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Analysis of European Union and Vietnam Free Trade Agreement (EVFTA)

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Title
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Abstract (Max. 250 words)

Based on the strength of the diplomat relationship, Vietnam and the European Union signed the European Union-Vietnam Free Trade Agreement for an open market of both sides. From the specific backgrounds of participated nations, the thesis will lead the readers to understand the backgrounds of Vietnam and the EU alongside the overview of the EVFTA's regulations on both sides as well as analyses the effects of the agreement on both markets.

The thesis used the appropriate method of analysis and research. The theoretical base is given for the basic knowledge of international trade. With the theoretical base, the analysis of the regulations and protocols of the agreement would be brought out. From the studies, an understanding of the EVFTA's potential for both markets was provided as a result of the analysis.

The EVFTA took effect recently and further studies on the matter were being conducted. Yet, the thesis provided an insight of the free trade agreement between Vietnam and the EU. From that, opinions could be built on with the perspective of the potentials of the EVFTA

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1 Introduction

1.1 Background

Vietnam and the European Union had a good term of diplomatic relationship since October 1990 (European Commission 2023a). From the diplomatic establishment year, Vietnam has contributed to the development of the relationship and trade with the EU through regional or international conferences and agreements. Vietnam also ranked 15th of the largest trade partners of the EU in 2020. From the base of development, Vietnam and the EU have negotiated for a free trade market, the European Union-Vietnam Free Trade Agreement. The European Union-Vietnam Free Trade Agreement, also known as EVFTA, was first negotiated in 2012 and the agreement came into action in 2020 after the signature in 2019 (World Trade Organization, 2020). The European Union-Vietnam Free Trade Agreement focuses on the trading activities of both partners, including tariff control in both export and import and investment in service sectors. From the agreement, both sides could cooperate in the sustainable development of social and economic sectors alongside the expansion of the free trade market.

The recent crisis with the unstable situation has led nations to find alternative routes to enforce the strength of the domestic economies. Trade agreements have increased in recent years, especially with the increase of resources for reservation of nations during the Russia-Ukraine conflict and the recession of global economy. The EVFTA has stood in as a way to develop the trade and cooperation of Vietnam and the EU. To understand the context of the agreement, advantages, and disadvantages, the thesis is conducted to study the Agreement and its effects on both Vietnam and the EU. Thus, the thesis looks at the effects of the Agreement on the economies of both sides as well as the benefits of the agreement for companies and businesses.

1.2 Aim of the thesis

The aim of the thesis is to analyse the European Union-Vietnam Free Trade Agreement and its effects on the economies of Vietnam and the EU. In the process, the thesis will guide the readers from the theoretical base of international trade to the analysis of the EVFTA. The thesis also provides an overview of Vietnam's and the EU's backgrounds, both political and economic. From the perspectives of backgrounds, the analysis also views the potential benefits in local markets of both sides that companies or businesses can have due to the European Union-Vietnam Free Trade Agreement. Case studies or articles will also be provided to visualize the potential of the EVFTA.

1.3 Scope of the thesis

Since basic knowledge of international trade concepts is required, an understanding of newspaper information is also needed for readers to have a full view of the study. The thesis is organized into three objectives. The first objective is to define the concept of international trade and the reason for the trade agreement of nations. The EVFTA overview alongside with highlighted protocols and duties of Vietnam and the EU is the second objective. From the second objective, the thesis will move on to the identification of the effects of the EVFTA through the related challenges and benefits for both Vietnam and the European Union as the final objective of the thesis. Case and article studies will be provided to give out the further insight of the given topic as well as connection with the identification of the objectives. The scope of the thesis is summarized in the following questions:

- (1) What is the trade agreement?
- (2) What is the EVFTA about?
- (3) How the EVFTA effects on both Vietnam and the EU?

1.4 Research method

The thesis is made through studies, reports, and articles related to the European Union-Vietnam Free Trade Agreement and the economies of both sides. The document of the agreement is the major source of information for the thesis. The thesis also cites articles or studies from reliable publishers and

newspapers. Hence, figures, tables, and appendices are guaranteed to be authentic and reputable. The source of information is also followed the guideline for references and citations to avoid the copyright violations towards to the studies. Furthermore, the ethical principles are followed for the collaborative for the research and authorship of the thesis.

1.5 Outline of the thesis

The thesis is conducted in seven chapters. It starts with an introductory chapter about the thesis, research purpose, and method. Chapter two is about the theoretical base of international trade and explains the need for trade agreements in international trade. In chapter three, an overview of Vietnam and the EU is explained through the political and economic sectors. From the backgrounds of partners, chapter four goes through the Free Trade Agreement between Vietnam and the EU with an overview and highlights of the agreement implementation by both Vietnam and the EU. From the perspective of chapter four, chapter five will be a SWOT analysis to indicate the benefits and drawbacks of the EVFTA on trade partners. Through the SWOT analysis, the beneficial identifications for both sides' companies and businesses are covered in chapter eight. The conclusion is included in the final chapter.

2 Theory base

2.1 International trade concept

Trade is understood as the economic activities where people exchange different products or goods for a benefit, which could be monetary benefit or product exchange. Due to the rise and development of different nations, international trade has been developed as a concept of economic activities between countries. The theory of international trade was developed by Ricardo, an English economist, in 1817. As Ricardo explained in his theory, each nation has different advantages, whether it could be the raw materials or manpower, to compete on the international market with other nations' manufacturing and services. Each nation will focus on the potential of their domestic resource to compete with the

others on the market while exchanging specialized products with others. As for that case, comparative advantage has been created as a result of product exchange in market competition between nations. According to the theory developed by Ricardo (The Library of Economics and Liberty, 2023), comparative advantage can be understood as a lower-cost specialized production chain of a nation that can be the odds to compete with the same kind of products from other countries. By that term, a nation can trade in their specialized commodities for what they are lacking within the domestic market. For example, two nations A and B with two products, wood and steel, with the same working hours. Provided table below (Table 1) is about the production rate of country A and country B, which is calculated in units per hour.

	Wood	Steel
Country A	8	32
Country B	5	10

Table 1. Production rate of two nations

In the provided table of product amount of the two nations, country A has the absolute advantage with more wood and steel produced than country B. For the comparative advantage between two countries, the opportunity cost is determined in the first place. Shown in Table 2 is the opportunity cost of two goods from two nations. The opportunity cost of country A is 1 unit of wood is equal to 4 units of steel and 1 unit of steel is equal to 0.25 unit of wood. At the same time, 1 unit of wood from country B is the same as 2 units of steel produced while 1 unit of steel costs 0.5 units of wood.

	Opportunity cost of wood measured in units of steel	Opportunity cost of steel measured in units of wood
Country A	4	0.25
Country B	2	0.5

Table 2. Opportunity cost for each product of the two nations

According to Ricardo's theory of comparative advantages, comparative advantage is created when there is a lower opportunity cost in the same production lines between nations. With that theory and Table 2 of the two nations' opportunity cost, country A has the advantage in steel production cost in comparison with the production of steel in country B, 0.25 of A compared with 0.5 of B, while country B enjoys a comparative advantage in wood production, 2 of B with 4 of A. In that way, two countries can specialize in their industries and trade for the other product for a better price. For instance, country A has a comparative advantage in steel, and they make a trade for wood from country B, which can exchange 1 unit of steel for 0.5 unit of wood. This act will sharply increase the amount of wood units of country A better than domestic production, from 8 created units of wood to 16 traded units of wood.

Due to this reason, the comparative advantage and the specialized industry of a nation have created the core of trading activities throughout the world. However, nations still want to improve or protect their local industries for domestic market development. Due to that, the idea of protectionism has emerged to support local development.

2.2 Protectionism and Free Trade

2.2.1 Protectionism

Protectionism can be understood as the method to secure the domestic market. The method for the protection of the domestic market can be referred to as tariffs or customs control. For protectionism, the local market will be under the protection of the government from the imported product or competitive market. According to Bhagwati (The Library of Economics and Liberty, 2023), protectionism could become a "double-edged sword" for a nation's economy. Protectionism could be a barrier to the nation's economy due to restrictions on import and export activities. Yet, protectionism could be the method to protect the domestic

market from imported foreign products with tariffs or subsidies to enhance the competitiveness of domestic companies to the imported products.

The arguments about protectionism have been ongoing for a period. As an argument for the necessity of protectionism, the domestic market must secure the development of the local industries or markets, which is also known as the infant industry argument. This argument focuses on the development and necessary measurement for newborn domestic industries, which can be harmed by importing products from foreign nations. In most cases, the leading industries or rising businesses are under the protection of the government from sovereign competitors. These industries are given spaces to develop large enough to survive or compete with foreign competitors for a stand in the domestic market. From the argument of the infant industry, the idea of securing employment for local industries has developed to support protectionism for the domestic market. Not only to enforce the economic strength of the nation but the local employment could also be protected from the low-cost labor competitors to maintain their positions to the business.

