

# EU-Vietnam Trade Agreement

## 1. Eliminating customs duties

The EU-Vietnam trade agreement will eliminate over 99% of all tariffs, and partly remove the rest through limited zero-duty quotas, known as Tariff Rate Quotas (TRQs).

65% of duties on EU exports to Vietnam will be eliminated at entry into force, with the remainder gradually removed over a 10-year period. EU duties on imports from Vietnam will be eliminated progressively over a 7-year period. This asymmetric approach takes into account the fact that Vietnam is a developing country.

The agreement will remove tariffs on a range of key EU export products:

- Almost all **machinery and appliances** will be fully tariff-free at entry into force, and the rest after 5 years. Current duties are up to 35%.
- **Motorcycles** with engines larger than 150 cc will see tariffs fully removed after 7 years (current duty is 75%) and **cars** after 10 years (down from 78%)
- **Car parts** will be duty free after 7 years (current duties are up to 32%).
- Roughly half of EU **pharmaceuticals** exports will be duty free at entry into force and the rest after 7 years (currently facing duties of up to 8%).
- All **textile fabric** exports will see their duties removed at entry into force (currently with a tariff of 12%).
- Close to 70% of EU **chemicals** exports will be duty free at entry into force (current duties up to 5%) and the rest after 3, 5 or, respectively, 7 years (current tariffs up to 25%).
- **Wines and spirits** will be fully tariff-free after 7 years (down from tariffs of 50% and 48% respectively)
- **Frozen pork meat** will be duty free after 7 years, **beef** after 3 years, **dairy products** after a maximum of 5 years and **food preparations** after a maximum of 7 years.
- **Tariffs on chicken** will be progressively reduced to 0% in the next 10 years.

For sensitive agricultural products, the EU will not open its market up to Vietnamese imports completely. Quotas will limit the quantity that can enter the EU duty-free. This includes rice, sweet corn, garlic, mushrooms, eggs, sugar and high-sugar-containing products, manioc starch, other modified starches, ethanol, surimi and canned tuna.

The elimination of duties on imports of some Vietnamese products (for instance in the textile apparel and footwear sectors) will be subject to longer transition periods of up to 7 years. In order to benefit from the preferential access, negotiated rules of origin will require the use of fabrics produced in the EU, Vietnam or in South Korea, another partner with

whom the EU has a trade agreement. This will ensure that products from other countries with which the EU does not have a trade agreement do not gain unfair access to the EU through Vietnam.

Besides eliminating tariffs, Vietnam will also do away with its existing export duties in its bilateral trade with the EU, and has agreed not to increase the few that will exceptionally remain in force.

## **2. Protecting European Geographical Indications**

169 distinctive European food and drinks products from a specific geographical origin will be protected from imitation on the Vietnamese market. The use of geographical indications (GIs) such as Champagne, Parmigiano Reggiano cheese, Rioja wine or Feta cheese will be reserved in Vietnam for products imported from the EU regions where they traditionally come from. This will benefit European farmers and small businesses producing these traditional products.

Vietnamese GIs will also be recognised and protected in the EU, further promoting imports of quality products such as Mộc Châu tea or Buôn Ma Thuột coffee.

The agreement will allow new GIs to be added in the future to the list of protected GIs.

## **3. Reducing non-tariff barriers to European exports**

The EU and Vietnam have agreed to go beyond the rules set out in the WTO Technical Barriers to Trade agreement. In particular, Vietnam has committed to increasing the use of international standards when drafting its regulations. The agreement also contains a chapter on sanitary and phytosanitary measures, to make trade in plant and animal products easier. Importantly, Vietnam will recognise the EU as a single entity for the purposes of authorising our animal and plant exports.

The agreement also contains a specific annex with far-reaching provisions to address non-tariff barriers in the automotive sector, including the recognition of the EU whole vehicle certificate of conformity five years after the entry into force of the agreement.

Also, to account for the increasing EU market integration, Vietnam accepted the marking of origin "Made in EU" for non-agricultural goods (with the exception of pharmaceuticals, which are still to a great extent subject to national approvals in the EU). Member State-specific markings of origin will continue to be accepted as well.

Provisions on import and export licensing, customs procedures, trade in plant and animal products, will also facilitate access of EU goods to the Vietnamese market.

## **4. Public procurement**

Thanks to the agreement, EU companies will benefit from a level of access to

Vietnamese procurement markets that companies from no other country do.

- EU companies will be able to bid for public contracts with Vietnamese ministries and important state-owned enterprises, as well as the two biggest Vietnamese cities, Hanoi and Ho Chi Minh City.

