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To the members of the
European Parliament INTA Committee

Vienna, 11.12.2019

**Ratification of the trade agreement as well as
the investment protection agreement (IPA) of the EU with Vietnam**

BAK transparency register registration number: 23869471911-54
ÖGB transparency register registration number: 43246044354-41

Dear Members of the Committee on International Trade,

In the coming weeks you should vote on the ratification of the trade agreement as well as the investment protection agreement (IPA) of the EU with Vietnam. Unlike in the past, the EU is now concluding separate trade and investment protection agreements. After Singapore, Vietnam is the second country with which two separate agreements have been signed.

According to the Austrian Trade Union Confederation (ÖGB) and the Austrian Federal Chamber of Labour (BAK), the planned agreements are not a contribution to a fair globalisation policy. Your approval to the two agreements would have the consequence that government decision-making on important issues of public interest will get under pressure. Therefore, we ask you to reject this project.

Despite the massive criticism of trade unions and civil society about the free trade and investment protection agreements, the EU Commission and the Member States have not learned the lessons from the past sufficiently. The investment protection agreement includes investor-state-tribunals and takes a further step towards the multilateral investment court (MIC) planned by the EU. In our opinion, the reform initiatives in CETA do not change the fundamental problem of private investment arbitration courts, in which companies can bring claims for damages against states. Due to the theoretical risk potential alone, political decision-makers could become reluctant to implement urgently needed regulation with regard to climate change and environmental protection, health and safety measures, the regulation of public services or digital companies in order to avoid liability risks.

The damages awarded by private investment arbitration courts usually go far beyond the framework of state rules and amounted up to \$ 50 billion in individual cases. This parallel justice has become more controversial worldwide than ever before. For this reason, more and more countries are ending existing investment protection agreements.

While investors have a privileged special judicial system with Vietnam under the IPA, people remain defenceless when corporations violate human rights and destroy the environment. Even though a chapter on sustainable development has also been included in the trade agreement with Vietnam ÖGB and BAK point out, however, that it is completely toothless in terms of ratification, implementation and effective compliance with labour and environmental standards. Since it is not subject to the general dispute settlement procedure of the trade agreement, not even violations of the internationally recognized ILO minimum labour standards can be sanctioned.

In addition, Vietnam has only ratified six of these eight minimum labour standards. Vietnam ratified ILO Convention 98 on the right to organise and the right to bargain collectively in June 2019. However, ILO Convention 87 and ILO Convention 105 are still pending. This means that rights such as freedom of association and collective bargaining are not guaranteed for Vietnamese workers. According to the International Trade Union Confederation, the number of workers arbitrarily arrested and detained in Vietnam continued to increase in 2019 ([ITUC Global Rights Index 2019](#)). Freedom of press is also not guaranteed. The country ranks fifth in the global press freedom index of the “Reporters Without Borders” ([2019 World Press Freedom Index](#)).

BAK and ÖGB furthermore criticise that liberalisation of services of public interest is not fully ruled out. Government decision-making is restricted by provisions in the trade agreement on market access and government procurement as well as by provisions on proportionality and assessment of economic needs.

According to the BAK and the ÖGB, trade agreements must live up to the following minimum requirements in order to meet the legitimate concerns and expectations of employees:

- All eight **ILO core labour standards** must be ratified, implemented and applied by Vietnam. In addition, the parties must continue to apply the current ILO conventions and recommendations.
- Violations of internationally recognized labour and environmental standards **must be dealt with** effectively through trade sanctions.
- Above all, labour, environmental and consumer protection standards must be excluded from any **regulatory cooperation**. The **precautionary principle** according to EU law is binding and has to be explicitly integrated into the agreement.
- **Services of public interest**, including public contracts and concessions, must be completely excluded from bilateral trade agreements.

- **Investor-state-tribunals** are not acceptable in bilateral investment protection agreements.
- Multinational corporations and local companies must comply with human rights, social and environmental standards across **national value chains**.

We therefore urge you to refuse to ratify the EU trade agreement as well as the investment agreement with Vietnam as long as these problematic contents persist.

Yours sincerely,

Wolfgang Katzian
President

Renate Anderl
President