Overview

• Section 1: Vietnam’s Economic Integration
• Section 2: Opportunities of Selected FTAs
• Section 3: Challenges of Free Trade
VIETNAM’S ECONOMIC INTEGRATION
Vietnam’s International Trade in Goods

Source: General Statistics Office of Vietnam, and United Nations Comtrade
Vietnam’s 15 Free Trade Agreements

SIGNED AND EFFECTIVE FTAs

- ASEAN - KOREA FTA AKFTA
- ASEAN - INDIA FTA AIFTA
- ASEAN - CHILE FTA VCFTA
- ASEAN - JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP
- ASEAN - AUSTRALIA NEWZEALAND FTA AANZFTA
- VIETNAM - JAPAN ECONOMIC PARTNERSHIP AGREEMENT VJEGA
- ASEAN - CHINA FTA ACFTA
- VIETNAM - KOREA FTA VKFTA
- TRANS - PACIFIC PARTNERSHIP
- VIET NAM - EURASIAN ECONOMIC UNION VCUFTA

SIGNED 2015 - 2016

Source: VN Express International
Vietnam’s 15 Free Trade Agreements

END OF NEGOTIATION
- EUROPE - VIETNAM FTA EVFTA

IN NEGOTIATION
- ASEAN - HONGKONG
- VIETNAM - ISRAEL
- RCEP
- VIETNAM - EUROPEAN FREE TRADE ASSOCIATION

Source: VN Express International
Vietnam’s Trade with Major Partners

Source: General Statistics Office of Vietnam
OPPORTUNITIES OF FTAS

- Trans-Pacific Partnership
- EU-Vietnam Free Trade Agreement
- ASEAN Economic Community
- South Korea-Vietnam Free Trade Agreement
Trans-Pacific Partnership

- Represents 40% of global GDP and one-third of international trade
- Consists of one-quarter of global seafood trade and one-quarter of world’s timber and pulp production
- Could accelerate Vietnam’s domestic reforms and expand regional cooperation
- Could increase GDP by 10% and exports by 17% by 2030 (World Bank)

Vietnam joins TPP talks in Hanoi

- Nov. 2008

TPP officials meet in Hanoi

- Sept. 2014

Negotiations conclude in Atlanta, USA

- Oct. 2015

Ratification process and implementation

- 2015-2017
European Union – Vietnam FTA

- First “high-standard” trade deal between the EU and a developing country
- Consists of 18 chapters, including Trade and Sustainable Development (Chapter 15)
- Could increase GDP by 15% and exports to the EU by 35% upon full implementation (European Chamber of Commerce)

Timeline:

- FTA talks begin: June 2012
- Negotiations conclude in Brussels: Dec. 2015
- Deal likely to be signed: Late 2016
- Ratification process and entry into force: 2017-2018
ASEAN Economic Community

• Creates a single market for goods, services, capital, and labor
• Population of 625 million and combined GDP of nearly US$2.8 trillion (2014)
• Could increase GDP in Vietnam by 14.5% and in ASEAN by 7.1% by 2025 (Asian Development Bank)
South Korea – Vietnam FTA

- Fosters a closer relationship between a major trading partner and Vietnam’s largest source of FDI
- Could boost bilateral trade to US$70 billion by 2020 (up from US$28.9 billion in 2014)
- “Standard” trade deal that does not mention environmental protection or other social issues

**Timeline:**
- Negotiations concluded: Dec. 2014
- Deal signed: May 5, 2015
- Entry into force: Dec. 20, 2015
CHALLENGES OF FREE TRADE
Legal and Environmental Challenges

- Effectively enforcing environmental laws and regulations, especially those regulating industries set to expand (i.e., textiles and apparel, footwear, and seafood)
- Adhering to the TPP and EVFTA’s environmental and social standards
- Threats to governing in the public interest at the national and provincial levels, in particular due to Investor-State Dispute Settlement
- “Middle-income trap,” as mentioned in ActionAid report on EVFTA and free trade agreements
- Issues with land grabbing and land-use compensation at the local level
ISDS Encroaching on Environmental Policy

Bilcon v. Canada
- May 2008: Bilcon launched a US$300 million ISDS case under NAFTA
- Claimed breaches of minimum standard of treatment, national treatment, and most favored nation
- March 2015: Tribunal ruled Canada violated minimum standard of treatment

McKenzie v. Vietnam
- November 2010: Michael McKenzie of South Fork Company launched a $3.75 billion case under the U.S.-Vietnam Trade Relations Agreement
- December 2013: Tribunal agreed with Vietnam and ruled that the tribunal did not have jurisdiction in the case
THANK YOU FOR YOUR ATTENTION