

# EU–VIETNAM FREE TRADE AGREEMENT

Olivia Muscat

Nikkola Mikocki-Bleeker (ed.)

*A report prepared for the EUATRAN Centre of Excellence, RMIT University*

*November 2025*



# Table of Contents

|   |    |
|---|----|
| Table of Contents   | 1  |
| Executive Summary   | 2  |
| Context   | 3  |
| <b>Timeline table</b>   | 3  |
| <b>Timeline discussion</b>  | 4  |
| <b>Stakeholders at the Table</b>  | 5  |
| Notable Features and Provisions of the FTA  | 8  |
| <b>Chapter 2: National Treatment and Market Access for Goods</b>                          | 8  |
| <b>Chapter 5: Technical Barriers to Trade</b>   | 11 |
| <b>Chapter 8: Liberalisation of Investment, Trade in Services and Electronic Commerce</b> | 12 |
| <b>Chapter 12: Intellectual Property</b>  | 14 |
| <b>Chapter 13: Trade and Sustainable Development</b>                                      | 14 |
| Human Rights and Labour Rights Tensions   | 18 |
| Conclusion  | 21 |
| Appendices  | 21 |
| <b>Appendix A: EU trade flows in goods</b>  | 22 |
| <b>Appendix B: Factsheet</b>  | 24 |
| References  | 25 |

## Executive Summary

The EU–Vietnam Free Trade Agreement (EVFTA) was signed on 30 June 2019 and entered into force on 1 August 2020, alongside a separate Investment Protection Agreement (EVIPA) that is yet to be ratified by all European Union (EU) member states. As the EU’s second free trade agreement (FTA) with a Southeast Asian country (after Singapore), the EVFTA has been described by former European Ambassador and Head of the EU Delegation to Vietnam Gordan Grlić Radman as ‘the most ambitious and comprehensive agreement ever concluded with a developing country’, marking a step toward deeper engagement between the EU and Association of Southeast Asian Nations (ASEAN) (European Council, 2020; European Chamber of Commerce in Vietnam, 2018, p. 17).

Given that the EU is ASEAN’s second-largest trading partner (after China), and ASEAN constitutes a key pillar of growth in the Indo-Pacific with considerable market access, the EVFTA reflects a strategic dimension of the EU’s external trade agenda.

As a ‘new-generation’ trade agreement, the EVFTA also extends well beyond traditional trade liberalisation. It comprises 17 chapters addressing trade in goods and services, investment, intellectual property, and sustainable development. Seven of those chapters focus on ‘new-generation’ trade issues not previously covered by the World Trade Organization (WTO). Vietnam’s commitments under the EVFTA represent its highest levels of liberalisation and regulatory standards to date, exceeding those made in its 14 existing FTAs (Trang, 2023).

## Context

### Timeline table

| Date           | Event  |
|----------------|--|
| October 2010   | EU and Vietnam agree to launch FTA negotiations                            |
| June 2012      | Negotiations officially begin  |
| December 2015  | Negotiations conclude; legal review starts                                 |
| February 2016  | Final draft published  |
| May 2017       | ECJ ruling on EU-Singapore FTA; implications for EVFTA                     |
| September 2017 | EU requests Vietnam to split the agreement into trade and investment parts |
| June 2018      | Vietnam agrees to split agreements; legal review completed                 |
| October 2018   | European Commission adopts EVFTA   |
| June 2019      | Council approves signing   |
| June 2019      | EVFTA officially signed in Hanoi   |
| January 2020   | INTA (European Parliament trade committee) votes in favour                 |
| February 2020  | European Parliament ratifies EVFTA   |

|             |  |
|-------------|--|
| March 2020  | Council of the EU concludes the agreement  |
| June 2020   | Vietnam's National Assembly ratifies EVFTA |
| August 2020 | EVFTA enters into force                    |

*Source: World Bank, 2020*

## Timeline discussion

After years of civil war, Vietnam's Communist Party achieved national reunification in 1974. By 1986, Vietnam's centrally planned economy 'was left in ruins', prompting the Communist Party to open and diversify its economic policies to achieve growth through controlled modernisation and peaceful economic reform (Nessel & Verhaeghe, 2022, p. 744). In the mid-1990s, Europe meanwhile sought to diversify its markets by engaging more actively with Asia, vying with the economic presence of the United States (US), Japan and China in the region. Under the EU's 'global Europe' strategy (2006), Vietnam was positioned as a strategic partner with which the EU could advance its economic interests and extend its geopolitical reach with a developing economy in the Indo-Pacific region.

Vietnam is well-known for its agri-food sector and labour-intensive industries. With its strength in capital, technology and management expertise, the EU's ability to supply advanced technologies and machinery made the EU complementary for advancing Vietnam's manufacturing sectors and diversifying its trading partners (Le, 2017).

Negotiations for the EVFTA were formally concluded in December 2015 after 14 rounds of talks. The ratification process was delayed by a year due to a 2017 ruling by the European Court of Justice on the EU–Singapore FTA, which determined that 'the EU did not have the mandate to conclude agreements on certain investment-related issues on its own' (Marslev & Staritz, 2022, p. 11). This ruling created a temporary 'window of leverage' during which the EU Council and member states including France, Benelux (Belgium, the Netherlands and Luxembourg) and Scandinavian states posed questions over Vietnam's human rights record and pushed for concessions on labour reforms (Marslev & Staritz, 2022, p. 16). In September

2018, Vietnamese and international civil society organisations sent a letter to the members of the European Parliament (EP) urging them to postpone the EVFTA until certain human rights benchmarks were met by the Vietnamese government (Russell, 2018).

