilities must keep pace with the expansion of investor rights. This is, unfortunately, not currently the case. In this respect your rapporteur emphasises the importance of concrete steps to be taken by the Vietnamese government in the reform of its Labour Code, to ensure the rights of workers in Vietnam are considerably strengthened.

Your rapporteur further draws attention to international standards including the UN Guidelines on Business and Human Rights, and the ongoing negotiations at the UN for a legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. Your rapporteur emphasises the importance of close monitoring of the provisions and effects of the IPA, and comparative progress on establishing investor responsibilities.

With this in mind, your rapporteur recommends to give consent to the agreement.

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 a Council decision on the conclusion of the Investment Protection Agreement between the European Union and its Member States, of the one part, and the Socialist Republic of Viet

Nam, of the other part.