

# WE WELCOME THE NEW #EVFTA !



*The Free Trade Agreement between the EU and Vietnam will unleash the full potential of the market, fueled by the country's sustained economic growth and dynamic demographics.*

*The FTA will deliver significant market access improvements for European spirits.*

## ✓ TARIFF LIBERALISATION

Vietnam will liberalize tariffs over a 7-year period. The 45% tariff for spirits and 50% for wine will be reduced to zero.

## ✓ USE OF REGIONAL HUBS

The rules of origin agreement will allow the use of regional hubs by EU exporters.

## ✓ NON-DISCRIMINATION OF IMPORTED SPIRITS

Vietnam will stop any discriminatory quantitative and/or qualitative vertical or horizontal restrictions on licensing.

## ✓ PROTECTION OF SPIRITS GEOGRAPHICAL INDICATIONS (GIS)

Leading spirits GIs are effectively recognised and protected (such as Armagnac, Calvados, Cognac, Grappa, Brandy de Jerez, Scotch Whisky, Irish Cream, Irish Whiskey, Swedish and Polish Vodka).

## ✓ SUPPORTING THE IMPLEMENTATION OF THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

With 70% of alcohol being unrecorded, Vietnam needs the #EVFTA to address some of the devastating effects this reality has on its development. Illicit means a loss in tax income which could be dedicated to improving public health, creating quality jobs and fighting criminal activities and corruption. By creating a framework for legal trade and investment on development, the FTA supports the achievement of SDGs 3 - 8 - 9 - 16 - 17 (Tracit Report).

*Overall, the FTA will provide a solid framework for cooperation, regulatory discussion & a dispute settlement mechanism.*

## TRADE AFTERCARE:

Trade Agreements are worth nothing unless they are effectively implemented in letter and spirit. We call on the European Institutions to step up their efforts by allocating more resources to enforcement and implementation !



# VIETNAM IS A PRIORITY MARKET FOR THE EUROPEAN SPIRITS SECTOR

*As tariffs have fallen as a result of Vietnam's WTO accession in 2007, EU spirits have seen their exports to Vietnam grow at steadily path.*

Direct exports of EU spirits to Vietnam reached €107 million in 2018. In reality, these figures are much higher as the majority of alcoholic beverages exported to Vietnam transit through distribution hubs (e.g. Singapore). Still, imports represent only 1% of the Vietnamese market, which is largely dominated by beer.

Vietnam is gaining a reputation within ASEAN and the region as an important destination for Foreign Direct Investment. To-date, EU investments in 53 out of 64 provinces reached US\$ 1.8bn - almost 2,000 projects from 24 EU countries - generating jobs & growth at local level.

The population in Vietnam is quickly approaching 100m. Every year, a million new consumers enter the legal drinking age.

Our products are enjoyed in hotels, bars, restaurants, clubs and at parties, with a growing, positive impact on tourism. The on-trade channel has developed rapidly in the past years.

## *Doing business in Vietnam does not go without challenges*

Successive reforms of the Special Consumption Tax (SCT), have doubled the tax burden on European importers, at the risk of cancelling out the benefits expected from the FTA.

In a country where 70% of the alcohol is unrecorded this puts an heavy and unfairly burden on legitimate producers. The UN has demonstrated the threat that illicit trade represents to the achievement of the SDGs.

We call on Vietnamese authorities to engage in a constructive dialogue to build and maintain a fair and reasonable tax system.



Our spirits are emblematic of the importance that Europeans attach to culture, tradition and highest quality standards. We are proud to share this rich heritage with consumers around the world.

Having doubled in the past 10 years- and reached €11,3bn in 2018 - exports are a major growth driver for Europe's spirits sector. Rising exports help to boost investment, jobs and growth in the many rural areas where spirits are produced.

## SPIRITS EXPORTS AT ALL-TIME HIGH € 12,5 BILLION

COMPARED WITH  
2018

**+9.9 %**  
in value

EVERY  
HOUR

**€1.3**  
million

COMPARED WITH  
2008

**+5**  
billion

*spiritsEUROPE aisbl proudly represents one of the most valuable European agri-food exports & with it the interests of the spirits sector in 31 national associations as well as of 10 leading multinational companies.*

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