



# EVFTA – Challenges and opportunities for CSR implementation in Viet Nam

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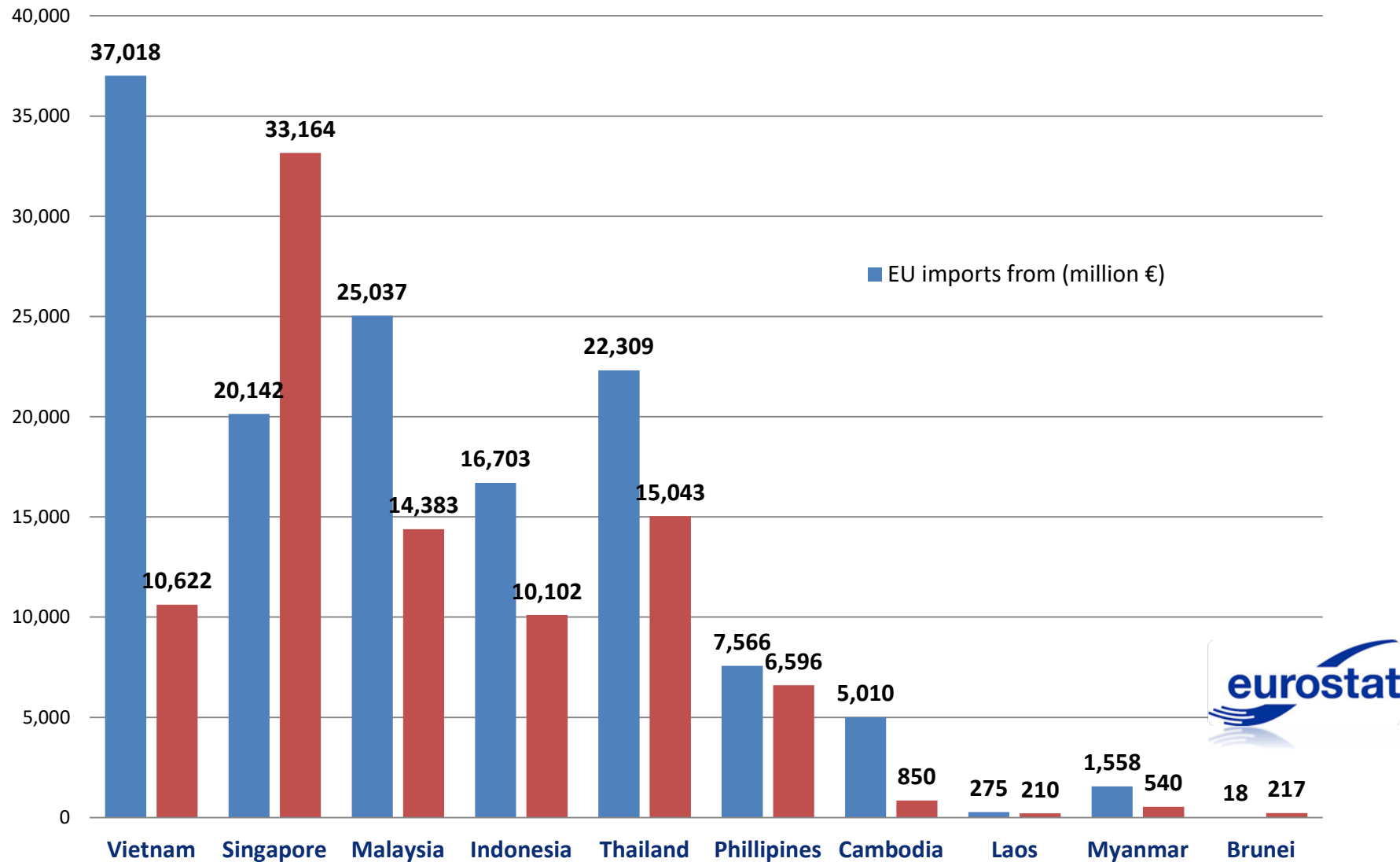
# Content



- EVFTA and Trade & Sustainable Development Chapter
- ILO 1998 FPRW and MNED
- Labour reform progress updates
- CSR - Challenge and opportunity

