



Ministry of Foreign Affairs

EU Trade Policy & EVFTA

What's in it for Vietnam?

20-05-2022

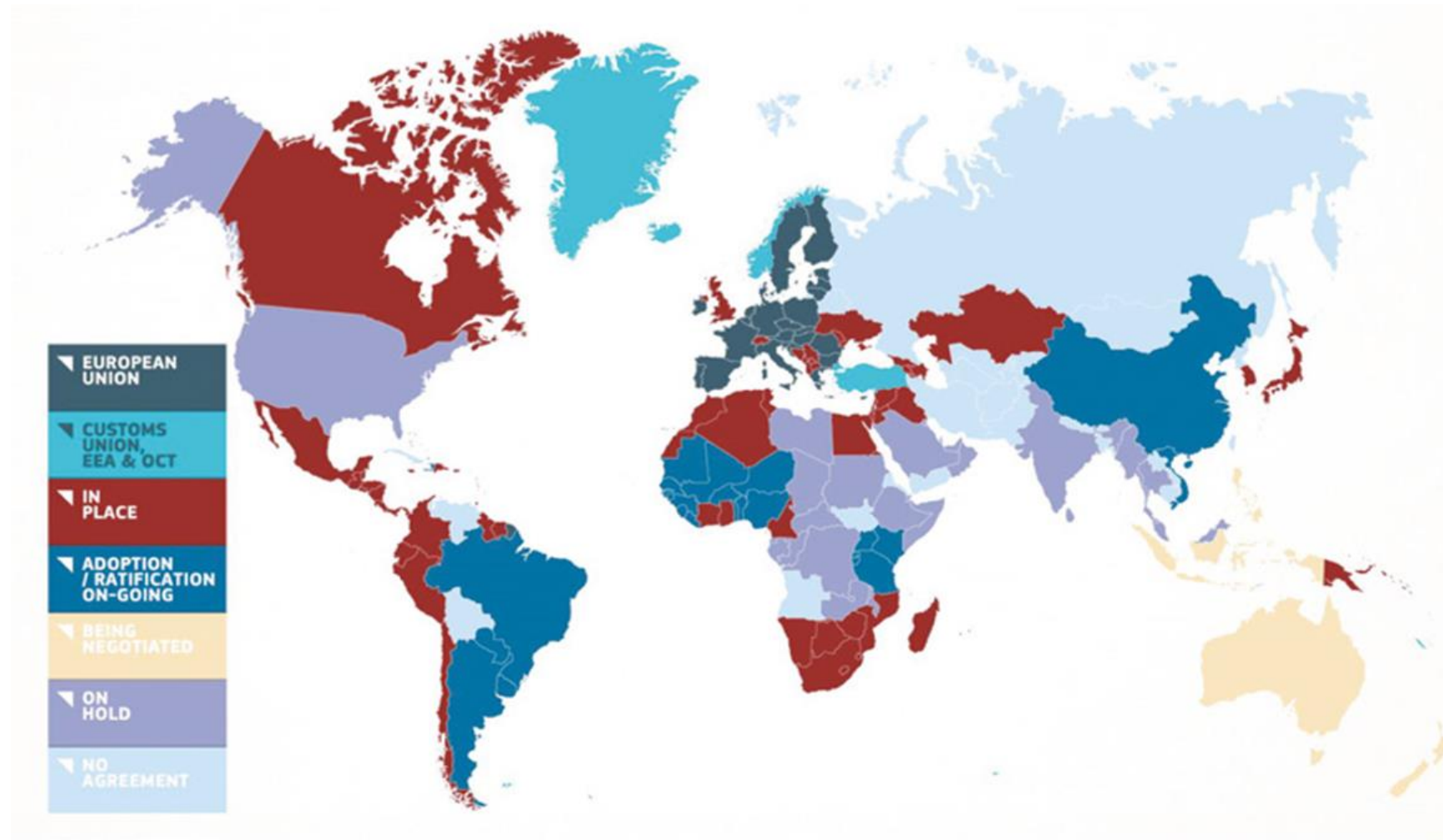
Iwan Rutjens, Embassy of the Kingdom of The Netherlands in Vietnam



EU Trade Policy



- The EU: Largest exporter and importer of goods and services worldwide
- Exports support 35 million jobs in the EU – 1 out of every 6 jobs
- 16 million European jobs depend on foreign investment in the EU
- The EU is the largest trading partner for 74 countries in the world – more than China or the US
- World's largest network of trade agreements: 46 agreements with 78 countries





The Economic Rationale

- Openness is critical for the EU's prosperity
- Trade can create the conditions for economic recovery and jobs growth post-COVID.