However, international trade and comparative advantages between countries have been arguments against protectionism. The governments have limited resources to focus on specific industries and this situation turns into a gamble to choose the most suitable fledgling industry for protection. Sunset industries also follow the cycle-life of the product, which is new and emerging industries will replace the old ones. Thus, new industries or businesses can develop alongside the current flow of economics with their innovative adaptation without intervention from the government. This is true in the case of developed nations such as the United States or China. In the case of developing countries, the strength of political powers and the capital market is limited. Due to that reason, the protection policy for the sunrise industries can be taken for further discussions for the necessary protection in developing countries. This action could cause on the lacking in progress of identification for the industries in seek for the protection as well as the budget amount for the framework of the protection.

2.2.2 Protection methods

For protectionism, there are methods to control the import flow to the domestic market. Tariff is the first method to be used to apply protection to the domestic market. According to the European Commission (2023b), the tariff is a custom duty or import tax that will be imposed on the specific imported products under the percentage for the value of the products or in a specific price. With the effect of the tariff, the imported products have to increase the price or decrease the quantity to control the revenue, which creates a development area for the domestic market. The locals will witness an increase in domestic supply and employment rate as well as government revenue due to the implied taxes.

Apart from the tariff, subsidies can also be used as a key to boost domestic products against imported products. The subsidy can be understood as paid money, investments, or aid from the government or related organizations to reduce the cost of production and the price, as defined by the Oxford Dictionary of Economics (2023). The cost of the domestic products with subsidy will be considered lower than the normal price of the international market with the same product. Thus, this action would increase the sales of the domestic products on the market while the imported products would be cut down to control the price against the local ones.

Another method for market protection is quota. According to Britannica Money (2023), quotas are known as imposed limits on the quantity of trade goods or services in the domestic market. The restrictions will affect both demand and supply of the commodity through the fixed quantity of trade. To return the revenues, the suppliers will have to set a rise in price due to the limitations according to the quotas. Thus, quotas can be negotiated to reduce the restrictions annually. Through the implied quotas, nations can control the competition within the domestic market and ensure that the imported products do not overwhelm the domestic products.

Still, nations take different measures to protect their domestic industries and local markets from the cheap labor market or mass production. However, some

countries will make a deal with other trade partners based on the diplomatic status and the relationship between their economies. It is when the trade agreement steps in to supply a free trade area for participants.

2.2.3 Trade Agreements

According to Britannica (2023), free trade, also known as laissez-faire, is a policy or agreement between countries or governments to create a trading market without any economic barriers, such as tariffs or related import taxes. However, countries still control the trading taxation even if they are in a free trade agreement with each other. From the point of view of Ricardo's comparative advantage theory, the free trade agreement is the method for nations to trade with others without any barriers and each country can focus on its specializations. Thus, the domestic market can also develop its diversity in production to meet the change or trends of demand with a better price while enhancing domestic specialization skills. However, the free trade area could cause damage to local employment with the loss of business due to the enormous amount of alternative imported products to the domestic market. Furthermore, the dependence on the international market could create a strategic drawback to the domestic market if there is a global recession occurring at that time. Yet, governments and international organizations understand about two sides of the free trade agreement and free trade still creates opportunities for the development of domestic markets.

3 EVFTA partners' backgrounds

3.1 Vietnam background

3.1.1 Politics of Vietnam

Vietnam, also known as the Socialist Republic of Vietnam, is a nation located in Southeast Asia with a single political party: The Communist Party of Vietnam (CPV). Due to the control of a single party in the government, Vietnam is known

for the restricting of free speech and information controls on the internet. According to the World Bank (2023), the voice and accountability index of Vietnam had seen at the rate of -1.31 in 2021 and ranked 168th in the world rank of free speech. Thus, the corruption control of Vietnam was inspected at -0.31 in 2021, which is considered the rank 97 out of 191 (The Global Economy, 2022a). Despite all the facts, Vietnam is still considered a nation with a stable political and societal structure. The corruption control index of Vietnam has spotted a decrease in recent years, -0.55 in 2018 had decreased to -0.31 in 2021 (World Bank, 2023). Thus, the stability of politics has remained around the rate of 0 and -0.1 in five recent years which makes Vietnam ranked in the top five nations with political stability in the Southeast Asia region. As a result, Vietnam has attracted more political powers toward them through the stability of the domestic political power.

Vietnam was once isolated from the world after the Vietnam-Sino War and reopened with the “Doi Moi” reform and diplomatic relationship establishments with the international market in 1986. For the diplomatic relations, Vietnam has understood the position and the geography of the nation on the international stage. To maintain the stability of the nation, Vietnam has developed and applied the “bamboo” policy to balance foreign relations. Focusing on self-reliance and cooperation development, Vietnam stays on neutral terms with full respect towards international laws as well as develops different strategies to keep the partners at bay with comfortable. As stated by Chongkittavorn K., Economic Research Institute for ASEAN and East Asia (ERIA) senior communications advisor (Bangkok Post, 2023); Vietnam has developed relations at a quick pace and created connections with new partners and even old “foes” since the participation of Vietnam in Association of Southeast Asian Nations (ASEAN) in 1995. From that, Vietnam has become a member of many international associations and organizations such as the World Trade Organization (WTO) in 2007, International Monetary Fund (IMF) in 1956, and Asia-Pacific Economic Cooperation (APEC) in 1998 while the nation controls the balance of four superpowers at the respectful relationship. At the current period, Vietnam has developed its partnership with the United States (US) to a comprehensively strategic partnership, the highest partnership rank in Vietnam’s foreign affairs, in September 2023 alongside China (2008), Russia (2012), India (2016), and South Korea (2022) despite

the current and rising of West-East confront, in both politics and economic, with the trade war of China and the United States as an example.

3.1.2 Vietnam's Economy

After the Doi Moi reform in 1986, Vietnam started to develop its domestic industries and economy for the international market. In the recent period, Vietnam has been considered one of the rising stars in the Asia region and the fastest-developing nation in Southeast Asia. The Gross Domestic Product (GDP) of Vietnam has calculated at 408.8 billion US Dollars with the GDP per capita is at 4163.5 US Dollars in 2022 (World Bank, 2023). Despite the epidemic of COVID-19 and the global recession, Vietnam has a miracle rate of GDP growth, with a growth rate of 2.9% in 2020 and 8% in 2022, shown in Figure 1 is the growth rate of Vietnam in different periods (World Bank, 2023). According to the International Monetary Fund (IMF, 2021), Vietnam was considered a decisive national strategy to confront the epidemic by restricting the movement and creating necessary isolation. As a result, Vietnam was considered as one of nations with a positive growth rate with China while the other nations in Asia stood on the track or even had a negative growth rate in 2020 (Appendix 1). With a good starting point in the epidemic of COVID-19, the growth rate of Vietnam slightly decreased to 2.6% in 2021, the period when COVID-19 hit the hardest in the domestic market but boomed sharply to 8% in 2022 (World Bank, 2023). According to the World Bank (2023), Vietnam has led the economic growth rate with 8% with other East Asian nations such as Malaysia (7.8%), Philippines (7.2%), and Indonesia (5.2%) while the world average growth rate has been at 2.9% in 2022. Vietnam also had the lowest rate of inflation, calculated at 3.5% and ranked 136 of 148 countries with the highest rate of inflation at the top, and the stable low rate of unemployment, at 1.9% in 2022 ranked 167 of 176 nations (Global Economy, 2022).

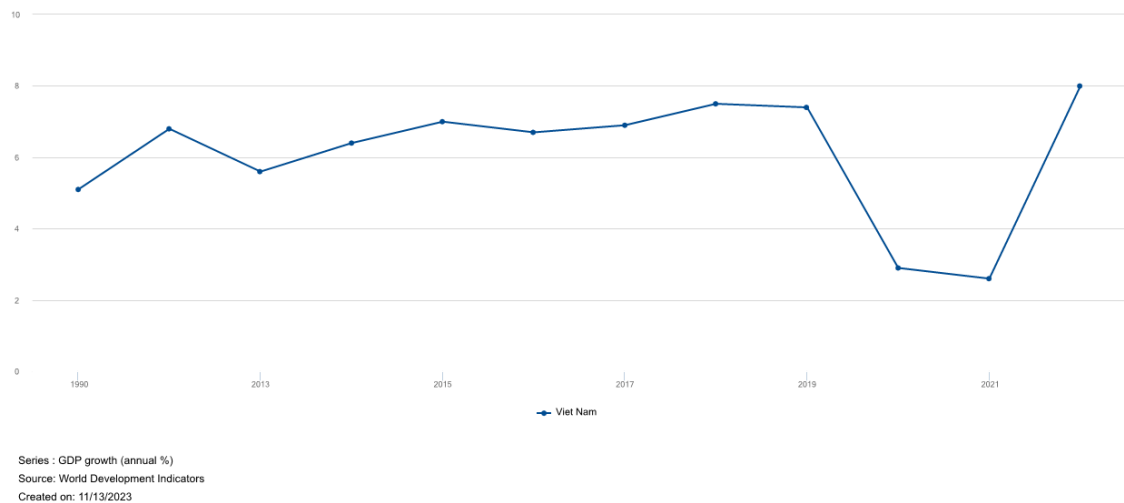


Figure 1. Vietnam's GDP growth rate from 2013 to 2022. (Source: World Bank, 2023)