This window closed in June 2018, when the European Commission (EC) convinced Vietnam to split the EVFTA into two parts (like the EU–Singapore FTA): a trade agreement (EVFTA) and an investment protection agreement (EVIPA). This decision sped up ratification as it meant the EVFTA only needed exclusive EU competence to be approved – meaning member states’ national governments have authorised the EU’s responsibility for it – and could therefore conclude relatively quickly (Russell, 2018).

After this split between trade and investment protection, the EVFTA was adopted by the Commission in October 2018, approved by the Council in June 2019 and signed in Hanoi a week later. Following approval by the EP in early 2020, the EVFTA was concluded by the Council in March, ratified by Vietnam’s National Assembly in June and entered into force in August 2020. The EVIPA, meanwhile, is at the time of writing yet to be ratified. The EC stated that the EVFTA proved that ‘trade policy can be a force for good’ (cited in Nessel & Verhaeghe, 2022, p. 741). Not only does it deliver economic results but promotes sustainable development, human rights, fair and ethical trade, as well as the fight against corruption.

## **Stakeholders at the Table**

### *Business representatives*

Business representatives including business advocacy group BusinessEurope were enthusiastic about the EVFTA’s potential to boost trade and investment opportunities. However, they voiced concerns that unless the FTA was concluded quickly, European businesses would be disadvantaged compared to competitors such as China who already had an FTA with Vietnam (Russell, 2018).

### *Non-government organisations (NGOs)*

The EVFTA faced intense scrutiny from international NGOs during negotiations due to the Vietnamese government’s repressive practices, including human and civil rights violations, suppression of free speech, as well as the disappearance of political activists (Nessel & Verhaeghe, 2022). At the time of the EVFTA being split in two separation agreements in

2018, 90 human rights groups expressed that it would be ‘a disgrace for the EU to conclude an agreement with a country considered one of the worst enemies of human rights’ (Russell, 2018, p. 7).

Several international NGOs also wrote open letters to the EP urging it to postpone consent for the FTA until the Vietnamese government met key International Labour Organization (ILO) conventions. Furthermore, the International Federation for Human rights (FIDH) argued that while the provision allowing for suspension of the FTA in the event of severe human rights abuses was useful, the EU did not sufficiently define the conditions under which such a suspension could occur. Moreover, FIDH expressed concern that a human rights impact assessment was not carried out before the FTA entered into force.

### *The EU's normative power and postcolonial implications*

The EC responded to these ongoing concerns by asserting that the labour provisions of the FTA were ‘strong, legally binding and enforceable’ with both parties guaranteeing protection for workers (Directorate-General for Communication, 2020). Similarly, the EP emphasised that the FTA serves as an ‘instrument for development and social progress’ in Vietnam (Sifton, 2025). This rhetoric aligns with the EU’s broader self-conception as a ‘normative power’, an actor that projects its nine core values (peace, liberty, the rule of law, democracy, human rights, social solidarity, anti-discrimination, sustainable development and good governance) to directly influence through its policies, including trade, and indirectly influence through member states’ role-modelling of these values (Manners, 2002). According to Manners (2002), the EU’s identity as a normative power is defined by its ability to ‘shape conceptions of [what is considered] “normal” in international relations’ through directly and indirectly spreading its values (p. 239).

Former trade commissioner Cecilia Malmström exemplified this concept in 2017 when she described trade as ‘a force for good in the world’, a means to ‘engage with other nations [...] support our values and standards [...] and help the poorest develop, grow, and improve their lives’ (as cited in Alcázar et al., 2023, p. 183). However, such language reinforces the hierarchical subject-object relationships between formerly colonising and colonised peoples, echoing Vietnam’s own postcolonial experience under French rule. As Alcázar et al. (2023) argue, such dominant discourses objectify peoples and places that the EU deems less modern and less capable: the so-called ‘developing world’ (p. 187). In this case, it positions Vietnam as a state still in need of European guidance. In turn, this framing constructs a view that these

peoples and places inhabit a space of tradition and opportunity to be governed, modernised or alternatively feared by the rational and enlightened West. In practice, this reflects how the EU's normative power, while presented as 'cooperative', can reproduce neo-colonial dominance within trade relations by asserting European values as universal standards of legitimacy and progress.

# Notable Features and Provisions of the FTA

## Chapter 2: National Treatment and Market Access for Goods

### Tariff liberalisation schedule

A central feature of the EVFTA is its tariff liberalisation schedule for both parties under **Appendix 2-A-1** (Tariff Schedule of the Union) and **Appendix 2-A-2** (Tariff Schedule of Vietnam) (European Union, 2020, p. 9).

Upon entry into force, the EU immediately eliminated duties on 71% of Vietnam's exports to the EU, with the remainder phased out over the seven-year transitional period (European Council, 2020). Vietnam meanwhile eliminated 65% of duties on EU goods, covering 64.5% of the trade value, with nearly all tariffs removed within a 10-year transitional period (European Council, 2020).

