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**DEVELOPING LOGISTICS SERVICES OF EXPEDITORS – VIET
NAM JOINT STOCK COMPANY UNDER INTEGRATION
CONDITION AND EVFTA**

EVFTA opportunities for enterprises and economies

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ABSTRACT

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<p>With a developed economy, multimodal transport services (logistics) have become a service industry integrating high value-added activities and bringing great economic benefits. In Vietnam supported development opportunities promise to strongly develop the service market in the future.</p> <p>Expeditors is one of the members of Vietnam National Shipping Lines to be born in order to comprehensively respond to the parent company's logistics service development strategies on a domestic and foreign scale. Expeditors is investing in the logistics industry to expand its multi-modal transportation service with high development potential.</p> <p>The thesis aims to determine the impact of the agreement EVFTA to businesses and economies. EVFTA is expected to bring many opportunities and benefits to Vietnam's socio-economy. This is also a chance for Vietnamese businesses to excel in the global supply chain, but besides the opportunities, EVFTA also poses many difficulties, challenges, and requires Vietnamese businesses to perform. the effort to turn metamorphosis into opportunity. With the EVFTA agreement, both Expeditors and Vietnam market need to be prepared to face different opportunities and challenges.</p>		

<p>Key words Expeditors, EVFTA, Logistics, The EU, Vietnam.</p>
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CONCEPT DEFINITIONS

Abbreviations	
DWT	Deadweight tonnage
E.I	Expeditors International
E.I SGN	Expeditors branch in Ho Chi Minh city
EVFTA	EU-Vietnam Free Trade Agreement
Global GAP	Global Good Agricultural Practices
Ltd	Limited company
SCM	Supply Chain Management
TEU	Twenty-Foot Equivalent Unit

Viet GAP	Vietnamese Good Agricultural Practices
VN	Viet Nam

ABSTRACT
CONCEPT DEFINITIONS
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1 INTRODUCTION

In the current integration, Vietnam's economy is facing many development opportunities. The Logistics service business is one of the economic development prospects that bring positive results for the country. With a developed economy, multimodal transport services (logistics) have become a service industry integrating many high value-added activities, bringing great economic benefits. Vietnam with a favorable business environment and high development opportunities promise to strongly develop the service market in the future.

Developing logistics in middle-income countries can boost trade growth, benefit both businesses and consumers with cheaper prices with guaranteed service quality. However, our country's logistics service industry is still limited, in order to be able to thrive, it is necessary to consider many development factors and directions.

Expeditors was founded in the 1900s and is a logistics business with center of operations in USA and offices in different places such as Asia, Europe, American. At Expeditors, the company creates services relating supply chain products for buyers with creative technology operations combined through an international network of various locations in wide range countries across six continents and has over thousands of employees. (Expeditors, 2020).

With a wide range of logistic services, Expeditors has many opportunities to take advantage of EVFTA, a comprehensive and high-quality agreement. It not only benefits enterprises such as Expeditors but also brings both Viet Nam and the EU to a new level of co-operation in every aspect of the economy. In this thesis, we analyze how logistics enterprises, in particular Expeditors, can take advantage of this agreement and also the effects of it to both Viet Nam and the EU.

2 PURPOSE, OBJECTIVES AND FRAMEWORK OF THE PROJECT

This chapter introduces the purpose and objective of the thesis so that the approach of later problems can be specific and assured. This part can be seen as a brief introduction to the thesis. In addition, the chapter mentions the framework of the project which concerns different methods of research. Those methods are used throughout the thesis so that the authors can have effective tools to explore separate parts of the problems. In the end of the chapter, there are a series of questions that help the author go in an accurate direction toward the problems.

2.1 The purpose and objectives

The purpose of this thesis is to develop an idea about how international co-operation in the logistic industry, in this case is Expeditors, has worked in Vietnam and how they deal with challenges which come from a trade agreement between Vietnam and the EU (EVFTA).

First of all, there will be different analyses of the company situation such as finance, operation, services and how they have developed their business successfully in such a competitive market, in this case is Vietnam. Along with it, we also have various analyses about the logistics situation in Vietnam, the difficulties and benefits that the global company has faced when they joined the market. In addition to the logistics situation in Vietnam, the trading relationship between Vietnam and the EU is a significant factor in this thesis and it is one of the major reasons for the agreement that came to the effect.

Finally, based on that information that we have about both the company and the market, we can analyze the influence of the agreement EVFTA to both Expeditors and Vietnam such as advantages, disadvantages, challenges and benefits. In order to complete and reach the thesis's goal, we have to think about these following ideas such as the current situation of Expeditors, the current situation of logistics in Vietnam, the advantages and disadvantages of the agreement EVFTA to Vietnam's market and finally, the challenges that a global company such as Expeditors has to deal with in this situation and how can they take advantages of it.

2.2 The framework of the project

The method of research is based on different sourced data. First of all, secondary method comes from documents, information, knowledge provided by enterprises in combination with the knowledge gathered from participating in university meetings. Additionally, primary method is data sources which are self-researched, collected and explored through observation and interviewing employees in the company Expeditors. Lastly, quantitative research methods are methods of analysis, statistics data collected through many data sources to conduct research.

Firstly, we will present the theory about logistics, logistic in different aspects and logistics management. Based on the theory, the author will have a basic knowledge and a foundation of logistics to analyze the subject connected to Expeditors and the logistics situation in Vietnam in a more specific and comprehensive way. After presenting the theory, the overall information and current situation of the company will be shown and analyzed. In the overall information, the author presents the basis of the company such as processes, organization structure, advantages and disadvantages. And in the current situation of the company, the author focuses on studying the factors that affected logistics services and business results.

Following this, the opportunities of the company and Vietnam's logistics when the agreement EVFTA come to the affect are also shown. In specific, we will have a brief history about the trading relationship between the EU and Vietnam which emphasizes how important it is for the growth of both economies. Furthermore, we will go through the basis of the agreement EVFTA with different contents such as regulations, tax, requirements.

Finally, basing ourselves on these knowledges, we will analyze the impacts of the agreement to both Vietnam logistics and Expeditors. Beside the impacts, we also bring various suggestions for the development of Expeditors so that the company can deal with this significant change.

3 THEORY

This chapter presents the concepts of logistics which is the foundation for the thesis in order to have further analysis. Firstly, we will go through logistic history in order to understand the way logistic has developed from simple activities such as supplying products to a complicated management system. Secondly, there will be a particular knowledge of modern logistic management system which gives an understanding of how the management system works effectively in reality.

3.1 Concept of Logistics

Logistics was formed and developed through the phases as follows (Logmore, 2019). In the first phase, material distribution was established in the 60s and 70s of the 20th century, people began to pay attention to the management and system issues in order to ensure the need to supply products and goods effectively to customers. In there, activities such as transport; preserving products and goods; classifying inventory; packaging are concerned to ensure products and goods can always be met for customers at all times with the best quality. At this stage, the above activities are called product supply or input logistics.

Logistics system If in stage 1, people only care about input, then besides input, in this second stage (80s, 90s of the 20th century), people also started to pay attention to output, creating two-sided management combination: input (supply of materials) and output (product distribution) to minimize costs, while maximizing business efficiency. This combination is the Logistics system. Supply chain management can be considered the perfection phase. At this stage, the concept of governance of successive chains of activities is perceived and understood better. That chain of activities includes suppliers, manufacturers and customers. This series of activities is linked and completed by the activities of establishing documents, tracking systems, transportation systems, warehouses, and checking. At this stage, the relationship between different types of suppliers, manufacturers, and customers is valued and focused on developing more than anything else. And so, to enhance and develop this relationship, people have thought of and formed a supply chain between the parties: suppliers, customers, manufacturers, transportation companies, warehouse forwarding associated with the development of information technology.

Nowadays, logistics is growing rapidly and is used in many fields. In production, logistics is defined as supply - a chain of operations with the aim of always ensuring raw materials, equipment, machinery for the smooth operation of the business efficiency and continuity. From there, we can see that logistics is not just a single activity but a series of activities in sequence and closely related to each other, interacting with each other, implemented systematically and having research, organization, planning, and control. Therefore, logistics will also affect the formulation of specific strategies and activities of the company strategy and cover all factors in the process of creating products from input to output and consumption of the final customer product.

Logistics also covers two levels of an organization or business that is planning and organizing. (Jacobs, F & Chase, B 2018, 2-6). At the planning level, there are questions that we need to answer such as the location and time that we need to get raw materials and sell final products or services. At the organizational level, there are questions that we also need to answer such as the direction that the inputs go from the beginning to the end of the supply chain, whether the inputs should be shipped or in storage. In order to be able to understand the nature of logistics, we need to research and give answers to the logistic questions that we often encounter in reality. The questions for the planning level should be the location of the material supply needed, the location of the supply of machinery and equipment, the position to build distribution facilities, factories, warehouses, workshops. Meanwhile, the questions for the organization level should be the way that we can get raw materials, products from point A to point B and we need to predict the shipping and storage time reasonably to minimize costs as significantly as possible.

From there, it can be seen that logistics may seem strange and new, but it actually exists around us. In fact, along with the development of the world, logistics will also grow. And as shown above, Logistics is a quite wide activity, so the definition of Logistics can be briefly outline as follows: Logistics is the process of optimizing location, storing and transporting resources, products, raw materials from the very first point of the supply chain to the hands of the end customers by business operations and economic activities.

From the above definition, we can see the increasingly important role of logistics to the economy as well as other related activities. In addition, we will define more specifically the role of logistics for the economy in general and for businesses in particular. (Greenwoods, 2020). For the economy, logistics is formed based on a series of different activities that are continuous and interdependent, interacting with each other. Logistics takes place throughout the process and is present in all processes from

production, circulation to distribution. These processes all have certain important values and, if it is successful, will contribute significantly to the economy. Therefore, to improve economic efficiency, it is necessary to increase the chain of production, circulation and distribution processes through improving the efficiency of logistics operations. An economy can only develop stably, smoothly and with orientation only when that economy has a stable, smooth and oriented logistics operation. For businesses, logistics also plays an equally important role. Because logistics is involved in the processes as mentioned above, this activity will help businesses improve the process of searching for input materials as well as optimize output for businesses. Thereby, it will help businesses reduce costs significantly as well as improve their quality and competitive advantage over other competitors. The success of the businesses depends on those crucial logistics activities. (Quoc Phuong, 2020).