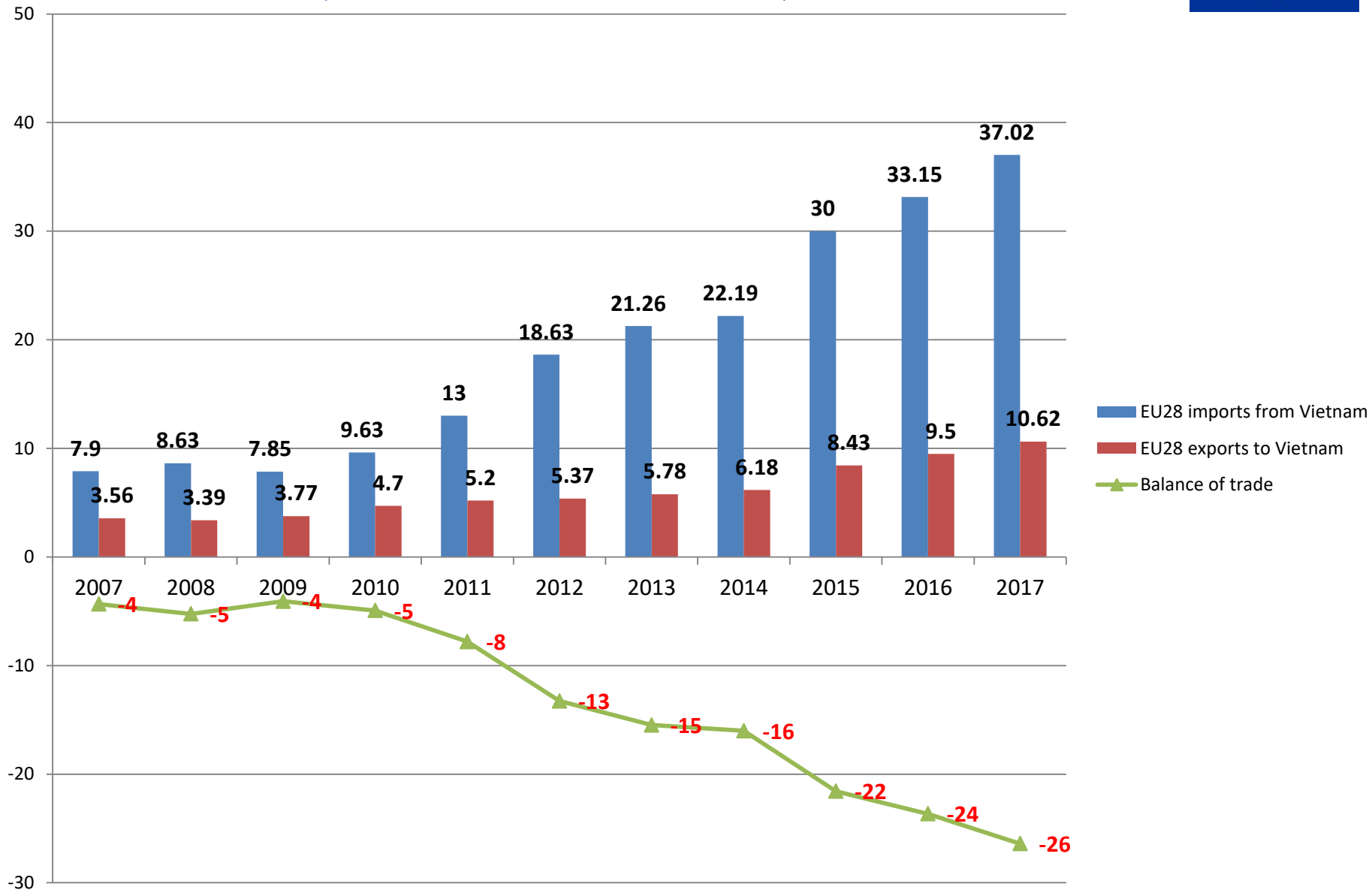


# EU-ASEAN trade in 2017



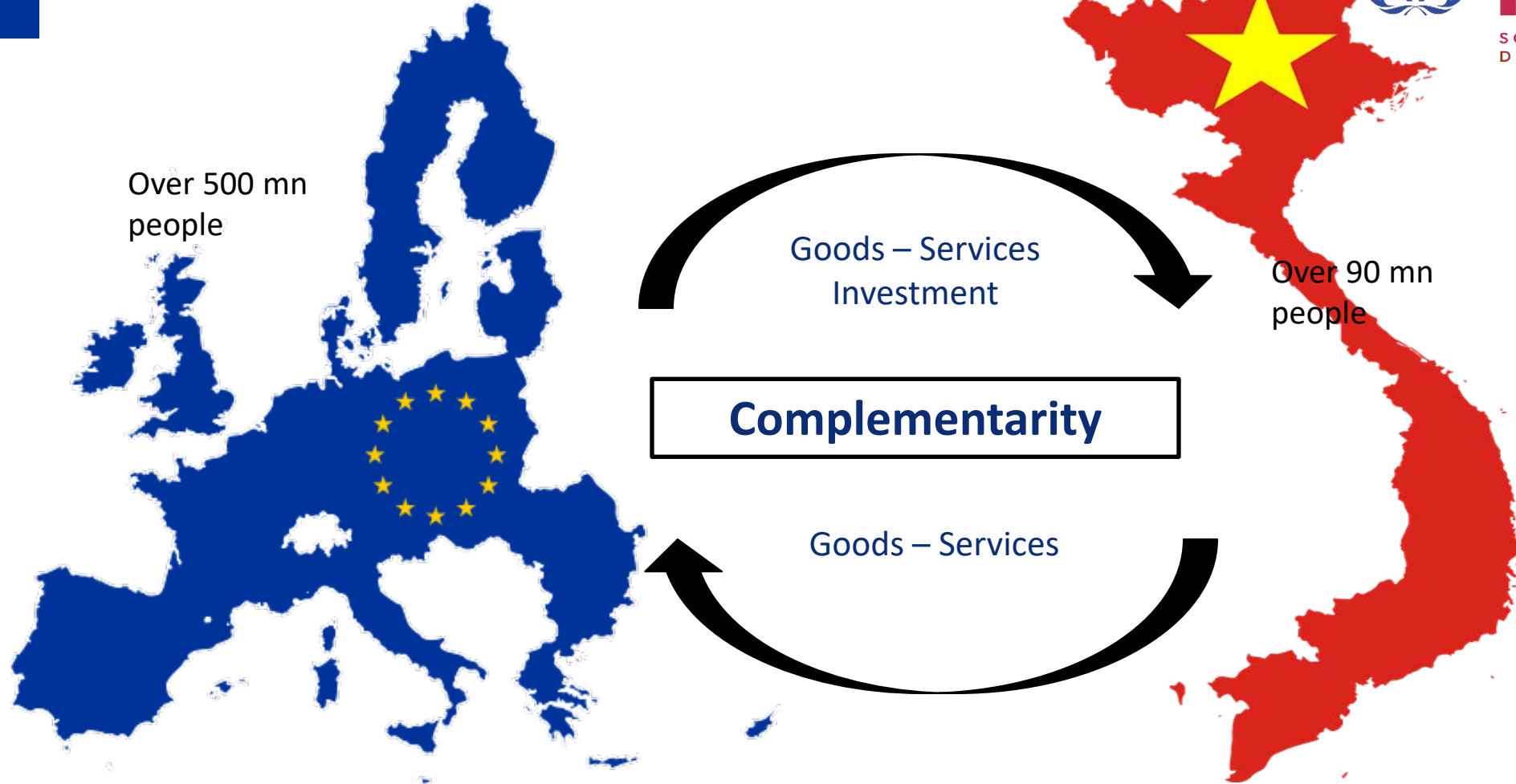
# Evolution of EU-Vietnam trade during 2007 – 2017

(Source: Eurostat; Unit: billion euro)