The Geopolitical Rationale

- Much has changed since *Trade for All* in 2015:
 - US-China tensions
 - resurgent unilateralism
 - crisis of multilateralism
- Trade policy enables us to lead global change and forge alliances.





EU Trade Policy

(Adopted on 18 February 2021)

Key elements:




**Openness as
a strategic
choice**

**Sustainability
as a central
pillar**

**Assertive in
our actions**



Three objectives of EU trade policy

-  1. Supporting the recovery and fundamental transformation of the EU economy in a way that is consistent with our **green** and **digital** ambitions;
-  2. Shaping global rules for a more sustainable and fair globalisation;
-  3. Increasing our capacity to pursue our interests and enforce our rights, autonomously if necessary.



The Greenest EU Trade Policy ever

- Bring forward climate and sustainability WTO initiatives.
- Seek a commitment on climate neutrality among G20 Members.
- FTAs as platforms for cooperation on climate, biodiversity, circular economy, pollution, sustainable food systems.
- Paris Agreement as an essential element of our FTAs.
- Comprehensive review of the TSD Action Plan.
- WTO-compliant Carbon Border Adjustment Mechanism (CBAM).
- Mandatory due diligence, incl. forced labour & deforestation legislation.





Implementation & Enforcement



- Work of the Chief Trade Enforcement Officer;
- Develop new online-tools for SMEs;
- Propose legal instrument to protect EU from coercive actions by third countries;
- Propose legal instrument to address distortive foreign subsidies on the internal market;
- Advance the International Procurement Instrument with urgency;
- Explore options for EU strategy on export credits.



Global Alliances

- Cooperate with the US to lead efforts on WTO reform.
- Build alliances to pursue our interest and project our values.
- Consolidate our FTA network - conclude and ratify outstanding bilateral agreements.



