

EU-Vietnam Free Trade Agreement



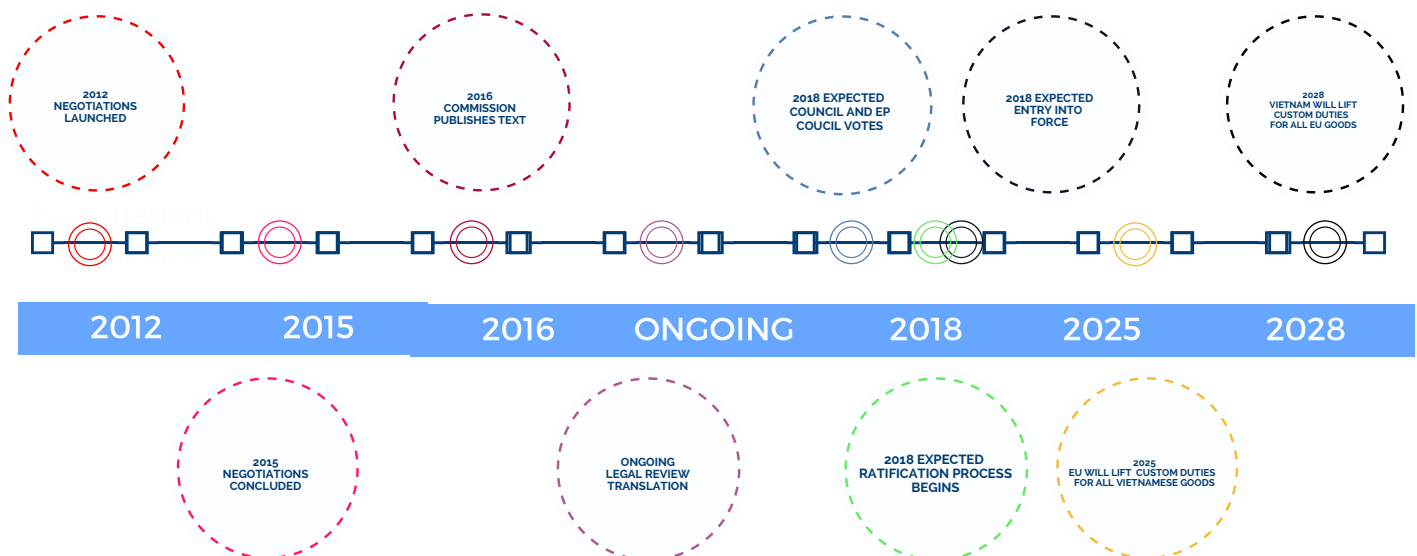
The European Union and Vietnam concluded the negotiations of the Free Trade Agreement at the end of 2015. FESI welcomed the conclusion of such FTA, being it one of the most advanced and ambitious trade agreements that the EU has ever finalised with a developing country.

The EU-Vietnam FTA is currently undergoing the legal review and the translation into the EU's official languages and Vietnamese. Following this stage, the ratification process will start. FESI urges EU institutions to swiftly ratify the EU-Vietnam FTA. FESI believes that the entry into force of the FTA between the EU and Vietnam, which fully liberalises all tariff lines and eliminates duties as well as non-trade barriers, will create the much needed economic growth and jobs for both trading partners.

The Sporting Goods Industry is fully aware of the challenges that concern labour rights and working conditions in Vietnam and is actively engaging with factory partners, independent organisations and international programmes and partnerships to address these challenges. FESI encourages Vietnam to pursue its efforts to ratify and implement the core ILO and environmental conventions.


NOTHING IS MORE EXPENSIVE
THAN A MISSED OPPORTUNITY

EU-Vietnam FTA Timeline



- EU duties on textile apparel have dismantling periods stretching from five to seven years for the more sensitive items and three years and entry into force for less sensitive goods. Footwear also gets the longest EU staging of seven years for sensitive EU items and three years or entry into force on items which are less sensitive.
- On footwear, Vietnam agreed on a solution based on an ex-out definition, which enables liberalisation of athletic/sports footwear either at entry into force or in three years; the rest of the footwear products will be liberalised in seven years. (Source: EC guide on EU-Vietnam FTA).

Vietnam and the Sporting Goods Industry



4.5 million people were employed by the garment and textile sector in 2014

Source: Vietnam Country Study 2015 Fair Wear Foundation

4000 textile and footwear enterprises in 2014

Source: Vietnam Country Study 2015 Fair Wear Foundation

“ We are glad that the EU and Vietnam were able to negotiate one of the most advanced trade agreements, for the benefit of both parties and the promotion of free and sustainable trade! ”

Dr. Karl Sedlmeyer, FESI Trade and Customs Chairman.

Footwear is the 2nd EU imported category of goods

Source: Vietnam Customs, EU Guide to the [EU-Vietnam FTA](#)

HIGHLIGHTS FROM SOME OF OUR MEMBERS

CASE STUDY #1

- 18 goods supplier factories
- 27,000 employees
- In 2017 third party Corporate Responsibility programme covering child labour, forced labour, harassment, discrimination, collective bargaining among others scored 96/100 with 0 critical findings.
- HIGG Facility Environmental Module is used to assess suppliers to comply with REACH and Restricted Substance List regulations.

