



EU-Vietnam Trade Agreement Benefits for SMEs

For small and medium-sized enterprises (SMEs), barriers to trade are much harder to overcome than for larger companies which tend to have more resources to draw on. This is why SMEs have to struggle harder to get their goods across borders or to meet local requirements for the service they want to deliver. And yet, SMEs represent 80% of all EU exporters and they represent more than one-third of the value of our exports.

The agreements the EU has concluded with Vietnam will help our SMEs increase their exports to Vietnam. Why? (1) Because Vietnam is an attractive market for SMEs. (2) Because the agreements contain many provisions that make doing business easier and at a lower cost. (3) And because the Commission has a number of additional tools to help SMEs take advantage of the agreements with Vietnam

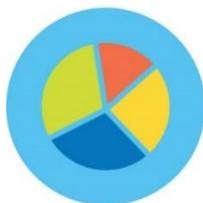
1. VIETNAM AS AN ATTRACTIVE MARKET FOR SMES.



Vietnam is one of **the fastest growing economies** in the world. It is also a hub for EU companies to set up production and exporting facilities as Vietnam is a central location within ASEAN countries.



The EU will have for the first time preferential access to a **vibrant economy** of almost 100 million inhabitants with the **fastest growing middle class** in ASEAN and a young and dynamic workforce.



The trade agreements with Vietnam are the **most ambitious** the EU has ever concluded with a developing country. Through these trade agreements, Vietnam will consolidate its process **of integration in the global economy**.

2. HOW WILL THE AGREEMENT BENEFIT SMES?

Elimination of tariffs

EU SMEs will be able to export to Vietnam without having to pay tariffs. Some products, like almost all machinery and appliances and all textiles, will be free from any duty from the date of entry into force. The same applies to around half of the EU's pharmaceutical products. For other products, tariffs will be reduced over time and will be eliminated no later than ten years after the entry into force of the trade agreement.

Reduction of Non-tariff barriers

Regulatory practices in Vietnam should become more simple, transparent and predictable, as they will progressively be aligned with international standards.

Sanitary and phytosanitary measures

Agri-food exports will be facilitated thanks to the recognition of the EU as a single entity, which will introduce transparency and streamlined procedures for the approval of EU exports.

Services trade liberalisation

The trade agreement will result in an improvement of market conditions in many service sectors. For example, in the retail sector, companies that want to open more than one retail outlet will be able to do so, without an economic need test (ENT), within 5 years from the entry into force of the Agreement.

Liberalisation of FDI in manufacturing sectors

Approval of foreign direct investments will become easier as Vietnam has committed to remove administrative hurdles for evaluation.

Intellectual Property Rights (IPR)

IP right holders will be granted strengthened legal protection and can take more effective and efficient action against IPR infringements.

Geographical indications

The EU is also a big exporter of distinctive regional food and drink products, many of which are produced predominantly by SMEs. These products enjoy a special status known as a 'Geographical Indication', which lets consumers know that they are the genuine product. Vietnam has recognised 169 EU GIs and awarded a level of protection on par to that offer by EU legislation

Customs and trade facilitation

SMEs will benefit from simplified customs rules, requirements and formalities. Additionally, fees and charges shall not exceed the approximate cost of the services provided. Economic operators, including SMEs, will have the possibility to maintain regular contact with border agencies in order to solve problems at the border.

Global Value Chain integration

SMEs that import goods from outside the EU will stand to gain from the increased availability, at lower prices, of Vietnamese products and inputs.

Public procurement

European companies will also have better access to the Vietnamese public procurement markets than companies of any other third country. Vietnam has agreed to develop, after a transitional period of ten years, a central web portal for advertising procurement contracts and will publish summaries of procurement notices in English.

3. DG TRADE TOOLS TO HELP SMES BENEFIT FROM THE AGREEMENTS



Trade and Investment Agreements can indeed be complex to navigate. In order to facilitate their understanding, the EU has prepared a practical Guide (updated in 2019) which explains in clear and simple language the main outcomes and achievements of the agreements with Vietnam.

https://trade.ec.europa.eu/doclib/docs/2016/june/tradoc_154622.pdf



The South East Asia IPR Helpdesk provides information and services on Intellectual Property rights. Training materials and online resources are available at no cost.

<https://www.southeastasia-iprhelpdesk.eu/>



The Market Access Data Base platform operated by the European Commission also provides information free of charge about import conditions in Vietnam to companies exporting from the EU. <https://madb.europa.eu/madb/>