3.2 Logistics for freight forwarding

Logistics for freight forwarding today plays an important role in the economy as well as in the social life and is also a strongly developed field of logistics (CdsLtd, 2020). Today there are many famous freight forwarding companies that almost no one is aware of, and the number of names that people know more are for example the carriers NYK Logistics, Maersk, OOCL, Evergreen, DHL, Wan Hai, CMA-CGM. (Fergal Glynn, 2021).

Over time, the trade structure and the way the world's economy works has changed continuously. The flow from raw materials to the final product, from the producer to the end consumer is increasingly diversified with greater geographical distance, with intermediaries acting in the role of buyers as well as sellers. With the increasing variety and diversity, businesses need to have calculation, planning and increasing requirements for forwarding and transportation. And at the same time, it needs to ensure timely requirements while also limiting zero-stock inventory. Therefore, people have thought of the need to continuously and promptly transport shipments. Operations logistics and logistics companies were born from there. All transportation activities can be performed under the contract undertaken by the shipping forwarding company. The process can be summarized as follows: The freight forwarding company will, based on the contract, collect, pack in warehouses, check, then transport and perform separation and distribution to the locations of the buyer. The freight forwarding company will perform the processes that take place in the entire process above: packaging, labeling, paperwork, documents, customs, insurance, storage, transportation. (DSV, 2020).

3.3 Logistics service provider

A logistics service provider is an organization or an individual who will base on a signed contract to coordinate the processes of input materials, production and distribution. (Alvarez, R 2020). There are five main groups of service providers, but popularly include: third party service provider (3PL), fourth party (4PL), and fifth party (5PL). Third Party Logistics Service Provider (3PL - Third Party Logistics) is the representative for the goods owner to plan and perform Logistics services such as document operations, transportation, forwarding, customs clearance, deliver goods to the agreed place under the contract. Fourth Party Logistics (4PL - Fourth Party Logistics) is a person who connects his resources, facilities and techniques with other organizations to design and operate Logistics chain solutions. The 4PL was developed on a 3PL basis, but it operates broadly in which includes 3PLs, other information technology and management services. Fifth Party Service Provider (5PL - Fifth Party Logistics) is common in today's era of information technology development and when e-commerce logistics services have emerged, 5PLs include 3PLs and 4PLs simultaneously. Managing both stakeholders in the distribution chain in e-commerce platforms. (Arkindia, 2019).

3.4 Management of Logistics

From the enterprise level, logistics management can be considered as a part of the supply chain process (planning, implementation, control, storage, inventory) from entry point to end point. From there, it creates a combination in which activities support each other smoothly, effectively and bring the highest value to the business. (Jacobs, F & Chase, B 2018, 279).

The main goal of Logistics management is to provide services to customers in order to achieve the highest efficiency. Specifically, it is to provide customers with seven benefits: right customer, right product, right condition, right quantity, right time, right place and right cost. The implementation of these targets requires businesses to perform well the basic requirements (Jacobs, F & Chase, B 2018, 380-391) Customer service provision must be strategic: It means service delivery must satisfy the needs of the target group and have an advantage over competitors. This service level must be assessed through three criteria which are ability to provide services, availability of goods/services, reliability of service logistics costs and logistics management. Every business wants to be able to save costs in the most significant way to improve the profitability of the business. Therefore, good logistics

management can contribute to improving the turnover speed, shortening the payback time, significantly reducing costs and improving profitability effectively. (DSV, 2020).

Customer service can be understood as output. Therefore, if we want to develop logistics activities, we need to pay attention to customer service. Understandably, customer service is a process that takes place between the buyer and the seller and possibly a third party's intermediary. The end result of the process is the added value of the exchanged product/service. Customer service is a measure of the quality of an enterprise's logistics system. Additionally, in order to successfully manage Logistics, businesses need to manage complex information systems (internal information for each organization, information of each functional part of the business, information between stages in the supply chain. responses) and systematically coordinate such information. Currently, the outstanding achievements in technology and informatics have helped to manage information more quickly, promptly and accurately, helping enterprises to make correct and timely decisions. (Christopher, M 2016, 31-51).

Reserve management is the inventory, accumulation of goods / products of the business which facilitates continuous and smooth reproduction to prevent risks and satisfy the unusual needs of customers. Transport administration is the use of transport means to overcome geographical distance according to customer requirements. Timely transportation and delivery of products / goods will help increase the added value of products and enhance the value and reputation of the business. (Christopher, M 2016, 58-66).

Warehouse management includes warehouse network design, calculation, warehouse equipment, warehouse management operations, documentation system, paperwork to help products / goods be maintained in such a way that optimally in a necessary position in the logistics system to make the operation take place in the best way. If customer service is considered as the output of the logistics system, the products, goods and materials can be considered as the inputs of the logistics system, managing materials and purchasing goods have a role as a premise to decide the quality of the whole system. Management of supplies and purchasing goods include: Quantifying demand for products, goods and materials; searching and selecting suppliers; purchasing decision; transport; storage; preservation. (Jacobs, F & Chase, B 2018, 516-521).

In summary, Logistics management is about solving the above basic problems and contents to optimize both the input and output of the enterprise. Logistics management can help businesses reduce

costs while improving profits and increase competitiveness for businesses. (Jacobs, F & Chase, B 2018, 380-391).

3.5 Methods of Logistics management

The general goal of Logistics management is to develop Logistics activities on the basis of providing services to customers. This goal requires optimization of customer services, which means being able to ensure customer service qualities while ensuring the highest profitability. And to be able to meet and fulfill that goal, it is necessary to have an appropriate logistic management method to satisfy customers (respond promptly, quickly, maximize profits, minimize mistakes) (Christopher, M 2016, 2-4).

Logistics management methods include the effective management of the entire system, covering all specific stages of the logistics operation chain (from input to output, from suppliers to warehouses; transportation; forwarding), streamlining to eliminate errors in operations. The target of method is minimizing inventory costs and improving the rotation between operations and activities. Increasing the level of control to fix problems promptly is important. We also need to optimize benefits and finally manage risks in Logistics operations. (Christopher, M 2016, 11-14).

3.6 Conclusion of this chapter

From the above studies, it can be summarized that logistics is a chain of services, a process of transferring from input to output through operations and facilities. In freight forwarding, logistics is a chain of freight forwarding services. Logistics plays an increasingly important role for the economy as well as for businesses. The development trend of the Logistics service industry is increasingly enhanced and globalized. Logistics management can be seen as part of the supply chain process (planning, implementing, controlling, storing, inventory) from the entry point to the final output. This is the combination in which the activities support each other smoothly, effectively and bring the highest value to the business. The main goal of Logistics management is to provide services to customers in order to achieve the highest efficiency.

From the above research, we can see an overview of the current Logistics service so that we can analyze the current situation as well as offer solutions to improve Logistics services for Logistics

service companies with the desire to help the company develop as well as increase its competitive advantage over competitors in today's market, specifically Expeditors.

4 GENERALLY ABOUT EXPEDITORS

Expeditors is a Fortune 500 service-based logistics company with headquarters in Seattle, Washington, USA. At Expeditors, the company would provide highly optimized and customized supply chain services for the customers with the most modern technology systems integrated through a global network of 176 district offices in 60+ countries on six continents. The company does not own any transportations so the clients can understand the company as a 4PL company. (Expeditors, 2019).

4.1 The process of formation and development

As a 4PL company, Expeditors is the one that integrates their resources and technical facilities with other organizations to design and operate logistics chain solutions. The 4PL is the management and implementation of complex logistics operations such as resource management, coordination control center, architectural functions and integration of logistics operations (PICTURE 1). Except Expeditors, there are many 4PL “giants” such as DB Schenker, UPS, MCLane Company, etc. Many logistics experts in the world believe that “fourth party logistics” providers are the future. For example, new monitoring technologies will let the company who does not own assets hold every information that concerns them such as when both clients of Expeditors are Maersk and Samsung know the information about shipments between them through Expeditors. (Shaun Snapp, 2009)



IMAGE 1. Procedure of 4PL (Arkindia, 2019)

Logistics service is a field with many very important meanings in the production and circulation of goods, bringing opportunities for workers, the amount of invested capital is not much, but requires high profits. Every year, this service accounts for 15% of GDP, reaching about 8 to 12 billion USD in Vietnam market. There are currently more than 4,000 logistics companies in Vietnam providing comprehensive service from goods transportation to making payment (Vlr, 2015). But in fact, the most are small and tiny businesses. This leads to limitations on capital, human resources and technology. Vietnam does not have any enterprises capable of organizing and operating the entire process in this field. And, Expeditors has recognized the situation in Viet Nam and started to take action in this by established the company in 01/06/2000 with the first office in Ho Chi Minh City. (Expeditors, 2019).

