

EVFTA AND EVIPA - MAJOR COMMITMENTS¹

The commitments of Vietnam and the EU in some key areas of the EVFTA and IPA are as follows:

1. Reduction of import and export tariffs
2. Tariff quotas
3. Rules of origin
4. Trade in services - Investment
5. Government procurement
6. Intellectual property rights
7. Trade and Sustainable Development
8. IPA

COMMITMENTS ON TARIFF

Import tariffs

Both Vietnam and the EU apply a common tariff schedule on the goods with origins in the other party when they are imported into each other's territories. Basically, import tariff reductions under the EVFTA are divided into the following groups:

- i. Group of eliminating import tariffs immediately: This is a group of goods for which import tariffs will be eliminated immediately after the EVFTA comes into effect.
- ii. Group of eliminating import tariffs under the specific schedule: Import tariffs will be reduced to 0% (from the base rate) after a certain period of time (the schedule). According to the EVFTA, almost 100% of tariff lines and import turnover of the two parties will have import tariffs eliminated after a relatively short schedule. Its maximum duration is 7 years for EU and 10 years for Vietnam. Particularly, for Vietnam, there are some sensitive tariff lines which schedule to eliminate import duties lasts 15 years.
- iii. Group of applying tariff rate quota (TRQ): For this group, import tariffs are only eliminated or reduced for a certain volume (the amount of goods in the quota). If the import volume exceeds the quota amount specified in the schedule, the applicable import tariff rate will be higher, or preferential treatment will not be applicable.

¹ Original article: http://evfta.moit.gov.vn/default.aspx?page=overview&category_id=2809fd0e-b509-41c4-aa5f-fc2257d628c2

- iv. Group of uncommitted goods: This is the group of goods having no commitments to eliminate or reduce import tariffs. The imposition of import tariffs will be in line with each party's domestic regulations.

Commitment of the EU on import tariffs

According to the commitment, as soon as the Agreement comes into effect, the EU will eliminate import tariffs on 85.6% of tariff lines, equivalent to 70.3% of Vietnam's exports to the EU.

Then, after 7 years, the EU will eliminate import tariffs on 99.2% of tariff lines, equivalent to 99.7% of our exports.

For the remaining 0.3% of Vietnam's exports, the EU offers tariff rate quotas (TRQ) with import tariffs of zero in the quota.

Thus, it can be said that 100% of Vietnam's exports to the EU will be eliminated after a short schedule. So far, this is the highest level of commitment a partner has given us among signed FTAs. This benefit is especially meaningful when the EU has continuously been one of our two largest export markets.

Commitment of Vietnam on import tariffs

Vietnam agreed to eliminate import tariffs on 48.5% of tariff lines, equivalent to 64.5% of EU exports right after the Agreement comes into effect.

Then, after 7 years, 91.8% of tariff lines, equivalent to 97.1% of EU exports will have import tariffs eliminated by Vietnam. After 10 years, the corresponding elimination rate is 98.3% of EU tariff lines and 99.8% of EU exports.

On 1.7% of the remaining EU tariff lines, Vietnam applies the schedule of eliminating import tariffs in more than 10 years or tariff rate quota (TRQ) in accordance with WTO commitments.

Specific commitments on a number of goods of EU's interest:

- i. Car and spare parts, motorbikes: import tariffs will be reduced to 0% after 9 years for high-cylinder cars, 10 years for other cars, 7 years for automobile parts, 10 years for regular motorbikes and 7 years for motorbikes with engine capacity over 150 cm³.
- ii. Wine, spirits and beer: import tariffs will be reduced to 0% after 7 years for wine and spirits and after 10 years for beer.
- iii. Pork and chicken: import tariffs will be reduced to 0% after 7 years with 3 tariff lines of frozen pork and 9 years for other types of pork. For chicken, the schedule for import tariffs elimination is 10 years.

Export tariffs

In principle, Vietnam and the EU agreed not to impose export tariffs on goods when exporting from one territory to the other. The reason for the commitment to reduce export tariffs is that many countries around the world see export tariff as a form of indirect subsidy that causes unfair competition between countries' goods.