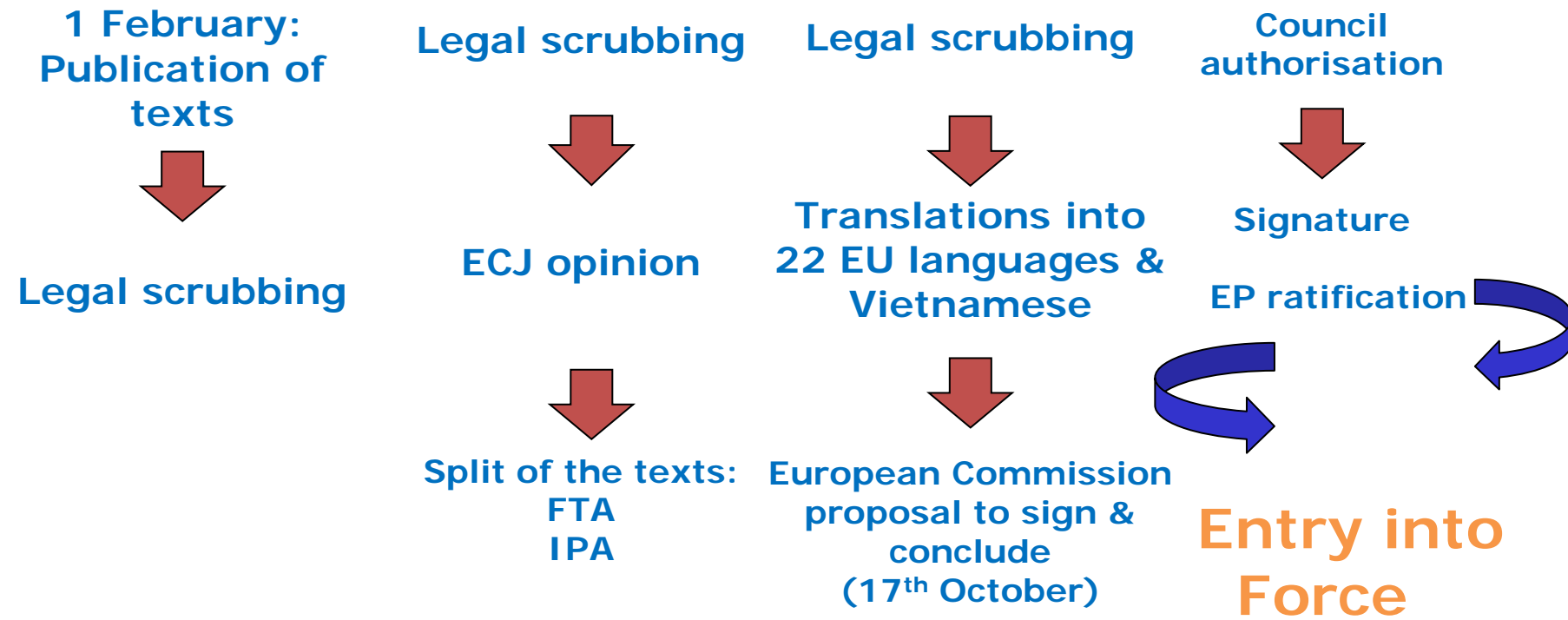
# Potential of economic relations between the EU and Vietnam



**2<sup>nd</sup> commercial partner of Vietnam**  
**5<sup>th</sup> source of FDI**

**20 % of Vietnamese exports go to the EU**  
**2<sup>nd</sup> EU commercial partner in ASEAN**

# Timelines



# Comprehensive FTA – new generation agreement



## Trade in goods/market access

- Market access for goods – tariffs
- Rules of Origin
- Export duties
- Technical Barriers to Trade (TBT)
- Sanitary and Phyto-sanitary Measures
- Customs and Trade Facilitation

## Services and investment:

- Trade in services
- E-commerce
- Establishment
- Investment protection
- Investment Tribunal System