4.2 Organization structure

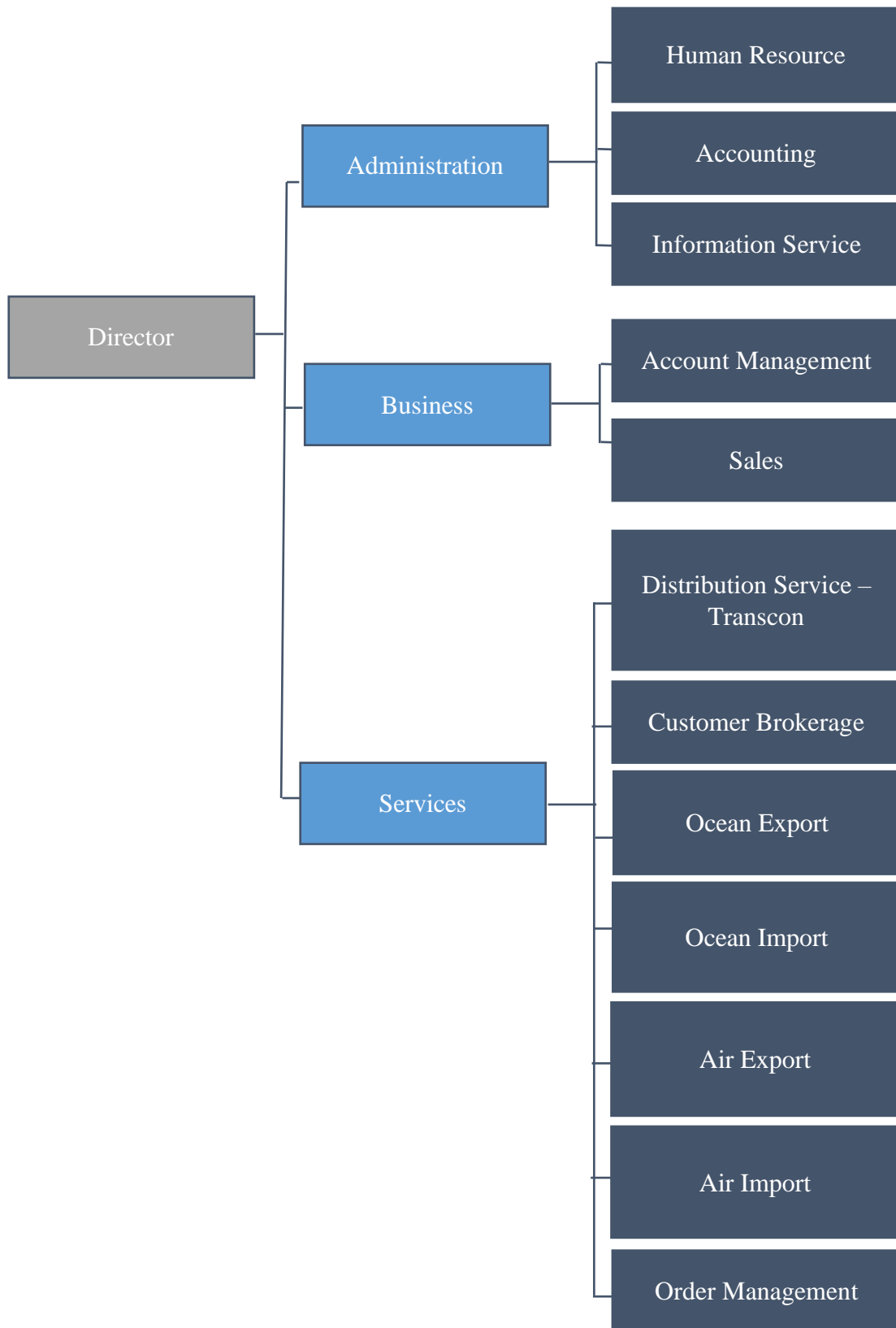


FIGURE 1: Expeditors organization structure diagram
(Expeditors, 2020)

Different companies have different structures. First of all, the Director will be responsible for operating the company and having the highest responsibility for the activities of E.I as well as direct supervision of the departments of E.I as well as the E.I branch. Then, there are three main departments under director which are Administration, Business and Services. Moreover, each department has several functions such as Administrations include Accounting, Business has Sales and Services has Air Import. Every activity will be assigned to each department, with this management when receive the work from the director, manager of each department will assign staff to their department to complete the job. Thus, it limits the errors because the staff knew the job, minimize the cost of errors. If it occurs, finding and fixing will be easy (FIGURE 1).

In the author's opinion, under international integration the most important functions in Business are import and export. Mostly, ocean freight and air freight would be the two main methods of import and export, though ocean freight is fast and safe but the cost is high and the ability to meet the demand is not large. Hence, ocean freight has always played an essential role in import and export activities in the world when people knew how to exchange goods with each other. Furthermore, there are many advantages when Expeditors focuses on Ocean Freight such as the ocean transportation system is too big and ships can easily approach anywhere in the world. On the other side, there are some big companies that have "jumped" into ocean freight services such as DB Schenker. DB Schenker is among the top three ocean freight forwarders in Vietnam, ocean freight has expanded to 130 countries; they have CFS to consolidation, as well as refrigerated containers and packing/unpacking cargo. One of their "golden egg" service is DB Schenker Skybridge combines the advantages of both sea and air and is twice as fast compared to shipping and lower cost compared to airfreight. (Expeditors, 2020).

4.3 Advantages and disadvantages of the company

The business situation at EXPEDITORS - Vietnam is on the rise because of the reasonable investment in infrastructure, coordinating departments and the development of Vietnam and international logistics trends. And there are some advantages and disadvantages of the company.

4.3.1 Advantages

TABLE 1: Business situation at Expeditors – Vietnam (2015-2017)
(Expeditor’s accounting department, 2020) Unit: USD

	2015	2016	2017
Revenue	16.659.200	17.041.022	17.921.532
Cost	9.450.400	9.739.933	10.351.200
Profit	7.208.800	7.301.089	7.570.332

Looking at the above in table 1 (TABLE 1), it can be seen that the revenue situation of E.I SGN Company has changed and grown continuously over the years. Profits in 2017, respectively, increased by 5% compared to 2015 profits and 3.6% compared to 2016 profits. To support the profits through years, Lao Cai port is one of the key activities that is gradually completed and put into operation, bringing prosperous results for the company. (Expeditors, 2019)

The reason why Expeditors usually effectuates logistics activities through Lao Cai port is Lao Cai province is the pivot point between the North of Viet Nam and the rest of ASEAN. Shipments from Vietnam to China can go directly to Kunming - the capital of Yunnan province, from there to other parts of the mainland of China. In contrast, goods from China to Vietnam are transported easily to Hai Phong, Hanoi, and other provinces throughout the country, as well as to ASEAN countries and the world. Furthermore, Lao Cai ICD port is also the only northern inland port connected to the national railway from Lao Cai - Hai Phong - Cai Lan Port - Saigon Port and other provinces in the country which combines a chain of railway, inland sea and road transport modes. (Vinalines logistics, 2020).

4.3.2 Disadvantages

Nowadays, because of the rise of foreign companies, the Viet Nam government has given policy committee that supports Vietnamese companies. Besides, there are several problems related to social issues. Then, Expeditors as other foreign enterprises has to handle many kinds of taxes such as corporate income tax, VAT tax, personal income tax, foreign withholding tax. (Expeditors, 2019). When an investor wants to invest in logistics or infrastructure sector, they have to deal with difficulties which are related to licenses, paper and other risks. For example, according to a purchase agreement between an investor, logistics service provider and Vietnam Airlines Group, VAG has the right to deny any invitation from any foreign company. And one more example that is related to used machinery importation regulations, foreign enterprises cannot take advantages of their used machines (especially those over 10 years old) to import to Vietnam for production. (Vlr, 2015).

5 CURRENT SITUATION OF EXPEDITORS – VIETNAM

In general, the macroeconomic environment is improved with a massive growth of production activities, transportation infrastructure, especially highways. Then, with efforts to reform the administrative procedures and trade facilitation have created conditions and advantages for Viet Nam's logistics and Expeditors in particular in 2019. Moreover, volume of freight and the flow of goods are increased significantly also with the revenue. Hence, the Viet Nam market is becoming more attractive for foreign investors (increase more competitive) when attracting FDI into this sector in the first six months of 2019 that had passed the figures of whole and the average of the previous 5 years.

5.1 Factors that affected logistics services of a company

Different companies have their own strength based on available resources. Before getting into a market, the company has to do a research about the market and their strength to ensure what is the best they can do and what value the company would bring to the customer. For example, UPS has their best logistics network so they can post everywhere in the world at a moment (Greenwoods, 2020). And to Expeditors, they can take advantage from geographical or infrastructure of Viet Nam to build their ocean export and import perfectly.

5.1.1 Geography

Favorable geographical conditions are one of the factors for logistics development. Viet Nam is a country laid next to the East Sea, with a coastline of more than 3200 km, a diverse port system spreading from the North to the South and is located on international maritime routes, it must be said that nature is favorable for Vietnam. A geographical condition that is ideal for developing ocean freight. With this incentive, it not only creates favorable conditions for Vietnam to develop trade with other countries and regions in the world, but can also turn Vietnam into a transshipment area of goods in the region. In addition to the advantage of the sea, the Vietnamese river system is also diverse and plentiful, facilitating the development of inland water transport. (Wikipedia, 2020).

Goods are unloaded from the seaport, continue on the means of inland transport along the river going deep into the mainland for delivery. With two large, flat deltas connected by the Central Land, it has created favorable conditions for the development of rail and automobile transportation - an indispensable link in multimodal transport. And the geographical conditions as mentioned above, the company has all the conditions to apply and develop logistics activities (Chinhphu, 2020).

5.1.2 Infrastructure of Viet Nam

So far, Vietnam has 266 ports, large and small in 24 coastal provinces and cities. In particular, 9 ports have the ability to renovate and upgrade to receive ships of 50,000 DWT (the world's average ship) or container ships up to 3,000 TEU. (Pham Hai, 2019).

In the North, goods are mainly transported through the ports of Hai Phong and Cai Lan (exploited since 2005). In the past five years, the growth of freight transport in Hai Phong port is 25% which is the highest speed in Vietnam and will continue to grow higher in the future. Hai Phong port is currently eight times bigger than Cai Lan port which can take the advantage of being near Hanoi capital. The Government needs to focus more investment on Hai Phong port, especially to raise the draft to over 20m so that large vessels can dock. (Expeditors, 2019).



FIGURE 2: Hai Phong port (Ministry of Transport 2019)

In the South, the port system includes many ports such as Cat Lai, VICT, Saigon, Ben Nghe, ICP Phuoc Long, New Port ICP, Cai Mep - Thi Vai, Vung Tau, Hiep Phuoc which are currently overloaded (FIGURE 2). In 2017, southern ports accounted for 72% of the country's freight volume. From the beginning of 2019 to the present, the whole southern port system of transporting goods has reached 2.7 million TEU (unit of cargo capacity of container ships); reaching 3 million TEU by the end of 2020 is now our primary goal. (Expeditors, 2019).

The northern airport cluster was established on February 28, 1977. Over 40 years of construction and development, it has gradually grown, renovated increasingly and achieved many achievements in production and business activities. Furthermore, it has been ensured aviation security and safety through constructing and developing the infrastructure that has met the fast-growing demands of the domestic and international aviation market. (Vlr, 2015).

In the system of airports in the North, Noi Bai International Airport is a major airport of Hanoi capital, with favorable economic, political and geographical position, the airport becomes an attractive destination for passengers and a potential hub for goods transportation. Currently, there are 22 airlines operating at Noi Bai International Airport, with six domestic routes and 18 international routes. The airport is interested in infrastructure investing such as building a cargo terminal with a capacity of 126,000 tons / year, a system of navigation equipment, operating takeoffs, security supervision, aviation and public safety. (Vlr, 2015). The second landing road (11R / 29L) meeting CAT2 standards has been put into operation since July 2006.