The trading market of Vietnam gained more advantages through the rise of the domestic economy. The export of Vietnam reached 335.8 billion US Dollars while the import was seen at 330.8 billion US Dollars in 2021, according to World Integrated Trade Solutions (2023). Due to the policy of foreign affairs, Vietnam had opened the market for any trading partners in any regard. China and the United States are known as the main players in Vietnam's market since they are among the biggest exporters to the local market as well as the largest customers for Vietnam's export products. Vietnam opens the market for advanced digital technologies, fuels, and merchandise products. In exchange, Vietnam provides manufactured machinery parts, textiles, and agricultural products. From the epidemic of COVID-19 to the current global situation, Vietnam has proved safe and neutral enough for any international manufacturers or organizations, such as Dell, Apple, and Microsoft, to shift the manufacturing chain to this nation (Financial Times, 2023). Since the economic war between China and the United States and the rising tensions in geopolitics, Vietnam has attracted more foreign direct investment to the nation with over 23 billion US Dollars in 2022 from Japan, Singapore, and China (Financial Time, 2023). With the aid of the 'bamboo' policy and more trading partners in the local market, Vietnam has much room for development through the trading section.

3.2 European Union background

3.2.1 Politics of the European Union

The European Union or the EU is the largest political system in the world. After the Second World War, the European nations came up with an idea for an organization with economic support and cooperation. In 1958, the European Economic Community was formed by six nations; Belgium, Germany, France, Italy, Luxembourg, and the Netherlands; to support the economy and the cooperation between nations. From that time and after many reforms and membership registration, the European Union was created in 1992 and the members have been spotted in 27 nations after Brexit on 31 January 2022 (European Commission, 2023c). The system of the EU has a complex structure since the work is the cooperation of 27 member states as well as the executive orders. The structure of the Union is based on four orders: Executive, Legislative, Judicial, and Financial; each will be elected or appointed from the higher order, yet the citizens of the EU will be the core of the election not only for their national government but also for the Parliament of European and the European Council (Appendix 2). The value of the European Union is based on human rights, equality, and democracy as the founding core of the Union and the aim of the organization is to enhance the sustainability of the development as well as promote the well-being of citizens (European Union, 2023). Based on the values of the EU, the European Union's voice and accountability were calculated at the average of 1.08 in 2021, which is higher than the world average of -0.03, with Finland as the highest rank with 1.62 points at the same time, according to the Global Economy (2022d). Thus, the stability of government in the EU was spotted at the average of 0.74 in 2021 but there is a diversity in the quality and the stability of the government. According to the European Commission (2021), the Central and Nordic nations proved to be at the top of the government quality with an index of quality over 0.7 points while the West European nations were at an average of 0 to -0.5 points. The East European nations, however, were at the low points of the quality index since most of them were around or under -0.5 points (Appendix 3). Thus, the tensions between nations in the EU have risen recently between the member states due to the current global recession as the Russia-

Ukraine crisis and refugee flow control. The case pointed out the argument between Hungary and the EU on the terms of refugee laws and aids to Ukraine has been rising in the recent period since Hungarian government claimed the rights for the objection while questioned the threats to the domestic market of both Hungary and the EU, according to Vinocur (2023).

The European Union follows a set of rules known as common foreign and security policy (CFSP) when it comes to foreign affairs. The policy is represented through the diplomatic minister of the EU and the responsibility of foreign relationships is under the authority of the European Commission through the European External Action Service (EEAS) (European Union, 2023). Focusing on the Treaty of Lisbon, the EEAS operates the diplomatic representations of the EU in over 140 nations as a form of partnership enhancement alongside with States members' embassies in the related nations. With the help of representation offices, the European Union hopes to aid the host nation in both political and economic ways and develop human rights through cooperation (European Union, 2023). However, the diplomat of the EU has been tested and criticized recently after Brexit started in 2016 (Council on Foreign Relations, 2022). The migration crisis as well as the rising tensions after the China-America Trade War in 2018 caused the diplomatic structure of the EU tested, especially during the COVID-19 epidemic and the Ukraine-Rusia crisis. Yet, the EU is on the search for an alternative path to solve the rising conflict to the value of its diplomats or at least to calm down the tension within the Union.

3.2.2 The European Union's economy

The economy of the European Union is a joint market of 27 member nations with an open market and cooperative trade. The GDP of the EU was calculated at 16.64 trillion US Dollars with the GDP per capita at 37149.6 US Dollars in 2022, based on World Bank (2023). The growth rate of the European Union was spotted at 3.5% in 2022, which is above the average world growth rate (2.9%) in the same period. The unemployment rate within the EU has decreased to 6.1%, which is a good sign of employment control, despite the rate being higher than the world average of 5.8% in 2022. However, the affection of the global

recession has impacted the domestic market of the European nations. The inflation rate has gone up to 8% in 2022, according to the World Bank (2023). According to Filip and Setzer (European Central Bank, 2023), the struggle of the international logistic chain and the rising of energy prices alongside the imbalances of the post-pandemic have deepened the situation. Due to the high inflation and unemployment, the European Union also seeking a solution for the de-industrialization that occurred recently within the member nations, such as France and Germany.

Based on the foreign relationship policy, the European Union developed a common commercial policy that applied to its member nations as a unified market (Council of Foreign Relations, 2023). Through the policy, the EU is considered one of the largest markets on the international market with a share of 14% of the world's trading goods (European Commission 2023a). The total trade of the EU was calculated over 5 trillion US Dollars in 2021, with 2.58 trillion US Dollars in export and 2.51 trillion US Dollars in imports (World Integrated Trade Solution, 2023). The main partners for the EU market include China, the United States, and Switzerland in the trading market. For the products, the EU exports advanced technologies, such as car or automobile equipment, and medical products while fuels, textiles, and machinery parts are the main for the importing activities. Yet, the European Union is seeking an alternative trading route due to the global recession and the struggle of the supply line in the domestic market. The tensions between the West and the East have pushed the EU trading commissioners to find a solution for the current situation, especially to shift the trade to a new promising market.

3.3 The European Union and Vietnam relations

Vietnam and the European Union started the relationship in October of 1990 as the establishment of the diplomatic relationship. Vietnam and the European Union had advanced the relationship toward diplomatic cooperation in 1995 and 1996. In 2012, the EU-Vietnam Framework Agreement on Comprehensive Partnership and Cooperation was enacted as the mark of the strengthened

relationship between Vietnam and the European Union (European Commission, 2021). With the advance of the partnership between Vietnam and the EU, both sides have cooperated in different industries, including business, politics, and technology, based on the signed framework. Furthermore, Vietnam and the EU support each other in the field of security and during the COVID-19 as well.

Vietnam also acts as a key member of the Associations of South-East Asia Nations (ASEAN) in the enhancement of diplomatic between the EU and ASEAN. According to the European External Action Service, Vietnam was the active key in strengthening the relationship between two different regions. Vietnam was one of the founders of the Asia-Europe Meeting (ASEM) in 1996. Since then, Vietnam has cooperated with other members of ASEAN to hold different conferences and meetings between Europe and Southeast Asia.

Vietnam among the EU's main partners for trade in goods, 2021
(% share of extra-EU exports/imports)

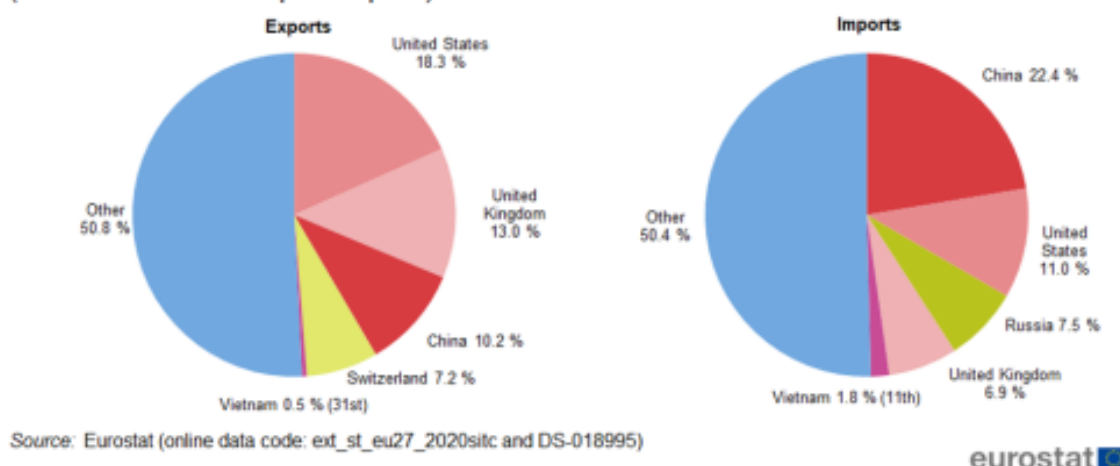


Figure 2. Vietnam among the EU main's partners for trade in goods, 2021
(Source: Eurostat. 2023)

The trade pact between Vietnam and Europe has risen since the relationship diploma in 1990. Currently, Vietnam stands as one of the top 20 trade partners of the EU in both export and import activities in 2020, shown in Figure 2 (Eurostat, 2020). The total trade from the EU to Vietnam has reached 49.154 billion euros in 2021, according to the European Commission (2021). The import has reached 38.514 billion euros in 2021, increasing 11.5% compared to 34.5 billion euros import trade in 2020. Hence, the exports have grown 21.4% between 2020 and 2021, from 8.8 billion euros in 2020 to 10.6 billion euros in 2021.