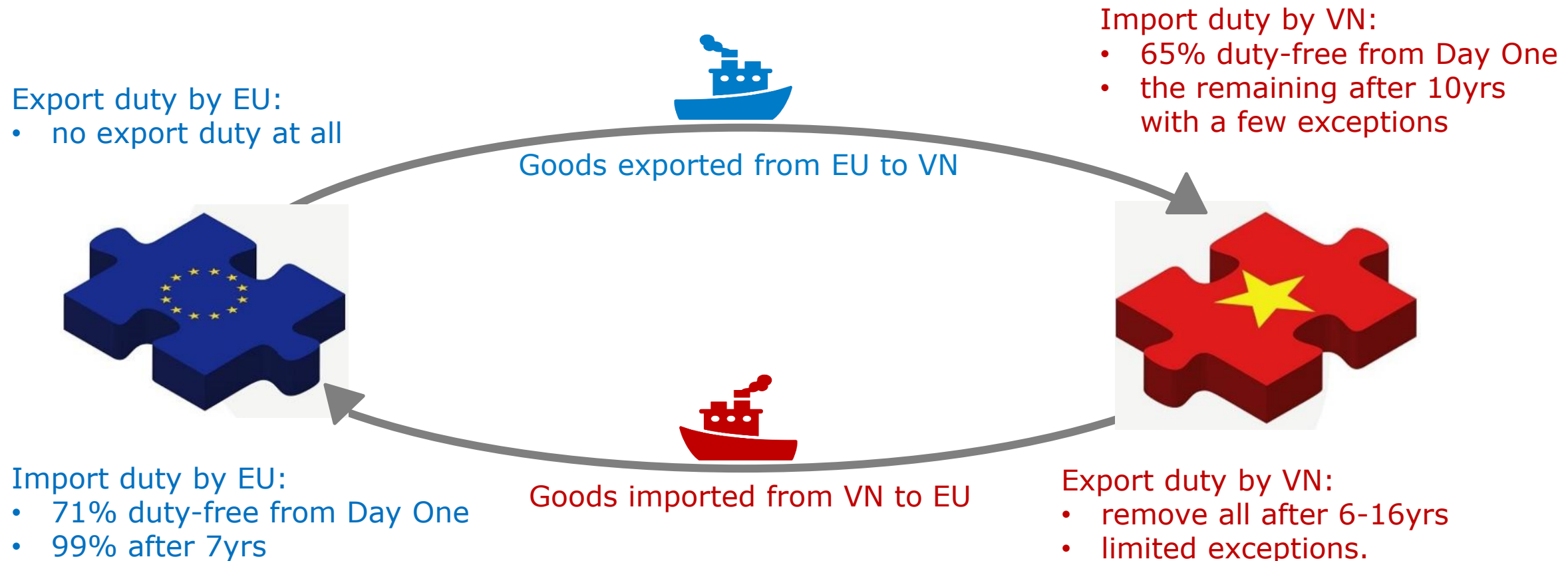


EU-VN Free Trade Agreement (EVFTA)



EVFTA as a part of consolidation EU-trade relations

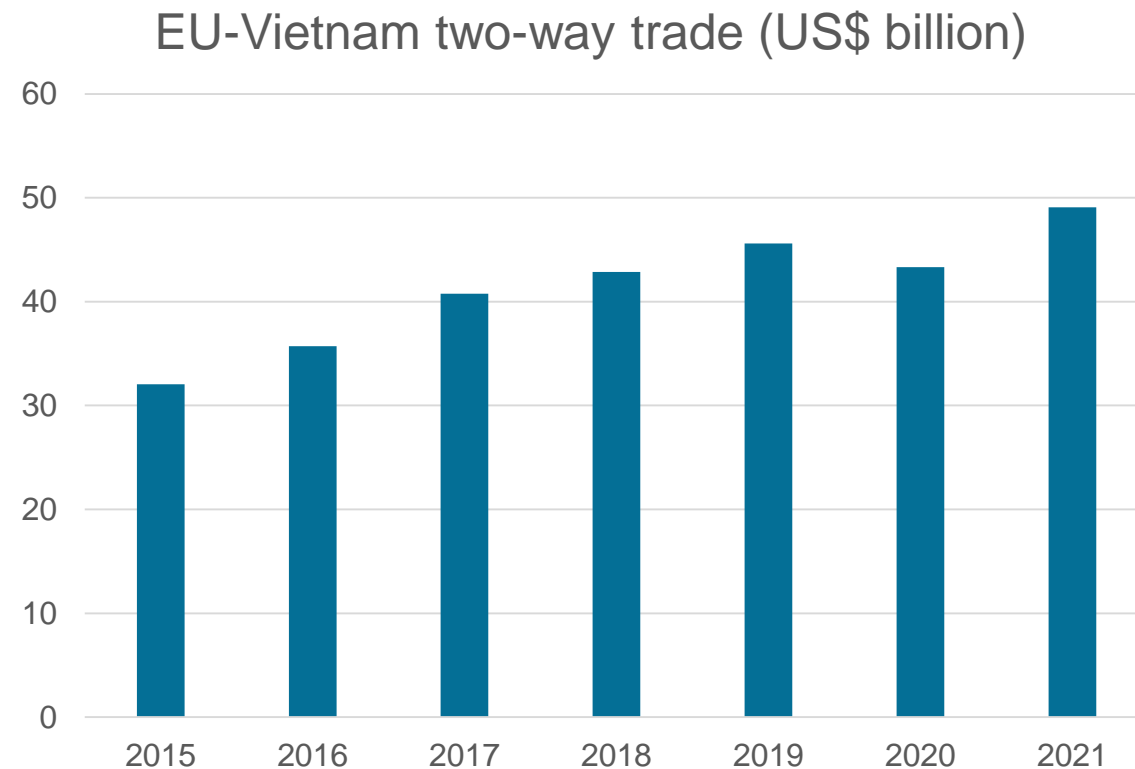
Nearly two years after entering into force: What was it all about?





EU-Vietnam trade over the years:

- After a sharp decrease in 2020 due to Covid-19, 2021 witnessed a significant increase of 13% in EU-VN two-way trade, reaching US\$49 bil.
- This is a great achievement despite Covid-19 still hitting Vietnam and the EU hard in 2021.
- Regarding Vietnam's exports to the EU, the increase in 2021 was even higher: 21%.



