



TỔNG QUAN VỀ HIỆP ĐỊNH THƯƠNG MẠI TỰ DO VIỆT NAM – HÀN QUỐC VÀ MỘT SỐ KHUYẾN NGHỊ CHO ĐƠN VỊ XUẤT KHẨU TÔM VIỆT NAM

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Tóm tắt

Tôm là một trong những mặt hàng của Việt Nam được thị trường Hàn Quốc đặc biệt đón nhận và ưa chuộng bởi chất lượng, giá cả phải chăng, phù hợp với nhu cầu tiêu dùng của người dân bản địa. Mặt hàng tôm xuất khẩu đã bước đầu tận dụng được các lợi thế từ Hiệp định Thương mại tự do Việt Nam – Hàn Quốc hay Vietnam – Korea Free Trade Agreement (VKFTA), nhưng hiệu quả thực sự không được như kỳ vọng. Dựa trên việc đánh giá thực trạng lẫn những thách thức của mặt hàng tôm đang đối diện, nhóm tác giả sẽ cung cấp bài viết nhằm đưa ra cái nhìn tổng quan về hiệp định VKFTA. Qua đó, nhóm tác giả nhận thấy rằng để nâng cao tỷ lệ tận dụng ưu đãi mà VKFTA mang lại cho mặt hàng tôm, các doanh nghiệp cần tiếp cận rõ ràng hơn thông tin về VKFTA để lựa chọn các ưu đãi phù hợp với điều kiện của doanh nghiệp và đồng thời cần có những thay đổi về công nghệ, định hướng phát triển sản phẩm theo hướng phù hợp hơn với nhu cầu của thị trường nhập khẩu. Cùng với đó, nhóm tác giả cũng đề xuất một số biện pháp giúp thúc đẩy xuất khẩu mặt hàng tôm và đáp ứng kỳ vọng của hiệp định VKFTA mang lại.

Từ khóa: Vietnam-Korea Free Trade Agreement, mặt hàng tôm xuất khẩu.

AN OVERVIEW OF VIETNAM – KOREA FREE TRADE AGREEMENT AND RECOMMENDATIONS FOR VIETNAM SHRIMP EXPORT UNDER ITS IMPACT

Abstract

Shrimp is one of Vietnam's products that is especially well received and favored by the Korean market because of its quality, affordable price, and suitability for the consumption needs of local people. It was perceived that exporters of shrimp products attempted to take advantage of benefits provided by the Vietnam – Korea Free Trade Agreement; however, the result was not as predicted. In this context, the writers will present an overview of the agreement in a paper, thereby, the

authors discovered that in order to increase the rate at which businesses take use of the incentives provided by VKFTA for shrimp goods, firms require better access to information about VKFTA in order to select incentives that are appropriate for their circumstances. At the same time, there should be changes in technology and product development orientation in a direction that is more suitable to the needs of the import market, which is based on an assessment of the current situation and challenges of shrimp products being faced. Furthermore, the authors propose a variety of measures to help promote shrimp exports and achieve the requirements of VKFTA.

Keywords: VKFTA, shrimp products.

Literature Review

There have been a great number of researchers who show their concern over the economic impact of VKFTA on Vietnam.

Ngo (2017) made use of Heckscher-Ohlin theory, along with a systemizing method, to observe the advantageous product lines that would best benefit Vietnam exporters in the Korean market and make suggestions based on such observation. Among the highly-esteemed products is seafood, which was pointed out by the author as a firm line of goods that had a remarkable market share in the Korean market, giving incentives for future studies about seafood exports in general.

Jeong and Phan (2016) used general equilibrium to provide an assessment of the potential economic impacts of the Vietnam-Korea free trade agreement on Vietnam. Furthermore, this study used CGE methodologies to analyze a variety of areas of the potential consequences of the Vietnam-Korea FTA; however, the results are limited due to the peculiarities of the models and data used. In addition, the current study does not consider the potential economic effects of other types of economic cooperation other than trade concerns.

