KPMG

Global Trade & Customs Alert

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The Free Trade Agreement between Vietnam and the European Free Trade Association (EFTA) was officially signed on 18 October 2026

Vietnam and the four EFTA States, namely Iceland, Norway, Switzerland and Liechtenstein, officially signed the Vietnam-EFTA Free Trade Agreement ("VEFTA" or the "Agreement") on 18 October 2026. The VEFTA has not yet entered into force and is pending completion of the ratification procedures by the parties.

Key highlights of the VEFTA:

1. Reduction and elimination of import duties:

- **Goods originating in Vietnam:** The EFTA States shall eliminate import duties on non-agricultural products in accordance with their respective commitments, with notable product groups including fish and seafood, processed seafood, minerals, pharmaceutical products, chemicals, metals, machinery, and electrical and electronic equipment. For agricultural products, preferential treatment shall be applied in accordance with the Schedule of Tariff Commitments of each EFTA State, including the elimination or reduction of import duties, tariff-rate quotas, reduction in MFN duties, or specific preferential treatment for each product lines.
- **Goods originating in the EFTA States:** Vietnam shall eliminate or reduce import duties under product-specific schedules of up to 16 years, depending on the product. In particular, import duties on certain products classified as live animals, fish and seafood, vegetables, animal feed, metals, and machinery and mechanical equipment shall be eliminated upon entry into force of the Agreement; import duties on certain products such as cheese, chocolate, and food preparations for children shall be eliminated within a maximum period of 11 years.

2. Rules of origin and accumulation of origin:

Goods are eligible for preferential treatment under the VEFTA when they satisfy the applicable origin criteria. The Agreement allows accumulation of origin between Vietnam and the EFTA States. In addition, for non-agricultural materials, accumulation of origin may apply to originating materials from the European Union (EU) or an ASEAN Member State having a preferential trade agreement with the EFTA States, Vietnam provided that the relevant requirements under the VEFTA are fulfilled.

3. Trade facilitation:

The parties commit to simplifying and modernising customs procedures, enhancing transparency, applying international standards, and fully implementing their commitments under the WTO agreement on trade facilitation.

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4. **Trade remedies and bilateral safeguard mechanism:**

   The VEFTA reaffirms the rights and obligations of the parties under the relevant WTO agreements on subsidies and countervailing measures, anti-dumping and safeguards. The Agreement also establishes a bilateral safeguard mechanism where preferential imports cause serious injury to domestic industries.

5. **Trade and sustainable development:**

   The parties commit to implementing international agreements on labour and the environment, including agreements on gender equality and non-discrimination; climate change, biological diversity conservation and the sustainable management of natural resources.

Our Comments

While the VEFTA is pending completion of the ratification procedures required for its entry into force, enterprises involved in export and import activities with EFTA markets should proactively review contents of the Agreement and review their lists of goods and HS codes, tariff commitments applicable in each EFTA market, rules of origin, the applicability of cumulation mechanisms, and proof of origin requirements. Early preparation of data, documentation and origin certification procedures will help enterprises take advantage of preferential tariff treatment as soon as the Agreement enters into force.

KPMG will continue to keep enterprises updated on the VEFTA ratification process and entry into force, as well as relevant implementing guidance.

Please contact KPMG if you require further advice or assistance regarding customs and import-export matters.

Contact us

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