Source: eurostat



More than Tariffs - Challenges remain

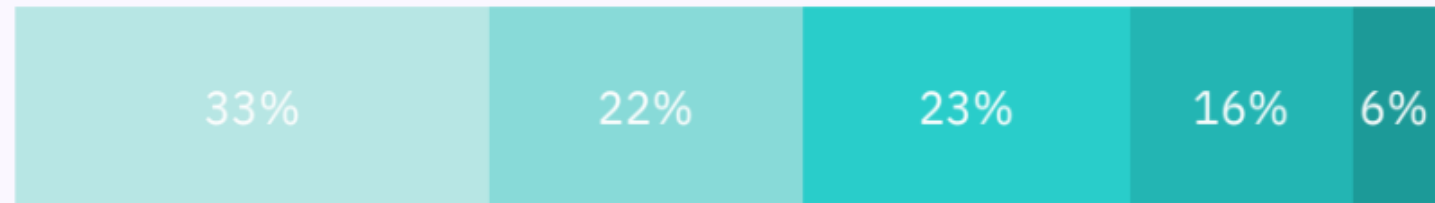
- The EVFTA includes more than tariff reductions – essential though these are. It also supports Vietnam in areas such as environmental protection, legal reform, and sustainable development. These are all key elements of the EU Trade policy review as mentioned before.
- Despite this progress, challenges remain. While EuroCham’s Business Climate Index in Q1 of 2022 shows that two-thirds of companies have benefitted from the EVFTA, it also shows the remained challenges such as administrative procedures, lack of understanding of the agreement and technical barriers to trade (*details in next 2 slides*).



EuroCham Business Climate Index Q1 2022 – *a survey among European and Europe-related companies operating in Vietnam:*

Two-thirds of companies have benefitted from the EVFTA, but more potentials still need to be realized so that the benefits can be clearer.

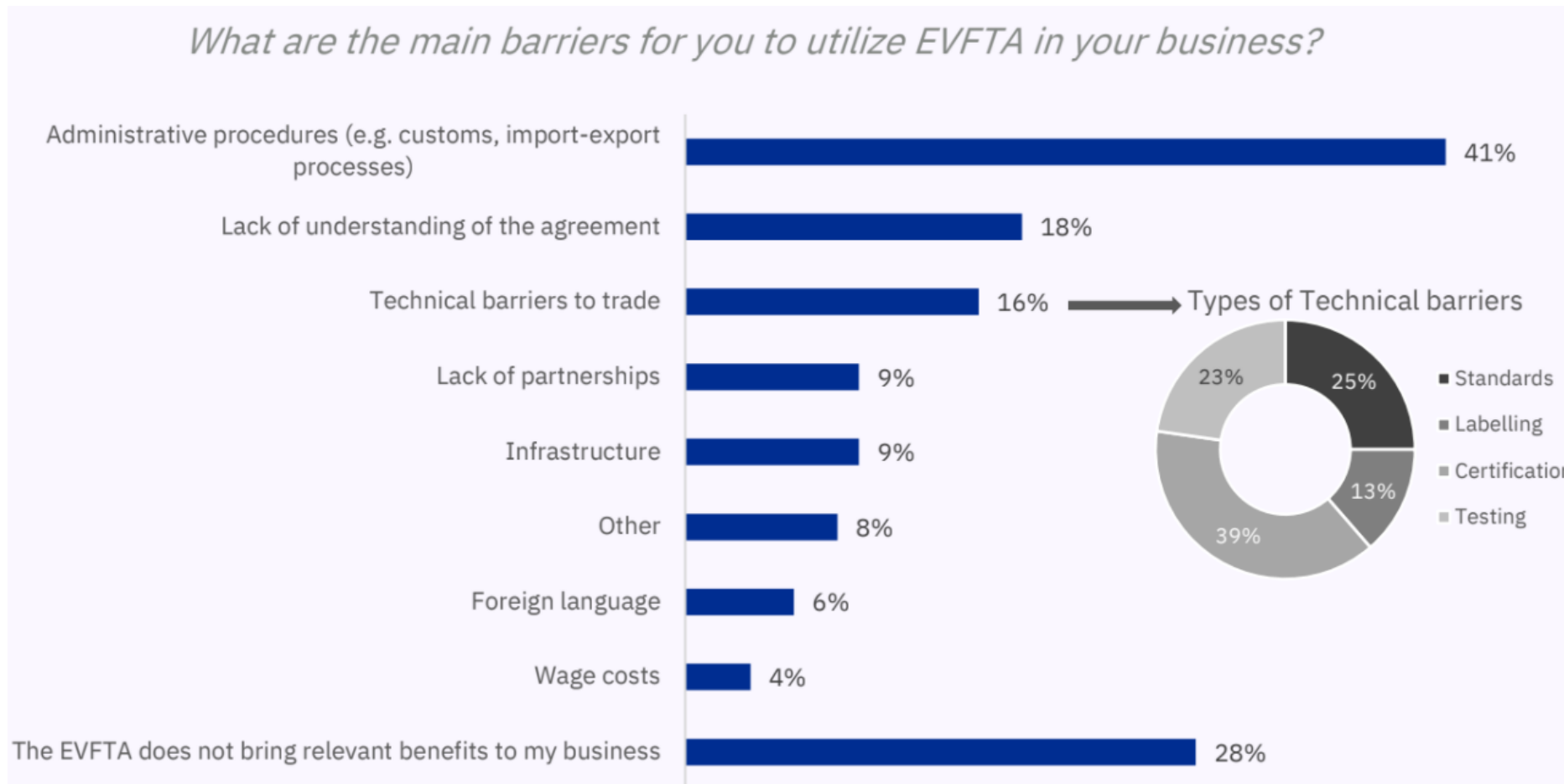
Has your company benefitted from the EVFTA?