The rapid phasing schedules particularly benefited EU exports in machinery, automobiles, pharmaceuticals, chemicals and textiles, while Vietnamese exporters gained preferential access for seafood, rice, footwear, textiles and coffee.

The agreement removes tariffs on a range of key EU export products:

| Product/Category                               | Current Tariff | Tariff Removal Timeline  |
|--|----------------|--|
| Machinery and appliances                       | Up to 35%      | Fully tariff-free at entry into force; remaining after 5 years |
| Motorcycles (with engines greater than 150 cc) | 75%            | Fully removed after 7 years                                    |
| Cars   | 78%            | Fully removed after 10 years                                   |
| Car parts                                      | Up to 32%      | Duty-free after 7 years  |

|                   |   |   |
|-------------------|---|---|
| Pharmaceuticals   | Up to 8%  | 50% duty-free at entry;<br>remainder after 7 years          |
| Textile fabrics   | 12%   | Fully removed at entry into<br>force                        |
| Chemicals         | Up to 25%   | 70% duty-free at entry;<br>remainder after 3, 5, or 7 years |
| Wines and Spirits | Down from tariffs of<br>50% and 48%<br>respectively | Fully tariff-free after 7 years                             |
| Beef              | -   | Duty-free after 3 years                                     |
| Dairy products    | -   | Duty-free after maximum of 5<br>years                       |
| Chicken           | -   | Gradually reduced to 0% over<br>10 years                    |

*Source: Directorate-General for Communication, 2018*

For Vietnam, the EU's market access commitments grant preferential treatment to a wide range of exports.

*Summary of EU market access commitments for Vietnamese exports under the EVFTA*

| Items | Commitment of Europe |
|-------|----------------------|
|-------|----------------------|

|   |  |
|---|--|
| Textile   | Elimination of taxes within 7 years<br><br>Note on rules of origin: use of fabric produced in Vietnam especially allowed to use fabric produced in Korea |
| Footwear  | Tax elimination within 7 years   |
| Aquatic products (except canned tuna and pellets) | Tax elimination within 7 years   |
| Canned tuna                                       | Tariff quota   |
| Rice husks, unmilled rice and aromatic rice       | Tariff quota   |
| Broken rice                                       | Remove by roadmap  |
| Products from rice                                | Tax elimination within 7 years   |
| Sweet corn / cassava starch                       | Tariff quota   |
| Honey   | Get rid of taxes now   |
| Sugar and sugar-containing products               | Tariff quota   |
| Vegetables  | Much of the elimination right now  |
| Handbags, suitcases                               | Much of the elimination right now  |
| Plastic / Glass-ceramic products                  | Much of the elimination right now  |

*Source: Khoát & Cismas, 2019, p. 2, adapted from European Commission and Ministry of*

*Industry and Trade, Vietnam*

*Note: ‘now’ in the table above refers to the time of writing in 2019*

All of Vietnam’s exports to the EU ultimately saw tariff elimination either immediately upon entry into force, or this has already occurred or will after a short transitional period. This can be considered as the highest level of commitment any partner has ever made to Vietnam in the form of an FTA (Khoát & Cismas, 2019).

Origin Marking

Preferential rules of origin have become vital trade policy instruments, used both to enhance or to limit market access for preferential partners. For the first time in an FTA, Vietnam accepted the marking of origin ‘Made in EU’ in **Article 2.19** for non-agricultural products of the union, with the exception of pharmaceuticals (which are still to a great extent subject to national approvals in the EU) (European Union, 2020, p. 15). Markings specific to the member state of origin will continue to be accepted. This provision allows EU manufacturers to reflect deeper EU market integration when exporting to Vietnam, while also enabling them to benefit from the Union’s internal market without the need to differentiate between production locations (Delegation of the European Union to Vietnam, 2020).

## **Chapter 5: Technical Barriers to Trade**

The EVFTA has reduced non-tariff barriers to facilitate trade, create greater transparency and regulatory cooperation, as well as attract foreign direct investment (FDI).

In addition to the general conditions of Chapter 5, **Annex 2-B** contains far-reaching provisions to address non-tariff barriers in the ‘motor vehicles’ sector to improve market access for European cars to Vietnam (European Union, 2020, p. 993). This aims to facilitate trade and avoid unnecessary trade barriers (Delegation of the European Union to Vietnam, 2020). Despite Vietnam not being a United Nations (UN) Economic Commission for Europe

(UNECE) member, under this annex Vietnam also committed to fully recognise all technical conformity certification for EU cars according to the principles of the 1958 UNECE Agreement (UN standards system), five years after the EVFTA entered into force (Delegation of the European Union to Vietnam, 2020).

## **Chapter 8: Liberalisation of Investment, Trade in Services and Electronic Commerce**

The EU's commitments to Vietnam under the EVFTA exceed its commitments under the WTO and are equivalent to the highest levels of liberalisation in recent EU FTAs (Vietnam Chamber of Commerce and Industry, 2020). Similarly, Vietnam's commitments to the EU surpass its commitments under the WTO and are at least equivalent to the highest levels of market openness that Vietnam offers to other partners in its current FTA negotiations, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United Kingdom and Vietnam, effective for Vietnam from 2019).