Phan (2016) utilized trade indices as a method to indicate the current situation and prospects of Vietnam-Korea bilateral trade, thereby suggesting the directions for developing the bilateral trade relation between the two countries. This research pointed out the characteristics of Vietnam-Korea trade relations, changes in trade composition, and which products had dominated the trade and enjoyed a comparative advantage. In this paper, the researcher referred to the trend and structure of Vietnam-Korea trade based on a table of statistics “Vietnam’s trade with Korea by Sector in 2014”. Nonetheless, the researcher only scrutinized generally based on the figures given and had not specified comprehensively in terms of each sector.

Due to the rapid expansion of shrimp farming land, which is increasing the number of households involved in the sector, and the impact of trade policies on the shrimp business in our nation, Ngo (2013) used quantitative and qualitative approaches to collect data. The rise of shrimp production in the Delta has accelerated in recent decades due to trade liberalization and other policies supporting aquaculture. Although there are several policies aimed at promoting shrimp farming, there is no policy linked to the output of shrimp products, according to this study. Farmers must rely on a network of middlemen that attempt to exploit shrimp farmers throughout the process. Nevertheless, this paper has not mentioned the specific solutions to solve problems in trade policy.

However, in terms of its effect on Vietnam’s shrimp export to Korea, there has not been any thorough research, which acts as a motivator for the writers to carry this out.

1. An overview of VKFTA

1.1. Introduction of VKFTA

The Vietnam - Korea Free Trade Agreement took effect in December 2015, contributing to bringing economic and trade relations between the two countries to a new level. Korea is the third largest trading partner and the largest investor in Vietnam. Therefore, the signing of the modal FTA with these countries will open up many great opportunities for export and investment cooperation for Vietnamese enterprises with this market. With stable demand, high export prices, and tax incentives thanks to the ASEAN-Korea Free Trade Agreement and the VKFTA Agreement, Korea is considered a potential alternative market with many growth opportunities. for shrimp exporters in the context of exporting to main markets facing many difficulties. In order to take advantage of tax opportunities brought by VKFTA, shrimp processing and export enterprises need to be more proactive in strictly controlling quality indicators, updating procedures and market requirements. At the same time, businesses also need the companionship of state agencies to fully meet the requirements and maintain the above markets.

1.2. Main content of VKFTA

According to WTO (2019), the Agreement consists of 17 Chapters (208 Articles), 15 Annexes and 01 Agreement on implementation regulations.

Based on the ASEAN – Korea commitment, Viet Nam has committed to add more 265 tariff lines which import turnover from Korea of 917 million USD. The list includes: materials for the textile and garment; plastic materials; electronic components; automotive parts; electrical appliances; some iron and steel products; electric cable; trucks of g.v.w from 10-20 tonnes and automotive of a cylinder capacity exceeding 3,000 cc (WTO, 2019).

Korea's commitment includes 506 items which 4 items have the current MFN rate of 0%. The other 502 items which Korea agreed to eliminate the tariff have the total import turnover from Vietnam of 324 million USD. Korea has pledged to provide Viet Nam tariff elimination and quota for key export commodities of Viet Nam such as: fishery products (frozen and canned shrimp, crab, fish); agricultural products; tropical fruits and industrial goods such as textile, garment, mechanical products, garlic, ginger, honey, red beans, sweet potatoes... (WTO, 2019).

2. Vietnam and Korea's commitment in VKFTA regarding shrimp export

2.1. Commercialization of goods

2.1.1. Commitments on tariff

Important commitments in VKFTA are based on the commitments previously established in FTA ASEAN – Korea (AKFTA), but with a higher level of liberalization. There are additional tariff lines to be cut aside from those in AKFTA, as follows:

Korea will eliminate an addition of 506 tariff lines while Vietnam eliminate 265 of them. With the combination of VKFTA and AKFTA's commitments on tariff, it is established that (WTO, 2019):

+ Korea will eradicate 11,679 tariff lines (accounting for 95.44% of the tariff and equivalent to 97.22% of the total import turnover from Vietnam to Korea in 2012) for Vietnam. Especially for frozen cold-water shrimp peeled, shell on cold-water shrimp, other shrimp and prawn shrimps

that have been peeled, shrimp and other prawn shrimps not peeled, live/ fresh/chilled cold-water shrimp, live/fresh/ chilled shrimp and other prawn shrimp, shrimp and shrimp prawn are not airtight canned – which tax rates were reduced from 20% to 0%.