In EVFTA, Vietnam reserved the right to impose export tariffs on 57 tariff lines, including important products such as crude oil and coal (except coal for coking and coking coal). For tariff lines with relatively high current export tariff rates, Vietnam agreed on export tariff ceilings of 20% for a maximum period of 5 years (except for manganese ores with a ceiling of 10%). For other products, Vietnam agreed to eliminate export tariffs according to a maximum schedule of 16 years.

Refurbished goods

Under the EVFTA, refurbished goods are goods classified in Chapter 84, 85, 87, 90 and 9402, except for goods listed in Annex 2-A-5 of the Agreement (Exclusion List for refurbished goods) whereby refurbished goods:

- i. Are constructed entirely or partially from parts of products previously used;
- ii. Have the same features, working conditions as well as lifespans as the original product, and is warranted as a new product.

The two sides agreed to treat the refurbished goods as with similar new goods. This means that Vietnam allows the import of refurbished goods of EU origin with import tariffs, taxes and other fees similar to those of new goods of the same type. This commitment does not preclude a party from having the right to require the labeling of refurbished goods to avoid confusing consumers. Vietnam has a transition period of 3 years from the date of entry into force of the Agreement to fulfill this obligation.

COMMITMENT ON TARIFF RATE QUOTAS

In addition to import tariffs, Vietnam and the EU also apply tariff rate quotas (TRQ) to a small number of goods originating from the other Party. The content of this commitment is specified in Part B – Tariff Rate Quotas, Annex 2-A of the EVFTA, including the main principles, specific commitments for each item together with corresponding regulations and requirements for the grant of an TRQ.

EU's Commitment On Tariff Quotas

Mechanism of management and allocation on Tariff Quota

The EU will manage the Tariff Quotas according to EU laws, with the aim at facilitating trade among the Parties in order to make the most of the TRQ.

List of goods items eligible for Tariff Quota and specific commitments

Items	HS code (EU tariffs)	Tariff Volume	Quota Note
Eggs and egg yolks (Poultry)	0408.11.80; 0408.19.81 0408.19.89; 0408.91.80 0408.99.80	500 tons	
Garlic	0703.20.00	400 tons	
sweet corn	0710.40.00A; 2001.90.30A; 2005.80.00A	5,000 tons	The amount of TRQ does not include the total amount of originating goods classified by tariff lines 0710.40.00B, 2001.90.30B and 2005.80.00B
Rice	<p><i>Rubbed Rice:</i></p> <p>1006.10.21; 1006.10.23 1006.10.25; 1006.10.27 1006.10.92; 1006.10.94 1006.10.96; 1006.10.98 1006.20.11; 1006.20.13 1006.20.15; 1006.20.17 1006.20.92; 1006.20.94 1006.20.96; 1006.20.98</p>	20,000 tons	
	<p><i>Ground rice:</i></p> <p>1006.30.21; 1006.30.23 1006.30.25; 1006.30.27 1006.30.42; 1006.30.44 1006.30.46; 1006.30.48 1006.30.61; 1006.30.63 1006.30.65; 1006.30.98 1006.30.67; 1006.30.92</p>	30,000 tons	

	1006.30.94; 1006.30.96		
	<p>Ground rice:</p> <p>1006.10.21; 1006.10.23</p> <p>1006.10.25; 1006.10.27</p> <p>1006.10.92; 1006.10.94</p> <p>1006.10.96; 1006.10.98</p> <p>1006.20.11; 1006.20.13</p> <p>1006.20.15; 1006.20.17</p> <p>1006.20.92; 1006.20.94</p> <p>1006.20.96; 1006.20.98</p> <p>1006.30.21; 1006.30.23</p> <p>1006.30.25; 1006.30.27</p> <p>1006.30.42; 1006.30.44</p> <p>1006.30.46; 1006.30.48</p> <p>1006.30.61; 1006.30.63</p> <p>1006.30.65; 1006.30.67</p> <p>1006.30.92; 1006.30.94</p> <p>1006.30.96; 1006.30.98</p>	30,000 tons	<p>Rice must belong to one of the following types of aromatic rice:</p> <p>(a) Jasmine 85,</p> <p>(b) ST 5, ST 20,</p> <p>(c) <i>Nang Hoa 9</i>,</p> <p>(d) VD 20,</p> <p>(e) RVT,</p> <p>(f) OM 4900,</p> <p>(g) OM 5451, and</p> <p>(h) <i>Tai Nguyen Cho Dao</i>.</p> <p>Consignments of rice that meet this quota requirement should be accompanied by a certificate of the correct type issued by the Vietnamese authorities stating that the rice belongs to one of the above-mentioned types of rice.</p>
Tapioca	1108.14.00	30,000 tons	
Tuna	1604.14.11; 1604.14.18	11,500 tons	
	1604.14.90; 1604.19.39		
	1604.20.70		
Surimi	1604.20.05	500 tons	
Sugar and other products contain high sugar content	Raw sugar:	20,000 tons	
	1701.13.10; 1701.13.90		
	1701.14.10; 1701.91.00		

