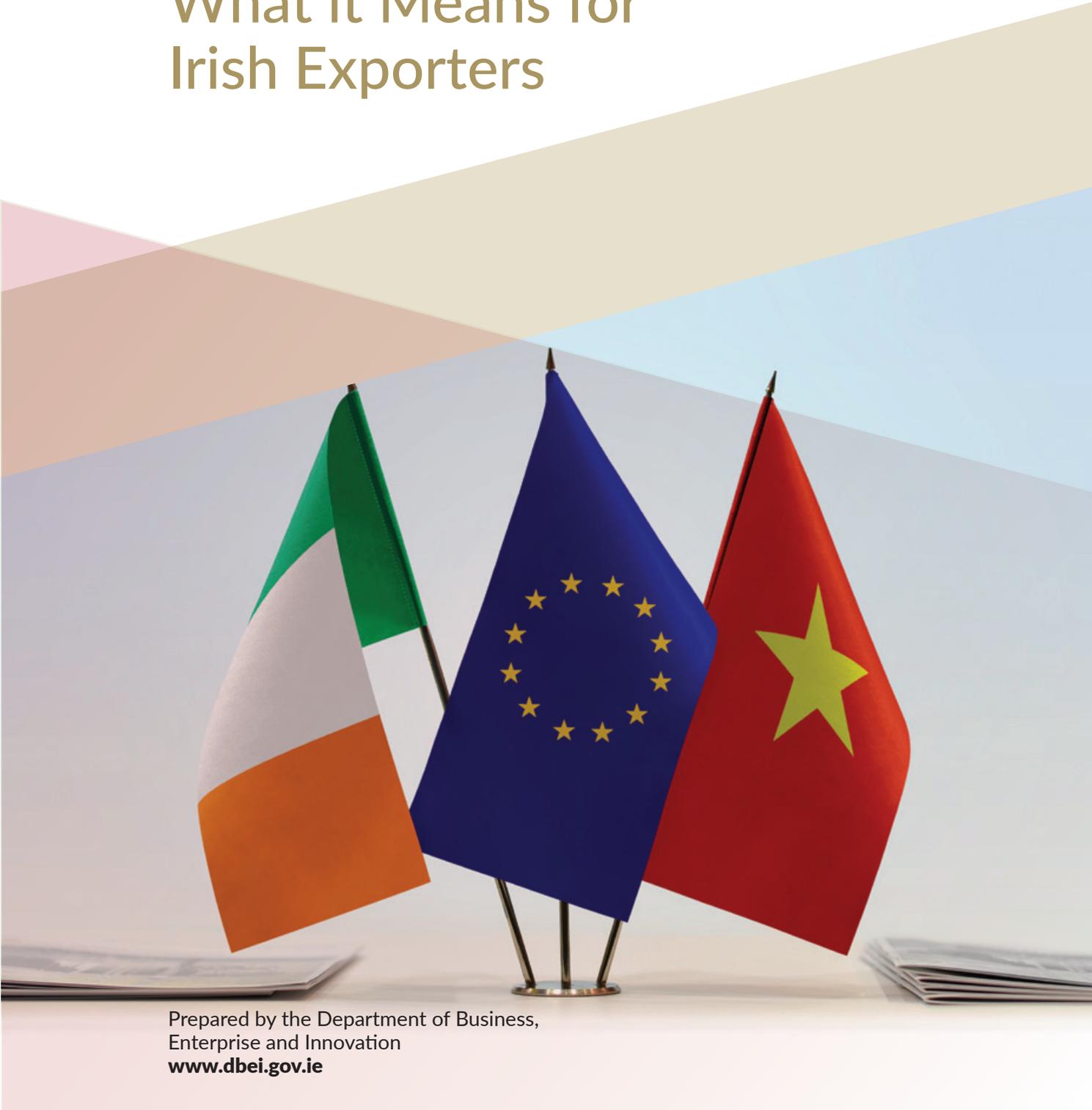




Rialtas na hÉireann
Government of Ireland

The EU and Vietnam's Free Trade Agreement

What it Means for Irish Exporters



Prepared by the Department of Business,
Enterprise and Innovation
www.dbei.gov.ie

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Short facts on the agreement

The EU and Vietnam signed a Free Trade Agreement and an Investment Protection Agreement on 30 June 2019. The Free Trade Agreement (FTA) is the focus of this business guide. It will come into force once it has been ratified by the Vietnamese National Assembly and the European Parliament.

