

AGREEMENT**between the European Community and the Government of the Socialist Republic of Vietnam on market access**

THE EUROPEAN COMMUNITY

and

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM

hereinafter referred to collectively as the 'Parties' and individually as the 'Party',

ACKNOWLEDGING the importance of coordinating and strengthening the friendship, cooperation and interaction between the Socialist Republic of Vietnam and the European Community; and

DESIRING to develop and broaden trade and investment relations between the Socialist Republic of Vietnam and the European Community,

HAVE AGREED AS FOLLOWS:

Article 1

From 1 January 2005, the European Community shall suspend, with the aim of elimination, the textile and clothing quotas imposed on the Socialist Republic of Vietnam.

Article 2

From 1 January 2005, the Socialist Republic of Vietnam shall:

— apply the tariffs for clothing, fabrics and made-up articles and fibres at the levels as committed by Vietnam in the Agreement on trade in textiles and clothing and other market opening measures initialled in Hanoi on 15 February 2003 ⁽¹⁾,

— apply a tariff rate of 5 % for yarns,

— apply a tariff rate of 65 % for wines and spirits,

— grant to European Community investors and services providers treatment no less favourable than that accorded to US investors and services suppliers as provided for in the Investment and Trade in Services Chapters of the Bilateral Trade Agreement between the Socialist Republic of Vietnam and the United States of America and the relevant Annexes thereof,

— allow European Community operators to invest in cement and clinker production, subject to the regulations applied in this sector in Vietnam. These regulations are non-discriminatory,

— allow European Community investors in the telecommunications sector, currently operating under Business Co-operation Contracts with Vietnamese operators, to have the possibility to renew current arrangements or to convert them into another form of establishment with conditions no less favourable than those they currently enjoy, in accordance with the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,

— eliminate restriction on the customers to whom European Community suppliers of computer services, construction services, engineering, integrated engineering, architectural services and urban planning services, which are currently operating in Vietnam, provide the services,

— consider granting licences, on a case-by-case basis and under the conditions set forth in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004, for the European Community's operators to establish 100 % European Community-owned enterprises in Vietnam to provide computer services, construction services, engineering, integrated engineering, architectural services and urban planning services without restrictions on the customers to whom these services are provided,

— allow 4 (four) European Community pharmaceutical firms to carry out toll manufacturing in Vietnam without license transfer and while retaining their authorisation to market the imported products,

⁽¹⁾ Published in the *Official Journal of the European Union* L 152, 26.6.2003, p. 42, as 'Agreement in the form of Exchange of Letters amending the Agreement between the European Community and the Socialist Republic of Vietnam on trade in textile and clothing products and other market opening measures, as last amended by the Agreement in the form of an Exchange of Letters initialled on 31 March 2000'.

- allow European Community companies to establish joint ventures with Vietnamese partners, without limitation on European Community capital contribution, in order to invest in construction of office buildings and apartments for sale and lease, subject to Vietnam's laws and regulations on property sale and lease.

Article 3

No later than 31 March 2005, the Socialist Republic of Vietnam shall:

- grant to 1 (one) European Community distributor a licence to establish a 100 % European Community-owned enterprise in Vietnam, subject to the conditions provided for in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,
 - grant to 1 (one) European Community insurer a licence to operate in the life insurance sector in Vietnam,
 - allow joint ventures with 51 % capital contribution by European Community shipping lines, and allow 1 (one) European Community shipping line to set up a 100 % European Community-invested enterprise in Vietnam to carry out activities of its own shipping line, under the conditions provided for in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,
 - grant to 1 (one) European Community service supplier a licence to provide computer reservation system services in Vietnam, under the conditions provided for in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,
 - grant tariff quota for the importation of 3 500 units of Completely Built Units (CBU) of motorbikes or scooters of European Community origin at 70 % of the current tariff rate. At least 50 % of these quotas shall be allocated to Vietnamese agents and distributors duly authorised by European Community manufacturers.
- grant to European Community investors treatment no less favourable than that accorded to Japanese investors as provided for in the Bilateral Investment Agreement (BIT) between the Socialist Republic of Vietnam and Japan, upon the entry into force of the said Agreement,
 - in 2005 and 2006, grant 3 (three) licences to European Community suppliers of environmental services to operate in Vietnam as 100 % European Community-owned enterprises, for providing environmental services, except environmental impact assessment services, subject to the scope of activities and conditions provided for in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,
 - allow European Community distributors, legally operating in Vietnam, to open 4 (four) more stores in 2005 and 2 (two) additional stores in 2006,
 - grant to 1 (one) European Community distributor a licence to operate in Vietnam as a 100 % European Community-owned enterprise in 2006, subject to the conditions provided for in the WTO Arrangement initialled by Vietnam and the European Community on 9 October 2004,
 - reduce the list of prohibited molecules to 5 to 7 molecules no later than December 2004, and abolish this list for the European Community no later than 31 December 2005.

Article 5

The European Community may reapply the textile and clothing quotas at the level of the total quantity of the textile and clothing quotas accorded by the European Community to Vietnam in 2004, increased by the annual growth rates provided for in the Agreement on trade in textiles and clothing and other market opening measures initialled in Hanoi on 15 February 2003, in the event that Vietnam fails to fulfil any of the obligations contained in Articles 2, 3 and 4 of this Agreement or in paragraph 9 of the 2003 Agreement cited above.

In the event that the European Community fails to fulfil its obligations under Article 1 of this Agreement or in paragraph 9 of the Agreement on trade in textiles and clothing and other market opening measures initialled in Hanoi on 15 February 2003, Vietnam may suspend the application of its commitments under Articles 2, 3 and 4 of this Agreement.

Article 4

The Socialist Republic of Vietnam shall:

Article 6

This Agreement shall enter into force upon the exchange of written notifications by the Parties of the completion of their respective internal procedures for that purpose.

Either Party may at any time propose modifications to this Agreement or denounce it, provided that at least six months' notice is given. In the event of denouncement, the Agreement shall come to an end on the expiry of the period of notice.

This Agreement will expire upon the date of accession of Vietnam to the WTO.

The Parties shall endeavour to complete their respective internal procedures with a view of implementing this Agreement by 31 December 2004.

Article 7

This Agreement shall be drawn up in duplicate in the Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Slovak, Slovenian, Spanish, Swedish and Vietnamese languages, each of these being equally authentic.

For the European Community

*For the Government
of the Socialist
Republic of Vietnam*