The agreement is fully in line with the rules of the WTO Government Procurement Agreement, thus achieving a degree of transparency and procedural fairness comparable to other EU trade agreements with developed countries and more advanced developing countries.

## **5. Safeguarding social and environmental protection standards**

The EU and Vietnam have agreed on a robust and comprehensive chapter on trade and sustainable development, with an extensive list of commitments. These include the following:

- To implement effectively the core labour standards and Conventions of the International Labour Organisation (ILO), the Multilateral Environmental Agreements that the EU and Vietnam have ratified, along with an assurance to ratify fundamental ILO Conventions not yet ratified.
- To effectively implement international environmental agreements, such as the Paris Agreement.
- To prevent a race to the bottom: no undermining of domestic labour and environmental laws in order to attract trade and investment.
- Actions in sectors of specific relevance in Vietnam such as the conservation and sustainable management of wildlife, biodiversity, forestry and fisheries.
- Involvement of civil society in the monitoring and giving advice on the implementation of the Trade and Sustainable Development chapter on both sides.
- Tailor-made dispute settlement for the Trade and Sustainable Development chapter.

## **6. Promoting democracy and respect for human rights**

There is an institutional and legal link between the Free Trade Agreement and the [EU-Vietnam Partnership and Cooperation Agreement](#). This link allows measures considered as appropriate in the case of breaches of human rights, including the suspension of the Trade Agreement.

## **7. Creating a level playing field for EU companies and innovative products**

The EU-Vietnam Trade Agreement will level the playing field between state-owned enterprises and private enterprises when state-owned enterprises are engaged in commercial activities. There are also rules on transparency, and consultations on domestic subsidies. These are the most ambitious rules that Vietnam has ever agreed to in an international agreement.

On **intellectual property rights**, Vietnam has committed to a high level of protection that goes beyond the standards of WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. With this agreement, EU

innovations, artworks and brands will be better protected against being unlawfully copied, including through stronger enforcement provisions.

The EU pharmaceutical sector in particular will benefit from improved protection of test data and from the possibility to get an extension of the term of the patent up to two years if there are delays in the marketing authorisation. Vietnam has also taken ambitious commitments concerning the procurement of pharmaceutical products, for instance allowing companies with European capital to import and sell medicines to distributors and wholesalers within the country.

## **8. Opening the Vietnamese market for EU services providers**

Vietnam has committed to substantially improve the access for EU companies to a broad range of services sectors, including:

- business services
- environmental services
- postal and courier services
- banking
- insurance
- maritime transport

Moreover, the agreement will contain a clause allowing the best results of other trade agreements being negotiated at the moment to be incorporated in the EU-Vietnam trade agreement.

## **9. Promoting bilateral investment**

Vietnam has committed to open up to investments in manufacturing in key sectors:

- food products and beverages
- fertilisers and nitrogen composites
- tyres and tubes
- gloves and plastic products
- ceramics
- construction materials

## **10. More effective dispute resolution**

The dispute resolution mechanism set up by the agreement is faster and more efficient than the dispute settlement mechanism in the WTO framework.

It applies to most areas of the agreement and is intended as a last resort, should the EU and Vietnam fail to find a solution by other means. The agreement provides for the possibility of formal consultations and for voluntary mediation to tackle measures that adversely affect bilateral trade and investment.

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# Commission presents EU-Vietnam trade and investment agreements for signature and conclusion

The trade agreement will eliminate virtually all tariffs on goods traded between the two sides. The agreement also includes a strong, legally binding commitment to sustainable development, including the respect of human rights, labour rights, environmental protection and the fight against climate change, with an explicit reference to the Paris Agreement.

President of the European Commission Jean-Claude **Juncker** said: *"The trade and investment agreements with Vietnam are exemplary of Europe's trade policy. They bring unprecedented advantages and benefits for European and Vietnamese companies, workers and consumers. They take fully into account the economic differences between the two sides. They promote a rules- and values-based trade policy with strong and clear commitments on sustainable development and human rights. By adopting them a few hours before welcoming the participants in the ASEM-EU Summit in Brussels, the Commission shows its commitment to open trade and engagement with Asia. I now expect the European Parliament and EU Member States to do the necessary for the agreements to enter into force as soon as possible".*