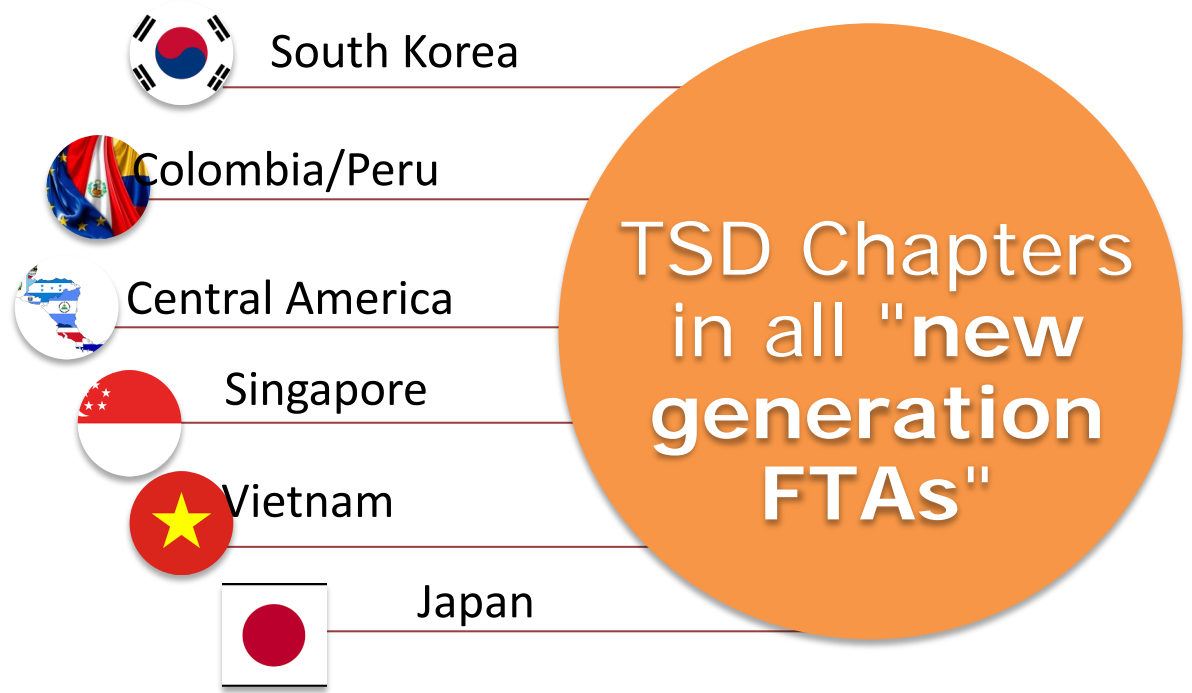
## Cross-cutting issues

- Dispute Settlement
- Government Procurement
- Trade Remedies
- Competition Policy
- State Owned Enterprises
- Intellectual Property Rights
- Geographical Indications
- **Trade and Sustainable Development**
- Cooperation and Capacity building

**Link to  
Human rights**



# Rationale



Sustainable Development as an underpinning principle for strengthened trade relations with our partners

Promote consistency & mutual supportiveness policies  
Ensure increased trade & investment does not weaken other policies