The EU and Vietnam have agreed to reduce or eliminate certain restrictions on:

- How many firms can supply services;
- The value of services transactions or assets;
- The number of services operations or volume of service outputs;
- Employment levels within service providers;
- The forms of foreign-owned subsidiaries that may be established;
- Limits on foreign shareholding or equity.

|                 |
|-----------------|
| <i>Service:</i> |
|-----------------|

Open-door commitments: In EVFTA, Vietnam commits to grant more access to EU service suppliers than in the WTO in areas including:

- Business services
- Environmental services
- Postal and delivery services
- Bank
- Insurance
- Sea freight
- Financial services
- Telecommunications
- Postal services

***Investment:***

Vietnam has pledged to facilitate increased EU investment in many manufacturing sectors including:

- Food and beverage
- Fertilizers and nitrogen compounds
- Tires
- Gloves and plastic products
- Pottery
- Building materials

For the machinery industry, Vietnam has committed to lift restrictions on the assembly of marine engines, agricultural machinery, home appliances and bicycles.

*Source: Vietnam Chamber of Commerce and Industry, 2020*

## **Chapter 12: Intellectual Property**

In the FTA's section on GIs – **Annex 12-A** – Vietnam commits to protect 169 EU products while the EU will protect 39 products of Vietnamese origin. Vietnamese GIs are all related to agricultural products and food such as Phú Quốc fish sauce, Mộc Châu tea or Buôn Ma Thuột coffee.

**Article 12.28** also contains a small section dedicated to exceptions of blanket protection including Asiago, Fontina, and Gorgonzola if producers have used the names prior to 1 January 2017 (European Union, 2020). Feta is also excepted, though the product must use sheep's milk or sheep and goat's milk to qualify. However, no official guidance has been issued regarding these exceptions, leaving Vietnamese companies that meet these conditions uncertain about their legal standing and rights under the EVFTA (Dang, 2023).

Champagne is also listed with 'a transition period of ten years' for producers with good faith use from the date of the agreement's entry into force (European Union, 2020, p. 118).

Furthermore, as with other agreements, only a limited number of compounded names were sought with total protection. In this case, it means that certain cheese names such as brie, camembert, mozzarella, Emmental, pecorino, provolone and gouda may still be used by Vietnamese producers (European Union, 2020, p. 1303).

## **Chapter 13: Trade and Sustainable Development**

Being a 'new-generation' agreement, the EVFTA includes a dedicated 'Trade and Sustainable Development' (TSD) chapter, which sets legally binding commitments to uphold international labour and environmental standards (European Union, 2020, p. 130). The TSD chapter includes four elements: an *Inter-governmental Committee on Trade and Sustainable Development* (CoTSD) to oversee the implementation of the TSD chapter; *Domestic Advisory Groups* (DAGs) in the EU and Vietnam, made up of representatives of civil society including business, trade unions and NGOs; a *joint forum* where DAGs from both sides meet annually; and a *Panel of Experts* (PoE) that investigates complaints made by the parties (European Union, 2020). These bodies facilitate dialogue and issue recommendations on labour and environmental standards within the EVFTA.

### *Domestic Advisory Groups*

The provisions concerning the DAGs within the EVFTA remain relatively vague, which reflects a broader trend across EU FTAs. **Article 13.15.4** stipulates that the DAG should comprise ‘independent representative organizations’ and ensure ‘a balanced representation of economic, social and environmental stakeholders, including, among others, employers' and workers' organisations, business groups, and environmental organisations’ (European Union, 2020, p. 138).

Beyond this, however, this chapter does not provide further criteria on how the DAG should be set up. It merely specifies that the composition and consultation with economic, social and environmental stakeholders should occur in accordance with domestic law.

Furthermore, the term ‘civil society’ is not explicitly mentioned in the text of the TSD chapter. Instead, the much less-politicised term ‘stakeholder’ is used in **Article 13.15** to describe employers' and workers' organisations, business groups, and environmental organisations’ (European Union, 2020, p. 138).

By contrast, FTAs such as that between the EU and Republic of Korea explicitly refer to the social partners as ‘key constituents of the DAG that [...] advise governmental partners on the implementation of obligations under the TSD Chapter’ (Thu & Schweißhelm, 2020, p. 4). Therefore, in this FTA trade unions are widely recognised as one main actor to effectively monitor and implement the provisions of the TSD chapter.

The decision to omit ‘civil society’ from the FTA reflects Vietnam’s political structure as a ‘one-party state with strict limitations on civil and political rights’ (Thu & Schweißhelm, 2020, p. 4). The Communist Party of Vietnam, as the state’s supreme authority, considers its mass organisations as official representatives of the non-state sector. These organisations will then presumably be selected by the government as ‘independent representative organisations’ to ensure a balanced representation of ‘economic, social and environmental stakeholders’, in accordance with Chapter 13 (**Article 15**) of the EVFTA (European Union, 2020, p. 138; Thu & Schweißhelm, 2020). This arrangement mirrors the situation for independent civil society organisations in Vietnam, at least from the EU’s perspective. Consequently, the space for independent civil society organisations as stipulated in the TSD chapter of the EVFTA is limited.

### *ILO Conventions*

The provision on ‘Multilateral Labour Standards and Agreement’ (**Article 13.4**) stresses the

commitment of both parties to the fundamental rights at work under the ILO obligations. Certain conditions are highlighted: freedom of association (No. 87); the right to collective bargaining (No. 98); elimination of forced labour (No. 105); abolition of child labour (No. 182); and elimination of employment discrimination (No. 111).

