

Trade and investment agreements with Vietnam

In 2019, Vietnam became the second south-east Asian country after Singapore to sign trade and investment agreements with the EU. The agreements are expected to bring major economic benefits to both sides, but opinions are divided on whether the Parliament should consent to them, due to human rights issues in Vietnam.

Background

In 2015, the EU and Vietnam completed negotiations on a free trade agreement. Following the precedent of the [EU-Singapore agreement](#), it was decided in 2018 to split the text into two parts: a free trade agreement (FTA) and an investment protection agreement (IPA). Both texts were signed in June 2019 and now await ratification, the FTA by the EU alone and the IPA by the EU together with its Member States.

Content of the agreements and expected impact

The FTA and IPA are the most ambitious agreements of their type ever concluded with a developing country. Unlike the traditional deals concerned mainly with trade in goods, the two agreements cover the full range of economic interaction between the two sides, including services, investment, public procurement, intellectual property and environmental impacts. For example, the FTA will phase out almost all tariffs, open up numerous services sectors to EU businesses, and allow them to bid for Vietnamese government contracts on equal terms with local companies. According to a 2018 [estimate](#), by 2035, the two agreements will have boosted the Vietnamese economy by 2.5 % and generate an additional €23 billion in bilateral trade. While the impact on the European economy will be much smaller, the agreements bring the EU closer to its long-term goal of a region-to-region trade deal with south-east Asia.

Human rights aspects

In view of the poor [human rights](#) situation in Vietnam, opinions are divided on the agreements. Critics argue that the EU has more leverage over Hanoi before ratification, which they therefore feel should be delayed until there are improvements. On the other hand, proponents of the agreements claim that the EU can best bring about change by engaging with Vietnam. They point out that the FTA includes a commitment to ratifying and implementing all eight International Labour Organization (ILO) core conventions, opening the door to independent trade unions – a major step forward in a country where the Communist Party controls practically all organisations. In line with this commitment, Vietnam has already reformed its labour code, and adopted a road map for ratifying the two ILO core conventions to which it is not yet party.

European Parliament position

On 21 January 2020, the European Parliament's Committee on International Trade (INTA) adopted recommendations on giving consent to both the FTA and IPA, emphasising the economic benefits they will bring. The opinions of AFET/DROI on the accompanying resolutions focus on human rights, urging that consent should only be given to the agreements once Vietnam has taken effective action to address serious concerns in this field. The Development (DEVE) and Fisheries (PECH) Committees addressed the implications for sustainable development and fisheries. The plenary vote is scheduled for February 2020.

Consent procedure: Committee responsible: INTA; Rapporteur: Geert Bourgeois (ECR, Belgium); FTA [2018/0356\(NLE\)](#); IPA [2018/0358\(NLE\)](#).

For further information see our 'International Agreements in Progress' [briefing](#) on the agreements with Vietnam.