In addition, the Northern airport group is particularly interested in developing the network of civil airports in the region. More than 40 years of building and striving for the Southern group has made great strides on the path of development and integration and met the increasing demands of the cause of industrialization and modernization of the country. In 2018, the airports of the Southern Airport Group served more than 9 million passengers, of which Tan Son Nhat International Airport serves 8.5 million guests by itself. More than 40 years of building and striving for the Southern airport group has made great strides on the path of development and integration, meeting the increasing demands of the cause of industrialization and modernization of the country. The companies under the Southern Airport Group include Sacco and Sags. In 2018, the airports of the Southern Airport Group served more than 9 million passengers, of which Tan Son Nhat International Airport serves 8.5 million guests by itself. (Vietnam aviation, 2020).

Vietnam Railway has been built and developed for over 130 years. With a total length of 2,632 km, Vietnam's railway connects residential areas, agricultural and industrial cultural centers across the country. Moreover, Vietnam railway also has a system of bridges, tunnels, locomotives and freight carriages and passengers. Currently, the railway network has 2,632km of main line, 403km of loop line and 108km of branch line. Of which 85% is a 1.000mm gauge line, 6% is a 1.435mm gauge line and 9% is a cage line (with a combined gauge of 1.000mm and 1.435mm). (Vlr, 2015).

TABLE 2: Total length of railway lines (Vlr, 2015)

Main and branch line	2,632 km
Including:	
• 1.000mm gauge line	2,237 km
• 1.435mm gauge line	158 km
• Cage line	237 km
Loop and branch line	511 km
Total	3,143 km

River is also an advantage to create more diversity and abundance in the transportation system in Vietnam. Technical infrastructure of river transport has also been focused on development in recent years. The main river transport routes have been established in the North such as Hai Phong - Hanoi, Nam Dinh, Viet Tri. Routes to the South such as Saigon - Rach Gia, Ha Tien or Saigon - Can Tho - Ca Mau which connect sea freight to inland or transporting goods from deep inland to collect goods providing for ocean shipping to form a transparent journey for goods. (Hoang An, 2020). Like ocean transport, river transport capacity is quite large and low cost compared to some other modes of transport, thus contributing to reduce costs in transportation. River transport will provide effective support for the transport of goods by LASH. Through the above analysis of Vietnam's infrastructure, it can be seen that these are very favorable factors for the application and development of logistics model in freight forwarding in Vietnam. Although there are still many shortcomings in the current infrastructure that along with the upward development of the country, the infrastructure for the transportation industry will certainly be developed and completed to meet new requirements set of the industry. (Light Aboard Ship, 2020).

5.1.3 Regulatory environment

Favorable geographical conditions, secure infrastructure are the factors that make the ability to apply and develop logistics technology in the country or the region. Whether logistics activities are effective or not depends on whether the legal environment is adequate and ventilated. Nowadays, the operation of modern businesses requires a complete and strict legal system to ensure their interests in the fields of production and business. (Hoang An, 2020). Regulations on trade, delivery, transportation, customs, etc. must all be codified by laws. Without or unclear in the legal system, the activities of the business can hardly achieve the desired results.

Throwing back to the development process of Vietnamese law, we have seen that the legal system serving the fields of production, business, international economic relations, transportation has always been concerned by the State and the National Assembly. In just a short time, a series of social activities were institutionalized by laws such as Maritime Law, Civil Law, Commercial Law, Investment Law, Insurance Law, etc. Besides specialized laws, there are sub-law documents such as ordinances, regulations, supplementing and guiding the implementation of the current law. A number of other laws are being developed or amended to complete and will be enacted in the near future. In addition to trying to build and perfect the domestic legal system, the Government of Vietnam also participates in signing or ratifying international or regional bilateral or multilateral or related treaties, or agreements related to the activities of trading, transport, forwarding, production and business ... in order to facilitate the process of economic development of the country, meeting the requirements of integrating into the regional and world economy. (Vlr, 2015).

Clearly, it can be seen that the Vietnamese legal system is incomplete and has many shortcomings, but along with the renovation of the socio-economy, the Vietnamese regulatory system will be adjusted and developed and perfecting, in order to create an open and favorable legal environment for socio-economic activities including logistics activities. (Hoang Trang & Hoang Thuan, 2020).

5.1.4 Human Resources

Vietnam's logistics human resources are not only insufficient in quantity but also weak in quality, especially highly qualified human resources at the managerial level, good logistics professionals,

knowledgeable in international law who are capable of application and deployment in businesses. Among domestic enterprises, up to 93-95% of workers are not trained in logistics, mainly doing services in small supply chains such as forwarding, warehousing, handling bill of lading. (Dung Hieu 2019).

5.1.5 IT development

For Vietnam, information technology and e-commerce are new, but they are growing very fast compared to other countries in the region and around the world. The number of people using computers and internet connections is increasing significantly as well as the number of businesses using and exploiting the Internet to perform their business. So, production activities have become popular and also initially brought about high economic efficiency. Some have applied e-commerce in marketing, signing of sales contracts, freight forwarding, insurance and payment. Hence, with the current situation and trends of information technology development as well as e-commerce in Vietnam will create many opportunities and the ability to apply logistics technology in production and business activities, especially transport services forwarding businesses. (Vlr, 2020).

5.1.6 International economic integration

After nearly 20 years of Vietnam's integration, although foreign enterprises have contributed to promoting Vietnam's logistics industry, the number of domestic enterprises has increased as well as the competition has been increased. Foreign enterprises have good management ability and capital, so they have more advantages in Vietnam. According to the Ministry of Industry and Trade of Vietnam, today's logistics service has become the backbone service of international trade activities and logistics has been a special concern of the ASEAN economy community. According to ASEAN economic officials, there are four steps needed for fast integration logistics services, including: Liberalization trading, removal of tax and non-tariff barriers for goods moving; creating opportunities for businesses in the field of logistics; logistics management capacity and development of human resources improving. It is known that in 2010, the ASEAN free trade area completed 99.1% of the tariff lines of the old 6 ASEAN countries as 0% and 97% of the tariff lines reached 0 -5% for 3 countries Laos, Myanmar and Cambodia. According to the roadmap, by 2021, the intra-ASEAN tariff line will reach 0%. (Hoang Trang & Hoang Thuan, 2020).

5.2 Business situation

The volume of goods delivered by ocean forwarding always accounts for a high proportion of the total volume of goods delivered by the Company, about 60-70% of the volume of goods are delivered by forwarding. (DSV, 2020). This is also consistent with the reality of freight forwarding in Vietnam, because in international cargo transportation, ocean transport plays the most important role.

Sea transport has a large shipping capacity because the main transport are ships with very large capacity, but can run many ships at the same time on the same route. Ocean freight is suitable for most types of cargo, especially suitable and efficient for transporting bulk cargoes of high volume and low value. On the other hand, ocean freight has the lowest cost compares to others. (TABLE 3).

TABLE 3: Accounting report of EXPEDITORS (Expeditors, 2019)

		Year		
		2017	2018	2019
Ocean Freight	Actual figure (tons)	126.167	122.670	130.654
	Growth rate (%)	4,8	-2,9	6,1
Air Freight	Actual figure (tons)	12.921	14.996	23.108
	Growth rate (%)	20	13,8	35,1

6 Opportunities for developing logistics services under EVFTA

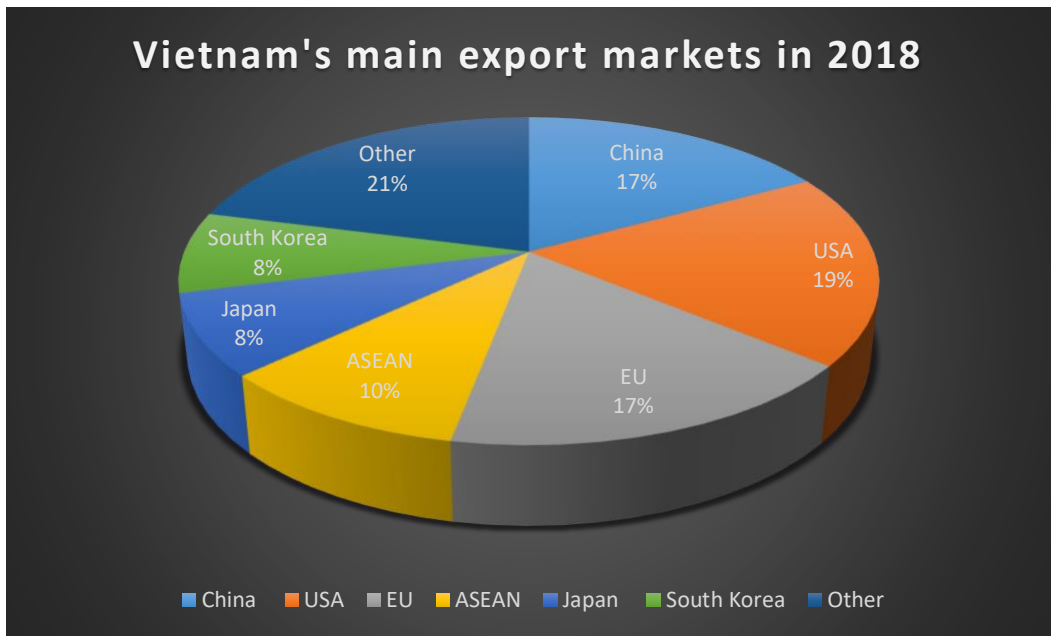
EVFTA is expected to bring many opportunities and benefits to Vietnam's socio-economy. This is also a chance for Vietnamese businesses to rise above the global supply chain. But besides the opportunities, EVFTA also poses many difficulties and challenges that require Vietnamese businesses to really efforts to turn challenges into profits.

6.1 EU-VN Bilateral trade relation

Over the past three decades with many changes in the world situation and in two continents of Asia and Europe, the relationship between Vietnam and the EU has been constantly developing, becoming deeper and more substantial, with historic milestones. In 1995, Vietnam and the European Community signed the Vietnam-EC Framework Agreement. The agreement concretizes four goals: ensuring conditions and promoting the development of bilateral trade and investment, supporting sustainable economic development in Vietnam, enhancing economic cooperation, which includes supporting Vietnam's efforts towards a market economy, and assisting Vietnam in environmental protection and sustainable governance of its resources. natural resources. (European Commission, 2019, 12-13).

In June 2012, the EU-Vietnam wide-ranging Partnership and Cooperation Agreement (PCA), was signed which demonstrates the European Union's commitment to forging a modern, wide-based and shared profitable relationship with Vietnam. The PCA Agreement further expands the scope of EU-Vietnam cooperation in areas such as trade, environment, energy, science and engineering, effective public administration, as well as tourism, culture, and immigration and the fight against corruption and organized crime. The party established a comprehensive partnership and cooperation in 2012 and ratified the Vietnam-EU Framework Agreement on Comprehensive Partnership and Cooperation (the PCA Agreement) in 2016. According to GSO, the EU is one of the largest overseas market that Vietnamese products have been exported and regarding to two-way trading partner, the EU is the fourth most important. (European Commission, 2019, 12-13).