From the EU perspective, mechanical products, electrical equipment, and pharmaceutical goods are the main products for export activities with Vietnam. In contrast, Vietnam's agricultural products such as coffee or seafood alongside furniture and electronic products are considered Vietnam's main exports to Europe.

4 European Union and Vietnam Free Trade Agreement (EVFTA)

4.1 Overview of EVFTA

The idea of the Free Trade Agreement between the European Union and Vietnam started in October 2010 with the negotiation between the Prime Minister of Vietnam and the President of the European Commission. The negotiations between the two partners had been going on for 8 years for delays in decisions, conferences, and negotiations. In October 2018, the EU released a memo about the Agreement with Vietnam and officially adopted the European Union-Vietnam Free Trade Agreement (EVFTA) and Investment Protect Agreement (IPA) at the same time. In June 2019, the approval from the EU side was passed and the Free Trade Agreement was signed at the same time. After the signature, the Agreement came into effect on February 12th, 2020, which happened after Brexit. (Nhan Dan, 2019)

The Free Trade Agreement aims the trade in goods, quotas elimination, and foreign investments between Vietnam and the EU. Thus, the aim of the agreement takes on public procurement and intellectual property rights for the EU in Vietnam and vice versa. Based on those terms, the agreement between Vietnam and the EU will eliminate the tariffs and quotas on both sides, which will be 99% tariff-free sections in 2030, according to the memo for the agreement (European Commission, 2018). The EVFTA is also seen as a chance for culture exchange with local products for both partners. Through the exchange of culture, market expansion can be made to enhance the stability of the trade between Vietnam

and the EU. Hence, the trade agreement also allows private companies can form contracts with state-owned enterprises in public sections. Through public support, the partners of the agreement can help each other to develop a standard of social alongside the security of foreign investments (European, Commission, 2018). The Agreement provides full insight into the legalization and duties of Vietnam and the European Union in 17 chapters with 2 protocols for label definition and customs matters. Based on the agreement, Vietnam and the EU have terms of duties and tasks to deal with and to win from. The EVFTA will act as a part of the regulations in trade for both Vietnam and the European Union until both sides require for a further advancement in the change for the agreement.

4.2 Highlights of the Free Trade Agreement

4.2.1 Vietnam side

On the side of Vietnam's trade, the barrier elimination for the imported products from the European Union's member nations will be 48.5% of the tariff lines in the entry year of the agreement. Vietnam will eliminate 91.8% tariffs and quotas in 7 years from the entry year of the agreement and focus on the rate of 98.3% tariff-free products by 2030, which is 10 years since the enforcement of the free trade agreement. However, the quotas for specific products such as gasoline, motor components, or cigarettes will be still under the restrictions based on the World Trade Organization commitments. This is all the case unless a special road map for barrier lifting will be required. (World Trade Organization, 2020). According to the EVFTA document (World Trade Organizations, 2020), industrial products, chemical goods, and fuels are the main products that Vietnam focuses on the tariff elimination. In industrial sections, electronic devices will be eliminated from 61% of the tariff lines in 2020 and reduced to 0% within 10 years from the activation of the agreement. For vehicle components, the tariff duties will be eliminated in 7 to 10 years from the entry year. However, the tariff eliminations can only be applied for stated components for cars and motorcycles in the official document of the agreement, others than the specific in the document shall require a special plan for barrier reductions or still commit to

applied tariffs. For the chemical substances, 70% of the products and the related ones will receive free duty for importing based on the agreement. Hence, the other 30% of the products will be scheduled for tariff reduction in the next 7 years. Medical products from the EU will be removed from tariff barriers in 2020 with 71% of the pharmaceutical products. Meanwhile, the other 29% of the medical products will be scheduled to reduce the tariff in 5 to 7 years from the entry year of the agreement. The imported petroleum to Vietnam will also be reduced to tariff-free in 2030. Vietnam also makes tariff reductions on imported agricultural products and raw materials from the European Union as well.

In the agricultural sector, meat products will receive different tariff reduction schedules based on the types of products: beef will be lifted from the tariff list in 2023, pork will be in 2027 for frozen products, and chicken will be on the longest term for the reduction till 2030. 44% of dairy products, including milk, will be free from tariff after 3 years since the activation of the agreement and the remaining of the products will be scheduled for tariff reduction after 5 years. The beverage will also be lifted from tariff barriers after 7 years for wines and hard liquors. Yet, beer products will be scheduled for a special roadmap for custom duties reduction for 10 years. For raw materials for clothing, 80% of products will be free from the import tariff at the entry year of the agreement while the other 20% will be scheduled for reduction after 3 to 5 years.

As a part of the trade, Vietnam made an agreement to eliminate the export tariff toward domestic exporting products. According to the EVFTA (World Trade Organizations. 2020), however, Vietnam has the right to maintain the exporting taxes of 57 tariff lines of reserved products, such as granites, crude oil, and gold. The duties with high export tariff lines will be set at 20% within 5 years with the exception of a 10% tax on manganese ore. Except for reserved products of Vietnam, other products will be lifted from export tariff within 15 years from the entry year of the agreement.

The trading technical barriers will be reduced because of the European Union-Vietnam Free Trade Agreement and the Technical Barriers to Trade Agreements of the WTO, which is a legal requirement for a set of quality products. On the side of Vietnam, the acceptance of "Made in EU" labels alongside specific product origin locations had been considered within the agreement. Thus,

Vietnam looks forward to reducing the customs procedures and the export/import licensing process as a part of non-tariff barriers with its partner.

In service and investment terms, Vietnam commits to open for the investment flow from the EU on the equal with the partners of Vietnam's activated Free Trade Agreement, such as the UK, China, or South Korea (World Trade Organizations. 2023). Apart from the listed 50 sectors in service for WTO members, Vietnam also opened 6 more sectors in service; including bank, delivery, and insurance service; for the European Union to invest in, according to the EVFTA document (World Trade Organizations, 2020). Vietnam is also willing to open more in manufacturing sectors for the EU investment alongside restrictions reduction in the machinery industry in some fields such as agricultural machinery, marine engines, and home appliances. Hence, Vietnam allows the EU to support public sectors as well as state-owned enterprises. With the form of contracting, Vietnam can gain the EU assessment to energy companies, public hospitals, and infrastructure companies for further development.

In terms of intellectual property, both Vietnam and the EU are consistent with the protection of intellectual products, such as inventions, copyrights, or geographical indications. Vietnam agrees to protect 169 geographical indications of the European Union in good condition, according to the EVFTA document (World Trade Organization, 2020). Thus, Vietnam provides data protection for pharmaceutical products and the transparency of domestic subsidies.

4.2.2 The EU side

For the import activities of the European Union, 85.6% of the import tariff implied on Vietnamese products will be eliminated at the time the agreement was in effect, according to the World Trade Organization (2020). The EU plans to reduce 99.2% tariffs on imported Vietnamese products within 7 years since the entry years. Hence, some specific products would be controlled under the tariff rate quotas to join the open market based on the Free Trade Agreement.

According to the EVFTA document (World Trade Organization, 2020), the tariff commitment toward Vietnam's export products to the European Union is divided

into two groups: The agricultural-aquatic products group and the industrial goods group. For the group of agricultural-aquatic products, each product has specific schedules or plans for tariff reduction. The aquatic products would receive 50% reduction in tariff lines in 2020 while the remaining 50% will be eliminated in the range from 3 to 7 years since the entry of the agreement. However, canned tuna and fish balls products get the exception with the quota of 11500 tons of canned tuna and 500 tons of fish balls to receive the 0% tariff lines. Rice, sugar, and some other agricultural products also share similarities with aquatic products regarding the quotas requirement. Vietnamese rice receives a total of 80000 tons for the free tariff importing quota to the EU market with the specific details for different types of rice: 20000 tons of unmilled rice quota, 30000 tons of milled rice, and 30000 tons of fragrant rice. Yet, rice products would be implied with duties free after 3 to 5 years while broken rice would be received after 5 years. The mechanism of the quota implies sugar products with 10000 tons of free-duty white sugar and 10000 tons of quotas for high-content sugar products, which are products with over 80% content of sugar. The other products, such as garlic, sweet corn, mushrooms, and ethyl alcohol, also imply the quota mechanism with a minimum of 350 tons and a maximum of 30000 tons. However, coffee, natural honey, and vegetable products have received tariff elimination after the agreement into effect.