■ Not at all ■ Marginally ■ Slightly ■ Moderately ■ Significantly



Administrative procedures continues to be the biggest barrier. Among the Technical barriers, Certification contributes the highest.

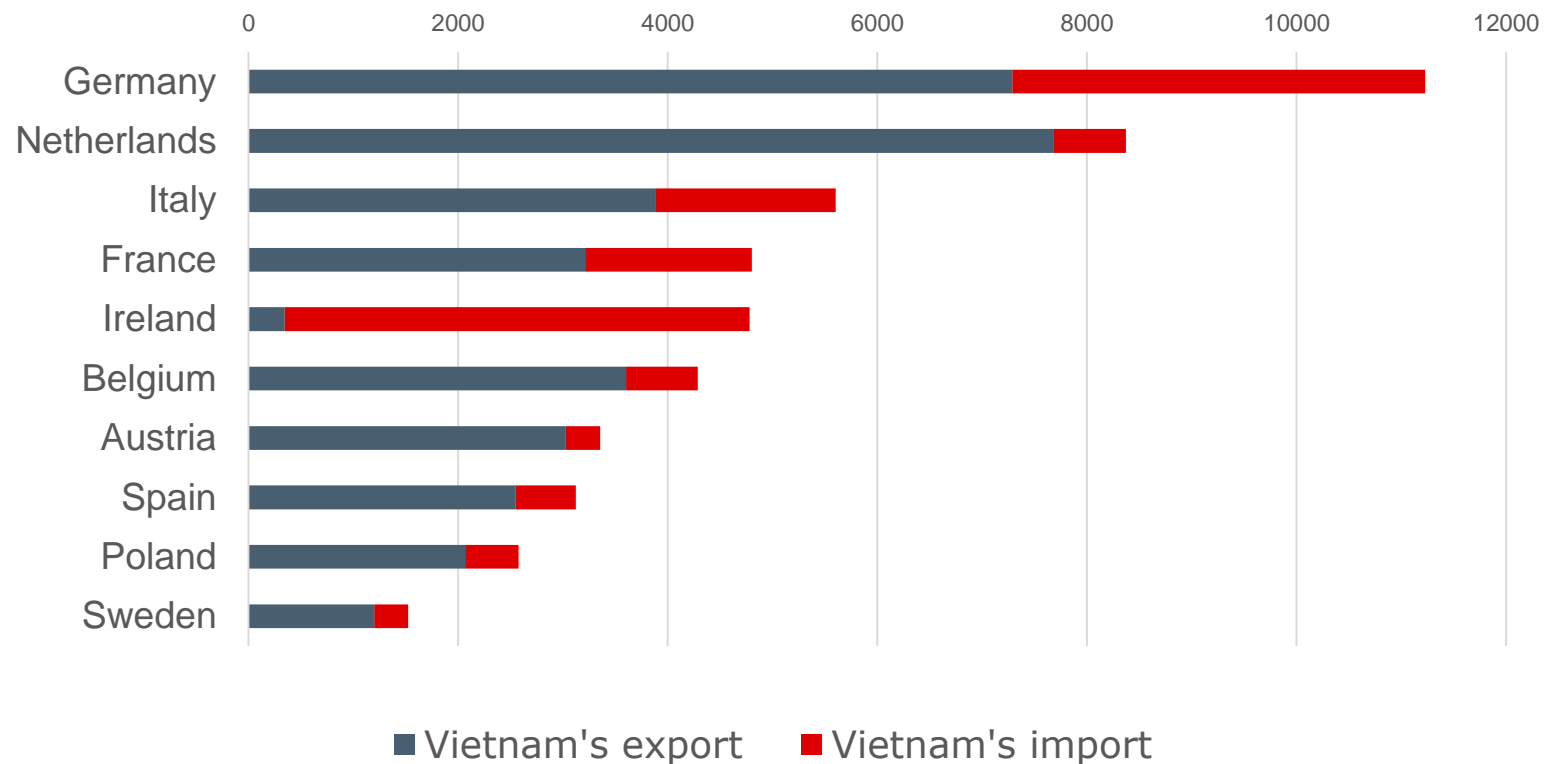




Top ten EU trade partners of Vietnam 2021

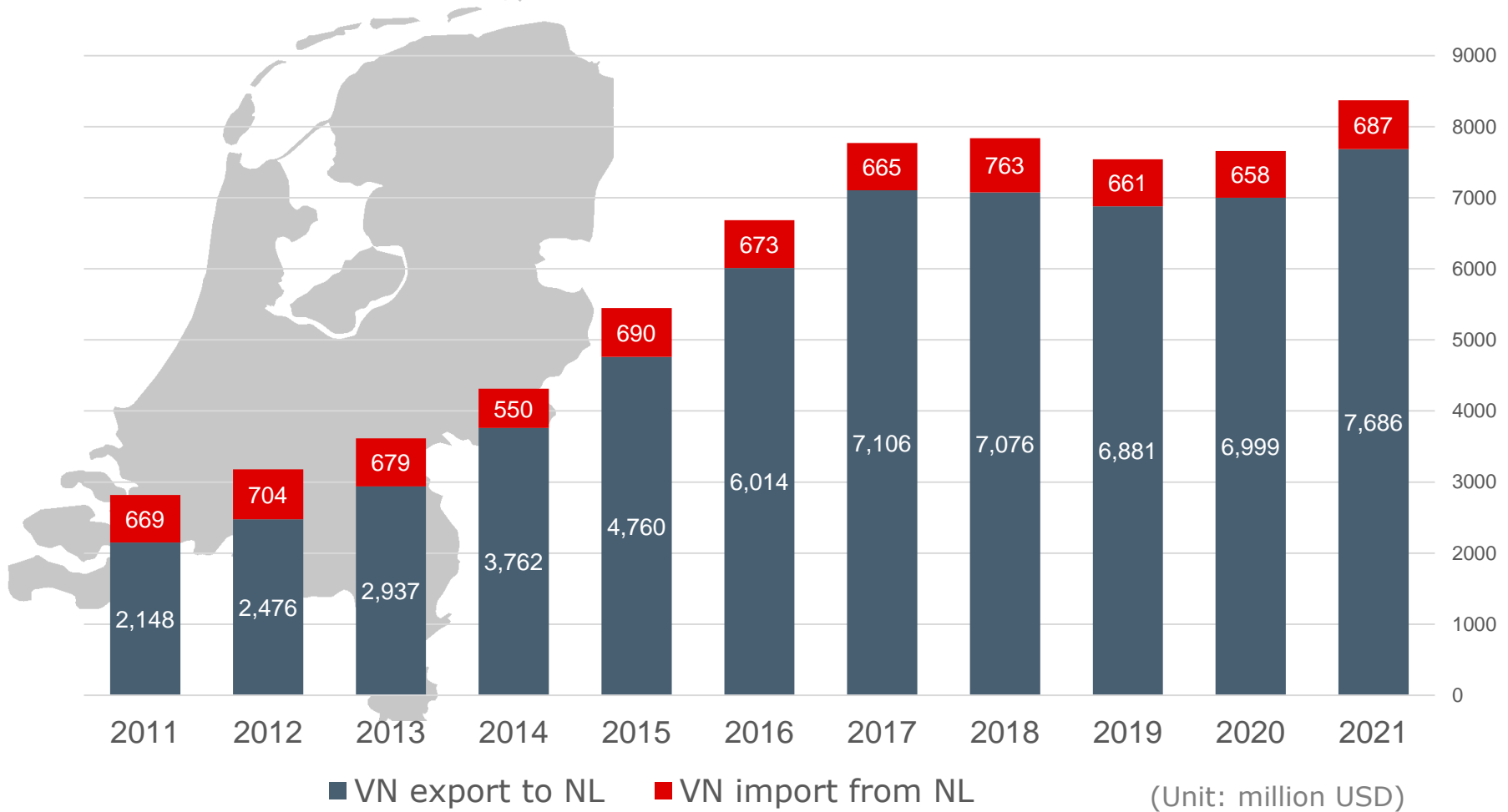
The Netherlands is the largest export destination in EU for Vietnamese goods.