However, this chapter is notably vague on the ILO core conventions, requiring each party in **Article 13.4.2** to ‘reaffirm its commitments in accordance with its obligations under the ILO [...] to respect, promote and effectively implement the principles concerning the fundamental rights at work’ (European Union, 2020, p. 131).

Furthermore, these ratifications do not come with binding deadlines, while during negotiations no date limits or hard obligations were imposed for ratification (Navasartian, 2020). Given the criticism offered by international NGOs around the Vietnamese human rights record on labour rights, the FTA’s vague ILO commitments are important to raise.

### Labour Protections

Following the ILO Conventions, the labour provisions in the EVFTA lack consistency when compared with other EU FTAs, such as those with Mercosur and Canada, both of which include far-reaching TSD Chapters. The EU–Mercosur FTA specifically is relevant here, Mercosur being also made up of member states similarly considered emerging economies. In the Mercosur text, the preliminary text of the FTA in **Article 4** addresses provisions for health and safety at work, compensation for illness or injury and decent wages (Navasartian, 2020). It further establishes mechanisms for effective labour inspections and access to administrative and judicial remedies in cases of violations of labour standards. According to Navasartian (2020), these provisions could play a vital role for ‘the prevention of a race-to-the-bottom economy and effective protection of labour standards’. The absence of equivalent provisions in the EVFTA indeed highlights gaps in the EU’s bilateral trade policy and limits the enforceability of labour protections in the Vietnamese context.

## Human Rights and Labour Rights Tensions

Given the significance of human and labour rights tensions to the context and body of the EVFTA, these will be given proper consideration here in their own section of this report.

Ahead of the FTA's ratification, the Vietnamese General Assembly ratified one of the three outstanding Fundamental ILO Conventions: No. 98 on the Right to Organize and Collective Bargaining in June 2019. This was a groundbreaking reform because for the first time, the Vietnamese single-party socialist state recognised independent worker representative organisations at the enterprise level. In June 2020, Vietnam ratified No. 105 on Abolition of Forced Labour, demonstrating 'its firm commitment to combating forced labour in all its forms' (ILO News, 2020). With that, Vietnam had ratified seven of eight Fundamental ILO Conventions (ILO News, 2021).

However, Vietnam has yet to ratify Convention No. 87 on Freedom of Association, despite the EVFTA via **Article 13.4.3a** explicitly requiring Vietnam to 'make continued and sustained efforts towards ratifying, to the extent it has not yet done so, the fundamental ILO conventions' (European Union, 2020, p. 132). **Article 13.4.4** meanwhile, requires Vietnam to 'effectively implement in its domestic laws and regulations and practice' the content of those conventions (European Union, 2020, p. 132). Vietnam pledged to ratify this key labour rights convention by the end of 2023. However, progress has stagnated (Sifton, 2025). Ratification of Convention 87 would protect the rights of workers and employers to form and join organisations of their choosing, such as trade unions or employer associations, beyond the state-managed General Confederation of Labour (International Labour Organization, 1948).

On 4 February 2025, FIDH – together with the Vietnam Committee on Human Rights, Christian Solidarity Worldwide and Global Witness – filed a complaint to the EC alleging that Vietnam's systematic suppression of human rights defenders working on sustainable development violates the EU–Vietnam FTA (International Federation for Human Rights, 2025). The complaint highlighted that imprisoning individuals who express legitimate concerns about environmental protection, labour and land rights violations undermines the TSD clauses of the FTA. Since 2021, the Vietnamese government has broadened the scope of offenses used against human right activists including 'national security' provisions, tax evasion charges and disclosure of classified information, in order to detain climate and labour activists (International Federation for Human Rights, 2025). These NGOs called on the EC to

hold Vietnam accountable for the violation of the FTA and be firmer in ensuring states uphold their commitments.

In response to this mounting pressure from human rights and labour organisations, the EU expressed concern over the shrinking space for civil society, arrests of human rights defenders as well as slow progress on labour rights. It called on Vietnam to uphold human rights and fundamental freedoms, and refrain from arrests. Head of the EU Delegation to the UN, Ambassador Lotte Knudsen, emphasised that such arrests exert a ‘chilling effect’ on freedoms of expression, assembly and association (as cited in *The Vietnamese Magazine*, 2025). She called upon Vietnam to release all individuals detained for peacefully expressing their views and to ensure that civil society can participate freely in all aspects of development without harassment or intimidation.

On 21 July 2025, the EU and Vietnam held their annual Human Rights Dialogue during which the EU recognised the recent legislative amendments in the area of labour rights through the Vietnam Trade Union Law, which entered into effect on 1 July 2025 (EEAS Press Team, 2025). A key amendment in Vietnam’s Trade Union Law (Article 5) stipulates that foreign workers employed in Vietnam under labour contracts lasting 12 months or more are allowed to join trade unions at their workplaces (Hanh, 2025). The EU also placed particular importance on Vietnam ratifying ILO Convention No. 87 as well as the decree on worker’s representative organisations and collective bargaining. Despite these legislative updates, concerns remain over effective implementation and enforcement. Independent observers note that while the Trade Union Law broadens formal rights on paper, in practice workers and activists still face restrictions. Some also point out that oversight of union activities continues to limit these unions’ true independence. The EU has indicated that it will continue to monitor Vietnam’s compliance with the EVFTA’s labour and human rights provisions. As such, ratification of Convention No. 87 and workers representation remain critical benchmarks for evaluating Vietnam’s commitment to international labour standards in the EVFTA and the consideration of these issues are a key case study for EU FTAs with other developing countries that may have less human and labour rights infrastructure.

