Procedure file

Basic information

NLE - Non-legislative enactments 2018/0358(NLE) 
Awaiting final decision

EU/Vietnam Investment Protection Agreement
Accompanying procedure 2018/0358M(NLE)

Subject
6.20.03 Bilateral economic and trade agreements and relations

Geographical area
Vietnam

Key players

European Parliament

Committee responsible
INTA International Trade

Rapporteur
BOURGOIS Geert
Appointed 23/09/2019

Shadow rapporteur
WINKLER Iuliu

LANGE Bernd

KARLSBRO Karin

BRICMONT Saskia

ID LANCINI Danilo Oscar

MAUREL Emmanuel

Former committee responsible
INTA International Trade

ECR ZAHRADIL Jan

Appointed 19/11/2018

Committee for opinion

AFET Foreign Affairs

DEVE Development

Rapporteur for opinion

The committee decided not to give an opinion.

04/09/2019

Former committee for opinion

DEVE Development

TOBÉ Tomas

20/11/2018

Council of the European Union

European Commission

Commission DG Trade

Commissioner MALMSTRÖM Cecilia
### Key events

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### Technical information

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### Documentation gateway

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### 2018/0358(NLE) - 07/05/2019 Legislative proposal

**PURPOSE:** to conclude the Investment Protection Agreement between the European Union and its Member States, on the one hand, and Vietnam, on the other.

**PROPOSED ACT:** Council Decision.

**ROLE OF THE EUROPEAN PARLIAMENT:** Council may adopt the act only if Parliament has given its consent to the act.

**BACKGROUND:** on 23 April 2007, the Council authorised the Commission to enter into negotiations for a region-to-region Free Trade Agreement (FTA) with countries of the Association of Southeast Asian Nations (ASEAN).
In December 2009, the Council agreed on the principle of launching bilateral negotiations with individual ASEAN countries based on the authorisation and negotiating directives of 2007, whilst preserving the strategic objective of a region-to-region agreement.

On the basis of the negotiating directives adopted by the Council in 2007 and supplemented in October 2013 to include investment protection, the Commission negotiated with Vietnam an ambitious and comprehensive FTA and an Investment Protection Agreement (IPA), with a view to creating new opportunities and legal certainty for trade and investment between both partners to develop.

Vietnam is a vibrant economy of more than 90 million inhabitants, with the fastest growing middle class in ASEAN, and a young and dynamic workforce. With its high literacy rate and education levels, comparatively low wages, good connectivity and a central location within ASEAN, more and more foreign investors are choosing Vietnam as their hub to service the Mekong region and beyond.

CONTENT: the draft Council Decision concerns the approval, on behalf of the European Union, of the Investment Protection Agreement between the European Union and its Member States, on the one hand, and Vietnam, on the other. The agreement, signed subject to its conclusion at a later date, must now be approved.

The EU-Vietnam IPA will ensure a high level of investment protection, while safeguarding the EUs and Vietnams rights to regulate and pursue legitimate public policy objectives such as the protection of public health, safety and the environment.

2018/0358(NLE) - 13/05/2019 Document attached to the procedure

Investment Protection Agreement  (IPA) between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam, of the other part

The EU-Vietnam IPA will ensure a high level of investment protection, while safeguarding the EUs and Vietnams rights to regulate and pursue legitimate public policy objectives such as the protection of public health, safety and the environment. Parties shall regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, safety, environment or public morals, social or consumer protection, or promotion and protection of cultural diversity.

Under this Agreement, Parliament are committed to:

- complement and promote regional economic integration efforts;

- strengthen their economic, trade and investment relationship in accordance with the objective of sustainable development, in its economic, social and environmental dimensions, and to promote investment under this Agreement in a manner mindful of high levels of environmental and labour protection and relevant internationally recognised standards and agreements to which they are party;

- the principles of sustainable development in the Free Trade Agreement.

The agreement contains all the innovations of the EUs new approach to investment protection and its enforcement mechanisms that are not present in the 21 existing bilateral investment treaties between Vietnam and EU Member States. It is a very important feature of the IPA that it replaces and hence improves the 21 existing bilateral investment treaties.

Provisions on "national treatment" and "most-favoured-nation treatment" ensure that each Party shall accord to investors of the other Party and to the investments concerned, with regard to the operation of the investments concerned, (i) treatment no less favourable than that it accords, in similar situations, to its own investors and their investments; (ii) treatment no less favourable than that it accords, in similar situations, to investors from a third country and their investments.

The IPA protects EU investors and their investments in Vietnam from expropriation, unless it is for public purposes, in accordance with due process, on a nondiscriminatory basis and against payment of prompt, adequate, and effective compensation according to fair market value of the expropriated investment.

Also in line with the negotiating directives, the IPA negotiated by the Commission will offer investors the option of a modern and reformed investment dispute resolution mechanism. The agreement sets up a standing international and fully independent dispute resolution system, consisting of a permanent First Instance and an Appeal Tribunal that will conduct dispute settlement proceedings in a transparent and impartial manner.

The institutional chapter of the FTA establishes a Trade Committee that has as its main task to supervise and facilitate the implementation and application of the agreement.