For industrial products, the tariff lines would be reduced only without any implementation of quota mechanism. Clothing products would receive tariff reductions in a schedule of 3 to 7 years. In the entry year of the agreement, 42.5% of textile's tariff lines and 37% of footwear's import duties would be eliminated after the activation of the agreement. Wood and wood products would be eliminated tariff barriers for 87% of the products while 17% of products would receive the free tariff based on a plan of 3 to 5 years after. For electronic products and components, 74% of tariff lines would be reduced immediately on the entry year and the remaining products would be scheduled for tariff reduction according to a roadmap of 3 to 5 years. Other manufactured products would also receive a tariff reduction on the entry year of the agreement.

For export tariff elimination, The European Union agrees on the exportation tax reduction with no exceptions or reservations, which is different from Vietnam's case for reservations. In this case, the European Union would face export tariffs from Vietnam based on the list of 57 reserved products with current export duties and according to the reservation case of Vietnam. Yet, the technical barriers from the EU side would be considered for general authority and inspection of the Sanitary and Phytosanitary Measures (SPS) control systems. This technical barrier is agreed upon by both sides to ensure the application of the standards and regulations of the EU market on specific products, especially animal and plant products.

In Service trade and investment, the European Union's commitment is considered the highest level of representation in recent Free Trade Agreements of the EU. The Foreign Direct Investment flow of the EU can access service sectors, manufactured sectors, and state-owned enterprises of Vietnam. According to the EVFTA document (World Trade Organization, 2020), The EU also invests in pharmaceutical enterprises in Vietnam as a method to facilitate the trade between two partners. The European Union has the right to invest in pharmaceutical companies and participate in pharmaceutical bidding packages. However, the retail or wholesale activities of products will be controlled by the companies only and products will be sold at the licensed distributors. For the public sector, The EU will provide technical support for Vietnam for auctions for contracting and data protection for contracting.

Regarding intellectual property, Vietnam and the EU both have laws protecting creative works including copyrights, innovations, and geographical indications. The European Union has committed to maintaining 39 Vietnam geographical indications in good shape, as stated in the EVFTA agreement (World Trade Organization, 2020). As a part of the term, the geographical indication will be the key to promoting agricultural products and affirming Vietnam's brands in the EU market.

5 SWOT Analysis

The European Union – Vietnam Free Trade Agreement creates a potential route for both Vietnam and the EU to export and import activities. From the overview of the EVFTA document, the Strength-Weakness-Opportunity-Threat analysis is conducted, shown in Table 3, to identify the effect of the agreement on both sides. The analysis will view both sides' advantages and disadvantages with the insight from the document of EVFTA. Thus, the opportunities and threats from the agreement are analyzed to fully understand the effect of EVFTA on both markets.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Enhance the trade. • Tariff/non-tariff reduction • Cooperated development 	<ul style="list-style-type: none"> • Unbalancing the terms • Market dependence • Product sustainability
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Emerge open market. • Increase FDI flow. 	<ul style="list-style-type: none"> • Political criticism • Customers' adaptation/attention

Table 3. SWOT Analysis Table of the EVFTA

The European Union-Vietnam Free Trade Agreement can create advantages for both European and Vietnamese markets through the Free Trade Agreement. Trade enhancement is considered an advantage of the Free Trade Agreement. With the opening of the market, both Vietnam and the EU can develop their trading activities with import and export activities can improve through tariff reduction on both sides. Through the tariff reduction, the trading activities of Vietnam and the European Union members have improved just one year after the EVFTA came into effect. According to the European Commission (2023), the total trading flow of the EU has reached 64.2 billion Euro in 2022, which will rise 76.5% compared with 49.1 billion Euro of total trading flow in 2021 and 67.4% from 43.3 billion Euros of total trading flow in 2020. On Vietnam's side, the export has increased 16.7% in comparison with the last year, 45 billion US Dollars in 2021 with 46.83 billion US Dollars in 2022, according to the World Trade Organization (2023). Thus, the EVFTA also provides a good scheme for the EU members to cooperate with Vietnam in different sectors. Through cooperation,

participants of the Free Trade Agreement can strengthen the diplomatic relationship between partners. From those advantages of the agreement, opportunities can be found for both sides. From the tariff-free article, both markets can emerge as open markets for better trading. Businesses from two partners can buy products from each other at better prices or develop innovative manufacturing chains. Thus, The EVFTA enforces and protects the flow of investment between two partners, especially from the EU to Vietnam. From the increasing investment flows, economic development would take place easily through the protection of the agreement.

Despite the advantages and opportunities, the EVFTA could bring, there are still backward of the EVFTA as well as potential threats to both Vietnam and the EU markets. Despite the agreement creating the open market, the EU still maintains some quotas and quality control systems for Vietnam's export products. On the other side, Vietnam keeps the export tariff to reserved materials and products for national reservation quantity control. Thus, the agreement can cause dependence on the foreign market over the domestic one, especially on the side of the European Union. Vietnam's low-cost products with cheap labor can cause the shortage in the EU domestic industries. For the side of Vietnam, the government considers the highly competitive between the sunrise industries against the foreign investment enterprises in the local market. From that view, product sustainability would be in high competition for attention and adaptation within the markets of both. Based on the disadvantages of the Free Trade Agreement, threats could be pointed out from both Vietnam and the EU markets. Some criticisms have come from the EU member nations toward Vietnam's mono-political system and free speech issues, and some were against the agreement with Vietnam based on political mindsets. Another identified threat to the success of the EVFTA is the competitiveness in the domestic markets of partners. With the opening of the market access, businesses from the EU and Vietnam would experience challenging competition for a stand on the domestic market, in both price, quality, and quantity. This could cause pressure on local companies to form a new strategy for the EVFTA adaptation and market competition. Hence, the global recession has pushed consumers in both markets to consider more before purchasing. According to McKinsey &

Company's survey in 2022, 58% of European consumers worried about the rising price of the market and almost seven out of ten respondents had to cut down their shopping frequency. From that perspective, Vietnamese businesses would consider more on the price strategy which could use the potential of the EVFTA to adapt to the EU market, for example.

6 Potential Analysis of the EVFTA

6.1.1 Vietnam side

The European Union-Vietnam is a good aid for Vietnamese businesses or companies, especially in the agricultural sectors, to lift some barriers or restrictions. In terms of the agricultural sector, Yellow Card from the EU on Vietnamese aquatic products and seafood is one of the cases to be solved. According to Mai Hoang Vu (Nhan Dan. 2023), the Yellow Card is the term for restriction against Vietnamese fishing activities that violate the Illegal, undeclared, and unregulated (IUU) fishing rules. Due to the effect of the Yellow Card given by the European Commission, seafood products profit decreased 10%, calculated to a decrease of 43 million US Dollars, in the period of 2017-2019. At the same time, the export turnover of aquatic products to the EU was also affected by the restrictions with 13% decrease in the total. Thus, the export turnover of seafood to the EU market also decreased by 5.7% more in 2020, which made the EU the second significant market for aquatic products down to the fourth rank as Vietnam's export seafood market. To solve the problem, the government had to take action to find a solution for the restriction elimination. Since the warning of Yellow Card from the European Commission, the Vietnamese government understood that the longer the restriction took, the more decrease in the reputation and profit of Vietnam's export products (Nhan Dan, 2023). Based on that understanding, the actions were addressed to resolve the issue of IUU elimination. The Vessels Monitoring System device has been added to 26915 fishing vessels, which is similar to 87.45% of fishing ships in Vietnam, to control and communicate with the fishermen whenever issues occur, especially instructing the vessels in foreign waters. Furthermore, the local authorities and communes would be supported by the government's budget to upgrade and reform the

aquatic manufacturing factories to meet the EU market standards. The government also developed a database to control the origin, production status, and condition of the products for both fishing commutes and businesses to update their information. With the signature of the EVFTA in 2020, the fishing industry would get more support for infrastructures and knowledge enhancement for fishermen about the international laws of fishing. Hence, the reduction of the restrictions could help the Vietnam government find a better way to lift the restriction, despite the fact that the Yellow Card can only be lifted through negotiation and international inspection. Furthermore, the export and import tariffs from both markets could be a good boost for the aquatic business companies to enhance their production standards. For the development, Vietnam has the vision to improve the export revenue of seafood to 1 billion US Dollars in 2025 and 2 billion US Dollars in 2030 (Figure 3).