## Conclusion

The EVFTA represents a milestone in the EU's trade policy and its deeper engagement with the Indo-Pacific region. As one of the EU's most comprehensive 'new-generation' FTAs with a developing country, it has strengthened bilateral relations, enhanced market access and facilitated Vietnam's integration into global value chains. Its rapid tariff liberalisation schedule as well as provisions on services and intellectual property have generated mutual economic benefits and promoted greater market diversification for both parties.

Beyond its economic scope, the EVFTA reveals the EU's dual role as both economic and normative actor. By incorporating TSD commitments on human rights, labour standards and sustainable development into its 'new-generation' FTAs, the EU exercises normative power to promote its nine core values through trade policy. This conditionality often requires developing partners like Vietnam to adapt their domestic laws and regulatory frameworks to meet European standards. As such, Vietnam's one-party government has enacted legislative reforms to the Trade Union Law and ratification of key ILO Conventions, reflecting developing alignment with the EU's expectations.

Although Vietnam has made gradual progress towards labour reforms and ratifying core ILO Conventions, persistent concerns over human rights and freedom of association highlight the challenges of enforcing value-based trade provisions in the EVFTA. The agreement ultimately reflects the EU's complex balancing act between economic pragmatism and normative credibility, particularly in postcolonial contexts where trade becomes both a vehicle for cooperation and a site of contestation over power, values and sovereignty.

# Appendices

## Appendix A: EU trade flows in goods

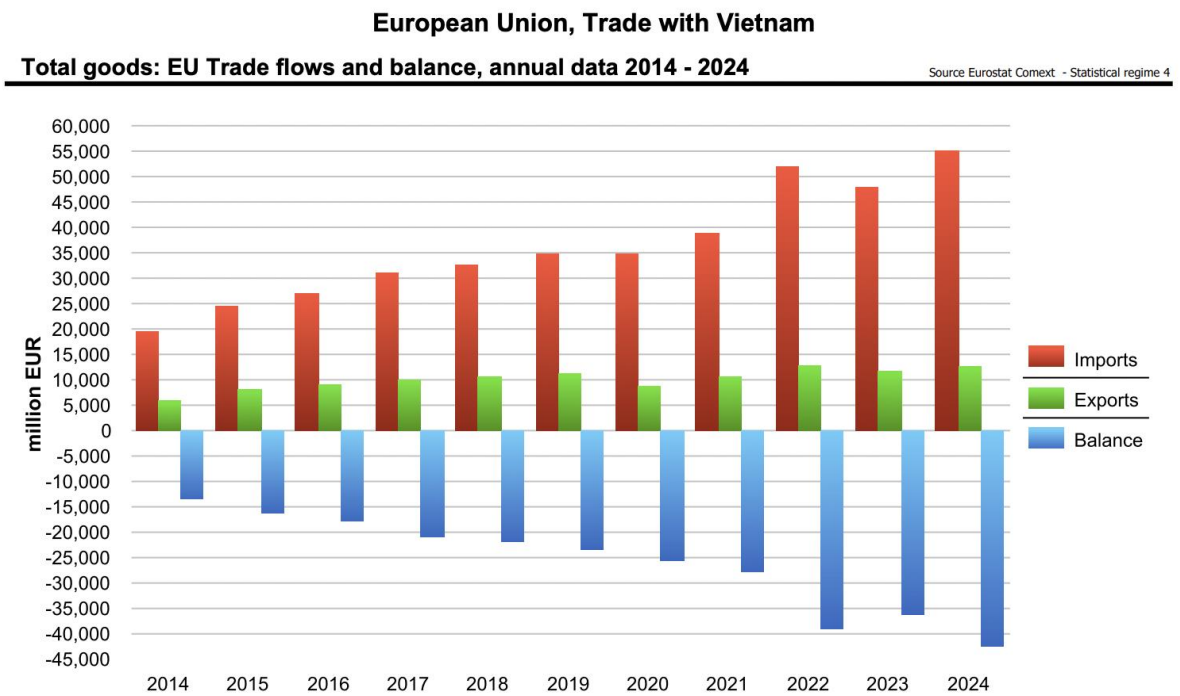
The EVFTA has influenced the relative trade flows between the EU and Vietnam from its entry into force to 2020.

From 2014 to 2019, prior to the EVFTA's implementation, the EU's imports from Vietnam rose steadily from approximately €18 million to around €30 million, reflecting Vietnam's growing integration into global value chains and its competitiveness in manufacturing sectors such as textiles, electronics and machinery. EU exports to Vietnam also increased steadily during this period from €6 million to €11 million, though at a slower rate, resulting in an ongoing trade deficit.

After the EVFTA's implementation in 2020, imports from Vietnam accelerated rapidly and surpassed €50 million by 2024, while EU exports reached around €13 million. The top export categories from the EU to Vietnam are transport equipment, pharmaceutical products, as well as high-end electronic devices and machinery. This increasing imbalance highlights how Vietnam has benefited from tariff liberalisation, particularly through exporting goods. In the service sector on the other hand, the trade balance is positive but too weak to affect the overall balance of trade.