	1701.99.10; 1701.99.90 1702.30.50; 1702.90.50 1702.90.71; 1702.90.75 1702.90.79; 1702.90.95 1806.10.30; 1806.10.90		
Special Sugar	1701.14.90	400 tons	
Mushroom	0711.51.00; 2001.90.50 2003.10.20; 2003.10.30	350 tons	
Ethanol	2207.10.00; 2207.20.00	1000 tons	
Mannitol, Sorbitol, Dextrin and other modified starches	2905.43.00; 2905.44.11 2905.44.19; 2905.44.91 3505.10.10; 3505.10.90 3824.60.19	2000 tons	

Originating goods imported into the EU within the above quota will be exempt from import tax. For the quantity that excluded the mentioned TRQ above, the import tax will be applied according to the levels in the EU schedule of commitments specified in Annex 2A1 of the EVFTA.

Vietnam's Commitment on Tariff Quota

Vietnam retains the application of Tariff Quota in accordance with its WTO commitments to the amount of quotas, the mode of administration, other terms and conditions related to the allocation of Tariff Quota. The tariff rate quota for goods imported from the EU will be gradually eliminated within 11 years from the date of entry into force of the EVFTA

COMMITMENT ON RULES OF ORIGIN

The EVFTA provides for three methods to determine the origin of a good, including: (i) pure origin goods; (ii) processed or significantly processed goods; and (iii) product specific rules (PSR).

In addition, the cumulative rule allows Vietnam and the EU countries to consider the material of one or others member countries as their own when using that material to produce an originating good under the EVFTA.

In addition, the two sides agreed on some new contents as follows:

Mechanism of self-certification of origin:

Besides the traditional Certificate of Origin (C/O) mechanism, both sides agreed on allowing exporters to self-certify origin. This is the mechanism by which the exporters themselves declares the origin of the product in the set of documents submitted to the customs office of the importing country instead of having to obtain a certificate of origin from the authorities.

For exported goods from the EU:

For shipments worth less than EUR 6,000, any exporter can self-certify the origin.

For shipments valued at over 6,000 EUR, only approved exporters are allowed to certify themselves as originating.

Currently, the EU is building a system of registered exporters - a system that allows exporters to register with the competent authority only to certify themselves. When this system is completed and applied, the EU will notify Vietnam before implementation.

For exported goods from Vietnam:

Currently, Vietnam has not officially implemented the mechanism of self-certification of origin. In the coming time, when this mechanism can be officially applied, Vietnam will issue relevant domestic regulations and notify the EU before implementation.

It is expected that the exporter will self-certify origin on an invoice, delivery note or any trade document describing the concerned product with sufficient information to identify it. The document of self-certification of origin does not necessarily need to show origin criteria and goods' HS codes but must be signed by the exporter. In case the exporter is eligible to register with the competent authority of the exporting country for taking full responsibility for the document of self-certification issued by them, it is not required to sign the document. .

In addition, a self-certification of origin may be made after the exportation of the goods provided that such certification of origin has to be presented at the importing Party no later than 2 years or the time period specified. specified in the importing Party's law, counting from the time the goods are imported into that Party's territory.

