

**EVFTA: Cooperation opportunities in marine service industry to meet the demand of import-export in the coming time.**

***[Mr. Oliver Regner, Executive Director, EuroCham Vietnam]***

**Dear Mr. Hoang Hong Giang, Deputy Director of Vinamarine,**

**Dear Representatives from the Vietnamese Government, Maritime Institutions, EuroCham Vietnam and its members,**

**Ladies and Gentlemen,**

The EVFTA is the most ambitious and comprehensive free trade agreements yet concluded between the EU and a developing nation. It is also a benchmark new-generation deal; a ‘standard’ for how the EU will pursue trade negotiations with other countries in the future.

It will phase out almost 99 per cent of tariff lines over its decade-long implementation period. It will give European enterprises and investors better access to Vietnam’s open, competitive, and fast-growing consumer market. In particular, European goods – from automobiles to wines & spirits – will soon be able to compete on a level playing field with those from other countries with which Vietnam has a free trade agreement such as South Korea, Japan, and Australia.

Meanwhile, Vietnamese companies will get preferential access to Europe’s large and high-income consumer market. Of course, increased trade with Europe will be of particular benefit to the maritime sector, which will facilitate the increased flow of Vietnamese coffee, seafood, machine parts, footwear, and textiles from Vietnam to the EU’s 27 Member States; and of EU goods such as high-tech equipment and machinery in return.

Now that the challenge of ratification was overcome successfully, our next challenge is to ensure a smooth and effective implementation. The political leaders of Vietnam and the

EU have given us the legal tools to unlock a new wave of trade and investment. But it is up to us to make this agreement a success.

Though the EVFTA contains rather few specific commitments on logistics, it does include a number of provisions which will have a positive impact on the transport and logistics sector.

This is important, because trade in goods between Vietnam and the EU has seen strong and continuous growth over the last decade. The value of Vietnamese goods exported to the EU reached almost 35 billion euro in 2019, with the most common products including telephone sets, seafood, coffee, furniture, textiles, and clothing. Meanwhile, the value of European goods exported to Vietnam hit more than 11 billion euro, including goods such as aircraft, vehicles, and pharmaceutical products.

After the EVFTA will have entered into force – this actually on the day after tomorrow - , trade in goods will increase still further with some estimates suggesting an average annual growth rate of between 16 and 18 per cent. This will require a supporting network of logistics and marine transport infrastructure to facilitate it. Indeed, in that sense, the EVFTA should help to level-up Vietnam's import-export procedures, and drive the further development of logistics infrastructure. Meanwhile, the EVFTA also brings concrete benefits for individual companies. For instance, the elimination of tariffs should help to reduce operational costs and fees for enterprises – capital that can be re-invested into business development and growth.

Transportation plays the main role in logistics activities in Vietnam, representing about 60 per cent of the total. If we compare this to other countries around the world, this rate is quite high. For sea transport, up to 90 per cent of imported and exported cargoes of Vietnam are shipped by this method. Hence, the commitments in logistics and sea transport in the EVFTA are particularly important. The expansion of these commitments is an opportunity to level up the market size and import-export turnover between Vietnam and EU. In fact, this could rise about 20 per cent in 2020 and continue increasing up to more than 40 per cent in 2025, according to the Ministry of Investment and Planning.

I would now like to turn to some of the specific areas of the free trade agreement that will be of interest to marine companies. In the EVFTA, the EU has agreed to open logistics services for Vietnamese companies. These are described in detail in Chapter 8 and the Annexes 8-B and 8-C: General responsibilities applying for all investment activities and trans-boundary service supplies including logistics services; Specific responsibilities applying for investment activities and trans-boundary services in transport by sea.

On the Vietnamese side, many of the commitments mirror those of the World Trade Organisation with no domestic waterway transport services being opened. However, the government has agreed to allow EU sea transport service companies to provide cross-border services to Vietnamese customers without limitation – including passenger transport. This is a significant liberalization, and one which goes over and above baseline WTO commitments.

Vietnam has also agreed to open the door to four groups of sea-transport supporting services. These include: Maritime agency services, customs clearances, container warehouses, and loading-unloading jobs.

Regarding maritime agency services, Vietnam has committed to the provision of cross-border supplying services without limitation. However, it has set a cap on foreign capital of 49 per cent for the establishment of joint-ventures. Vietnam has also promised to allow EU managers to work in maritime agencies. Meanwhile, for container warehousing services, Vietnam has once again gone over and above World Trade Organisation commitments and has not limited cross-border services.

Vietnam has also agreed to EU shipping liners distributing blank containers between Quy Nhon and Cai Mep-Thi Vai ports, subject to certain restrictions. After five years, the limit among ports will be removed, but consolidating ships will still be required to dock in Vietnamese ports. EU enterprises will also be entitled to provide cargo consolidating services between Quy Nhon and Cap Mep-Thi Vai.

Together with EuroCham and Vinamarine, the Transport and Logistics Sector Committee is committed and is confident that there are many options to work together through: facilitating trade and investment in the Vietnamese maritime sector, in particular between the European Union and Vietnam, by promoting the cooperation of the Vietnamese shipping lines and seaports with European enterprises and institutions. Likewise, we have other important opportunities to work together such as:

- Sharing with each other information, expertise, best practice, know-how and technology from the perspective of business and driving further the EU-Vietnam cooperation in the field of logistics. Networking, exchanges between European investors with Vietnamese import/export enterprises could be enhanced.
- Strengthening logistics chain in Vietnam (warehousing, contract logistics, trucking, distribution, supply chain management).
- Developing ship building/container building in Vietnam; Exploring investment/cooperation about construction, operation of shipping lines to Vietnamese ports/depots.
- And finally, promoting research, capacity building, training, conferences and seminars on sea freight and trade development. Training, education of qualified seafarers who can be exported working on European Union ships/vessels is a point of focus.

So, dear participants, many opportunities for all of us to enhance collaboration for our common goal to make the EVFTA beneficial for the Vietnamese and European companies being related to the marine services industry.

Thank you very much.