The EU Vietnam FTA promises improved trade conditions for Irish companies by:

- Eliminating 99% of all tariffs
- Reducing regulatory barriers and overlapping red tape

- Ensuring protection of geographical indications e.g. regional food and beverage names such as Irish Whiskey and Irish Cream
- Opening up services and public procurement markets
- Making sure the agreed rules are enforceable

The agreement also includes commitments in the areas of international labour rights and protections, global environmental agreements and human rights.

Growth in Trade

Vietnam is a leading emerging market. It has a large, youthful workforce and fast-growing economy which has expanded far beyond its traditional labour-intensive manufacturing industries. Increased investment in education has enhanced the skills and value of its workforce. This new talent is supporting the emergence of sectors such as high technology manufacturing, BPO (Business Process Outsourcing) and software development.

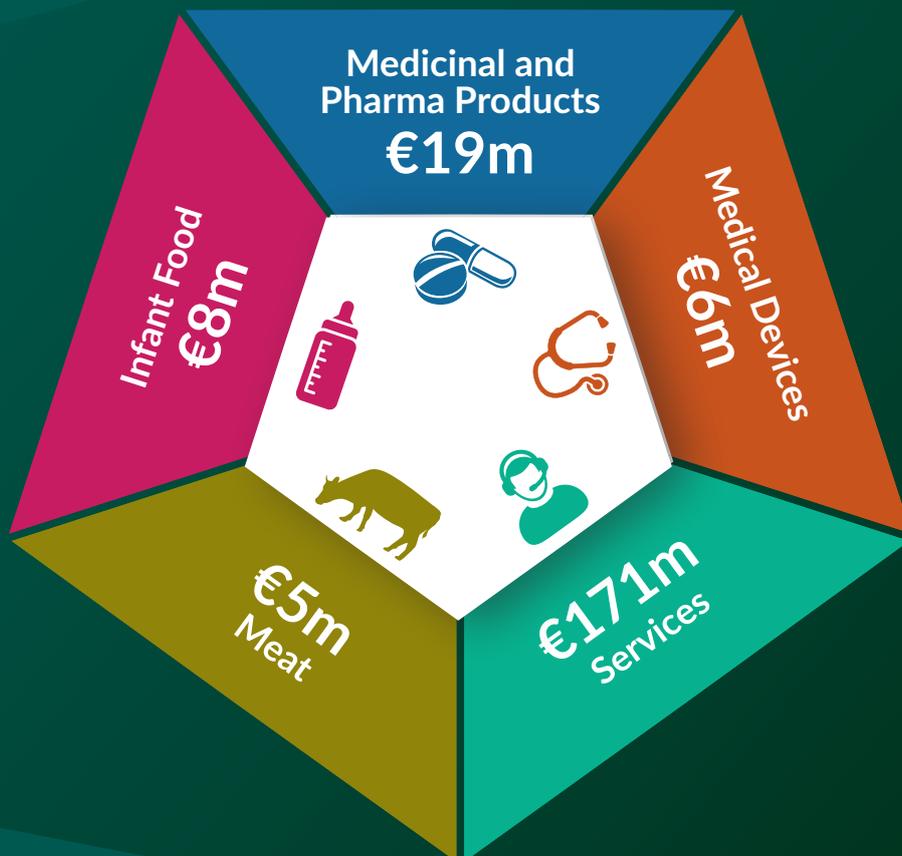


The Ireland-Vietnam Relationship

Goods and Services Imports and Exports 2018



Ireland Exported over €65m worth of goods and €171m in services to Vietnam in 2018