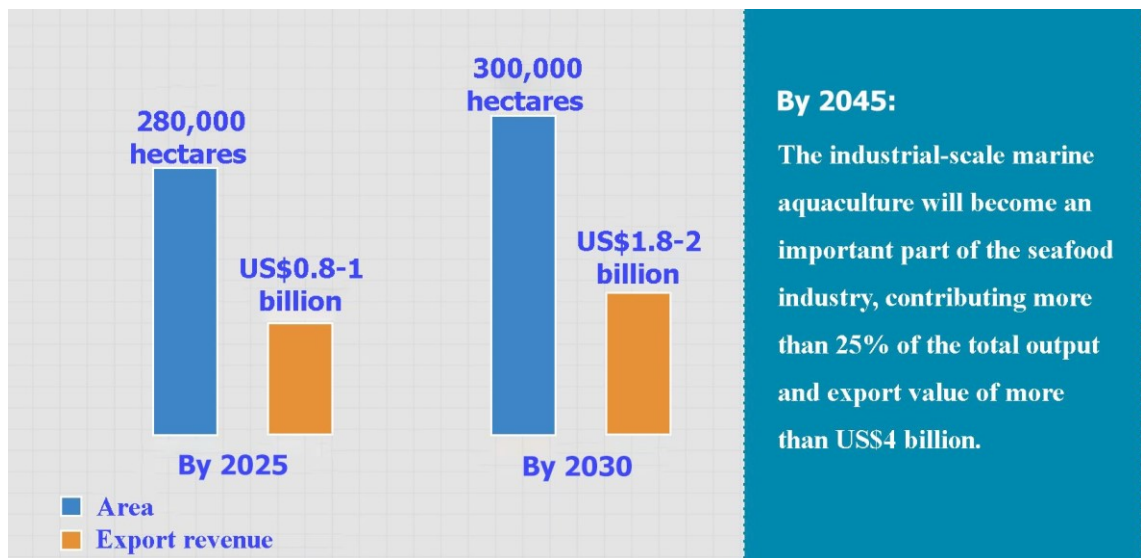


Figure 3. Vietnam's fishing industries vision for 2025 and 2030 (Source: Nhan Dan, 2023)

Another point that Vietnam can benefit from the EVFTA is the shift of the multi-market. For the geopolitical and foreign affairs, Vietnam is known as the balancer among the superpowers such as the United States, China, and Russia (stated in section 3.1.1). However, the tensions of geopolitics are always a problem for Vietnam's economic and political relationship, especially with China. Despite of the biggest market for Vietnam's exporting and importing activities with long diplomatic relationships, China and Vietnam have clashed with each other on some issues, mostly on the South China Sea or East Sea (according to

Vietnam's claim) territory issue. The geopolitical tension has been going on since 1974 after China had taken control of the Paracel Islands during the Vietnam War. Till now, the tensions throughout this territory have gone up with more conflicts with neighboring nations who also claim the right to this sea. Furthermore, the upgraded relationship with the United States has also made Beijing react against such a decision. According to Tartaski (The Guardian, 2023), China can react toward to relationship update of Hanoi through the further tension on conflicting sea territory and economic quotas on the road customs for demanding an answer from Vietnam. Hence, the recession of the world's economy has shortened the normal trading routes which could cause a loss in Vietnam's business. Through the free trade agreement with the EU and many partners, Vietnam can enhance and develop a new sustainable market for trading as well as economic development through diplomatic relationships. Vietnamese businesses or companies can receive investments from the EU as a good boost for production standard development, which reaches every market while finding an alternative route for any political tensions between the neighbors.

6.1.2 European Union side

The recent global recession has turned the table for the market of the European Union. The Russia-Ukraine conflicts, the tension between China and Taiwan, and the West-East clash have become issues not only for the EU's general market but also for separated members' economies. The energy crisis has been the main cause of the slowdown of the economy of the EU in the recent period. Despite the sanction on the Russian energy fuel and the halation in purchasing, the EU still demands the energy line from Russia to control the high consumption and market price. According to the Bank of Finland (2022), Russian natural gas was demanded by 40% of the EU's consumption in 2021 and the share of energy importing increased to 6% of the GDP in 2020. As shown in Figure 4, the demand for energy in the European region was higher than in the United States, according to the shared percentage with the GDP. The high price

of gas and energy pushed the price of raw materials in the EU market with an increase of 25% in 2021 and an increase of 5% in 2022. Hence, the energy crisis of the EU created a slowdown in the domestic economy, especially the deindustrialization occurred. According to David Born and Peter Vogt (2022), deindustrialization in the EU was not a new thing and the market just suffered more from the impact of the energy crisis. The chemical industry and metal fabrication were the ones to suffer the most due to the demand for large energy amounts, with 5 million Terajoules (TJ) in the chemical sector and 2.5 million TJ in the metal sector. Due to the high usage of energy and the rising inflation of price, the manufacturing companies would close factories and production chains if the energy price kept going up at the phase (Appendix 4). Apart from the slowdown economic with the energy crisis, the EU market also got themselves into the tensions in trading between the West and the East, specifically the United States and China trade tensions. The EU and the US were alerted to the monopoly of the electric vehicles market from China since this market held 60% of the global electric battery production. As stated by Ursula von der Leyen, President of the European Commission, the EU needed to find a solution to tackle the dependence to China market since the COVID-19, Russia-Ukraine war, and geopolitical tensions (Politico, 2023). The imposing tariffs and subsidies for the 'new' trade war could not only harm both economies but also enhance the crumble of the EU's economy. This is where the EVFTA jumps in as an alternative path for the EU market.

The euro area is dependent on energy imports

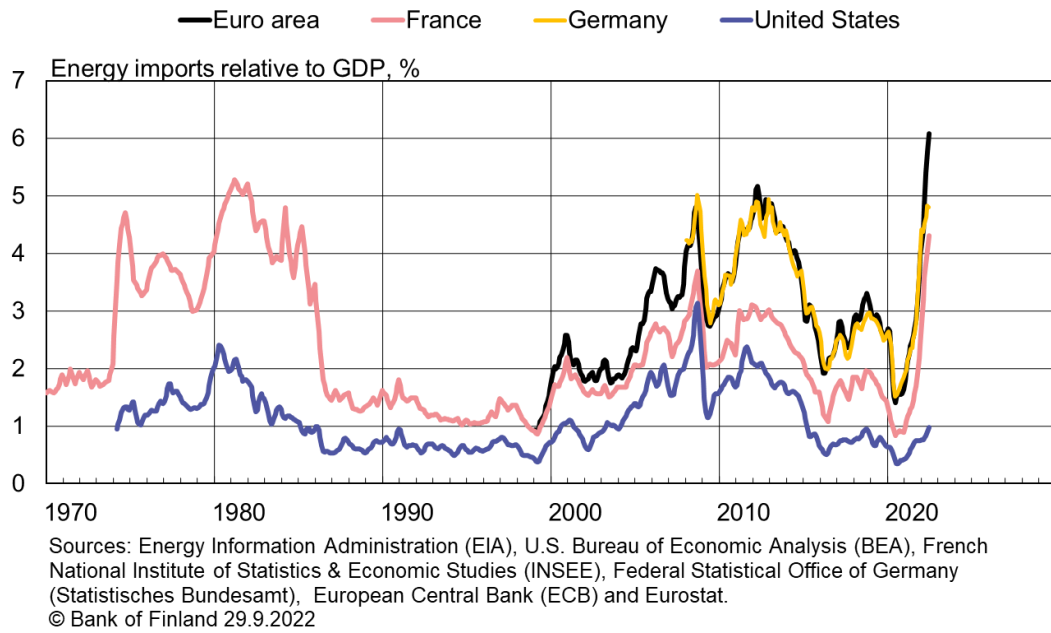


Figure 4. Percentage of energy purchasing in the GDP (Source: Bank of Finland, 2023)

For the trading of partners, EU companies now can trade with Vietnamese companies without any implied tariff on both export and import products. Hence, petroleum and chemical products are also on the tariff-free section for Vietnam exporting products, according to the EVFTA (World Trade Organizations, 2020), so that the EU companies could use them as a part of alternative reservations alongside other fuels from India or China. Thus, the EVFTA follows the protection rule for investment of Vietnam and the EU to ensure the security of the funding of both sides of the agreement. With the fast-growing trend and low-cost labor, EU companies started to transfer their factories to this Southeast Asian nation as a method to boost revenues and shift to a new or nearby market with China. The investment from the EU has increased in the third quarter of this year to 45.1 of The Business Confidence Index (BCI) of European companies in Vietnam in comparison with 43.5 in the last quarter (Euro Chamber, 2023). Still, the BCI points were below the average of 50 points but the rise of the confidence of the EU companies to the market of Vietnam has increased again, especially after the energy crisis period of the EU in late 2022. According to the European Chamber of Commerce in Vietnam (2023), 63% of over

1300 partnership companies responded that Vietnam is among the main destinations for Foreign Direct Investment from their companies. With the stable growth of the economy and the activation of the EVFTA, 60% of respondents found this beneficial for trading activities and competition in the local markets, despite restrictions to some sectors based on the agreement. As a result, Denmark's well-known company Lego announced a billion US Dollars construction of a manufacturing factory in the business hub of Ho Chi Minh City in 2022 (DW. 2022). Hence, some more companies also have the same thoughts of manufacturing or business expansion to Vietnam such as Skoda or Brose. According to David Hutt (DW. 2022), the EVFTA stood out as the attraction for further investment insurance for companies to come to Vietnam. The trade between the two partners was calculated to be 49 billion Euros in 2021 and is expected to rise in the next period. Hence, the EU companies can participate in public-private partnership projects within the local market of Vietnam with the support of EVFTA. However, the EU still considered China as the primary market for trading due to its high population and high level of infrastructure and labor force. Still, EVFTA has created an alternative market for the EU companies to not only keep close to the biggest market but also enforce a new market, especially in the current shifting phase of global situations.