+ Vietnam will eradicate 8,521 tariff lines (representing 89.15% of the tariff and 92.71% of total Korea-Vietnam import turnover in 2012) for Korea.

2.1.2. Commitments on Rules of Origin

Goods will be considered to originate from a Party (Korea or Vietnam) if being able to fulfill one of the conditions that dictate the origin of any goods trading between the Parties, like: being completely produced or wholly obtained within the territory of the exporting Party, fulfilling the Regional Value Content (RVC) – which is typically over 40%, ... (WTO, 2019)

Even if goods do not meet the origin criteria for HS code conversion, they are still considered originating if they meet some special criteria, which will allow this section of goods to receive specific treatment (WTO, 2019).

As for shrimps exported by Vietnam, it falls in the category of being wholly produced or obtained as long as being taken by vessels registered with the Party and within the territorial seas of Vietnam. Thus, cold-water shrimps and prawns (*Pandalus* spp., Crangon crangon) and other shrimps and prawns whether live, fresh or frozen are under the protection of VKFTA (WTO, 2019).

2.2. Commercial Service

The two Parties agree to common regulations and obligations to ensure the interests of each Party's service providers when accessing the other Party's service market. Each Party shall provide the following basic benefits to the other Party's service and service suppliers: National Treatment (NT), Most Favored Nation (MFN) and Market Access (WTO, 2019).

With respect to sectors with commitments, each Party shall not adopt or maintain measures that affect service suppliers of the other Party, such as restrictions on the number of service providers; restrictions on transaction value... or restrictions on the total number of human resources to be used, depending on the specific content of the commitments. Especially among the non-tariff measurements, the quotas applied to Vietnamese shrimp was a 10,000-ton exemption in the first year VKFTA was applied, which rose to 15,000 tonnes 5 years later (WTO, 2019). With this, Vietnam shrimp export will have an advantage compared to other countries, giving exporters opportunity to grow in the Korea market.

3. VKFTA and Vietnam's export of shrimp products to Korea

3.1. Overview on Vietnam's shrimp exports to Korea

3.1.1. Vietnam's shrimp exports from 2010 to 2014

Looking back at Vietnam's shrimp exports, it has met with exponential growth.

In 2010, Vietnam reached an important milestone as the shrimp export industry made great profits for the first time in history, exporting over \$2 billion in value and had a high growth rate of 25 percent compared to that of 2009. However, this industry, together with Vietnam's economy, collapsed amidst the global economic recession in 2012 with negative growth (Vietnam Association of Seafood Exporters and Producers - VASEP, 2018). Despite the downfall one year

prior, during 2013-2014, Vietnam's shrimp exports met a dramatic comeback as over \$3 billion and almost \$4 billion dollar respectively worth of shrimp were traded internationally (VASEP, 2018).



Figure 1. Shrimp Export Value (2010-2014)

Source: Authors

3.1.2. Vietnam's shrimp exports to Korea from 2010 to 2014

It was clear that Vietnam's shrimp exports value has been a promising industry with an uprising trend in 2013-2014, with overall good growth in many importing countries including: EU, U.S, Korea... Taking up 7.9% of total shrimp export value during that period, Korea proved its place as Vietnam's 5th biggest shrimp importer in 2014, following the United States, Japan, European Union and China (Nguyen, 2014).

In 2013, according to The Observatory of Economic Complexity (2021), the value of shrimp and prawns export to Korea racked up to about \$225 million, taking the 2nd place among seafood exports to this country. Compared to China, which is the biggest crustacean exporter to Korea, this value is slightly smaller with a 40 million difference; moreover, Vietnam beat Malaysia and Thailand from the 3rd and 4th place by a huge amount.