The Vietnam Opportunity



- With 97m people, Vietnam is the 15th most populous country in the world
- An emerging middle class with a 'Golden Population Structure' of many workers and few dependents
- Vietnam is one of the fastest growing countries in the world. GDP growth was 7.1% in 2018 and has been above 5% per annum for 15 consecutive years
- In 2019 Enterprise Ireland announced the opening of its first office in Vietnam
- The EU is Vietnam's fourth largest trading partner
- The Vietnam government has modernised its regulatory framework and improved administrative procedures. Vietnam jumped 14 places in the 2017 World Bank report on the ease of doing business*

*Doing Business: Measuring Business Regulations' - The World Bank 2017

How does the Agreement work in practice?

Food and Beverages

There are a number of tariff reductions on food and drink products that are of particular relevance to Irish producers. Existing tariffs on dairy products have been up to 20%, spirits were 48% and frozen pork duties were 15%. The terms 'Irish Cream' and 'Irish Whiskey' will be protected automatically as Geographical Indications once the Trade Agreement comes into force.

For approved categories of agricultural products, Vietnam will now automatically allow imports from EU establishments without prior individual inspections.

Opening up of the EU market to sensitive products from Vietnam will be subject to longer transition periods and quotas to mitigate the effect on EU producers.

A single set of Product-Specific Rules (PSR) for both EU and Vietnam has been agreed. These will apply without discrimination or any differential treatment to producers in both countries.

Customs and Regulations

As part of the agreement Vietnam will:

- Increase its use of international standards in its regulations
- Work to agreed rules on animal and plant health
- Recognise the 'Made in EU' origin marking for most non-agricultural products

Negotiations also covered customs procedures. Commitments have been made to ensure that all customs requirements are transparent. There will be further simplification and standardisation of data and documentation required by customs and other agencies. For example, electronic submission of shipping information and the pre-arrival processing of shipments.

Import and export restrictions

The agreement forbids any prohibition or restriction on the import or export of any good destined for the other Party, in accordance with the WTO rules. In the text of the Trade Agreement, there is only a short list of items where Vietnam can restrict importation, including righthand steering vehicles, used consumer goods such as textiles and clothes, footwear, electronic goods, furniture and used motor-vehicles more than five years old as well as a few other products.

Public Procurement

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 such as national infrastructure projects; Hanoi and Ho Chi Min City's public contracts; a number of hospitals, universities and research institutes.

Vietnam has agreed to develop a central web portal for advertising procurement. It is also of great importance for foreign investors that summaries of procurement notices will be available in English.

Services

The agreement provides the best access to the Vietnamese services markets ever granted by Vietnam to a trade partner. The agreement covers a wide range of services activities.

One example is Higher Education - the provision of cross-border higher education services by EU suppliers is now possible. This will allow the provision of such services from the EU territory directly to consumers in Vietnam.

New rules have been included in the agreement to provide for temporarily transferring EU-based staff to operations established in Vietnam (intra-corporate transferees) and for the temporary posting of staff on the ground in a client's premises to deliver a contract.



How to Maximise the Benefits?

Statement of Origin

To make sure that a product classifies as originating in the EU, the specific Rules of Origin should be consulted. These are available on the Market Access Database (see below). These detail how an exporter can assess if a product can be declared as European based on its components or the level of processing that it has received in the EU.

Exporters will be able to issue an 'origin declaration' themselves. However, in order to be entitled to do so, they will have to apply for the status of an 'Authorised Economic Operator' through Revenue.ie. This is required for all export consignments worth over €6,000. EU exporters may also export goods covered by certificates EUR.1 issued by Irish Revenue. Vietnamese exporters will need government certificates (Certificates of Origin) but Vietnam can also introduce self-certification whenever it is ready to do so.