CASE STUDY #2

- No child labour case has been found
- 60% of factories have been rated "Good" or better
- In 2016 under one programme a FESI member conducted 171 compliance trainings for suppliers to increase the safety and well-being of workers
- Environmental and social programmes were developed including waste management, environment community and the Short Message Service grievance system.



Living standards in Vietnam...

have significantly improved in the last years.

Better Work Vietnam in partnership with International Labour Organisation Annual Report 2017 states:

- No instances of child labour
- Less than 5% gender discrimination found in assessed factories
- No Forced Labour

Fair Wear Foundation 2015 Vietnam Country Study found:

- Progress was made in closing the gender gap (ranking higher than China and India)
- Implementation of Workplace Education Programme (raising workers' awareness of their rights grievance mechanisms)
- Actions were taken to reduce excessive overtime and getting more insight into subcontractor locations, health and safety remediation

MINIMUM WAGE INCREASE

+275%

Ho Chi Minh city, Hanoi, other regions from 2008-2017
Source: Trading Economics

1000 VND Thousand/month (2008) - 3750 VND Thousand/month (2017)

POVERTY RATIO

-35%

Poverty headcount ratio at national poverty lines from 2010 to 2014 (% of population)
Source: World Bank

20.7% of population (2010) - 13.5% percent of population (2014)

GNI PER CAPITA

+141%

from 2007 to 2016 Atlas method
Source: World Bank

850\$ per month (2007) - 2050\$ per month (2016)

Vietnam-EU Trade and its development

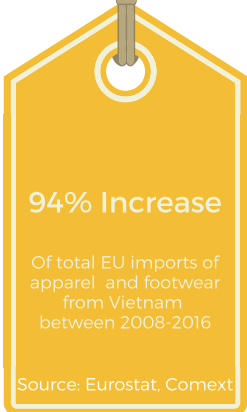
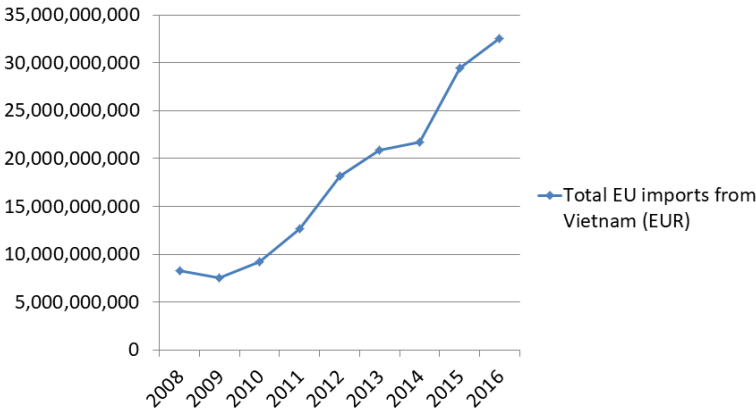
1986

Vietnam implemented market reforms known as **Đổi Mới** which together with EU assistance led the country's remarkable economic progress.

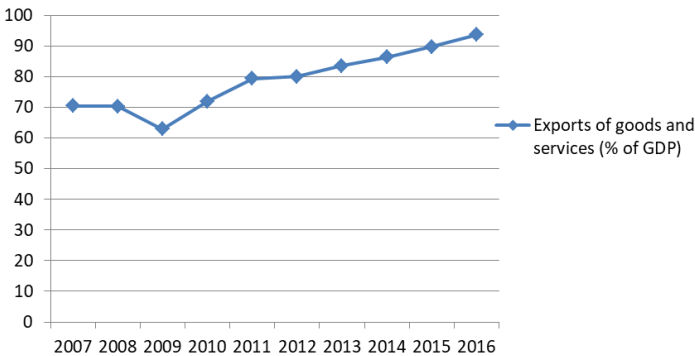
2050\$

With an average per capita annual income of 2050\$ in 2016, Vietnam is classified as a lower middle-income country. (Source: World Bank Atlas method)

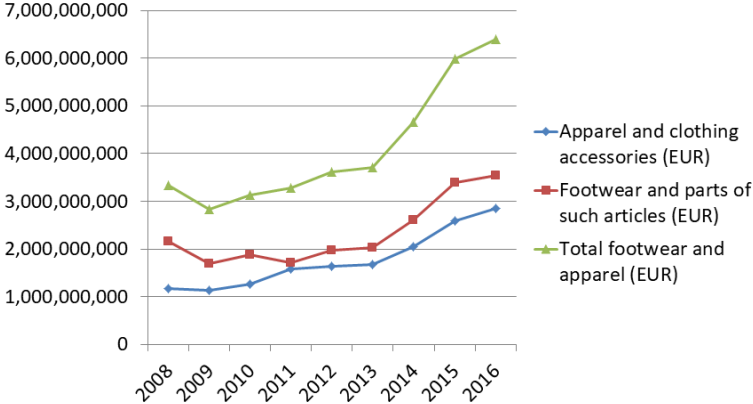
Total EU Imports from Vietnam (Eurostat, Comext)



Vietnam's exports of goods and services (World Bank)



EU imports of apparel and footwear from Vietnam



Although FESI believes that an EU-Vietnam free trade agreement would be beneficial to both parties we would like to underline that existing challenges concerning labour rights and working conditions in Vietnam still exist.

The Sporting Goods Industry is fully aware of them and is actively engaging with factory partners, independent organisations and international programmes and partnerships to address these challenges.