7 Conclusion

The theoretical base of the thesis is the definition of the international trade concept. From the theories of comparative advantages of David Ricardo (The Library of Economics and Liberty, 2023), the lower-cost production chain is the key to a nation's competition with other countries' products. Through the idea of comparative advantages, nations take on different methods to protect their domestic market from cheap labor or overwhelming imported cheap products, which is known as protectionism. The methods of protectionism are tariffs and subsidies to support domestic production and reduce the amount of imported goods. However, some arguments are against the idea of protectionism since the development of the manufacturing line can be slowed down while local industries cannot compete with industries from other nations, especially from developed countries. Still, domestic market protections are required to enforce the

local industries' strength. Yet, nations can cooperate with each other without any barriers through trade agreements. With the trade agreement, two nations may agree on legislations or protocols for trading activities, including tariff elimination, direct investment, or cooperative development.

The European Union-Vietnam Free Trade Agreement is the trade agreement between Vietnam and the European Union. The Free Trade Agreement was negotiated in 2012 and signed in 2019. In 2020, the agreement came into effect for both sides. The EVFTA is about a set of obligations and regulations for Vietnam and the EU to follow for an open trading market. The EVFTA focuses on tariff elimination and duty reduction in the trading activities of Vietnam and the EU. Hence, the agreement states the investment and cooperation protocols, including listed services in both public and private sectors for the investment. Vietnam and the EU also agreed on cooperated development through the cultural programs on geographical and social sides. The EVFTA has created a good chance to enhance the trading activities between the EU and Vietnam. With Vietnam's current uprising, the EU can study the new market and cooperate for further development. Thus, Vietnam can use the EVFTA as an attraction for domestic industries to call for foreign investment from the EU. However, quotas are still activated in the EU market to control the number of imported Vietnamese products while Vietnam keeps the exporting tariffs of reserved goods. Furthermore, critics in the EU have viewed the agreement not only about the politics of Vietnam but also about the dependence of the local market on the EVFTA. Despite the EVFTA's drawbacks, both sides still look forward to the potential of the EVFTA.

The potential of the EVFTA can be viewed in the effect on both sides, Vietnam and the EU. For Vietnam, this is a good chance to support agricultural companies, especially aquaculture manufacturing companies. Since the Yellow Card was given to Vietnam by the European Commission, the Vietnamese government has collaborated with companies and fishing commutes for improvement (Nhan Dan, 2023). From advanced facilities to up-to-date databases, Vietnam has developed to lift off the restriction. With the activation of the EVFTA, Vietnam can use the advantage for negotiation of the Yellow Card elimination. In

the meantime, the EU needs to find a solution to the current slowdown of the domestic market. Current global issues have made the market of the EU struggle with the energy crisis and industrialization. Thus, the EU had economic tension with China due to the unfair advantages of electric vehicle manufacturing. The EVFTA can be viewed as the alternative path for the EU to shift parts of their industries from China to Vietnam. EU companies can not only stay close to the largest market in the world but also find a new chance to cheap labor in Vietnam. Through the investment protocol, EU businesses or companies can invest in local companies and adopt the domestic market of Vietnam as the trading expansion.

In the recent period, the uprising of new powers and economic hubs in Asia has attracted many companies, who look for technologies or manufacturing forces, from the West come to this region (McKinsey & Company, 2023). The European Union-Vietnam Free Trade Agreement is the key for both cooperation and development of two markets. The EU can receive a sustainable supply line for agricultural products and alternative manufacturing hubs to boost the industries up. At the same time, Vietnam can enhance the trade with the EU to attract more FDI flow for further domestic development. Thus, the EVFTA grants a sustainable market for both sides to control the stability of the economies, especially in the current global recession and rising of tensions in both economic and politics between nations.

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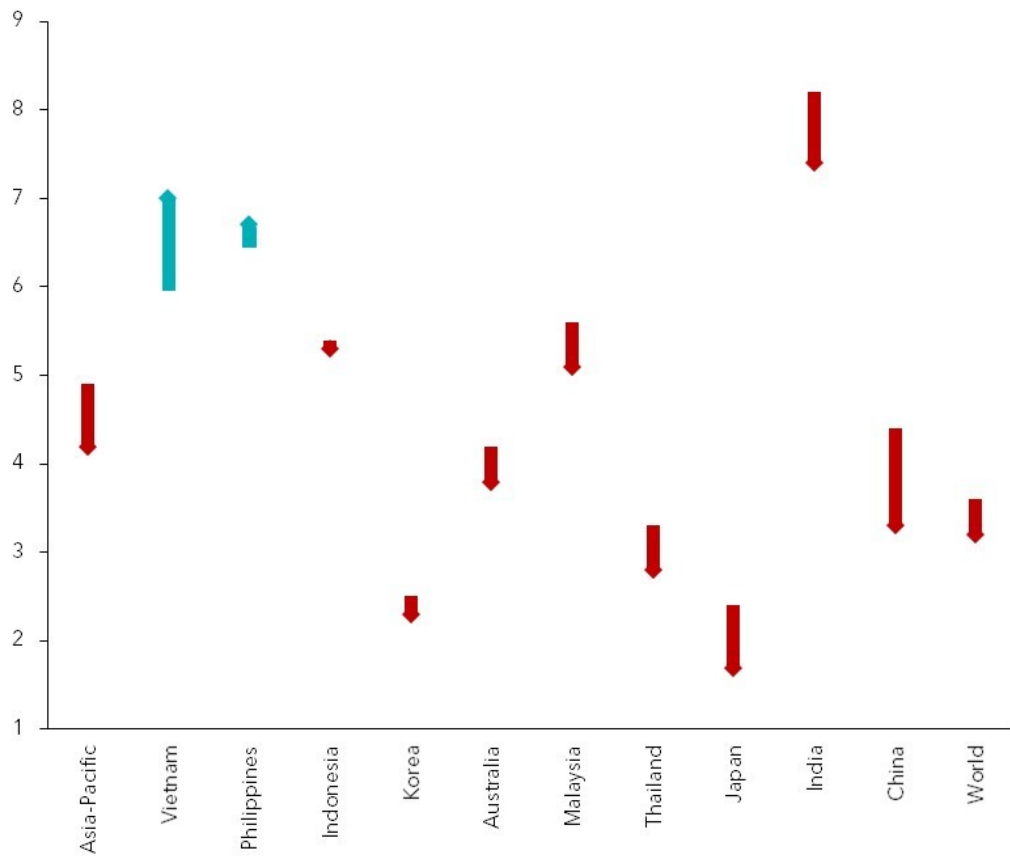
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Appendix 1

Comparison of GDP growth rate in the Asia region in 2022. (Source: International Monetary Fund. 2023)

Revisions to 2022 growth forecasts

(difference between April and July projections, percentage points)