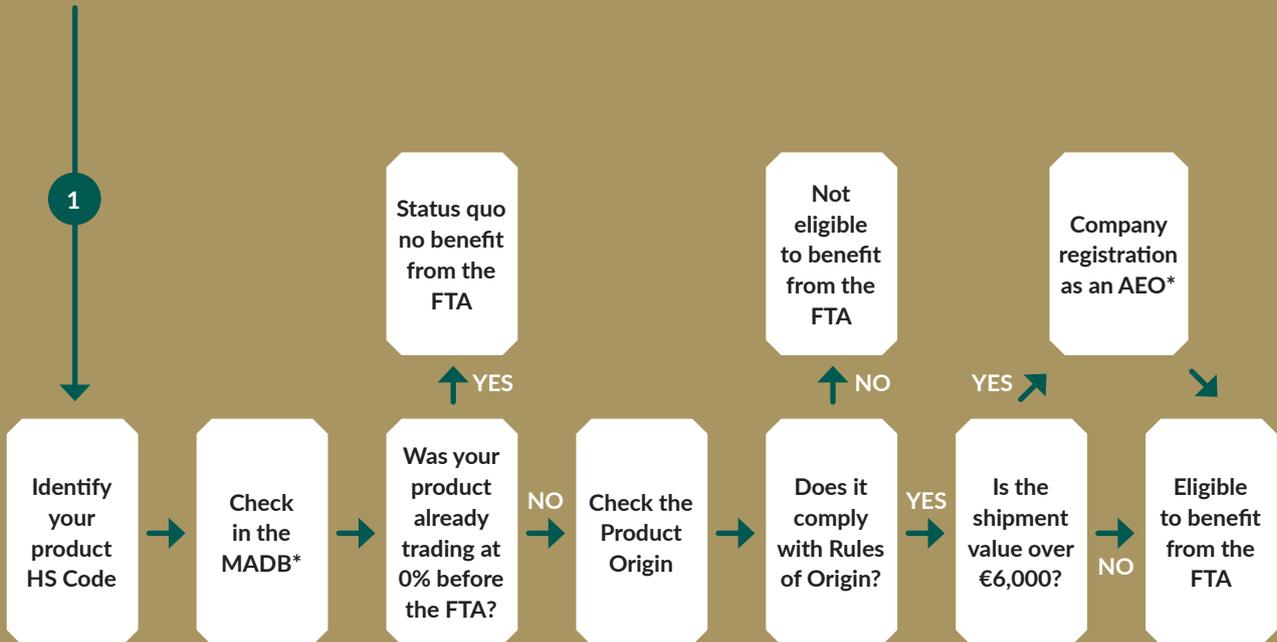
Harmonised Commodity Description and Coding System

The World Customs Organisation developed and maintains a coding system for products. This is the standard used in international trade. Harmonised System (HS) codes are used worldwide to classify goods. Information on tariff codes is available from the EU's TARIC consultation page. Exporters will need to state their product's HS code in order to avail of the new tariffs.

