



## A Guide to the EU/Vietnam Trade Deal 2019

### *Benefits of the Vietnam trade deal for Irish Business*

**What is the EU/Vietnam Trade Deal?** The EU/Vietnam trade deal consists of two political agreements, an EU-Vietnam trade agreement and an EU-Vietnam Investment Protection agreement that were signed on 30<sup>th</sup> June 2019. It is one of the most ambitious free trade deals that has ever been concluded with a developing country.

- Vietnam is the EU's 16<sup>th</sup> trade in goods partner and the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN).
- The EU's main exports to Vietnam are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products.
- Vietnam's main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture.
- With a total foreign direct investment stock of €6.1 billion (2017), the EU is one of the largest foreign investors in Vietnam. The largest sector of investment by the EU is industrial processing and manufacturing.

#### **What's in it for business?**

- EU-Vietnam deal provides for the almost complete (99%) elimination of customs duties between the two blocks.
- 65% of duties on EU exports to Vietnam will disappear as soon as the FTA enters into force, while the remainder will be phased out gradually over a period of up to 10 years.

- Vietnamese exports to the EU, 71% of duties will disappear upon entry into force, the remainder being phased out over a period of up to 7 years.

## Why is it good for Ireland?

### 1. Removing tariffs



- The removal of tariffs will be particularly beneficial to Ireland
- In 2018, Ireland's goods exports to Vietnam amounted to €65 million. Ireland's main exports to Vietnam include medical and pharmaceutical products valued at €18.6m in 2018. Ireland's food exports to Vietnam have grown considerably in recent years. While meat and dairy products are the largest share of this, beverages and seafood also contributed strongly. In 2017 (the most recent year with available figures), services exports from Ireland to Vietnam were valued at €164m.
- Opportunities exist for Ireland to grow exports in dairy products, pork, seafood and alcoholic beverages by taking advantage of reduced tariffs under the FTA. Currently, tariffs on EU exports of spirits to Vietnam are particularly high at 48% and will be eliminated over a 7-year period following the entry into force of the FTA. The elimination of tariffs of 15% on frozen pork products is also significant for Irish producers.

### 2. Reducing regulatory barriers and overlapping red tape



- Ireland will benefit from the reduced non-tariff barriers when it comes to trading with Vietnam.
- Some barriers include, increased use of international standards by Vietnam, agreed rules on animal and plant health as well as the recognition by Vietnam of the "Made in EU" origin marking for most non-agricultural products.

### 3. Ensuring the protection of geographical indications



- Irish companies will benefit from the Vietnam Trade Agreement as it will provide a high level of protection for traditional EU food and drink products that hold a geographical indication (GI).
- This indication will show they have a specific geographical origin and possess qualities or enjoy a reputation because of it.
- This applies to products such as 'Irish Cream' and 'Irish Whiskey'.

#### 4. Opening up services and public procurement markets



- European companies will have better access to the Vietnamese public procurement markets than companies from any other country. This means that they will be able to bid for public contracts involving entities such as:
  - The Vietnamese central administration, including as regards infrastructure projects.

#### 5. Making sure the agreed rules are enforceable



- Better protection for EU innovations, artworks and brands from being unlawfully copied.
- The agreement sets out a formal state-to-state dispute resolution mechanism that is faster and more efficient than the WTO framework.
- There will be a possibility for fast, amicable solutions through voluntary mediation instead of formal dispute resolution procedures.

#### Useful Information

<http://ec.europa.eu/trade/policy/in-focus/eu-vietnam-agreement/>

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1919>

<https://www.consilium.europa.eu/en/press/press-releases/2019/06/25/eu-vietnam-council-adopts-decisions-to-sign-trade-and-investment-agreements/>