Information shown on the certificate of origin:

Vietnam and the EU agreed to use the C/O EUR 1 form as a common form in the EVFTA. The EUR 1 form requires simpler information than the C/O forms in the ASEAN Trade in Goods Agreements (ATIGA) and the FTA between ASEAN and its external partners that Vietnam has signed.

Some information that exporters are allowed to choose whether or not to declare, such as the importer, the shipment's itinerary, the commercial invoice number. Regarding

the contents of the declaration, the two parties agreed not to request to show the origin criteria, HS codes of goods on C/O.

Transit and subdivision of consignments in third countries:

Both sides agreed to allow products to be transited and subdivided in a third country excluded from the Agreement. Specifically:

- The product must not be changed or involved in any processing that changes the product, except for storage process, labeling, marks, seals or being provided with other documents to ensure compliance with the importing Party's specific regulations. These stages need to be carried out under the supervision of the transit country or the goods subdividing process must occur before importing procedures into the inland.
- The product or consignment may be stored as long as that product or consignment remains within the supervision of the transit country 's customs authorities.

In case of suspicion, the customs authorities of the importing country may require the importer to submit documents proving that the goods remain under the control of the third country 's customs authorities and are not subject to change of origin, namely:

- Transport documents such as bill of lading;
- Documents about marking and numbering of goods;
- Actual or specific documents on labeling or package number;
- Documents proving goods such as commercial invoices and sale contracts;
- Third country customs authority certification that the goods have not been changed or other documents proving that the goods are still under the control of the customs authorities in transit or subdivision.

Terms of Administrative Error Management:

The Administrative Error Management stipulates a coordination mechanism between the competent authorities of Vietnam and the EU as a measure against trade fraud. Accordingly, the Parties shall support each other, through their competent authorities, in checking the authenticity of the certification of origin or self-certification of origin and the accuracy of the information provided on those documents.

Item specific rules (PSR):

Product specific rules are rules of origin for each item (at HS 8-digit code level). The PSR list was developed by Vietnam and the EU based on the following main criteria:

- (i) Limit on the proportion of non-originating materials in the process of production and processing;

(ii) Group conversion criteria (4-digit level) and sub-group (6-digit level) HS codes of the final product compared to the HS codes of materials involved in the manufacturing process;

(iii) Specific processing stages;

(iv) Machining and processing stages are carried out on raw materials.

COMMITMENT ON SERVICES AND INVESTMENT

Vietnam's and EU's commitments on trade in services and investment with an aim to create an open and favorable investment environment for businesses of both sides.

Commitment in a number of key service sectors

In service sectors, Vietnam's commitment goes further than that of the WTO. The EU commitment is higher than the WTO commitment and is equivalent to the highest level of commitment under the EU's recent Agreements.

The sectors that Vietnam committed to facilitate EU investors include a number of professional services, financial services, telecommunications services, transportation services, distribution services, specifically as follows:

Banking services:

Vietnam committed to favorably allow EU credit institutions to raise foreign ownership to 49% of charter capital in **two** Vietnamese joint stock commercial banks. However, this commitment is only valid for 5 years (after the expiry of 05 years Vietnam will not be bound by this commitment), and not applicable to the **four** joint stock commercial banks in which the government is holding the dominant stocks, namely BIDV, Vietinbank, Vietcombank and Agribank. In addition, the implementation of this commitment will comply with all regulations on merger and acquisition procedures as well as safe and competitive conditions, including the limitation on the share ownership ratio applied for each investor presents as an individual or organization on the basis of national treatment, according to the provisions of Vietnamese law.

Insurance services:

Vietnam is committed to allowing cross-border cession of reinsurance and voluntary health insurance services according to domestic law. Particularly for the commitment to allow the establishment of a branch of reinsurance company, Vietnam only allows after a transition period.

Telecommunication services:

Vietnam is committed to the same level as in the CPTPP Agreement. Especially for value-added telecommunications services without network infrastructure, Vietnam allows the EU to set up a wholly foreign-owned enterprise after a transition period.

