

## ***Dutch business community in Vietnam applauds EVFTA***

*by Matthijs van den Broek*

*Vietnam may come out as Southeast-Asia's winner after the current corona crisis as the country is re-opening its economy and preparing for a new wave of foreign investments. The Dutch business community, represented by the Dutch Business Association in Vietnam (DBAV), is anticipating a prosperous era for Dutch companies eyeing to enter or expand in Vietnam.*

### **Post-COVID-19 era**

As countries are struggling to come to terms with the impact of the COVID-19 virus, Vietnam has shown the world how to contain the spread of the virus successfully. Since late-January this year, it has closely tracked individual infection cases, closed schools, enforced local lock-downs and introduced strict quarantine measures. The country has, rightfully so, received global praise for its timely and adequate response to the virus. Now that the Vietnamese economy is gradually being restarted, businesses are opening again and manufacturers are stepping up production, it is time to look ahead, to the post-Corona future. Vietnam is in the driver seat as far as establishing a “new normal” and regaining its growth path are concerned.

### **EU-Vietnam Free Trade Agreement (EVFTA)**

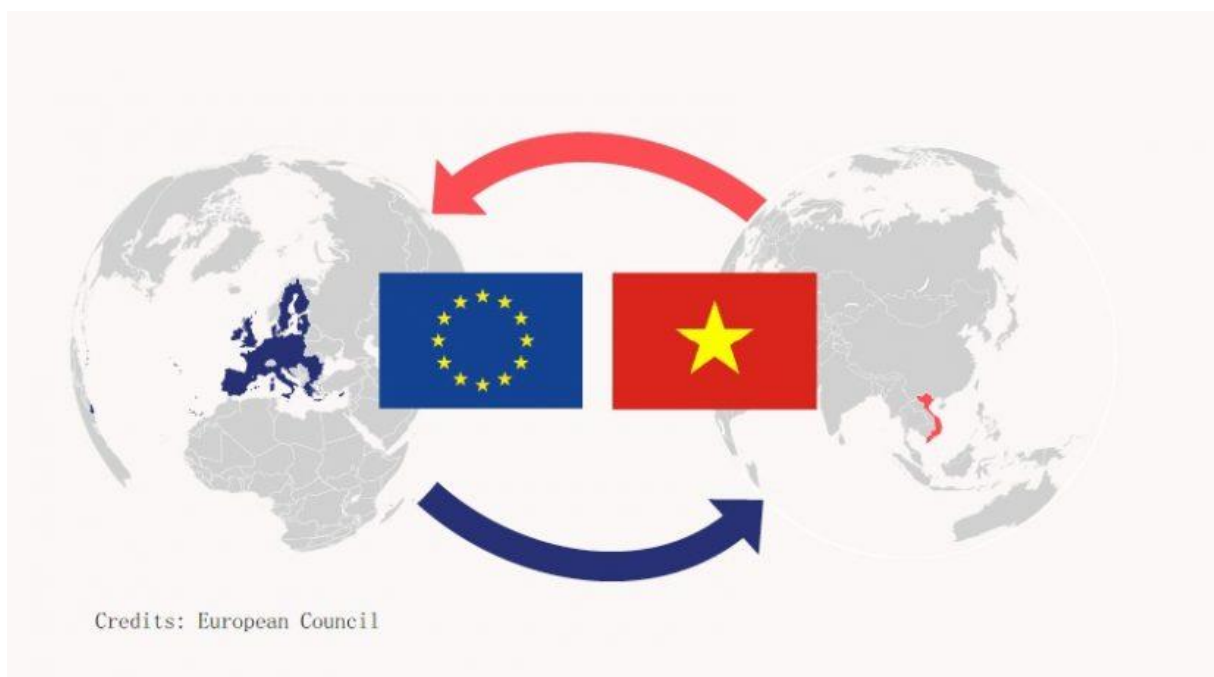
A true milestone for the Vietnamese economy is the EU-Vietnam Free Trade Agreement ([EVFTA](#)). Tentatively, on the 1<sup>st</sup> of July, this year, the EVFTA between the EU and Vietnam will take effect. In addition, the implementation of the Investment Protection Agreement (IPA) by Vietnam is expected to take place in the near future. The EVFTA will stepwise, over a period of 10 years, remove all tariffs between the two regions. The value of Vietnam's export to the EU is expected to increase by 20% in 2020 and by 44% in 2030. The EVFTA is likely to boost Vietnam's GDP growth by 2.18-3.25% in 2019-2023 and 4.57-5.30 % for the period 2024-2028. Bilateral agreements on the protection of foreign direct investment (FDI) are being replaced by the EU IPA.

### **EVFTA paves way for EU-ASEAN FTA**

This year, 2020, Vietnam has the Chairmanship of the [ASEAN](#) (Association of South East Asian Nations), re-affirming its increasing importance in the 10-nation trade union. Aligned with strengthening the ties with neighboring states,

Vietnam is pushing for more intra-ASEAN trade and investment. Next-door neighbors, generally less-affected by the COVID-19 virus than further-away Europeans and Americans, will be the first to pick up doing business with Vietnam. Moreover, an increased interest in Vietnam offering viable Southeast Asian manufacturing and supply chain options, will further boost its economy.