In 2024, the EU's trade deficit exceeded €40 million. However, it is too early to conclude that the EU is 'losing out', given that the FTA's implementation is gradual and only halfway through the process of eliminating customs duties on European exports to Vietnam, a process scheduled to continue until 2030 (Brugier, 2025).

The EU's engagement with Vietnam also reflects its strategic objective to diversify markets and secure reliable supply chains for key goods. Thus, the EU may be willing to tolerate a growing trade deficit in exchange for long-term economic and geopolitical benefits including strengthened presence in the Indo-Pacific and reduced dependence on other major economies like the US and China.



*Source: European Commission, 2025*

## Appendix B: Factsheet

### **Tariff and market access**

By the end of the transition period, 99% of tariffs – covering nearly all trade value – were eliminated on non-trade barriers, international standards, competition policy and public procurement.

### **Economic impact**

The World Bank estimates that by 2030 the EVFTA is expected to increase Vietnam's GDP by 2.4% and exports to the EU by 20% (The World Bank, 2020).

### **Trade performance**

- The total two-way trade between the EU and Vietnam approximately reached US \$298 billion between August 2020 and May 2025 alone, accounting for 40% of total trade recorded between partners in the previous 30 years (Hoang, 2025).
- Vietnam's trade balance is heavily in its favour: exports to the EU are over three times higher than EU exports to Vietnam (Russell, 2018).
- Vietnam's key exports to the EU are: electronics, textiles, footwear, coffee, rice and seafood.
- EU's key exports to Vietnam are: high-tech goods including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products (Morris, 2025).

### **Trade rankings**

- Vietnam is the EU's 17th-largest trade partner globally.
- Within ASEAN, Vietnam is the EU's second-largest trade partner, after Singapore.

## References

- Alcázar III, A. S. M., Nessel, C. & Orbie, J. (2023). Decolonising EU Trade Relations with the Global Souths? *Journal of Contemporary European Research*, 19(2), pp. 181–206.  
<https://doi.org/10.30950/jcer.v19i2.1295>
- Brugier, C. (2025, September 25). Review of the EU–Vietnam Free Trade Agreement 5 years on. *Upplify.com*. <https://market-insights.upply.com/en/review-of-the-eu-vietnam-free-trade-agreement-5-years-on>
- Dang, C. L. (2023). *Balancing Conflicting Rights of Geographical Indications in Vietnam*. Tilleke & Gibbins. <https://www.tilleke.com/insights/balancing-conflicting-rights-of-geographical-indications-in-vietnam/>
- Delegation of the European Union to Vietnam. (2020). *Guide to the EU-Vietnam trade and investment agreements*. EU-Vietnam Trade Hub.  
[https://www.eeas.europa.eu/sites/default/files/eu\\_fta\\_guide\\_final.pdf](https://www.eeas.europa.eu/sites/default/files/eu_fta_guide_final.pdf)
- EEAS Press Team. (2025, July 21). Viet Nam: Annual EU–Viet Nam Human Rights Dialogue takes place in Hanoi. *EEAS*. [https://www.eeas.europa.eu/eeas/viet-nam-annual-eu-viet-nam-human-rights-dialogue-takes-place-hanoi\\_en](https://www.eeas.europa.eu/eeas/viet-nam-annual-eu-viet-nam-human-rights-dialogue-takes-place-hanoi_en)
- European Chamber of Commerce in Vietnam. (2018). *The EU-Vietnam Free Trade Agreement: Perspectives from Vietnam*. European Chamber of Commerce in Vietnam.  
<https://eurochamvn.glueup.com/resources/protected/organization/726/event/10544/d934e44e-051b-40ac-8fbf-c7f7c5b0648a.pdf>
- European Commission. (2025). *EU trade in goods with South Korea – Factsheet*. Brussels: European Commission.  
[https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_vietnam\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_vietnam_en.pdf)
- European Council. (2020, March 30). EU-Vietnam: Council gives final green light to free trade agreement. *Consilium*. <https://www.consilium.europa.eu/en/press/press-releases/2020/03/30/eu-vietnam-council-gives-final-green-light-to-free-trade-agreement/>
- European Union. (2020). *EU-Vietnam: Texts of the agreement*. European Union. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2020:186:FULL&from=EN>

Directorate-General for Communication. (2018, October 17). EU-Vietnam Trade Agreement. *European Commission*.

[https://ec.europa.eu/commission/presscorner/detail/en/memo\\_18\\_6128](https://ec.europa.eu/commission/presscorner/detail/en/memo_18_6128)

Directorate-General for Communication. (2020, February 12). Commission welcomes European Parliament's approval of EU-Vietnam trade and investment agreements. *European Commission*. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_227](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_227)

Hanh, V. N. (2025, January 3). Vietnam: New Trade Union Law allows foreign workers to join trade unions; key changes still restrict union activities. *Business & Human Rights Resource Centre*. <https://www.business-humanrights.org/en/latest-news/vietnam-new-trade-union-law-allows-foreign-workers-to-join-trade-unions-key-changes-still-restrict-union-activities/>

