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DRAFT REPORT

containing a motion for a non-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 – 2018/0356M(NLE))

Committee on International Trade

Rapporteur: Jan Zahradil

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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 – 2018/0356M(NLE))

The European Parliament,

- having regard to the draft Council decision (06050/2019),
- having regard to the draft Free Trade Agreement (FTA) between the European Union and the Socialist Republic of Viet Nam (0000/2019),
- having regard 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 (0000/2019),
- having regard to the request for consent submitted by the Council in accordance with Articles 91(1), 100(2), 207(4), first subparagraph, 218(6), second subparagraph, point (a)(v), and 218(7) of the Treaty on the Functioning of the European Union (TFEU) (C9-0023/2019),
- having regard to the Framework Agreement on Comprehensive Partnership and Cooperation (PCA) between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam, of the other part, signed in Brussels on 27 June 2012, which entered into force in October 2016¹,
- having regard to the opinion of the Court of Justice of the European Union of 16 May 2017 in procedure 2/15², pursuant to Article 218(11) TFEU, requested on 10 July 2015 by the Commission,
- having regard to its resolution of 5 July 2016 on a new forward-looking and innovative future strategy for trade and investment³,
- having regard to the Commission communication entitled ‘Trade for all - towards a more responsible trade and investment policy’,
- having regard to the Council decision of 22 December 2009 to pursue bilateral FTA negotiations with individual member states of the Association of Southeast Asian Nations (ASEAN),
- having regard to the negotiating directives of 23 April 2007 for a region-to-region FTA with ASEAN member states,
- having regard to its resolution of 9 June 2016 on Vietnam⁴,
- having regard to its resolution of 14 December 2017 on freedom of expression in

¹ OJ L 329, 3.12.2016, p. 8.

² Opinion of the Court of Justice of 16 May 2017, 2/15, ECLI:EU:C: 2017:376.

³ OJ C 101, 16.3.2018, p. 30.

⁴ OJ C 86, 6.3.2018, p. 122.

- Vietnam, notably the case of Nguyen Van Hoa⁵,
- having regard to its resolution of 15 November 2018 on Vietnam, notably the situation of political prisoners⁶,
 - having regard to the decision of the European Ombudsman of 26 February 2016 in case 1409/2014/MHZ on the European Commission’s failure to carry out a prior human rights impact assessment of the EU-Vietnam FTA⁷,
 - having regard to the Treaty on European Union (TEU), and in particular Title V thereof on the Union’s external action,
 - having regard to the TFEU, in particular its Articles 91, 100, 168 and 207 in conjunction with Article 218(6)(a)(v),
 - having regard to its legislative resolution of ...⁸ on the draft decision,
 - having regard to Rule 105(2) of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A9-0000/2019),
- A. whereas Vietnam is a strategic partner for the European Union, and whereas the EU and Vietnam share a common agenda to stimulate growth and employment, improve competitiveness, fight poverty and achieve the Sustainable Development Goals (SDGs), as well as a strong commitment to open trade and the multilateral trading system;
- B. whereas this is the second bilateral trade agreement concluded between the EU and an ASEAN member state and is an important stepping stone towards a region-to-region FTA; whereas the agreement, along with Free Trade Agreement between the EU and the Republic of Singapore to which Parliament gave its consent on 13 February 2019, will also serve as a benchmark for the agreements the EU is currently negotiating with the other main ASEAN economies;
- C. whereas 90 % of future world economic growth is predicted to be generated outside Europe and notably in Asia;
- D. whereas Vietnam joined the WTO in 2007 and is now one of the most open and pro-free trade economies in the world, as shown by its 16 trade agreements with 56 countries;
- E. whereas Vietnam is a founding member of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and a party to the ongoing negotiations on the Regional Comprehensive Economic Partnership (RCEP);
- F. whereas Vietnam is a booming, competitive and connected economy with almost 100 million citizens, a growing middle class and a young and dynamic workforce;
- G. whereas Vietnam is also one of the fastest-growing countries in ASEAN, with average GDP growth of around 6.51 % from 2000 until 2018;

⁵ OJ C 369, 11.10.2018, p. 73.

⁶ Texts adopted, P8_TA(2018)0459.

⁷ <https://www.ombudsman.europa.eu/en/decision/en/64308>

⁸ Texts adopted, P9_TA(0000)0000.