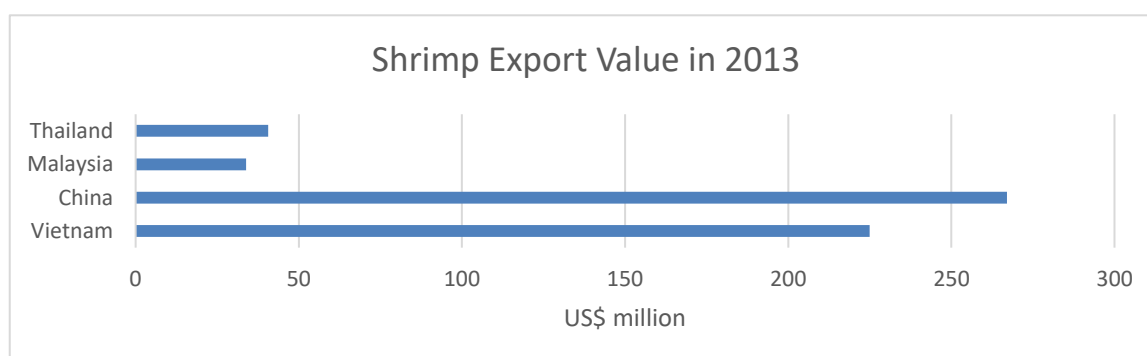


Figure 2. Shrimp Export Value in 2013

Source: Authors

In 2014, according to VASEP (2014, cited in Nguyen, 2014) and Vietnam News Agency (cited in *Cơ hội lớn để xuất khẩu tôm sang Hàn Quốc*, 2015) it was recorded that the biggest shrimp

trader of Korea is Vietnam, with over 19,000 tonnes imported, racking up the export value to \$317,8 million, thus helped Vietnam overtake China as the biggest shrimp importer by 09/2014. The target product was white-leg shrimps, which was double the value exported to Korea of giant tiger prawn, proving itself to be a profitable line of goods within this country's market.

Vietnam undoubtedly was in the position to strengthen its trading bond with Korea, pushing export value, especially that of shrimp industry, to this country higher than before. The Vietnam-Korea Free Trade Agreement came in at the right time, creating the needed chance for both countries to take advantages of the shrimp trading value at that time.

3.2. Impact of VKFTA on Vietnam's shrimp exports to Korea

VKFTA was signed on May 5, 2015 and it entered into force on December 20, 2015. This FTA has had a significant effect on Vietnam's seafood exports to Korea, particularly shrimps. It is undeniable that Vietnamese exporters benefit a lot from this, especially in comparison with 10 countries in ASEAN (including Thailand, Malaysia, and Indonesia) as 10 000 tonnes/year of Vietnamese shrimp was exempted from taxes by Korea in the first year this FTA took effect (which rose to 15, 000 tonnes 5 years later) (VASEP, 2019).

