



EUROPEAN COMMISSION

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Speech by President Barroso at the Vietnam High-level business leaders' lunch

European Chamber of Commerce

Ho Chi Minh City, Vietnam, 26 August 2014

Ladies and gentlemen,

I am very pleased to be here today – pleased to be here once again, I should say, given that this is my second visit to Vietnam as President of the Commission. This is a sign of the interest and attention that we give to Vietnam and to our bonds which have grown stronger and closer in these last years.

This is also the second time I address the European Chamber of Commerce in Vietnam. And, I am glad to see that you keep expanding and growing in membership and importance, in parallel with developments in Vietnam and the intensification of EU-Vietnam bilateral relations.

My presence here today is also testimony to the importance we attach to this Chamber and the credit we give to your work. You are also Ambassadors of the EU and a key vehicle in promoting our interests and values.

I came here a second time precisely because I believe in the potential of this country and of our bilateral relations. I believe we have much to gain from working more closely with each other, whether on political or economic matters. This was also the message that I passed yesterday to the top leadership of the country, the Prime-Minister and the President/Chair of the Party.

Last time I visited Vietnam, in 2007, Prime Minister Dung and I launched negotiations for the EU–Vietnam Partnership and Cooperation Agreement. Five years later we signed the agreement, giving our relationship a strong political pillar on which we can build our dialogue.

But, it is not possible to stand on just one leg for a long time. Thus, in 2012 we also launched negotiations for a comprehensive, 21st century free trade agreement. This will be the second leg of our partnership. It will enable us to meet the challenges of the future together.

And, there is no better way to address these challenges than through economic integration, open markets and open societies. Our combined trade strategy, our common goal of a bilateral Free Trade Agreement will also contribute to that, connecting our economies ever more tightly.

Only people and businesses can make those connections concrete and breathe real life into formal agreements. The role of governments is to allow them to do so, to break down the barriers that separate or hamper them in this effort.

And, on the basis of these economic ties, a much broader, more profound and more important relationship is built - a bond of political cooperation, of true friendship.

Therefore, we are all working to make our age the most connected and the most integrated of all time. More open economies and more open societies are the opportunity of today's world. We need to make sure they become the reality of tomorrow.

This is what our negotiations are all about.

Ladies and gentlemen,

Those who prosper in the coming decades will be those who embrace openness, who take advantage of its opportunities and avoid its pitfalls.

The recent history of Vietnam is an example of what can be achieved by opening up. Through the policy of Doi Moi (or 'renovation') Vietnam has moved from rigidity and control to openness and flexibility – allowing room first for domestic private enterprise, then for foreign investors and gradually a greater role for market forces in more and more parts of the economy.

Openness has led to growth – at an average rate of 6.1% between 2006 and 2013. This has meant huge falls in poverty and the rise of Vietnam up the ranks of global economies.

Exports represent approximately three quarters of GDP, with the European Union representing the number one export destination. Vietnam also attracts more and more foreign direct investment: € 656 million in 2013 (around USD 880 million) from Europe alone. And, this investment is spurring further growth – more than half of exports are carried out by companies which have benefitted from foreign investment.

But, we know all too well that one cannot rest on one's laurels. For Vietnam's spectacular success to continue, more economic reforms and more openness will be needed. This is also the lesson we learned in Europe with the economic crisis. We need sound fiscal policies, good regulation and supervision of the financial sector and structural reforms to increase competitiveness and seize the opportunities of the global economy.

Obviously, respect for the rule of law, fighting corruption and ensuring an independent and efficient judicial system are all key to improving the business environment in any country, including Vietnam.

Closer ties with the European Union can help Vietnam move forward on that path.

Our partnership and cooperation agreement (that we signed in 2012) lays the foundation for deep cooperation – on development, economic relations and political dialogue, including through strengthened discussions on human rights, an issue that is very important for the European Union.

A Free Trade Agreement will take this effort further. It will help Vietnam move forward on the path of openness in a broad range of ways and will contribute to building a sustainable recovery in Europe.

The FTA will first of all require us both to eliminate tariffs on substantially all of our trade.

Beyond this, the depth of our integration means we need to look at the broader range of trade and investment barriers our companies face. We need to look at barriers to trade

in services. There is no longer a clear dividing line between goods and services – only a gradual change of shading. And, we need strong, fair rules on public procurement.

Our goal in trade policy is not to stop governments protecting their citizens from real risks to their health, safety, environment or financial security. Nor indeed are we trying to stop them supporting their economies. Instead, we want to encourage solutions that boost trade and investment – helping everyone to prosper.

Already today our trade relations come to 27 billion euro (USD 36 billion) a year, but this is just a fraction of the EU's total trade - meaning that we are still only scratching the surface of this relationship. What we need is a partnership for the long term.

And that is what this agreement can provide.

It is not the only agreement Europe is pursuing. Far from it. We are building a vast network of similar deals that should eventually cover two thirds of all our trade. We are talking to Vietnam's ASEAN partners, to India, to Japan, to our partners in Latin America and to the United States and Canada. We already have deals with many more countries – including South Korea, Mexico and Chile.

In ASEAN, we have finished negotiations with Singapore. Talks are underway with Malaysia and Thailand. And, it is our goal that these agreements serve as building blocks for an eventual broader deal with ASEAN as a whole.

It is in our mutual interest to foster regional integration and regional value chains. The best way to do this is to make sure that all of these bilateral EU-ASEAN agreements are as compatible and as coherent as possible.

Vietnam is also moving ahead with a wide range of new agreements, through broader ASEAN negotiations and through the Transpacific Partnership.

In light of this, the status quo is not an option.

We need to move forward in order to avoid falling behind.

So, I am very pleased to say that the negotiations between Vietnam and the European Union have reached a decisive stage. But, before we reach a conclusion, some difficult decisions and more ambition will be needed. We need to reach a solid result, one that serves the interests of our stakeholders. And, some of the most important European stakeholders are represented here in this room.

This is why I hope that you will watch closely what we negotiators are doing and make sure that we stay on the right path.

This is your agreement, and your voice is important to make it succeed. But, you can count with the full engagement and commitment of the European Commission to make that happen.

Thank you very much for your attention.