The EVFTA will not only trigger aligning national policies with the ASEAN region and enhance the Association's integration efforts, but also make it easier for European enterprises to operate cross-border, in several ASEAN countries. Furthermore, ratification and implementation of the EVFTA is a first step towards re-negotiating an EU-ASEAN FTA



### **Netherlands largest EU investor in Vietnam**

The EU is Vietnam 5<sup>th</sup> largest trade partner and the Netherlands is the largest investor among EU nations. Dutch multinationals such as Heineken, Friesland Campina, Damen Shipyards, Philips and De Heus, have a long-time presence in the country and have become cornerstones of the Vietnamese economy. These Dutch multinationals see Vietnam as a key driver for growth with its steady-growing economy and even faster-growing middle-class. Besides having these multinationals prominently represented in Vietnam, The Netherlands have also been bringing their expertise in water management, agriculture and (smart) logistics to the country, since decades. Emphasizing a “circular” economic model and jointly creating “smart cities”, The Netherlands and Vietnam are

teaming up in developing a more sustainable economy. Vietnam can continue to count on Dutch support: The Netherlands have, for example, been standing shoulder-to-shoulder with the Vietnamese in addressing the Mekong salt water intrusion problem. Furthermore, both nations, sharing an entrepreneurial spirit, cooperate closely on work-related topics, such as social inclusion, gender equality and labor rights. In this context, Vietnam adopted a new ILO-endorsed and EVFTA-triggered Labor Code, in November last year.

### **Dutch Business Association in Vietnam becomes true Business Hub**

The Dutch Business Association in Vietnam ([DBAV](#)) has been active in the country since the mid-Nineties (of last Century) and represents Dutch companies and businesses, large and small, in Vietnam. The purpose of the DBAV is to connect people and knowledge, to the best benefit of its members. The DBAV helps (Dutch) entrepreneurs succeed in Vietnam, by building on a knowledgeable, trustworthy and recognized community. Besides its members, the DBAV is building on a knowledge base, that will help new market entrants get to know Vietnam quickly and help them achieve their business goals.

The DBAV welcomes the EVTA and congratulates Vietnam with the upcoming ratification. It is looking forward to intensifying the already existing trade relations between both nations in the post-corona era.

Since mid-2019, the DBAV, in cooperation with Dutch private sector organisation [NLinBusiness](#), has kick-started a professionalization process, whereby the association's organization structure is being upgraded, its Executive Team expanded, its services portfolio broadened and its Hanoi presence strengthened, as to establish a true Business Hub. This way, market entry for Dutch entrepreneurs from small and medium-sized businesses will be made much easier. And through NLinBusiness' online platform, Dutch and Vietnamese entrepreneurs are able to find the right business partner / service provider with much less ado. The partnership NLinBusiness has with over 200 industry and branch organisations in the Netherlands and a growing network of business hubs around the world creates a strong basis for this.

The DBAV and NLinBusiness are not alone in this; the diplomatic network of [The Netherlands in Vietnam](#), consisting of the Embassy in Hanoi and the Consulate General in Ho Chi Minh City, and the DBAV are standing side-by-side to welcome Dutch companies in Vietnam and help them succeed. The DBAV also maintains close relationships with other international bilateral Chambers

of Commerce in Vietnam and the [European Chamber of Commerce](#), as well as the Vietnamese government and the Vietnamese business community.

In 2019, Vietnam welcomed a trade mission with over 70 companies from The Netherlands, headed by Dutch Prime-Minister Mark Rutte and other government ministers and business leaders. This year, 2020, the DBAV would have definitely supported another trade mission, if it had not been for the Corona crisis !



*Dutch Business Association in Vietnam (DBAV) and Netherlands-Vietnam Chamber of Commerce (NVCC) sign Memorandum of Understanding (MoU) on cooperation, in the presence of Mrs. Cora van Nieuwenhuizen, Minister of Infrastructure and Water Management, Mr Nguyen Chi Dung, Deputy-Prime-Minister, Mr Hans de Boer, Chairman of the Confederation of Netherlands Industry and Employers and Mrs. Elsbeth Akkerman, Netherlands Ambassador to Vietnam.*

Much has been written about the advantages of the new EVFTA and IPA agreements. But little has been said about the advantages of having the two cultures meet, work closely together and build on each other's strengths. As a Dutch entrepreneur who moved to Vietnam 1,5 years ago, I notice clear advantages for both nations and an unique opportunity to learn from each other in this post-corona era !

For more information on the Dutch Business Association in Vietnam (DBAV), NLinBusiness, the Dutch mission in Vietnam or the EU-VN FTA, please visit the pages of [NLinBusiness](#) or contact Mr. Guido van Rooy, Executive Director DBAV via [www.dbav.org.vn](http://www.dbav.org.vn).

This article appeared in Vietnam Investment Review

*About the author: Matthijs van den Broek is Managing Director of Further East Consult and Board Member of the Dutch Business Association in Vietnam (DBAV)*