Market Access Database

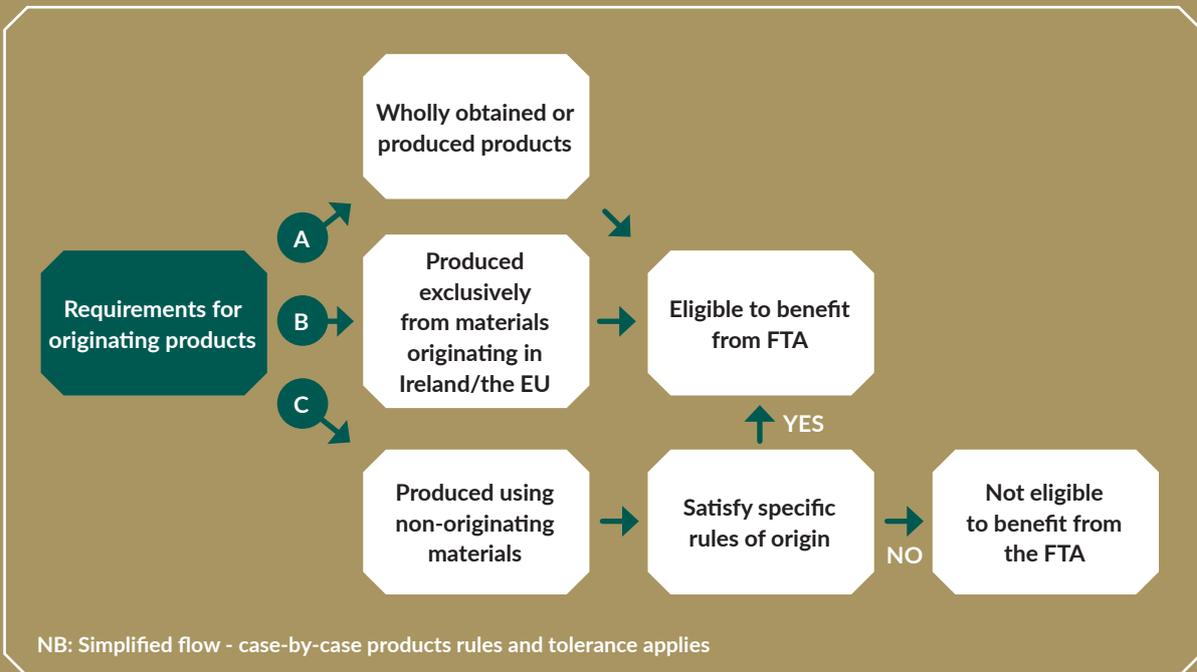
This online database provides information on tariffs and non-tariff barriers. The section 'Procedures and Formalities' gives an overview of procedures and provides detailed information on the documents required for getting goods into Vietnam. The requirements are presented, first, at a general level, applicable to all goods, and, second, at a tariff heading level, reflecting the specific requirements for particular goods.

Origin considerations and process flow



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Assess the origin of the product



NB: Simplified flow - case-by-case products rules and tolerance applies

*MADB - Market Access Database

*AEO - Authorised Economic Operator

Rules of origin criteria



Government Supports

The Department of Business, Enterprise and Innovation (DBEI) plays a key role in implementing the Government's policies of stimulating the productive capacity of the economy and creating an environment which supports job creation and maintenance.

The Department is assisted in implementing these tasks by a number of its Offices and Agencies. Working with one of the Agencies, Enterprise Ireland, DBEI's remit includes growing and deepening export opportunities.

Enterprise Ireland (EI) supports the development and growth of Irish exports in world markets, working in partnership with Irish entrepreneurs and enterprises to help them start, grow, innovate and win export sales in global markets. The Agency has a structured process for working with individual companies as they identify goods and services opportunities and begin to enter new markets.

Through its network of overseas offices, including Ho Chi Minh City, EI provides client companies with key supports in target markets. EI's client companies can access market knowledge on a regional and industry-specific sectoral basis, gain introductions to buyers/suppliers/partners, secure in-market and market intelligence, and access Incubation and Hot-Desking Facilities.



Further Information and Useful Links

Department of Business, Enterprise and Innovation:

<https://dbei.gov.ie/en/What-We-Do/Trade-Investment/Free-Trade-Agreements/>

Department of Agriculture, Food and the Marine:

<https://www.agriculture.gov.ie/agri-foodindustry/internationaltrade/freetradeagreements/>

Enterprise Ireland – Vietnam:

<https://www.enterprise-ireland.com/en/Export-Assistance/International-Office-Network-Services-and-Contacts/Vietnam.html>

Bord Bia:

<https://www.bordbia.ie/about/contact-us/>

European Commission Information:

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

Customs section of Revenue:

<https://www.revenue.ie/en/customs-traders-and-agents/authorised-economic-operators/index.aspx>

TARIC Consultation Page:

https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en

Market Access Database:

<https://madb.europa.eu/madb/>

Asia Matters:

<http://www.asiamatters.eu/>

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