Commissioner for Trade Cecilia **Malmström** said: *"The Commission has now delivered two valuable and progressive agreements with Vietnam that I am convinced the European Parliament and EU Member States can support. Vietnam has massive potential for EU exporters and investors to do business, both now and in the future. It is one of the fastest-growing economies in Southeast Asia, with a vibrant market of more than 95 million consumers, an emerging middle class and a young, dynamic workforce. Through our agreements, we also help spread European high standards and create possibilities for in-depth discussions on human rights and the protection of citizens. I hope the Council and the European Parliament will approve the agreements swiftly to allow businesses, workers, farmers and consumers to reap the benefits as soon as possible."*

The trade agreement will eliminate over 99% of customs duties on goods traded between the two sides. Vietnam will remove 65% of import duties on EU exports from entry into force of the agreement, with the remainder of duties being gradually eliminated over a 10-year period, to take into account that Vietnam is a developing country. The agreement also contains specific provisions to address non-tariff barriers in the automotive sector, and will provide protection for 169 traditional European food and drink products in Vietnam, the so-called Geographical Indications, like Rioja wine or Roquefort cheese. Through the agreement, EU companies will be able to participate on an equal footing with domestic companies in bids for procurement tenders with Vietnamese authorities and state-owned enterprises.

Besides offering significant economic opportunities, the trade agreement also

ensures that trade, investment and sustainable development go hand in hand, by setting the highest standards of labour, safety, environmental and consumer protection, ensuring that there is no 'race to the bottom' to attract trade and investment. The agreement commits the two parties to respect and effectively implement the principles of the International Labour Organisation (ILO) concerning fundamental rights at work; and 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 trade agreement includes an institutional and legal link to the [EU-Vietnam Partnership and Cooperation Agreement](#), allowing appropriate action in the case of breaches of human rights.

The investment protection agreement, meanwhile, includes modern rules on investment protection enforceable through the new Investment Court System and ensures that the right of the governments on both sides to regulate in the interest of their citizens is preserved. It will replace the bilateral investment agreements that 21 EU Members States currently have in place with Vietnam.

Alongside the agreement recently reached with Singapore, this 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.

## **Background**

Vietnam is the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN) after Singapore, with trade in goods worth €47.6 billion a year and €3.6 billion as it comes to services. While EU investment stock in Vietnam remains modest standing at €8.3 billion in 2016, an increasing number of European companies are establishing there to set up a hub to serve the Mekong region. Main EU imports from Vietnam include telecommunications equipment, clothing and food products. The EU mainly exports to Vietnam goods such as machinery and transport equipment, chemicals and agricultural products.

## **Next steps**

The Commission is now submitting to the Council the proposals for signature and conclusion of both agreements. Once authorised by the Council, the agreements will be signed and presented to the European Parliament for consent. Once the European Parliament has given its consent, the trade agreement can then be concluded by the Council and enter into force. The investment protection agreement with Vietnam will be ratified by Member States according to their respective internal procedures.

## **For more information**

[Memo: The EU-Vietnam trade and investment agreements](#)

[EU-Vietnam trade agreement – dedicated website](#)

Factsheets: [benefits of the EU-Singapore trade agreement](#), [agriculture, standards and values](#)

[Examples of small European companies doing business with Vietnam today](#)

Trade in your town: [Detailed factsheets on all individual EU countries' trade with Vietnam](#)

[Infographic](#)

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## [\*\*DiscoverEU: 12,000 additional free tickets available for 18-year-olds to discover Europe\*\*](#)

All 18-year-olds in the EU will then have until 11 December 2018 to apply for a free ticket, giving them the opportunity to travel around Europe between 15 April and 31 October 2019. The first round of DiscoverEU brought together thousands of young people building a true community across Europe. Participants, who never met before, linked up on social media formed groups to travel from city to city or stayed at each other's places.

Commissioner Tibor **Navracsics**, responsible for Education, Culture, Youth and Sport, said: *"This summer, around 15,000 18-year-olds were able to travel across the EU. They experienced first-hand what it feels like to be European. They got the opportunity to discover Europe's diversity and cultural richness as well as to meet people from all over the EU. We have heard so many fantastic stories from those who took part, and I am delighted that we are able to offer this experience to more young people next year!"*

### **Who can apply and how?**

- Applicants must be 18 years old on 31 December 2018 and be prepared to travel between 15 April and 31 October 2019 for a maximum period of 30 days.
- Those interested in taking part need to apply via the [European Youth Portal](#).
- An evaluation committee will assess the applications and select the recipients.

- Applicants will be notified about the selection results mid-January 2019.

Successful applicants will be able to travel individually or in a group of up to five people. As a general rule they will be travelling by rail. However, to ensure wide access across the continent, participants can also use alternative transport modes, such as buses or ferries, or, exceptionally, planes. This will ensure that young people living in remote areas or on islands part of the EU will also have a chance to take part.