Services of transportation:

For empty consolidation and container transport services, immediately after the Agreement enters into force, Vietnam allows EU shipping lines to perform these services on Quy Nhon-Cai Mep route; after 05 years, Vietnam will allow the provision of empty container transportation services on all routes. With the dredging service, Vietnam allows EU businesses to set up joint ventures with foreign equity up to 51% to provide services in Vietnam. For ground services at the airport, the Ministry of Transport also agrees that after 05 years since Vietnam is open to the private sector, EU businesses will be allowed to enter into joint ventures with Vietnamese partners in which foreign capital does not exceed 49% to bid to provide this service. 03 years later, the limit of foreign capital will be 51%.

Distribution service:

Vietnam agrees to abolish the requirement of economic needs test five years from the date of entry in force of this Agreement. However, Vietnam reserved the right to implement distribution system planning on a non-discriminatory basis. Vietnam also agreed to non-discriminatory treatment for alcoholic beverage production, import and distribution, allowing EU enterprises to reserve their operating conditions under current licenses and to be required only one license to perform import, distribution, wholesale and retail activities.

General obligations in Trade in Services and Investment

Market access:

With sectors and sub-sectors inscribed in the Schedule of Specific Commitments, unless reservation is specified in the Schedule, both Parties commit not to apply limitations on: (i) the number of enterprises allowed to participate in the market, (ii) the value of transactions, (iii) the number of operations, (iv) the participation of foreign capital, (v) the types of legal entity, and (vi) the number of natural persons employed.

National treatment:

With sectors and sub-sectors inscribed in the Schedule of Specific Commitments, both Parties commit to accord to services, service suppliers and investors of the other Party treatment no less favourable than that accorded to its like services, service suppliers and investors, unless otherwise prescribed in the Schedule. With enterprises of investors of a Party operating on the territory of the other Party, both Parties commit to accord treatment similar to that accorded to enterprises of its own investors, with exceptions prescribed in the Schedule and other specific exceptions.

Most-favoured nation:

Both Parties commit to accord to investment of licensed investors of the other Party treatment no less favourable than that accorded to investment of investors of a third country. These obligations do not apply to communication, recreational, cultural and sporting service, air transport and commercial aviation rights, fishery and aquaculture, forestry and hunting, and oil and gas mining.

Performance requirements:

With sectors and sub-sectors inscribed in the Schedule of Specific Commitments, both Parties commit not to impose or enforce performance requirements such as: regulation on a given level or percentage of goods or services exported, regulation on a given level or percentage of domestic content, binding the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated, etc.

Commitments in Government Procurement

Structure of Chapter 9 Government Procurement

Commitments between Viet Nam and EU in Government Procurement aim to increase transparency and efficiency of government procurement and maintain efficiency of government spending. Accordingly, Government Procurement Chapter in EVFTA has 2 main parts:

- General regulations about rules and contractor selection procedures;
- Market access commitments in Government Procurement between Viet Nam and EU includes 1 Annex on Viet Nam's commitments to open market for EU suppliers and 1 Annex on EU commitments to open market for Viet Nam suppliers.

Main content in Chapter 9 Government Procurement

General principles for all tenders within EVFTA

- Transparency: Viet Nam shall publish and apply transparent principles in to practice tendering procedures. Viet Nam reserves several obligations in implementation schedule (details in Annex 9A). For example, Viet Nam reserves the duty of publishing a notice by electronic means free of charge done by one single focal point in 10 years;
- National Treatment and Non-Discrimination;
- Open tendering: Viet Nam shall use open tendering for all covered tenders except for ones which are allowed to use the method of selective tendering or limited tendering;
- Combating fraud: Viet Nam shall have measures to prevent corrupt practices.

- Electronic bidding: Viet Nam and EU shall endeavour to conduct covered procurement by electronic means, which includes the publication of procurement information, notices and tender documentation, the reception of tenders and, where appropriate, the use of electronic bidding.

Principles for open tendering:

- Publishing tendering information/ notice through electronic means free of charge.
- Publishing as early as possible in each fiscal year a notice regarding the future procurement plans.
- Providing sufficient time for suppliers to obtain the tender documentation and to prepare and submit requests for participation and responsive tenders (a minimum of 40 days for regular cases, a minimum of 25 days for tenders that are done throughout by electronic means and a minimum of 10 days for a limited of cases).