Vietnam is the EU's second biggest buying and selling companion in ASEAN. Both ways trade turnover reached 56.45 billion USD in 2019, of which Vietnam's exports to the EU grew at an average rate of 16% over the past two decades. In addition, Vietnam and the EU also share many parallel interests, closely coordinate at forums and multilateral mechanisms, actively contribute to promoting multilateral cooperation and international order based on law, for peace, stability and development, promote trade and investment liberalization, and respond to global challenges. (Evfta.moit.gov, 2020).



GRAPH 1: Vietnam’s main export markets in 2018 (GSO, 2020)

According to the graph (GRAPH 1), in 2019, import and export turnover between Vietnam and the EU reached over 56.45 billion USD, up 1.11% over the same period in 2018, of which exports reached over 41.54 billion USD (down 0.81%) and imports reached USD 14.90 billion (up 6.84%). The markets with export value of over 1 billion USD in 2019 are the Netherlands (6.88 billion USD, down by 2.89% compared to 2018), Germany (6.56 billion USD, down by 4.63%), UK (\$ 5.76 billion, down 0.38%), France (\$ 3.76 billion, down 0.01%), Italy (\$ 3.44 billion, up 18.46%), Austria (3, \$ 27 billion, down 19.93%), Spain (\$ 2.72 billion, up 3.38%), Belgium (\$ 2.55 billion, up 5.83%), Poland (\$ 1.50 billion) USD, up 12.42%) and Sweden (1.18 billion USD, up 2.39%). (GSO, 2020).

TABLE 4: Statistics on import and export turnover of Vietnam - EU

Year	Exports		Imports		Total	
	Values	Growth (%)	Values	Growth (%)	Values	Growth (%)

2015	30.940,1	10,77	10.433,9	17,16	41.370,0	12,31
2016	34.007,1	9,92	11.063,5	6,03	45.070,7	8,93
2017	38.336,9	12,75	12.097,6	8,57	50.434,5	11,72
2018	41.885,5	9,42	13.892,3	13,95	55.777,8	10,59
2019	41.546,6	-0,81	14.906,3	7,30	56.452,9	1,21

(Viet Nam Customs / Unit: million US dollars)

Vietnam's main exporting countries in the EU market in recent years still focus on traditional markets such as the Netherlands, Germany, the UK, France, Italy, Spain, Belgium and Poland. For the Austrian market, the export turnover to this market is mainly due to the export of mobile phones. According to table 3 (TABLE 3), in 2019, Vietnam's exports to the EU reached 41.54 billion USD, down 0.81% compared to 2018. And according to table 4, the main items of Vietnam that were exported to the EU were cellphones and modules (reached \$ 12.21 billion, down 7.23%), footwear (\$ 5.03 billion, up 7.51%), computers, electronic products and components (\$ 4.66 billion, down 8.13%), textiles (\$ 4.26 billion, up 3.90%), machinery, equipment, and other tools (\$ 2.51 billion, up 21.63%), marine products (1.25 billion USD, down 13.07%) and coffee (1.16 billion USD, down 14.91%). The items with the highest growth rate in 2019 are raw plastics (reaching 19.13 million USD, up 235.42%), paper and paper products (13.94 million USD, up 175.56%), cameras, camcorders and accessories (\$ 30.70 million, up 139.83%), tea (\$ 8.20 million, up 132.98%) and electrical wires and cables (31, 10 million USD, up 139.83%). (Viet Nam customs, 2020).

TABLE 5: Some main products exported from Vietnam to the EU

	Name of goods	2017	2018	2019	2019/2018
01	Footwear	4.612,3	4.677,8	5.029,4	+7,51%
02	Textile	3.733,3	4.101,7	4.261,9	+3,90%
03	Sea food	1.422,1	1.435,2	1.247,6	-13,07%
04	The coffee	1.365,4	1.360,5	1.157,7	-14,91%
05	Wooden	751,4	779,1	846,6	+8,65%
06	Computer	4.097,5	5.072,9	4.660,4	-8,13%
07	Phone	11.778,0	13.161,4	12.209,2	-7,23%

08	Bags, purses, suitcases, hats & Umbrellas	879,5	928,8	965,6	+3,85%
09	Steel products	399,8	568,8	551,4	-3,06%
10	Means of transport and PT	705	671,6	814,3	+21,24%
11	Cashew	944,4	105,4	102,6	-2,66%
12	Machines	1.688,4	2.063,8	2.510,3	+21,63%

(General Department of Customs / Unit: million US dollars)

According to table 4 (TABLE 4), in 2019, imports of goods from the EU reached 14.90 billion USD, up 6.84% compared to 2018. The main imported goods of Vietnam from the EU were machinery, equipment, tools and other spare parts (US \$ 3.91 billion, down 3.92%), computers, electronic products and components (\$ 2.51 billion, up 36.40%), pharmaceuticals (\$ 1.63 billion, up 13) , 50%), chemical products (556.47 million USD, up 4.89%) and raw materials, textile, garment, leather and shoes (402.17 million USD, down 2.58%). The items with the highest growth rate in 2019 were cameras, camcorders and components (reaching 6.44 million USD, up 114.93%), whole cars (135.83 million USD, up 74.64%), other metal products (\$ 15.98 million, up 73.64%), paper of all kinds (\$ 77.80 million, up 41.94%), precious stones, precious metals and products products (78.48 million USD, increased 37.28%) and computers, electronic products and components (2.51 billion USD, 36.40% increase). Noticeably, some import growth decreased such as iron and steel scrap (59.69 million USD, down by 53.14%), ore and other products (4.95 million USD, down 29.17%), pesticides and materials (\$ 81.16 million, down 27.42%), chemicals (\$ 195.56 million, down 25.46%), other means of transport and spare parts (257.16 million USD, down 22.77%) and fertilizers (29.36 million USD, down 22.37%). (Viet Nam customs, 2020).

6.2 What is EVFTA?

EVFTA is a wide-range, high standard, balanced agreement of interests for both Vietnam and the EU, and in accordance with the provisions of the World Trade Organization (WTO). The Agreement consists of more than ten chapters, two protocols and a number of memoranda of understanding with the main contents: trade in goods (including general regulations and commitments to open markets), rules of origin, Customs and trade facilitation, food hygiene and safety measures (SPS), technical

barriers to trade (TBT), trade in services (including general regulations and commitment to open markets), investment, trade defense, competition, SOE, government procurement, intellectual property, commerce and sustainable development, cooperation and capacity building, legal issues institutional. (European Commission, 2019, 24-25).

Regarding trade in goods, for Vietnamese fares, when the Agreement happens, the EU will dispose of import obligations on about 85.6% of tax lines, identical to 70.3% of Vietnam's fare turnover to the EU. Following a long time from the date of section into power of the Agreement, the EU will annul import obligations on 99.2% of levy lines, comparable to 99.7% of Vietnam's fare turnover. For the leftover 0.3% of fare turnover, the EU resolves to give Vietnam a duty rate standard with the import charge in the amount of 0%. Subsequently, it very well may be said that almost 100% of Vietnam's fare turnover to the EU will be wiped out from the import charge after a short excursion. Up until now, this is the most elevated level of responsibility an accomplice gives us in the FTA arrangements has been agreed upon. This advantage is particularly significant when the EU is consistently one of the two largest trade markets of Vietnam today (European Commission, 2019, 26-27). For the EU sending out, Vietnam resolved to dispose of levies when the Agreement became effective with 48.5% of levy lines (representing 64.5% of import turnover). At that point, following 7 years, 91.8% of tax lines comparable to 97.1% of fare turnover from the EU was nullified by Vietnam. In the following 10 years, the duty disposal is about 98.3% of tax lines (representing 99.8% of import turnover). For about 1.7% of the leftover EU tax lines, we apply the tax end timetable of over 10 years or apply tax standards as per WTO responsibilities. Different issues were identified with exchange merchandise and Vietnam and the EU additionally concur on substance identified with customs methods, SPS, TBT, exchange safeguard, and so on, making a legitimate structure for the different sides to collaborate. collaboration and assistance for import and fare of enterprises. (European Commission, 2019, 26-27).

Regarding trade in services and investment, commitments of Vietnam and the EU on trade in investment services are aimed at creating an open investment environment, favorable for the operation of the enterprises of the two sides. Vietnam's commitments go further than WTO commitments. The EU's commitments are higher than the WTO commitments and equivalent to the highest level of EU commitments in the recent EU FTAs. Areas in which Vietnam committed to be favorable to EU investors include a number of specialized services, financial services, telecommunications services, transportation services, distribution services. The two sides also made commitments on national treatment in the field of investment and discussed the content of dispute settlement between investors

and the state (European Commission, 2019, 51). Some critical highlights of responsibilities in some help areas are as per the following. Inside a long time from the date of section into power of the Agreement, Vietnam resolves to consider well permitting EU credit institutions to build their unfamiliar possessions to 49% of their sanction capital rate in 02 joint stock business banks of Vietnam. However, this commitment does not apply to the four joint stock commercial banks in which the state is holding a majority stake, namely BIDV, Vietinbank, Vietcombank and Agribank. Concerning insurance services, Vietnam commits to allow cross-border reinsurance, commits to voluntary health insurance services under Vietnamese law. As for the requirement to allow the establishment of a reinsurance branch, it is allowed after a period of transition. Relating to telecommunication services, it accepts the same level of commitment in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Especially for value-added telecommunication services without network infrastructure, it allows the EU to set up 100% foreign-owned enterprises after a transition period. About distribution services, it agrees to remove the requirement of an economic needs test after 5 years from the date of entry into force of the Agreement, however we reserve the right to implement distribution system planning on an indiscriminate basis behave. Discrimination in the production, import and distribution of alcohol was agreed to allow EU businesses to reserve their operating conditions under the current licenses and only need one license to carry out their activities: import, distribution, wholesale and retail. (European Commission, 2019, 50-53).