The launch of the second round of DiscoverEU was announced by Commissioner **Navracsics** at a stakeholder meeting today, in front of representatives working in the youth, education, transport and tourism sectors, and young people who took part in the initiative this summer. The meeting is part of on-going work to make the DiscoverEU experience even more effective and accessible in the future. Organisations such as the European Anti-Poverty Network were also invited to discuss ways in which social inclusion can be improved in future rounds of DiscoverEU.

### **Next steps**

Based on the overwhelming interest in DiscoverEU and the experience it offers young people across the EU, the European Commission has proposed €700 million for the initiative under the future [Erasmus](#) programme in the EU's next long-term budget after 2020. If the European Parliament and the Council agree to the proposal, an additional 1.5 million 18 year olds will be able to travel between 2021 and 2027.

### **Background**

DiscoverEU was launched June, with a budget of €12 million in 2018. So far it has given more than 15,000 young people the opportunity to travel around Europe. This year – [the European Year of Cultural Heritage](#) – those travelling have also had the chance to participate in the many events taking place in celebration of Europe's cultural heritage.

During the first round which from 9 July to 30 September 2018, some 15,000 young people were awarded travel passes based on a fixed quota per country. Once selected they could travel, either alone or in a group of maximum 5 people, for up to 30 days to at least one EU Member State.

### **For more information**

[Memo](#)

[Factsheet on young travellers' testimonies](#)

[European Youth Portal](#)

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# **DiscoverEU: Questions and Answers**

## **What is DiscoverEU?**

DiscoverEU is an EU initiative which offers 18 year-olds a travel experience that will enable them to take advantage of the freedom of movement in the European Union, discover the diversity of European regions, enjoy its cultural richness, connect with people from all over the continent and ultimately discover themselves. Any EU citizen born between 1 January 2000 and 31 December 2000 will be able to apply for this round.

## **Why don't you offer this opportunity to all 18-year-olds?**

Ultimately the aim is to give as many young people as possible the chance to benefit from DiscoverEU. However, with a current budget of €12 million, it is not possible to offer tickets to all 18-year-olds in Europe.

Based on the overwhelming interest in DiscoverEU and the experience it offers young people across the EU, the European Commission has proposed €700 million for the initiative under the future [Erasmus](#) programme in the EU's long-term budget post 2020. If the European Parliament and the Council agree to the proposal, an additional 1.5 million 18 year olds will be able to travel between 2021 and 2027.

## **Will there be a quota per country?**

A quota of travel tickets is set for each Member State based on the share of Member States' population compared to the overall population of the European Union. In case there are fewer applicants in certain countries than their fixed quotas, the remaining tickets will be distributed among the countries where there are more applicants than their quotas.

## **Who can participate and how?**

All EU nationals who will be 18 years old on 31 December 2018 can apply. This means young people born between 1 January 2000 (included) and 31 December 2000 (included) are eligible to participate. Young people have to submit their application online through the [European Youth Portal](#) during the application period from Thursday 29 November 2018 at 12:00 (midday) CET to Tuesday 11 December at 12:00 (midday) CET.

## **Why is the initiative only accessible to young people aged 18?**

DiscoverEU is an initiative originally requested by the European Parliament with the objective of providing travel and mobility opportunities for young people turning 18. The programme specifically targets 18 year olds, as this age marks a major step to adulthood and to European citizenship.

## **For how many days are participants allowed to travel?**

Young people can travel for a minimum of 1 day and up to one month. They

should visit at least one Member State in the European Union other than that of their residence. The trip must start between 15 April 2019 (first departure date) and 31 October 2019 (last return date).

#### **What modes of transport can be used?**

As a basic rule, participants will travel by rail. Nevertheless, in order to ensure the widest possible access, alternative transport modes can be offered, such as buses or ferries, when necessary and taking into account environmental, travel and distance consideration. Travel will be in second class.

#### **Can a participant travel alone or in a group of friends?**

The project foresees that participants can travel either individually or in a group of maximum 5 people. In the case of a group, a group leader must be appointed on the group's behalf. The group leader will fill in the application form and respond to the quiz and subsidiary question. S/he will receive a code in the confirmation email when submitting the application and should communicate this code to the group members in order to allow their registration. Based on the code provided by the group leader, the remaining group members will be able to register online and fill in their personal data.

#### **If a group application is selected will all group members be able to participate?**

Yes, a group application will be assessed as one single application.