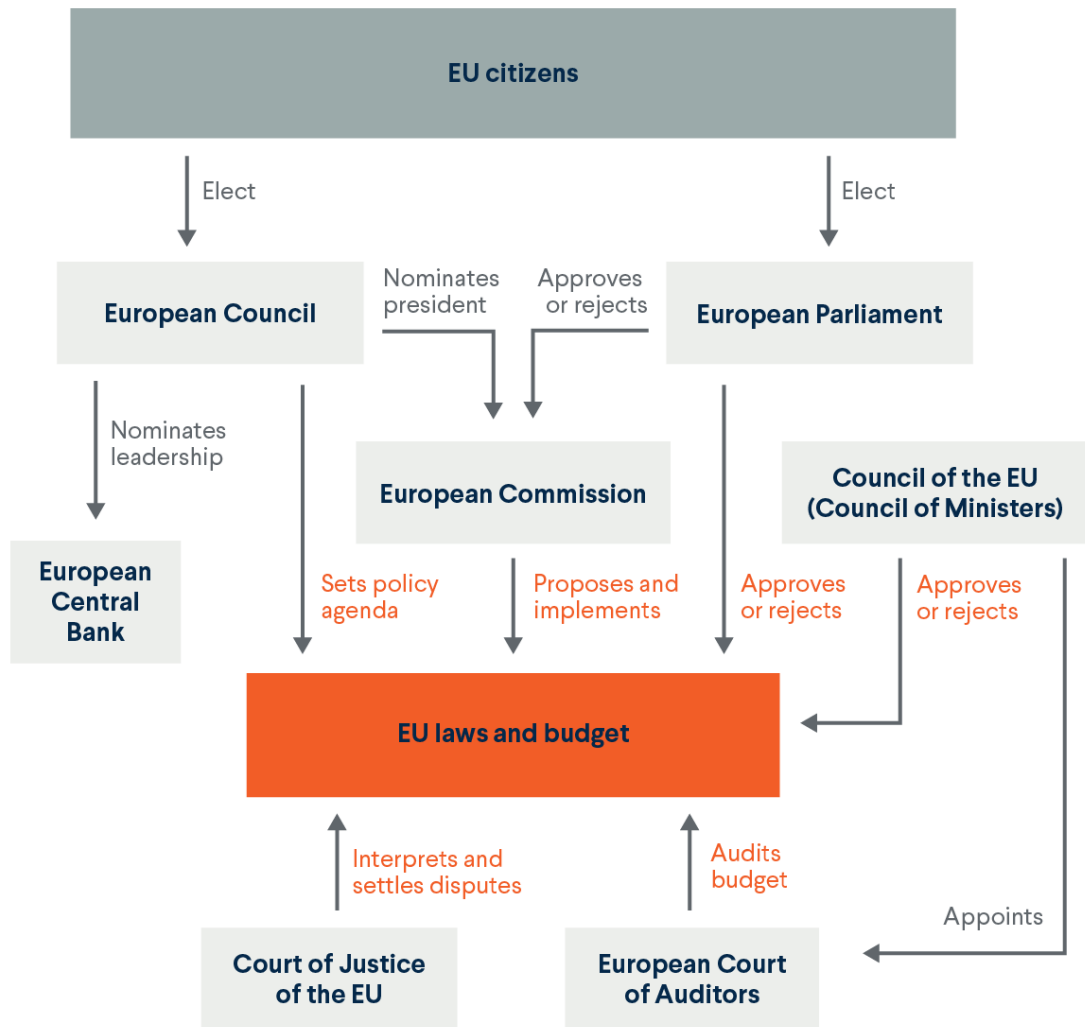
Sources: World Economic Outlook and staff calculations.

IMF

Appendix 2

EU System chart. (Source: Council on Foreign Relations. 2023)

How Do the EU Institutions Work Together?

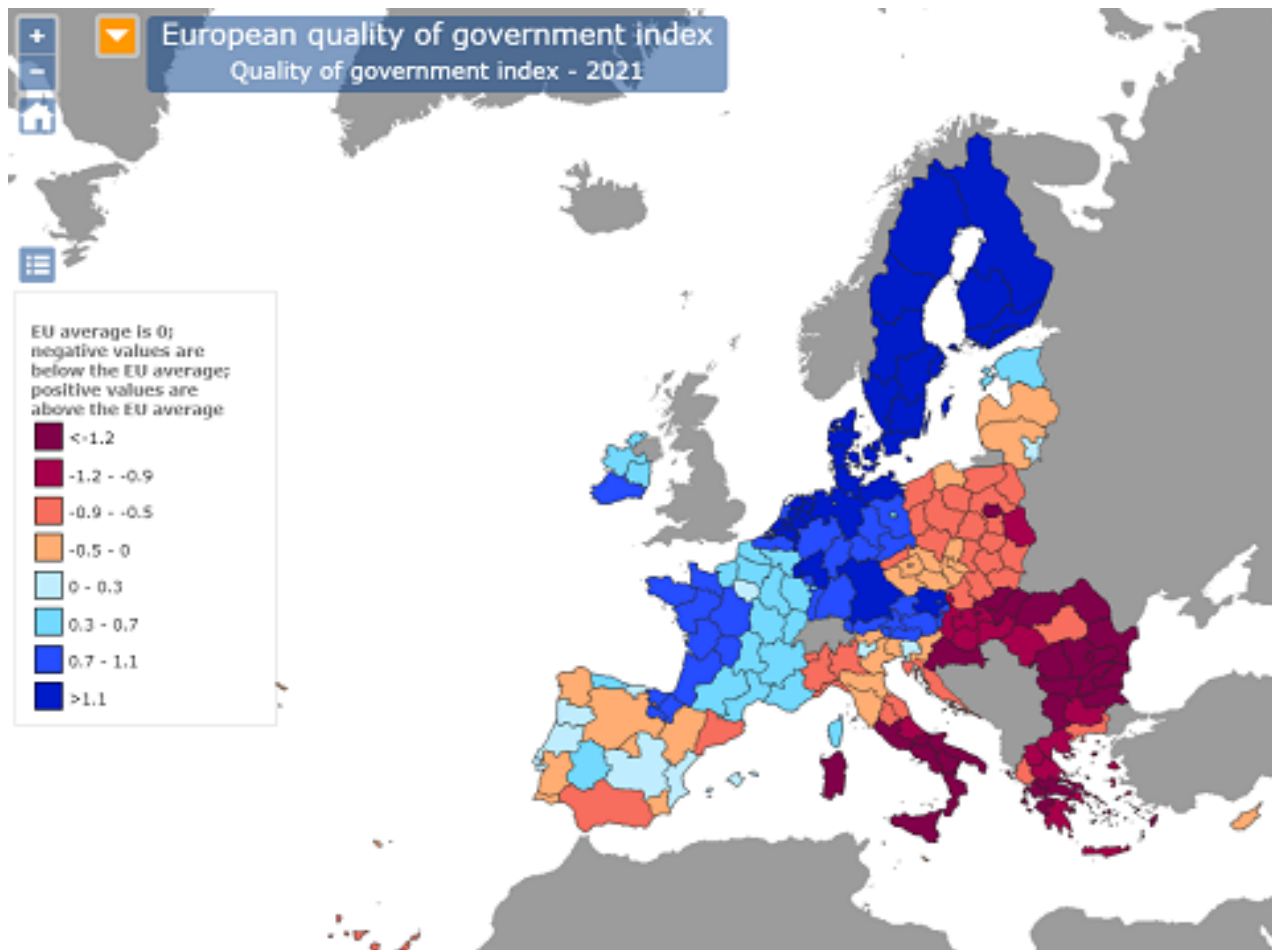


Source: European Union.

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Appendix 3

European Quality of Government Index 2021. (Source: European Commission. 2023)

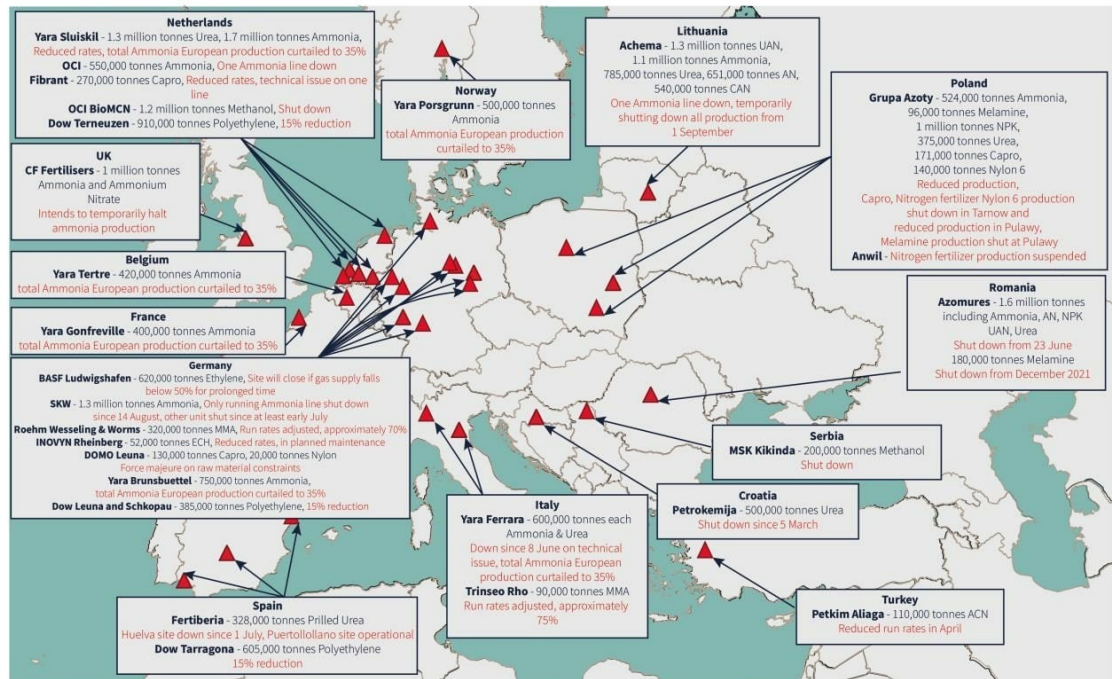


Appendix 4

Close-down EU chemicals factories due to the increase of gas price in 2022
 (Source: International Conference on Information Systems (ICIS). 2023)

Soaring gas prices hit Europe fertilizers, chemicals

Updated on 25 August 2022



SOURCE: ICIS, Natural Earth