Total trade of Vietnam with top 10 EU countries 2021 (US\$ mil)





Vietnam's bilateral trade with the Netherlands, 2011-2021



**2021 bilateral trade:
US\$ 8,373 mil**

**+9.4% increase
compared to 2020**

Source: GSO

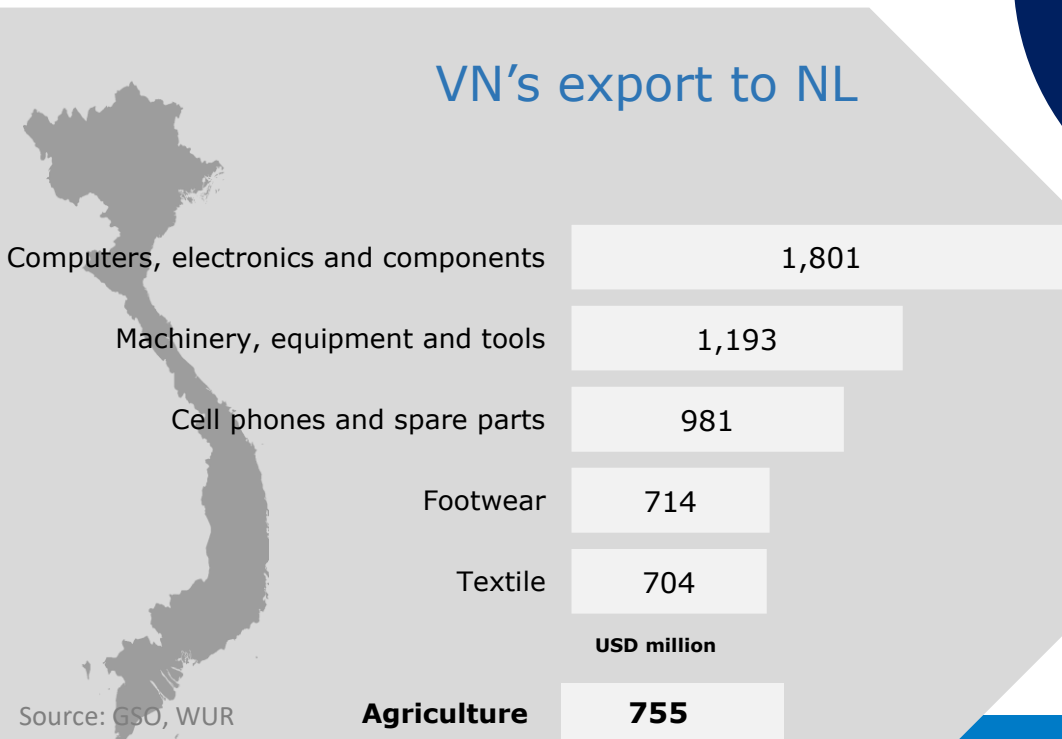
(Unit: million USD)