Principles for selective tendering:

- Tendering procedures shall not create unnecessary barriers for qualified suppliers;
- A notice shall be published sufficiently in advance of the procurement to allow for interested suppliers to request participation in the procurement.
- Multi-use list can only be used when suppliers have reasonable time to request to join the tender (list?) and general description of the procurements is clearly published.

Coverage of Viet Nam government procurement for EU suppliers

In EVFTA, Viet Nam shall allow EU suppliers to participate in procurements that follow all 03 conditions in Annex 9B: Value of the procurement; Procuring entity; Goods and services. In addition, there are exceptions in which Chapter 9 shall not be applied to. These exceptions are:

- Exceptions related to certain purposes;
- Exceptions related to certain types of goods;
- Exceptions related to certain types of services;
- Exceptions related to construction services;
- Exceptions related to offsets;
- Other exceptions.

Coverage of EU government procurement for Viet Nam suppliers

Government procurements which EU shall allow Viet Nam suppliers to participate also follow 03 conditions listed in Annex 9A (Value of the procurement; Procuring entity; Goods and services).

EU reserves some exceptions even these exceptions meet all the conditions that have listed in the agreements. These exceptions will not be included in the coverage of EU government procurement for Viet Nam suppliers, for example: procurement of agricultural products made in furtherance of agricultural support programmes and human feeding programmes such as food aid including urgent relief aid; procurement for the acquisition, development, production or co-production of programme material by broadcasters and contracts for broadcasting time ...

Commitments in Intellectual Property

Commitments in Intellectual Property include commitments on copyright, trademarks, patent rights related to medicine, geographical indications, v.v.. Basically, Viet Nam's commitments in Intellectual Property are consistent with Viet Nam's current laws and regulations.

Copyright and related rights

Viet Nam shall accede to WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty within three years from the date of entry into force of EVFTA. The rights of an author, performers, producers of phonograms, broadcasting organisations shall expire not less than 50 years after the first the program is done.

Trademarks

Each Party shall provide a facilitated and transparent registrations procedure including a publicly available electronic database of published trademark applications. Each Party shall provide that a registered trademark shall be liable to revocation if, within at least a continuous period of five years prior to a request for revocation, it has not been put to genuine use by its owner or the owner's licensee.

Industrial designs

Viet Nam shall accede to the Geneva Act (1999) of the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva on 2 July 1999, within two years from the date of entry into force of this Agreement. The duration of protection available shall amount to at least 15 years.

Implementation

EVFTA's border enforcement regulations that allow customs authorities to suspend the import or export of goods suspected of infringing intellectual property rights.

Geographical indications (GI)

EU members have a number of traditional agricultural products or quality-verified food in some areas such as Bordeaux Wine, Mozzarella cheese, Parma ham v.v.. so EU has a high protection of GI and focus on this subject in any FTA negotiation. Viet Nam also has regulations in protection of geographical indications and some of the GI have been protected, which gain more value for local agriculture and food producers.

Viet Nam shall provide protection for 169 EU geographical indications (mostly wine and food). EU shall provide protection for 39 Viet Nam GI. Viet Nam's GI are mostly related to agricultural products, famous foods which have potential for exporting such as Moc Chau tea, Buon Ma Thuot coffee v.v.. This shall allow some of Viet Nam agricultural products to build and strengthen their reputations in EU market.

Most Favoured Nation (MFN)

For goods and services, preferential treatments are exceptions in MFN principle (Parties in a FTA could provide preferential treatments for other parties without violating MFN principle in WTO). According to WTO TRIPS Agreement, With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Party to the nationals of any third country shall be accorded immediately and unconditionally to the nationals in WTO. Thus, commitments in intellectual property (regarding to regulations in TRIPS Agreement) in EVFTA will be applied to all other countries in WTO vice versa.

Commitments in Trade and Sustainable Development

Chapter on Trade and Sustainable Development in EVFTA includes 17 articles which generally about: Biological diversity, Climate change, Sustainable Forest Management and Trade in Forest Products, Trade and Sustainable Management of Living Marine Resources and Aquaculture Products, Labour and Transparency.