Regarding government procurement, Vietnam and the EU agreed on equivalent contents to the Government Procurement Agreement (GPA) of the WTO. With some duties such as internet bidding, bringing up a portal to post bidding data, etc., Vietnam has a way for implementation. The EU also commits to provide technical assistance to Vietnam to fulfill these obligations. In terms of commitments, we commit to open the procurement of ministries, central branches and some units under the Ministry of Defense (for goods and services procured normally not for security purposes - National Defense), Hanoi City, Ho Chi Minh City, Vietnam Electricity, Vietnam Railway Corporation, 34 hospitals under the Ministry of Health, Hanoi National University, Thanh National University Ho Chi Minh city and a number of central institutes. Regarding the market opening threshold, we have a 15-year roadmap to gradually open up shopping activities. Vietnam reserves the right to set aside a certain percentage of the value of proposal packages for domestic contractors, goods, services and workers within 18 years from the date of entry into force of the Agreement. For pharmaceuticals, Vietnam commits to allow EU businesses to participate in the pharmaceutical procurement proposal of

the Ministry of Health and public hospitals under the Ministry of Health with certain conditions and itineraries. (European Commission, 2019, 54-57).

Regarding intellectual property, obligation to licensed innovation incorporates responsibilities to copyrights, developments, creations, commitments identified with drugs and geological signs, and so on. Fundamentally, Vietnam's responsibilities to protected innovation are steady with current law. Some critical highlights of responsibilities to protected innovation are as per the following. With respect to signs, when the Agreement happen, Vietnam will ensure more than hundreds topographical signs of the EU (counting 28 individuals) and the EU will secure geological signs of Vietnam. Vietnam's topographical signs are identified with agricultural items and groceries, making conditions for various Vietnamese farming items to fabricate and insist their brands in the EU market. Regarding trademarks, the two sides are committed to applying favorable and transparent registration procedures, including having an electronic database of a published trademark application and a registered mark for the public access and at the same time allow to terminate the validity of the registered trademark which has not been actually used within 5 years. Regarding enforcement, the Agreement contains provisions on border control measures for exports suspected of infringing intellectual property rights. Regarding most favored nation treatment (MFN) commitment, most favored nation treatment commitments in this agreement ensure that the EU organizations and individuals enjoy the benefits of not only high standards of protection. with objects of intellectual property rights under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), but also other objects of intellectual property rights in trade agreements free trade that Vietnam participates in (such as CPTPP Agreement). (European Commission, 2019, 44-45).

Regarding state enterprises, the regulations on state enterprises in the EVFTA Agreement aim to create an environment of equal competition among economic sectors. The commitment also takes into account the important role played by state enterprises in the realization of public policy goals, macroeconomic stability and security and defense. Therefore, the EVFTA Agreement only regulates the commercial activities of enterprises owned or controlled by the State and monopolistic enterprises whose commercial activity scale is large enough to make sense in competition. The main obligations of the state enterprises are operating under a market mechanism, meaning that the enterprise has the right to make its own decisions in business activities and without administrative intervention by the State, except in the case of implement public policy goals. There is no discrimination in the sales and purchase of goods and services in the opened sectors or fields transparency of basic information of

enterprises in accordance with the provisions of the law on enterprises. (European Commission, 2019, 62-63).

Regarding e-commerce, in order to expand e-commerce between Vietnam and the EU, the Vietnam and the EU promised not to force import tax on electronic contracts. The two sides also pledged to cooperate through maintaining a dialogue on administration problems raised in e-commerce, including responsibilities of the intermediary service providers for the transmission or storage of information dealing with forms of electronic communication in commerce without the permission of the recipient (such as email offers, advertising), protecting consumers when participating in electronic transactions. The two sides will also cooperate to exchange information on domestic laws and regulations and related enforcement issues. (European Commission, 2019, 50-53).

Transparency derived from the practice of the domestic legal environment that has a great influence on trade, the EVFTA agreement dedicates a separate chapter on transparency with the most general requirements to ensure an effective and predictable regulatory environment for economic entities, especially small and medium enterprises. Regarding trade and sustainable development, both sides affirmed their commitment to pursuing sustainable development, including economic development, social development and environmental protection. On labor issues, as members of the International Labor Organization (ILO), the two sides pledged to respect, promote and implement the 1998 ILO Declaration on Fundamental Principles and Rights in Labor. This includes promoting the ratification and effective implementation of the Core ILO Conventions. In addition, the two sides also agreed to enhance cooperation through information and experience sharing mechanisms to promote ratification and implementation of labor and environmental conventions in some areas such as climate change, biodiversity, sustainable forest management and forest product trade. (European Commission, 2019, 62-63).

Other contents of the EVFTA Agreement which are the EVFTA Agreement also includes chapters related to cooperation and capacity building, legal - institutional, competition policy and subsidies. These contents are consistent with the legal system of Vietnam, creating a legal framework for the two sides to strengthen cooperation and promote the development of trade and investment between the two sides. (Evfta.moit.gov, 2020).

6.3 Importance and its impacts on Vietnam's logistics

The EVFTA agreement bravely determines the strength of both Vietnam and the EU in promoting the bilateral system, contributing to the broad development of the system between the two sides and a more quality implementation. Participation in the EVFTA agreement affirms Vietnam's commitment to the international free trade system, promotes Vietnam's FTA negotiations with other important partners, and marks a period of comprehensive international integration. and breadth of Vietnam. (European Commission, 2019).

6.3.1 Logistics in Viet Nam before EVFTA

According to Vietnam Report, there are currently over 3,000 transportation and logistics companies in Vietnam, of which 88% are domestic enterprises, 10% are joint ventures and 2% are foreign enterprises. However, the revenue of the joint venture or foreign enterprises accounts for 70-80% of the market share, reflecting the relatively low competitiveness of domestic transport and logistics enterprises. However, although the government has had many breakthrough policies to support and facilitate the development of the transport and logistics industry, more than 50% of enterprises still assess that there are still many shortcomings in import and export policies. At the same time, the goods clearance is still quite tight, causing many difficulties. The unclear document or decree makes new businesses confused, which slows down the development of the Logistics industry. (Pham Hai 2019).

Connection of transport modes is ineffective. Logistics centers connecting Vietnam with the world have not been invested and built which leads to high logistics costs and accounts for 25% of GDP (compared with developed countries only from 9 to 15%), in which the cost of logistics load accounts for 30 to 40% of the product cost (this rate is 15% in other countries). This has a significant impact on the long-term development of the logistics industry in the future. Another very important factor in shaping the growth of logistics is the volatility of crude oil prices. According to the Vietnam Association of Logistics Services, petroleum accounts for about 35% of the transport cost structure. However, gasoline prices are always volatile, so logistics businesses need to take appropriate measures to take precautions in all cases. (Vlr, 2015).

Vietnam's population is about 96 million people, of which about 70% people use the Internet, along with the establishment of e-commerce floors with a variety of products. (Evfta.moit.gov, 2020). This

leads to many consumers turning to online shopping, so the shipping services also develop widely in the provinces. At the same time, Vietnam with a young population structure is creating many conditions for businesses to have abundant human resources. However, human resources are not qualified enough, especially highly qualified human resources at the management level, good logistics specialists, knowledgeable about international law and capable of application and development into projects in the business. Therefore, training human resources with good quality is an urgent requirement and also a challenge in the logistics industry. Currently, Vietnam's logistics service providers apply technology to their business activities at a low level, mainly using electronic customs declaration software, vehicle navigation technology, and means of communication via the internet are mainly small, lack of capital and in-depth human resources. However, according to the judgment of nearly 80% of experts in the survey of Vietnam Report, before the digital trend, businesses in the transport and logistics industry in Vietnam will gradually adapt, promote research and application of technology. in logistics activities, in order to improve operational processes, optimize costs and resources of businesses. Technology can be considered as a key factor to enhance competitiveness with foreign enterprises. (Hoang An, 2020).

Before EVFTA, due to complicated trade procedures and border gate prohibitions, leading to high logistics costs cause commodity costs of Vietnam in general to rise higher than other countries that reduces the investment attraction and competitiveness of domestically produced goods. However, the General Director of AuchanSuper Vietnam Co., Ltd. (under Simply Market), Mr. Shiotani Yuichiro, said that Vietnamese mangoes are equivalent to Thai and Filipino mangoes, when brought to France, the price is nearly 20% more expensive and the consumption is not high. (Tran Manh, 2015).

Furthermore, the government lost millions of USD due to backlog of containers. Director of Nam Hai Port - Dinh Vu (Hai Phong) said that this port is currently one of the ports with the largest number of containers in stock in the North with 1,700 containers without export clearance. Of which, about 1,100 containers are agricultural commodities. The remainder of the containers contained various types of paper and materials for export to the Europe as raw production materials.



FIGURE 3: Thousands of containers waiting for permission to remain in stock at Nam Hai - Dinh Vu port (Hai Phong) (Bao giao thong, 2019)

Nam Hai - Dinh Vu port has a capacity of 10,000 Teus, but the amounts of containers in stock is more than 3,500 Teus, accounting for more than one third of the capacity at the port (FIGURE 3). In order to clear the yard to maintain the receiving of goods, the port has moved these containers to a dry port for temporary deposit, estimating in the period of 2-3 years. The cost of storage for ports and yards to pay for ICDs is about 800,000 USD, not including transportation costs from seaports to ICD is about 200,000 USD. (Nam Khanh, 2019).

6.3.2 Logistics in Viet Nam after EVFTA

First of all, the strong market-opening commitment in the EVFTA agreement will surely improve the Vietnam-EU trade interconnection, helping to further expand markets for Vietnam's exports. With the commitment to abolish the import tax up to nearly 100% of the tariff and the trade value agreed by the two sides, the opportunity to increase exports for Vietnamese products with advantages such as textiles, footwear, agriculture, seafood (including rice, sugar, honey, fruits and vegetables), furniture, etc. is significant. The level of commitments in EVFTA can be considered as the highest level of commitments that Vietnam has achieved in the signed FTAs so far. This is even more meaningful when currently, just over 42% of Vietnam's exports to the EU enjoy a 0% tariff rate under the Common Preferential Tariffs (GSP). (European Commission, 2019, 26-27).