#### **How are the young people selected?**

The selection of applicants will take place via an online application tool available on the [European Youth Portal](#). Applicants will first have to pass the eligibility criteria check. Then, all applicants will need to complete a quiz. They must answer 5 multiple choice quiz questions linked to the [2018 European Year of Cultural Heritage](#), other European Union initiatives targeting young people and the upcoming European Parliament elections. Finally, they will need to answer a more general question related to the EU. The correct replies to the quiz and the additional question will allow the European Commission to rank the applicants in case there are more applications than the budget can cater for.

#### **What about young people with reduced mobility and/or special needs?**

Young people with special needs (such as reduced mobility, visual impairments, etc.) may be entitled to receive appropriate additional support. Those costs will be assessed on a case-by-case basis according to their needs and based on appropriate documents justifying their special needs, as required under the national law of the Member State of residence. In that respect, costs of special assistance (for example an accompanying person, a dog for visually impaired participants etc.) might be covered.

#### **Should the selected participants book the travel tickets themselves?**

No. Selected participants should not book their travel tickets themselves, as tickets purchased separately shall not be reimbursed. Travel tickets for the selected participants will exclusively be booked, purchased and delivered by the external contractor designated by the European Commission.

**What is the value of the travel tickets?**

The basic rule is that each participant will be entitled to a financing of their travel ticket of €260. Travel will only be in second or economy class. However, this amount can be higher in specific cases, for instance for people living in remote regions.

**Can a relative or friend older than 18 travel with the participant?**

Yes, at their own expense. They themselves would have to book and pay for their travel arrangements.

**Is the travel ticket transferable to another person?**

No. Each travel ticket will be nominative and cannot be transferred to another person under any circumstance. The name on the travel ticket cannot be changed.

**What if the participants have to cancel their trip or need to modify it?**

Any potential cancellation or modification fees will need to be covered by the participants. There is no extra budget to cover expenditure of this kind, whatever the reason.

**Are any of the following expenses included: travel insurance, accommodation, subsistence or any other expenses related to the trip?**

No. The initiative does not include any travel insurance. Insurance coverage is the sole responsibility of the participant. Moreover, accommodation, subsistence, travel supplements to be paid during the trip or any other expenses related to the trip shall be covered by the participants.

The participants should acquire appropriate health and travel insurance for the whole duration of the trip. Basic health insurance coverage is usually provided by the participant's national health insurance during his/her stay in another European Union country through the European Insurance Card. However, the coverage of the European Health Insurance Card or private health insurance may not include all possible cases, especially if repatriation or specific medical intervention is needed. In that case, a complimentary private insurance is advisable.

**Will the European Commission help participants with booking accommodation?**

No. Booking accommodation is the sole responsibility of the participant.

**Will the European Commission give preference to specific transport operators?**

No. The contractor who will book the trips can select any public transport

mode and any operators or lines.

### **How can participants prepare their travel?**

The [European Youth Portal](#) has a website section with practical information about [travelling in Europe](#), where the participants can find useful tips. Participants must possess their valid travel document/ticket during their journey. Anything related to such a document (for instance its validity) is the participant's responsibility. Young people should also have a valid passport or ID card when travelling in the European Union. Anything related to such a document (validity, etc.) is the participant's responsibility.

### **What is expected from the selected participants?**

The European Commission would like to hear back from the young travellers and will encourage them to share their experiences and adventures. That is why, once selected, the participants will become ambassadors of the initiative. They will be encouraged to report back on their travel experiences, for example through social media tools like Instagram, Facebook and Twitter, or by providing a presentation at their school or their local community. Participants will also be welcome to join the Facebook Group set up for this initiative.

### **Can participants who travelled with a DiscoverEU travel pass under the first application round in June 2018 apply again?**

Young people who travelled with a DiscoverEU travel pass under the first application round in June 2018 are not eligible to submit a second application. This will, in principle, already be detected at submission stage. If at any stage during the implementation of the initiative applications from young people who were granted a DiscoverEU travel pass under the first application round are detected, either by the external contractor designated by the European Commission to take care of the travel bookings or by the European Commission itself, the applicant will be disqualified.

### **Will this initiative happen again or is it a one-off action?**

The European Commission intends to develop the initiative and has therefore included it in its proposal for the next [Erasmus](#) programme. If the European Parliament and the Council agree to the proposal, an additional 1.5 million 18 year olds are expected to travel between 2021 and 2027, supported by a budget of €700 million.

### **Where can people find more information on the rules of the contest?**

The rules of the contest are published on the European Youth Portal.

### **For more information**

[IP/18/6109](#)

[European Youth Portal](#)

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