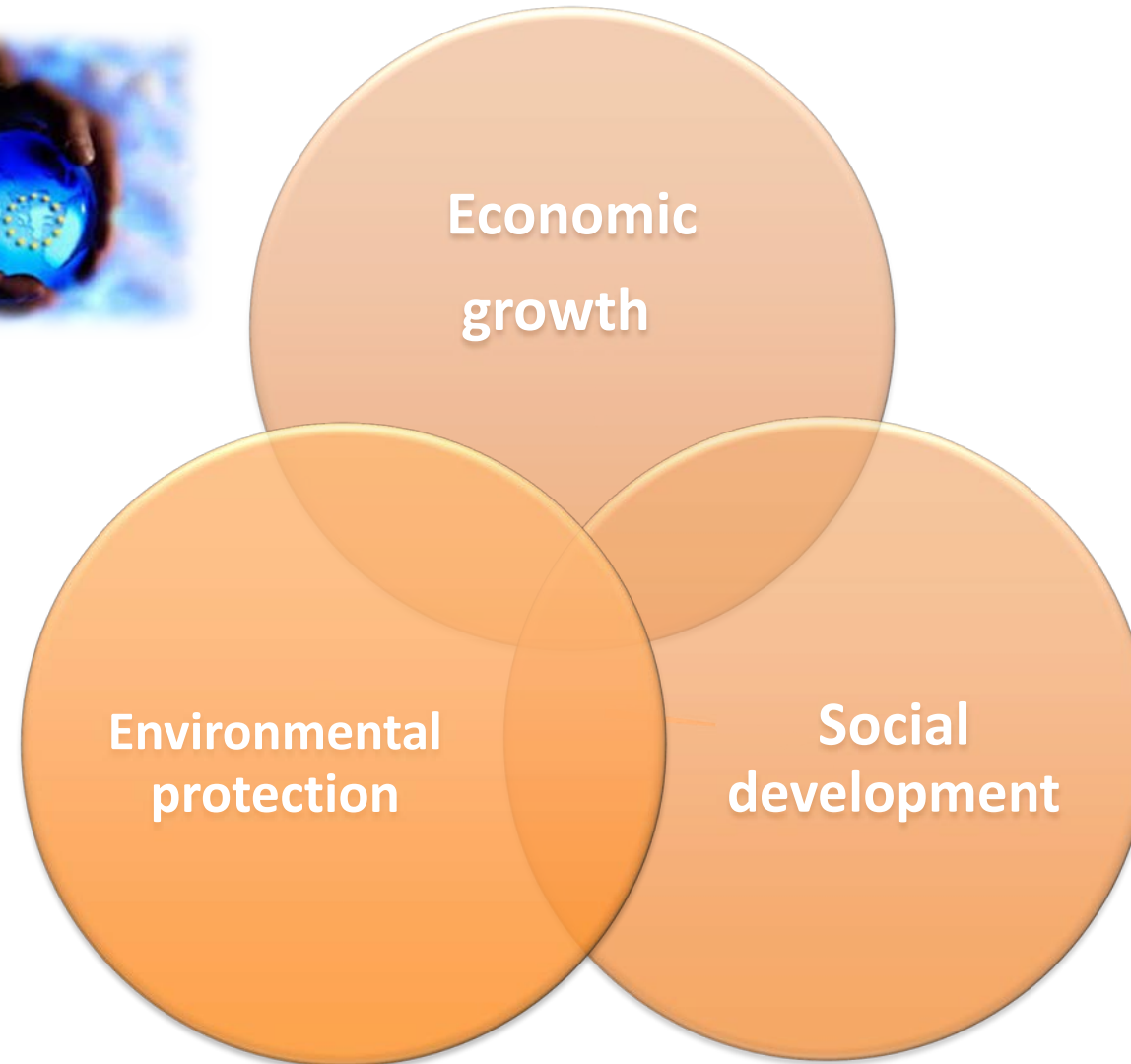


# Main policy documents:

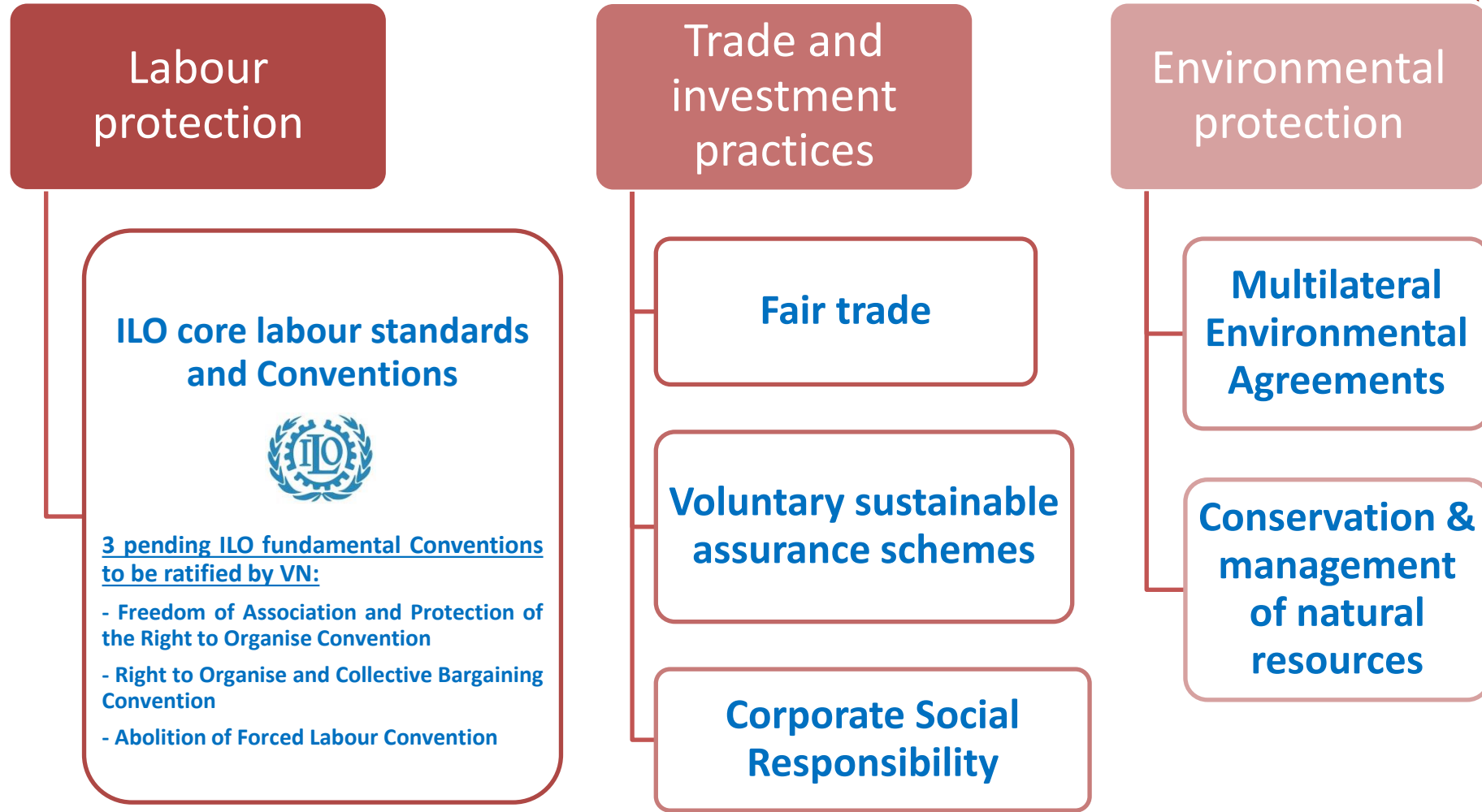


- **Commission Communication "Trade for all: Towards a more responsible trade and investment policy" (14/10/2015) :**  
*responding to the rise of global value chains, ensuring responsible management of supply chains*
- **EU strategy for Corporate Social Responsibility (25/10/2011)**
- **Council Conclusions on the EU and Responsible Global Value Chains (12/05/2016)**
- **Reflection Paper on " Harnessing Globalisation" (10/05/ 2017)**

# Pillars of sustainable development



# TSD Chapter 13 - main areas:



## In relation to ILO commitments:



- The Parties reaffirm their commitments, in accordance with its obligations under the ILO and the **ILO Declaration on Fundamental Principles and Rights at Work** and its Follow-up, adopted by the International Labour Conference at its 86th Session in 1998, to respect, promote and effectively implement the principles concerning the **fundamental rights at work**;
- The Parties shall "make continued and sustained efforts towards ratifying, to the extent it has not yet done so, the **fundamental ILO conventions**";
- The Parties reaffirm their commitment to **effectively implement in its domestic laws and regulations and practice** the ILO conventions ratified;

# Non paper of the Commission 26 February 2018



*"Feedback and way forward on improving the implementation and enforcement of Trade and Sustainable Development chapters in EU Free Trade Agreements"*

**15 POINTS ACTION PLAN** including:

(5) Take action regarding **responsible business conduct**

# ILO 1998 Declaration on Fundamental Principles and Rights at Work



With 4 groups of ILS:

- ❖ Freedom of Association and the Rights to Collective Bargaining (C.87 & C.98);
- ❖ Abolition of forced labour (C.29 and C.105)
- ❖ Effective elimination of child labour (C.138 and C.182);
- ❖ Elimination of discrimination in employment and occupation (C.100 & C.111)

## FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

### MANDATE

"...the ILO is the constitutionally mandated international organization and the competent body to set and deal with international labour standards, and enjoys universal support and acknowledgement in promoting fundamental rights at work as the expression of its constitutional principles."