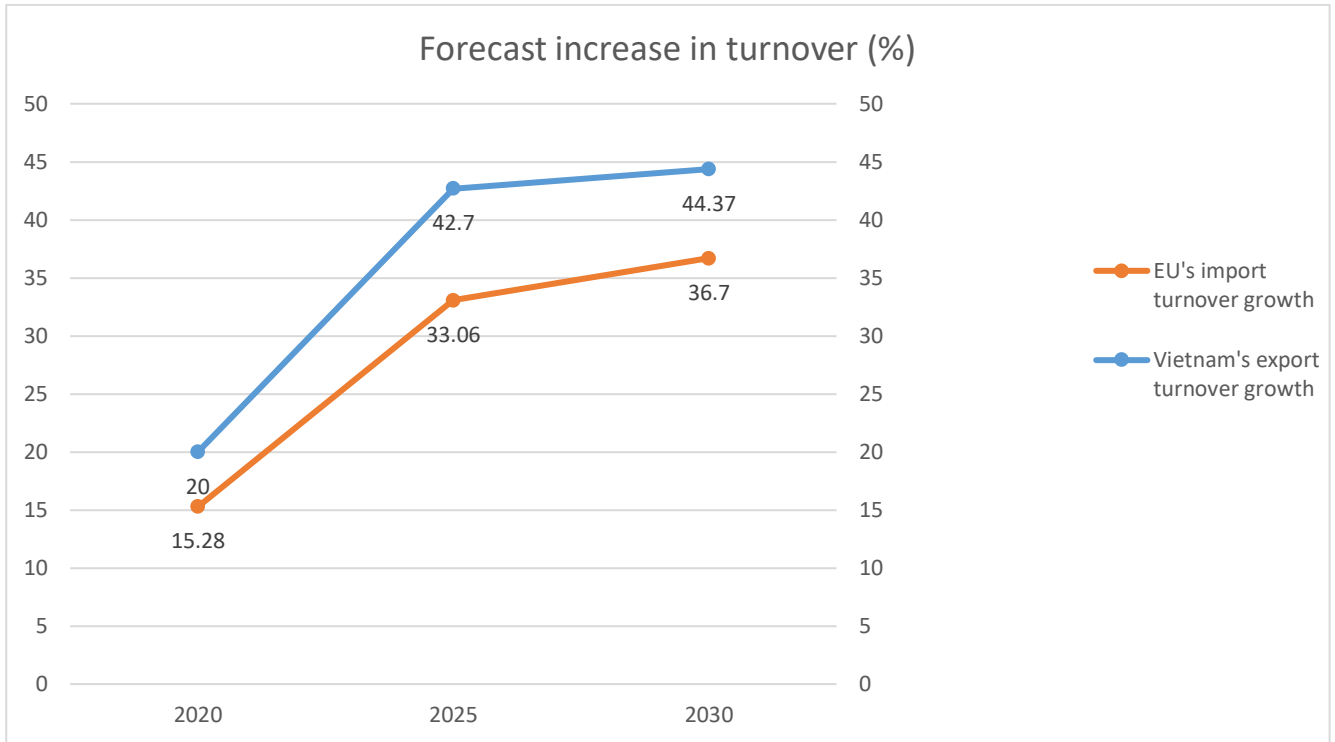


FIGURE 4: Forecast increase in turnover / Unit: percentages
(Ministry of Planning and Investment Viet Nam)

According to research by (the Ministry of Planning and Investment, 2020), the EVFTA Agreement will support Vietnam's sales to the EU increase by about 20% by 2020; 42.7% in 2025 and 44.37% in 2030 compared with no Agreement. At the same time, imports from the EU also grow but not as fast as exports, namely about 15.28% by 2020; 33.06% in 2025 and 36.7% in 2030. In terms of macro, EVFTA contributes to an increase in GDP of Vietnam at an average rate of 2.18-3.25% (in 2019-2023); 4.57-5.30% (years 2024-2028) and 7.07-7.72% (years 2029-2033) (FIGURE 4). In addition, commitments to services – investment, government procurement, as well as specific regulations on market access and technical measures in specific sectors will also create opportunities for businesses, EU products, goods and services have more convenient access to the market of nearly 100 million people in Vietnam, and at the same time help Vietnamese consumers access the supply of high-quality products and services from the EU. Fields such as pharmaceuticals, healthcare, infrastructure construction and public transport, etc. In addition, commitments on state governance will ensure a stable and open business and legal environment for investors of both parties in general and EU businesses and investors in particular.

Through EVFTA and IPA, EU investors will also have the opportunity to access markets in countries that have signed FTAs with Vietnam with more preferential treatment. This agreement also helps to promote relations between the EU and each ASEAN country in particular and the ASEAN bloc in general, creating a premise towards discussing an FTA between the EU and ASEAN in the future. On April 11, 2019, the Vietnam – Netherlands Waterway Cooperation Roundtable with the theme “Towards a multimodal and sustainable agro-logistics corridor in the Mekong Delta” will take place. Out in HCMC. This is an important and meaningful activity conducted on the sidelines of the official visit to Vietnam by Dutch Prime Minister Mark Rutte. (Dutch Water Sector, 2019).



FIGURE 5: Mr. Willen Schoustra - Counselor of Dutch agriculture in Vietnam (second from right to left) at Hortex Vietnam 2019 (Vietnam Logistics Review, 2019)

At the Vietnam – Netherlands Waterway Cooperation Roundtable seminar, Vietnam Logistics Business Association (VLA) will also present a presentation to let Dutch businesses understand the current situation of Vietnam's logistics service industry in general and the agricultural logistics service industry of Vietnam's Mekong River Delta, immediate difficulties and development direction of agricultural logistics services to be able to find a way to optimize connectivity to facilitate economic development and improve cohesion linking with localities in the country to develop trade. (Dutch Water Sector, 2019).

After EVFTA Agreements, currently backlogged goods tend to decrease, due to backlogged goods after they have been registered for customs declarations to carry out export procedures for goods to Europe according to regulations; and it's up to more than 5000 containers release at the port. (Evfta.moit.gov, 2020).

6.4 EVFTA for foreign logistic enterprises

Expeditors, as a logistic company that has many experiences in global market can take advantages in this agreement. First of all, the removal or significant reduction of tariff barriers will cause an increase in the volume of goods imported and exported between Vietnam and the European Union. From there, it increases the great demand for logistics activities, is an opportunity to increase the market size of the logistics industry in Vietnam.

The second is an opportunity to attract investment from Europe, taking advantage of partners' experience, management skills, capital resources, and available network in joint ventures with EU partners.

Next, when Vietnam implements its institutional commitments to facilitate trade, shorten the time to do import and export procedures, improve the quality of infrastructure, business costs will decrease. At the same time, EVFTA also reduced the purchase price of means of transport, machinery, equipment, and technology for logistics activities imported from the EU due to Vietnam's commitment to eliminate tariffs. When it comes into effect, EVFTA will bring immediate positive effects to businesses in both Vietnam and Europe. From the first day of entry into force, the tariff reduction will apply to 65% of EU exports to Vietnam and 71% of EU imports from Vietnam with a roadmap towards the gradual elimination of tariffs in 10 years. The elimination of bilateral tariffs and export duties, along with the reduction of non-tariff barriers (NTBs) that affect the cross-border trade of goods and services, are expected to promote bilateral trade significantly. The opening of the public procurement market also brings new and important trade opportunities to the EU. (Thy Thao, 2020).

To welcome the wave of opportunities to develop logistics and shipping, the company needs to understand the commitments to opening logistics services to identify new risks in competing with rivals from the EU in the Vietnamese logistics market. or opportunities to cooperate with EU partners

for appropriate preparation. It is important that businesses improve and enhance the application of information technology to global logistics networks, find appropriate channels to increase links with different logistics enterprises such as shipping lines, trade agents, insurance. (The Hai, 2020).

At the same time, the company needs to have significant innovations in order to have benefits from this agreement. According to suggestions by (Banker 2020), there are various trends for company's development. First of all, artificial intelligence (AI) has been around for a long time, but the potential for solving complex problems and finding information in the field of supply chain management has not been fully exploited. Areas of AI such as expert systems and Genetic Algorithms (GAs) are used to solve problems: inventory management, purchasing planning, site placement, transport, consolidation and scheduling. In addition, information about future demand is the basis for production capacity planning, human resources, inventory control, new product development and promotion campaigns. Its usefulness, however, often depends on accuracy, on the firm's ability to predict fluctuations in future demand. While traditional forecasting techniques mainly rely on the accuracy and validity of past data, AI is now introduced as an alternative to forecast and plan demand. Secondly, autonomous trucking such as self-driving cars and many other autonomous vehicles seem to exist only in science fiction. But they do appear in the current reality such as companies like Tesla and Google have developed self-driving cars using AI technology. (Vlr, 2020).

These automated vehicles are expected to help reduce costs, save time, and limit the risk of traffic accidents. At present, the technology still requires human control, but it is still expected to become fully automated in the future. In addition, 5G (fifth generation network) will be indispensable to help drive autonomous vehicles, large-scale Internet of Things (IoT) and drones, the report said. Other Logistics-specific applications such as fleet management will benefit from the 5G standard and potentially deliver greater efficiency in the supply chain. In the near future, which the report determines is that within the next three years, the applications for 5G will mainly lie in areas like IoT and augmented reality - AR. This will include the ability to conduct quality remote testing and diagnostics, handle more aspects of planning and data transmission in cloud environments, along with real-time location and access video for supply chain partners. Furthermore, online shopping trends open opportunities for transport and logistics businesses. With the rate of 70% of Vietnam's population using the Internet, the average access per person is about 28 hours / week, creating favorable conditions for the e-commerce industry to thrive. In 2018, according to a report by the Vietnam E-Commerce and Digital Economy, the e-commerce market reached \$ 8 billion, with a growth rate of 30% compared to 2017 and is forecast to continue to grow in many ways. next year, reaching 10

billion USD by 2020. The growth of e-commerce has led many consumers to turn to online shopping and the development of new business models for courier service companies with high frequency, large and small delivery and service coverage throughout the provinces. Many e-commerce sites also invest in building technology platforms and logistics systems, expanding the size of warehouses, and increasing goods distribution points to meet the needs of users. (Vlr, 2020).

Mr. Russell Reed, CEO of UPS Vietnam and Thailand, said that EVFTA marks an important turning point in the process of becoming Vietnam's trading powerhouse, and is the key to opening growth economic potential (Columbus, 2020). Mr. Russell Reed said “As a leading provider of global logistics and shipping services, we recognize EVFTA will facilitate our customers to increase their imports of key products from both. Besides, it helps to simplify procedures and encourage long-term sustainable investment as well as establish strategic partnerships”. As a result, UPS has stepped up service improvements in its network of solutions to help Vietnamese businesses, especially in the retail and high-tech industries, maintain their competitive advantage. Last year, UPS shortened transit times to over 2,300 commercial routes. This combined with other innovations enables shipments to the EU to be transported up to 4 days faster. We have also expanded the reach of UPS Worldwide Express Freight services to customers in many provinces in Vietnam, providing secure, door-to-door delivery of palletized shipments to exporters. (Columbus, 2020).

