

Spread the impact from EVIPA

Reflecting on the achievements of Vietnam's foreign affairs in general and including foreign investment in particular, it shows: EVIPA - Investment protection agreement between Vietnam and the European Union, after many years of negotiations together with the Free Trade Agreement (EVFTA) officially signed on June 30, 2019, is a remarkable achievement.

Business Times would like to introduce the article by Phan Huu Thang on this EVIPA Agreement when preparing to enter a new year with many new challenges in attracting and managing foreign investment.

Adapting to new conditions

Review and revise the Agreement on investment encouragement and protection between Vietnam and other countries and territories, especially those of such type concluded bilaterally between Vietnam and EU members. as with Italy (May 18, 1990), with the Belgian Union and Luxemburg (January 24, 1991) ... and with other EU countries such as Sweden, Finland, Netherlands, Hungary, Poland, Romania, Austria ..., showing that in all those Agreements, the Government of Vietnam and the Governments of the signatory countries are consistent with contents such as "Desiring to create favorable conditions for more advanced economic cooperation." between Contracting States and in particular concerning the investments of investors of one Contracting State on the territory of the other Contracting State ", " mutual protection of those investments based on international agreements will contribute to promoting entrepreneurial initiatives and increasing the prosperity of the two signatories "(like IPA between Vietnam and Italy in 1990).

Or more specifically as IPA between Vietnam and Estonia on September 24, 2009, when "Recognizing the need to protect the investment of one contracting party in the territory of the other contracting party on a non-discriminatory behavior"; "The same desire

to promote stronger economic cooperation between the two sides in strengthening private capital flows and economic development of both countries based on a stable framework for investment to contribute to maximize the effective use economic resources and improve living standards, promote respect for the rights of workers recognized internationally "; ...

Apparently, from 1990 (Agreement on Investment Promotion and Protection with Italy) to 2009 (also this Agreement with Estonia) and more recently the Investment Protection Agreement (IPA - as IPA was separated in the past The process of negotiating the FTA between Vietnam and the EU) has been tested concretized, consistent with the development of the economy and international investment, as well as the economic-political context of each country regions and conditions of Vietnam.

Difference between EVIPA and previous IPA

The EVIPA Agreement was legally reviewed in August 2018 and moved from bilateral to multilateral because it must be approved by both the European Parliament and the EU Member States Parliament before it can be implemented.

The majority of bilateral commitments are respected and both the EU and Vietnam are committed to giving national treatment and most favored nation treatment to the investment of the other investor as well as fair treatment. , satisfactory, safe and adequate protection, allowing the free transfer of capital and profits from investment abroad, undertaking not to confiscate and nationalize investors' assets without adequate compensation.

In particular, the commitment in EVIPA is more detailed and more progressive than the previous Investment Promotion and Protection Agreements that Vietnam has signed with other EU member states, which will help Vietnam achieve its balance between attracting investment and protecting national interests.

For example, there are clear criteria for each act that the State cannot perform; Supplementing several regulations to ensure the right to adjust the policies of the host country, especially for policies on protecting public health, environmental safety, consumers and cultural diversity. ...; formulating a mechanism for resolving permanent investment disputes instead of case-based mechanisms, whereby disputes are settled at the standing trial agency with two levels of primary and appellate trials with members from Vietnam. South and EU choose ...

The highlight of the signing of EVIPA is that the IPA negotiation process with the EU has been closely linked to the negotiation process and reached the conclusion of the two EVFTA and EVIPA agreements (October 17, 2018, the European Commission has officially through EVFTA and EVIPA; on June 25, 2019, the European Council approved the signing of agreements).

Accordingly, the commitments at EVFTA on trade and services are higher than those of WTO as well as EU's commitments with other partners: such as eliminating Vietnam's import tax to EU (after 7 years since the Agreement In effect, the EU will abolish 99.2% of tariff lines) that will contribute to boosting investment from the EU and other countries into Vietnam.

Moreover, the extensive investment commitments in EVIPA will replace bilateral investment incentive and protection agreements between Vietnam and EU member countries, which will create more favorable conditions for investors. EU investment and business in Vietnam.

The sectors that Vietnam pledges to be more favorable to the EU include many specialized services, financial services, telecommunications services, transportation services, distribution services as well as areas where the EU has strengths. Such as the

manufacturing industry, clean energy, renewable energy ... will be areas of interest to EU investors in the coming time.

Take advantage of new opportunities

In the new context that the signing of EVIPA, showing advantages is still more than challenging.

The challenge is that Vietnamese enterprises still have weaker points than the EU-investors because most are small and medium enterprises, lack of capital, lack of high-tech technology, lack of experience in management and communication. market news ...

The advantage is that EU investors have technology, capital, market and have a keen interest in business as well as a sense of responsibility in international investment, especially requiring and transparent law enforcement and enforcement. commitment to business investment in the host country ... Therefore, if Vietnamese businesses know how to seize opportunities from EVIPA (and from EVFTA) to bring, know the link to have enough capital, enough management experience. managing and grasping international market trends, taking advantage of the incentives that the Government is creating conditions for Vietnamese enterprises to develop, confidently and proactively finding suitable projects to implement, Vietnamese businesses will succeed in investment cooperation with EU investors.

Therefore, for the implementation of EVIPA to be effective, consistent with the orientation to attract foreign investment in the coming period stated by the Politburo's Resolution 50-NQ / TW of August 20, 2019, it is necessary to have a national action plan to implement this important investment agreement to improve the quality of foreign capital inflows into Vietnam (not focusing too much on the registered capital) in the coming period. Especially in the context of Vietnam moving towards the digital economy and the achievements of Industry 4.0 and still about 150 billion USD of registered FDI in many existing industries has not been disbursed.

Vietnam also needs appropriate measures to eliminate and prevent foreign investors from taking advantage of EVIPA (and EVFTA) to invest in Vietnam to benefit from these Agreements, affecting prestige, credit and competitiveness of Vietnam's investment environment.

At the same time, Vietnam needs to continue improving and improving the competitiveness of Vietnam's investment environment, such as continuing to improve the legal system of policies and policies related to investment, businesses, land, planning, etc; continue to reform administrative procedures, improve the quality of public services.

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