Vietnam's bilateral trade with the Netherlands 2021



VN's export to NL



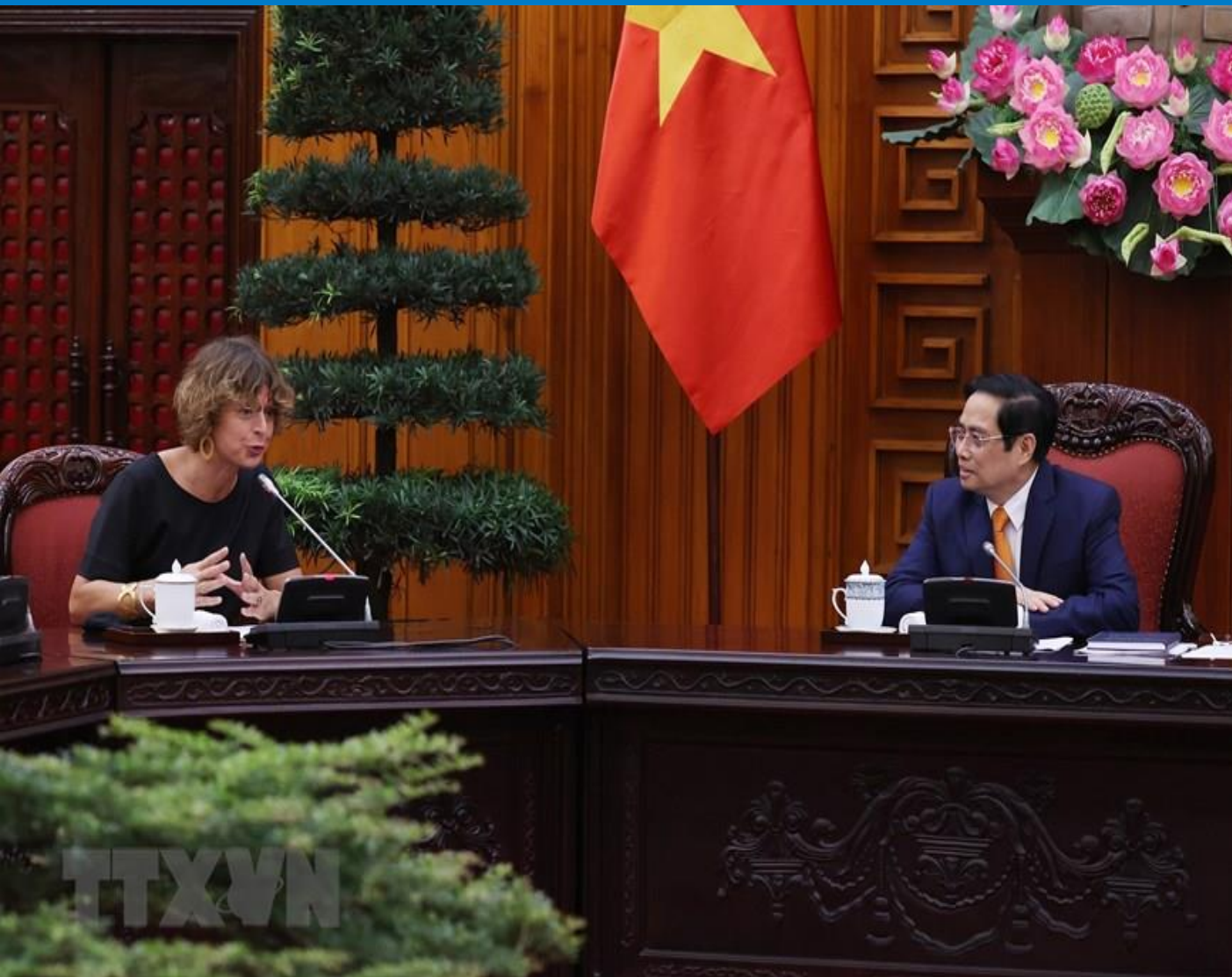
VN's import from NL





Take-aways

- There are opportunities for Vietnamese businesses to join new supply chains to replace the ones interrupted by Covid-19. The EU economy is recovering and its demand for imports is increasing.
- EVFTA implementation is significant to help offset the economic downturn and generate post-pandemic growth momentum.
- High quality, stable supply chains, sustainability and Responsible Business Conduct (RBC) are keys to win EU customers.



TTXVN

Thank you for your attention!