6.5 EVFTA for domestic company

According to Vietnam Report, currently in Vietnam there are more than 4,000 transport and logistics companies in the country, providing services from the process of transporting goods to paying taxes or payment and of which, 88% are domestic enterprises, 10% are joint ventures and 2% are foreign enterprises. Those companies are mainly concentrated in two big cities, Hanoi and Ho Chi Minh City. (GSO, 2020).

The competitiveness of domestic transport and logistics enterprises is still low compared to that of FDI enterprises, the number of enterprises is lower but accounts for 70-80% of the market share. The main services that Vietnam logistics enterprises provide to customers are basic services or provide individual services. Price competition is mainly with little added value and usually only act as a subcontractor or agent for foreign companies such as warehouse services, freight forwarding, freight forwarding, loading and unloading, sorting services, packaging, storage, etc. There are other services

in the logistics service chain, although there are a number of suppliers, but the number is not much. (Siddharth Bhatla, 2020).

EVFTA is expected to bring many opportunities and benefits to Vietnam's socio-economy. This is also an opportunity for Vietnamese businesses to rise above the global supply chain, but besides the opportunities, EVFTA also poses many difficulties and challenges that require Vietnamese businesses to really working to turn challenges into opportunities. Opportunities and challenges from EVFTA for businesses opportunities egarding exports, although the EU is currently one of the largest export markets of Vietnam, the market share of Vietnam's goods in this region is still very modest, due to the competitiveness of Vietnamese goods. Especially price competitiveness) is limited. Therefore, if the tariffs are eliminated up to 99% under EVFTA, businesses will have more opportunities to increase their price competitiveness when importing into this important market area. The industries that are expected to benefit the most are the key export sectors of Vietnam where the EU currently maintains high tariffs such as textiles, footwear and agricultural products. In terms of imports, Vietnamese businesses will also benefit from imported goods and materials with good quality and stability with more reasonable prices from the EU. In particular, businesses will have the opportunity to access sources of machinery, equipment, technology / high technology from EU countries, thereby improving productivity and improving the quality of their products. At the same time, goods and services imported from the EU into Vietnam will create a competitive pressure for Vietnamese enterprises to strive to improve their competitiveness. Regarding Investment, a more open and favorable investment environment, more attractive export prospects will attract more FDI from the EU into Vietnam. Regarding the business environment, with the implementation of commitments in EVFTA on institutional issues, business environment and policies, Vietnamese law will change and improve. (Chinhphu, 2020).

The requirements of the rules of origin can be difficult to meet. Generally, goods that want to enjoy FTA preferential treatment must meet a certain proportion of internal content (originating materials in the EU or Vietnam). This is a big challenge for Vietnamese enterprises because raw materials for export production are now mainly imported from China or ASEAN. The EU is a difficult market where customers have high demands on product quality which leads to the compulsory requirements on food safety, labeling, environment of the EU is very strict and not easy to meet. Therefore, even if there are tariff benefits, Vietnamese goods must also have a great deal of quality in order to overcome these barriers. However, for example, Many Vietnamese enterprises have the capacity to meet the requirements of EU importers for agricultural products and foodstuffs when there are more than 6,335

hectares of fruits applying VietGAP / GlobalGAP and have been issued with codes of growing areas that meet the export standards; more than 5,000 hectares of aquaculture farms were recognized to apply VietGAP / GlobalGAP; 100% of export basa fish farms were issued with a code of origin; 100% of fishing boats commit to say no to illegal fishing (IUU fishing). (Anh Duy, 2019).

Competitive pressure from EU goods and services is significant. Opening the Vietnamese market for goods and services from the EU means that Vietnamese businesses will have to compete more difficult in the domestic market. In fact, this is a huge challenge, because EU businesses have advantages over Vietnamese ones in terms of competitiveness, market experience as well as the ability to take advantage of FTAs. However, Vietnam's open-door commitment is to have a roadmap, especially for sensitive product groups, so EVFTA is also an opportunity and reasonable pressure for Vietnamese businesses to adjust and change their directions, business knowledge and improve its competitiveness. (Thy Thao, 2020).

Mr. Do Xuan Quang, Chairman of the Vietnam Association of Logistics Services Enterprises (VLA), said at a press conference on August 3, that although foreign shipping companies in Vietnam only account for about 3 -4% of the companies operating this sector are in the country but they handle more than 80% of the country's imports and exports. There are currently about 40 foreign shipping companies in Vietnam, and they mainly connect trade with the US and European markets. Meanwhile, more than 1,300 domestic logistics companies focus only on the domestic market or export markets in the region, Mr. Quang said at the press conference on the topic: "Logistics to ASEAN + 6 after the establishment of the AEC "To introduce the Fair" TILOG - LOGISTIX 2015 "on providing logistics services and intralogistics technology held in Bangkok (Thailand). The majority of Vietnamese enterprises operating in this industry are small and medium sized enterprises with low capital of about 6-7 billion VND/enterprise, while investing in a warehouse requires up to millions of dollars. Due to the small capital, the simple organizational structure of the business, the organization of representative offices in foreign countries cannot be organized, so the overseas jobs must go through the agents of multinational companies. This results in the majority of firms acting as agents for foreign partners with a global network. (Taichinh, 2020).

Another factor that leads to the transportation of import and export goods belongs to foreign businesses is that most of Vietnam's import-export enterprises today buy and sell goods by mode of buying CIF, selling FOB that is buying / selling Vietnamese goods is not responsible for chartering ships, but only responsible for delivering / receiving goods at Vietnamese ports and warehouses, while

the right to actively choose transport ships is decided by foreign partners. Though, industry experts have assessed that Vietnam's logistics industry has a lot of potentials to develop and expand markets, especially in the context of the upcoming ASEAN economic community (AEC). Therefore, in order to survive and develop, experts believe that logistics businesses must upgrade themselves, cooperate and take strategic steps, find ways to increase capital to invest more in facilities and develop and consolidate services, improve competitiveness. (LEC, 2020).

Statistics of the Ministry of Planning and Investment show that the majority of Vietnamese enterprises are still indifferent to intellectual property issues, while this is the EU's top requirement for any participating goods. into this market. Therefore, to be able to benefit from the EVFTA Agreement, Vietnam needs to pay special attention to the intellectual property rules in the EVFTA Agreement. In the coming years, ASEAN will become a key development area for transport and logistics, and when effectively managed, it will help reduce the cost of transporting goods through the region, helping to create faster shipping routes. and more effectively, greatly contributing to the economic development of ASEAN. (FIGURE 6).



FIGURE 6: ASEAN press conference (Hung Le, 2020)

Connectivity is the key to success in promoting competitiveness in the logistics sector of ASEAN +6 countries. Thailand is one of the important transports and logistics hubs of ASEAN and a leading country in the logistics sector in Southeast Asia. As logistics is one of the keys to international trade success, Thailand has been actively implementing new policies to completely change the appearance of its transportation infrastructure to be globally competitive and promote transport links with neighboring countries, including Vietnam. (VLR, 2015).

Besides, the government needs a strong attitude to foreign enterprises that have fraudulent activities. For example, at the end of December 2015, Chinese officials punished eight overseas shipping lines for the total amount of 407 million yuan. In a statement, the China Development and Reform Commission (NDRC) - the country's leading policymaking body, is also one of the agencies tasked with overseeing lawsuits related to issues. Confirming some of the fined firms this time are Nippon Yusen KK, Mitsui OSK lines, Kawasaki Kisen Kaisha, Eastern Car Liner Ltd of Japan, EUKOR Car Carriers of Korea, Wallenius Wilhelmsen Logistics AS - joint venture of Na Uy and Sweden, Compania Sudamericana de Vapores (CSAV) and another Chilean transport company. The NDRC accused the companies of colluding with each other to raise shipping costs and using fraudulent forms of price fixing, largely on shipping routes between China and North America, South America and Europe. According to Beijing officials, these acts violated China's antitrust laws and "harmed the interests" of Chinese exporters and importers. The fines are given based on the 2014 business results of firms with Chinese partners, ranging from 4-9% of total revenue. Domestic enterprises must endeavor and upgrade its own competitiveness platform in terms of business model, strategy, management, human resources, quality of goods and services according to European standards. They must change perceptions, not selling retail or wholesaling, but adapting to the standards required by the market and considering the needs of the market as an indispensable part of production and business activities. (Brenda Goh, 2015).

7 CONCLUSION

Through this thesis, the writers have presented overview knowledge of the logistic concept and how logistics systems work in different areas of the economy and business. In addition, this research also presents the definition of freight forwarding and service provider and their role in the economy as well as the social life. It also emphasizes how important freight forwarding and service providers are in business and the economy. We also mention the main goal and the basic contents of logistics management which can be helpful to analyze the supply chain.

Secondly, when analyzing the situation of Expeditors, Vietnam logistic market, the data of business situation and Vietnam infrastructure, the authors can have a better understanding of the situation of the company and the current market. Additionally, there is also a brief introduction about the EU-VN bilateral trade relation which goes through different points of time in the history from the first framework agreement to one of the largest trading partners. We also analyze the data of trading turnover between the two regions such as import and export turnover between Vietnam and the EU so that we can see how important and committed the trading relationship is.

Moreover, the authors introduce the EVFTA agreement which is a new-generation free trade agreement between Vietnam and the EU. Its contents include trade in goods, trade in services and investment, government procurement, intellectual property, state enterprises, e-commerce, transparency, trade and sustainable development. Both agreements are expected to bring significant advantages for enterprises, employees, and consumers in both the EU and Vietnam. Vietnam's GDP is

set to increase by 10-15 percent while exports are predicted to rise by 30-40 percent over the next 10 years. Meanwhile, the real wages of skilled labors could rise by up to 12 percent, with salaries of common workers increasing by 13 percent. Once the EVFTA has entered into force, and once Government policies and institutional reforms begin to take effect, Vietnam's business activities will boom. Furthermore, we also present the impact of the agreement to businesses in this case Expeditors and Vietnam logistic. In specific, the EVFTA is an ambitious pact providing almost 99 percent of the elimination of custom duties between the EU and Vietnam which gives an enormous opportunity to both businesses and economy.

In order to take advantages of this agreement, the authors propose different recommendations for both domestic and international businesses such as increasing the market size, attracting investment, improving and enhancing the application of information technology.

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