Biological diversity

Both Parties recognise the sovereign rights of states over their natural resources, and that the authority to determine access to their genetic resources rests with their respective governments and is subject to their domestic laws. Both Parties shall endeavour to create conditions to facilitate access to genetic resources for environmentally sound uses and not to impose restrictions that run counter to the objectives of the CBD (Convention on Biological Diversity of 1992). The Parties recognise that access to genetic resources shall be subject to the prior informed consent of the Party providing genetic resources, unless otherwise determined by that Party.

In addition, Both Parties shall exchange information with the other Party on actions such as strategies, policy initiatives, programmes, action plans, consumers' awareness campaigns of relevance in a trade context which aim at halting the loss of biological diversity and reducing pressures on biological diversity and, where relevant, cooperate

to maximise the impacts and ensure the mutual supportiveness of its respective policies.

Climate change

Parties reaffirm their commitments and shall cooperate to reach the ultimate objectives of United Nations Framework Convention on Climate Change of 1992, Kyoto Protocol and Paris Agreement. Both Parties shall cooperate in: (i) designing, implementing, and operating mechanisms for pricing carbon, (ii) promoting domestic and international carbon markets, including through mechanisms such as Emissions Trading Schemes and Reducing Emissions from Deforestation and Forest Degradation, (iii) promoting energy efficiency, low-emission technology and renewable energy.

Sustainable Forest Management and Trade in Forest Products

Both Parties shall encourage the promotion of trade in forest products from sustainably managed forests and harvested in accordance with the domestic legislation of the country of harvest and exchange information with the other Party on measures to promote consumption of timber and timber products from sustainably managed forests and, where relevant, cooperate to develop such measures.

Trade and Sustainable Management of Living Marine Resources and Aquaculture Products

Both Parties shall comply to Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea and other agreements on conserving living marine resources. Both Parties shall cooperate with the other Party and actively engage in the fight against illegal, unreported and unregulated fishing and fishing-related activities in a aquaculturally sustainable way which takes into account its economic, social and environmental aspects.

Labour

Both Parties affirm to continue and maintain all efforts to ratify ILO conventions and consider to ratify other ILO conventions which are classified as suitable, taking into account domestic situations. Both Parties reaffirm their commitments on implementation of domestic laws and regulations and other ratified ILO conventions.

Transparency

Both Parties shall, in accordance with its domestic law and Chapter 14 (Transparency), ensure that any measures aimed at protecting the environment and labour conditions that may affect trade and investment are developed, introduced and implemented in a transparent manner, with due notice and an opportunity for interested persons to provide their views.

Commitments in IPA

Investment Protection

Both Parties shall provide national treatment and most-favoured-nation principle for investors from the other Party with some exceptions. Both Parties shall provide fair and equitable treatments, full protection and security, freely transfer of capital and profits, compensation for losses owing to war or other armed conflict, a revolution, a state of national emergency, a revolt, an insurrection or a riot in the territory, v.v... Both Parties shall not nationalise or expropriate the covered investments of investors without adequate and effective compensation.

Mediation mechanism for the resolution of disputes between investors and governments

In case of disputes between a Party and investors of other Party, Both Parties shall facilitate the finding of mutually agreed solutions through a comprehensive and expeditious procedure with the assistance of a mediator

In case of Parties could not agree on a mediation, dispute settlement procedure is applied. Both Parties shall create a investment tribunal system with a tribunal (9 members) and the appeal tribunal (6 members). Members of the tribunal system shall be appointed by the Committee with a four-year term, renewable once, whose cost is covered by Both Parties.

The decisions of the appellate tribunal and the tribunal are the final decisions if those decisions are not appeal within 90 days. Both Parties shall respect such decisions and consider them as the decisions of its courts. As for Viet Nam, this regulation will be come effective after 5 years from the date of entry into force or at a delayed time that is decided by the Committee. The implementation of those decisions follows domestic regulations where the decisions are implemented.

Both Parties agree that if Both Parties participate in an agreement to set up a multilateral investment dispute settlement or a multilateral investment appeal tribunal, the investment dispute settlement in this agreement will be terminated.