Hoang, T. (2025, August 1). EVFTA Turns Five: Nearly \$300 Billion in Trade and Growing. *EuroCham*. <https://www.eurochamvn.org/evfta-turns-five-nearly-300-billion-in-trade-and-growing/>

ILO News. (2020, June 8). ILO welcomes milestone to end forced labour in Viet Nam. *International Labour Organization*. <https://www.ilo.org/resource/news/ilo-welcomes-milestone-end-forced-labour-viet-nam>

ILO News. (2021, May 20). ILO, Viet Nam join force to promote international labour standards and decent work for all. *International Labour Organization*. <https://www.ilo.org/resource/news/ilo-viet-nam-join-force-promote-international-labour-standards-and-decent>

International Federation for Human Rights. (2025). *Vietnam's systematic attack on civil society breaches the free trade agreement with the EU, new complaint argues*. International Federation for Human Rights. <https://www.fidh.org/en/issues/business-human-rights-environment/trade-and-investment-agreements/eu-vietnam-free-trade-agreement-complaint-civil-society-crackdown>

International Labour Organization. (1948). *Freedom of Association and Protection of the Right to Organise Convention, No. 87*. International Labour Organization. [https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTR](https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTR)

UMENT\_ID:312232

Khoát, N.X. & Cismas, L.M. (2019). The EU-Vietnam Free Trade Agreement (EVFTA) Opportunity and Challenges for Vietnam. *Ecoforum*, 8(2), pp. 38–51.

<https://ecoforumjournal.ro/index.php/eco/article/view/2049>

Le, H. (2017). *Trade liberalisation and development: Impacts on Vietnam*. Working Paper No. 03/2017. World Trade Institute. [https://www.wti.org/media/filer\\_public/38/21/38219e5a-89c5-487c-b1de-e8fbf1e9167d/working\\_paper\\_no\\_03\\_2017\\_le\\_thu\\_ha.pdf](https://www.wti.org/media/filer_public/38/21/38219e5a-89c5-487c-b1de-e8fbf1e9167d/working_paper_no_03_2017_le_thu_ha.pdf)

Manners, I. (2002). Normative Power Europe: A Contradiction in Terms?, *Journal of Common Market Studies*, 40(2), pp. 235–258. <https://doi.org/10.1111/1468-5965.00353>

Marslev, K. & Staritz, C. (2022). Towards a Stronger EU Approach on the trade-labor nexus? the EU–Vietnam Free Trade Agreement, Social Struggles and Labor Reforms in Vietnam.

*Review of International Political Economy*, 30(3), pp. 561-571.

<https://doi.org/10.1080/09692290.2022.2056903>

Morris, D. (2025, January 22). Vietnam investment review interviewing dr oliver massmann on impact of the EU Vietnam Free Trade Agreement and investment protection agreement.

*Lexology*. <https://www.lexology.com/library/detail.aspx?g=098386a7-904c-44b2-b893-94f223ef44ed>.

Navasartian, A. (2020). EU –Vietnam Free Trade Agreement: Insights on the Substantial and Procedural Guarantees for Labour Protection in Vietnam. *European Papers*, 5(1), pp. 561–571.

Nessel, C. & Verhaeghe, E. (2022). ‘A Force for Good’: The Narrative Construction of Ethical EU–Vietnam Trade Relations. *JCMS: Journal of Common Market Studies*, 60(3), pp.

741–758. <https://doi.org/10.1111/jcms.13284>

Russell, M. (2018). *International Agreements in Progress: EU –Vietnam Free Trade Agreement*. European Parliamentary Research Service Briefing.

[https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI%282018%29614702](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI%282018%29614702)

Sifton, J. (2025, September 24). EU –Vietnam Trade Agreement Has Failed to Promote Rights. *Human Rights Watch*. <https://www.hrw.org/news/2025/09/24/eu-vietnam-trade->

agreement-has-failed-to-promote-rights

The Vietnamese Magazine. (2025, March 10). EU Criticizes Vietnam’s Crackdown on Activists in UN Rights Council Address. *The Vietnamese Magazine*.

<https://www.thevietnamese.org/2025/03/eu-criticizes-vietnams-crackdown-on-activists-in-un-rights-council-address/>

Thu, M.H. & Schweißhelm, E. (2020). *Labour rights and civil society empowerment in the EU–Vietnam Free Trade Agreement*. (Working Paper No. 135). Institute for International Political Economy. <https://www.proquest.com/working-papers/labour-rights-civil-society-empowerment-eu/docview/2586273535/se-2?accountid=13552>

Trang, N.T.T. (2023). *EU–Vietnam Free Trade Agreement; Challenges of the “new generation” European Union-Vietnam Free Trade Agreement (EVFTA)*. Friedrich Naumann Foundation For Freedom. <https://www.freiheit.org/vietnam/eu-vietnam-free-trade-agreement-evfta>

Vietnam Chamber of Commerce and Industry. (2020). *Summary of the EU–Vietnam Free Trade Agreement (EVFTA)*. WTO Centre. <https://wtocenter.vn/file/18176/ttwto-tom-luoc-evfta-final--eng.pdf>

World Bank. (2020). *Vietnam: Deepening international integration and implementing the EVFTA*. Washington, DC: World Bank Group.

<https://documents1.worldbank.org/curated/en/866871589557725251/pdf/Vietnam-Deepening-International-Integration-and-Implementing-the-EVFTA.pdf>