- H. whereas the EU is currently Vietnam's third-largest trading partner after China and South Korea, and the second-largest export market after the US; whereas EU exports to the country in the last ten years have been growing annually by an average of 5-7 %;
1. Stresses that the EU-Vietnam FTA (EVFTA) is the most comprehensive and ambitious agreement ever concluded between the EU and a developing country and serves as a reference point for the EU's engagement with developing countries;
 2. Notes that negotiations began in June 2012 and were concluded in December 2015 after 14 negotiating rounds, and regrets subsequent delays in bringing forward the agreement for signature and ratification;
 3. Stresses the economic and strategic importance of this agreement, as the EU and Vietnam share a common agenda and common values – to stimulate growth and employment, boost competitiveness, fight against poverty and make progress towards achieving the Sustainable Development Goals (SDGs);
 4. Is convinced that the agreement will make further strides towards setting high standards and rules in the ASEAN region, helping to pave the way for a future region-to-region trade and investment agreement; stresses that the agreement also sends a strong signal in favour of open and free trade at times of protectionist tendencies and the questioning of multilateral rules-based trade;
 5. Underlines that the agreement will eliminate over 99 % of tariffs⁹; notes that Vietnam will liberalise 65 % of import duties on EU exports to Vietnam upon entry into force, with the remainder of the duties being gradually eliminated over a 10-year period; notes also that the EU will liberalise 71 % of its imports upon entry into force and 99 % will be duty free after a 7-year period; points out that the agreement will also contain specific provisions to address non-tariff barriers for EU exports;
 6. Stresses the improved access under this agreement to Vietnamese public procurement in line with the Government Procurement Agreement (GPA), as Vietnam is not yet a member of the GPA; underlines that 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;
 7. Welcomes the fact that around 169 EU geographical indications will benefit from recognition and protection on the Vietnamese market at a comparable level to that of EU legislation, in view of the fact that Vietnam is an important export market in Asia for EU food and drink exports;
 8. Recalls that, in terms of services, Vietnam goes beyond its WTO commitments, provides for substantially better access in a number of business subsectors and offers new market access to sectors such as packaging services, trade fair and exhibition services or rental/leasing; underlines that Vietnam has opened up cross-border higher

⁹ EU exports to Viet Nam: 65 % of duties to disappear as soon as the FTA enters into force, and the remainder to be phased out gradually over a period of up to 10 years (for example, in order to protect the Vietnamese motor sector from European competition, duties on cars will remain for the full 10 years); Vietnamese exports to the EU: 71 % of duties to disappear on entry into force, the remainder to be phased out over a period of up to seven years.

education services for the first time;

9. Recalls that the EVFTA will help Vietnam go further in improving IPR protection, to the benefit of IPR owners and consumers, as Vietnam will accede to the World Intellectual Property Organisation (WIPO) Internet Treaties, which set standards to prevent unauthorised online access to or use of creative work, protect the rights of owners, and address the challenges that new technologies and methods of communication pose to IPR;
10. Underlines that the agreement safeguards the EU's right to apply its own standards to all goods and services sold in the EU and upholds the EU's precautionary principle;
11. Underlines that the EVFTA includes a robust, comprehensive and binding chapter on Trade and Sustainable Development (TSD) dealing with labour and environmental matters; stresses that the TSD chapter is designed to contribute to broader EU policy objectives, notably on inclusive growth, the fight against climate change and more generally in upholding EU values; emphasises that it is also an instrument for development and social progress in Vietnam to support Vietnam in its efforts to improve labour rights and to enhance protection at work and protection of the environment;
12. Welcomes the concrete steps taken by the Vietnamese Government so far, including amending labour legislation and the legal framework on the minimum age at work, aimed at abolishing child labour and making commitments on non-discrimination and gender equality at work;
13. Stresses, however, that despite this progress, important challenges remain; welcomes in this regard the ratification of fundamental ILO Convention 98 (collective bargaining) on 14 June 2019 and the commitment by the Vietnamese Government to ratify two remaining fundamental Conventions, namely 105 (abolition of forced labour) in 2020 and 87 (freedom of association) in 2023, following the imminent adoption of the new Labour Code;
14. Welcomes the commitment to effectively implement multilateral environmental agreements such as the Paris Agreement on climate change, and to act in favour of the conservation and sustainable management of wildlife, biodiversity and forestry; recalls that the Agreement provides for specific measures to fight against Illegal, Unreported and Unregulated fishing (IUU) and to promote a sustainable and responsible fishery sector, including aquaculture;
15. Acknowledges Vietnam's engagement to address illegal logging and deforestation through the conclusion of a Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) with the EU; notes that this agreement has been in force since 1 June 2019 and introduces mandatory due diligence obligations for its importers; welcomes the open and constructive participation of all relevant stakeholders in Vietnam in this process;
16. Underlines the crucial importance of implementing all provisions and chapters of the agreement, ranging from market access to sustainable development and enforcement of all commitments; highlights in this context the new post of Chief Trade Enforcement Officer, who will work directly under the guidance of the Trade Commissioner;

17. Calls for enhanced monitoring of the agreement and efforts to ensure that shortcomings are addressed rapidly with our trading partner; calls for specific technical assistance in order to help Vietnam implement some of the commitments via projects and expertise, notably linked to environmental and labour provisions;
18. Stresses that the involvement of civil society in monitoring the implementation of the agreement is crucial, and calls for the swift establishment of domestic advisory groups following the entry into force of the agreement and for the balanced representation of civil society therein;
19. Acknowledges the institutional and legal link between the FTA and the PCA, which ensures that human rights are placed at the core of the EU-Vietnam relationship;
20. Instructs its President to forward this resolution to the Council and the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the EEAS, the governments and parliaments of the Member States and the government and parliament of the Socialist Republic of Viet Nam.