(ILO Declaration on Fundamental Principles and Rights at Work)

### STRATEGIC OBJECTIVE

Promote and realize fundamental principles and rights at work

# Viet Nam Labour reform progress updates



- Viet Nam: joined the ILO in 1992. Ratified 21 out of 189 Conventions (5/8 core conventions ratified).
- The three non-ratified conventions include: C.87; C.98 and C.105)

# Specific roadmap for ratification



## According to Govt. roadmap, reported to National Assembly

- **Basic ILO conventions**

- C.98: 2019
- C. 105: 2020
- C. 87: In accordance with the CPTPP roadmap

- **Other UN and ILO Conventions**

- 01 UN Convention on the Rights of Migrant Workers
- 01 ILO Convention on Priority/Administration (C. 129)
- 06 ILO Technical Conventions (C.88, C159, C181, C189, C.95, C131)

- **2012's Labour code** is being revised



## Other Policy and Direction



- CPTPP has been approved by the National Assembly
- EVFTA is being proceeding signed, and tentatively approved in 2019;
- Implementing the number of committed policies:
  - *Strategy for labor and social international integration to 2020 with a vision to 2030 (Decision No.145/QD-TTg dated November 20th, 2016).*
  - *Prime Minister's Decision No.2528/QD-TTg dated December 31st, 2015 approving the Implementation Plan and Proposal to join UN and ILO conventions.*
  - *The Government's Action Plan for the implementation of Resolution No.06-NQ/TW (Resolution No.38/NQ-CP dated April 25th, 2017).*



# CSR concepts

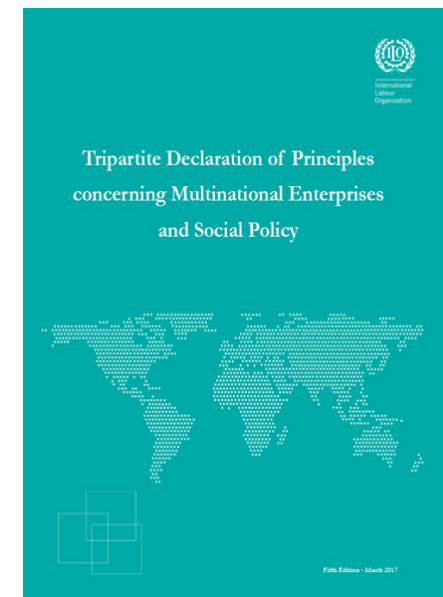


## Business ethics, human rights, environmental management, community development and more...

- The European Commission defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in the interaction with their stakeholders on a voluntary basis ” (European Commission, 2002)
- ILO defines CSR as: “a way in which enterprise give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprises –driven initiative and refers to activities that are considered to exceed compliance with the law”

The MNE Declaration is intended to:

***“.... encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise..”***



# CSR & EVFTA



- Commit to encourage greater coherence between trade policies and labor policies
- Success and maintenance of high environmental and labor protection
- Promote CSR through various forms of cooperation, exchange of information and promulgation of incentives for CSR; Pledge not to use measures related to CSR in a manner that would have the effect of discriminating or restricting trade.
- Promote CSR including the exchange of information and best practices, educational and training activities and technical advice.
- Consider adopting internationally recognized instruments that have been endorsed by either party as **OECD guidelines** for multinational enterprises, the **UN Global Compact**, **Tripartite Declaration to the principles concerning multinational enterprises and social policy of the ILO**.

# Challenges & Opportunities (CSR)



- The EU is a market with high requirements for product quality and social responsibility;
- Insufficient quantity and quality of labour satisfying the demand, especially to meet the requirements of technological innovation and increase labour productivity;
- Misconception about CSR in Viet Nam
- Production cost increase (compliance cost)
- The biggest concern of the VCCI surveyed enterprises was price, salary, market, labour law and labour standards compliance, technology level, workmanship and labour productivity
- Risk of international labour disputes

# Challenges & Opportunities (CSR)



- Promote for national labour law reform in alignment with international labour standards;
- Promote for social and environmental protection;
- Compliance; sustainable and competitiveness including SMEs;
- Exchange CSR good practices/lesson learn from MNEs;
- Local and SMEs development toward standardization;
- Harmonization of IR at enterprise level.



**THANK YOU FOR YOUR ATTENTION**

*“Not talking doesn't solve anything - Dialogue does”*

*“As business change - Make sustainable choices”*