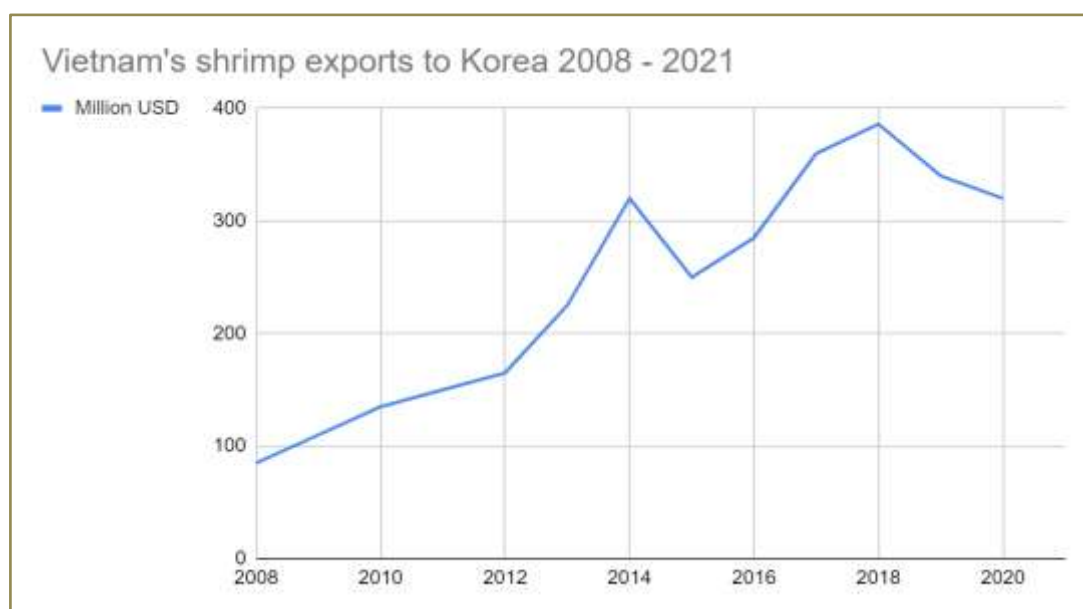


Figure 3. Vietnam's shrimp exports to Korea 2008-2021

In comparison with AKFTA, VKFTA offers more incentives. From 2008 to 2013, Vietnam shrimp exports to Korea ranged from \$85 million to \$225 million. After VKFTA took effect at the end of 2015, between 2016 and 2018, Vietnam shrimp exports to Korea rose from \$285 million to \$386 million. Therefore, VKFTA has had a particular effect on Vietnam's shrimp exports over the past time, though there was not a significant rise in export value but Vietnam clearly remained a stable position in the Korean market (Kim, 2019).

Vietnam is the leading shrimp exporter to South Korea, with a market share of 50.5 %, followed by Thailand with 9.6%, Ecuador with 13.5%, and China with 5.2%. From January to April 2019, exports of Vietnamese shrimp to Korea were \$94.6 million, down 20.6 percent from the same time last year. Shrimp shipments to South Korea dropped as a result of a general decline in shrimp exports to key markets and the impact of falling world shrimp prices (VASEP, 2019).

Shrimp is the commodity with the greatest export value in the structure of Vietnam's seafood exports to the South Korean market from 2019 to 2021, with an average of 15-40 million USD each month. According to the latest ITC figures, South Korea imported shrimp from more than 100 markets in the first two months of 2021, with Vietnam continuing to be the largest shrimp provider. The overall value of shrimp shipments to the South Korean market reached 53.6 million USD on March 15, 2021, accounting for 10.8% of total shrimp export value, down almost 5% from the same period previous year (VASEP, 2021). South Korean seafood importers will encounter several challenges as a result of the Covid-19 outbreak, thus commercial operations of their seafood businesses may not be spared, and sales are expected to decline.

In the first half of 2021, Vietnam's overall shrimp export value increased by 13% over the same time in 2020, reaching 1.7 billion dollars. Specifically, this figure to Japan increased by 10% compared to the same period in 2020 and to the US by 45% (VASEP, 2021). According to experts, the increase of shrimp exports is due to benefits from new-generation free trade agreements such as EVFTA, CPTPP, UKVFTA (Ministry of Agriculture and Rural Development, 2021). It can obviously be seen that they are having a more visible impact on Vietnam's shrimp exports in comparison with VKFTA lately.

3.3. Opportunities and Challenges

3.3.1. Opportunities

Korea is Vietnam's 5th largest shrimp importer and Vietnamese shrimp exports to the country have seen steady development, with export earnings on the rise. 97.2% of Korea's imports was liberalized (according to 2012 data), accounting for 95.4% of tariff lines, including many of Vietnam's key agricultural and fishery exports (VASEP, 2021). Vietnam can now import raw materials for internal manufacture and consumption, as well as export them to a third nation. A great capital flow thereby will be in for Vietnam and it will bring technical advancements and industry-standard managerial capabilities to our country.

Thanks to the VKFTA, Vietnamese shrimps benefit from lower taxes than those from China, India, Ecuador, and Thailand. Free trade agreements have provided significant benefits to the parties concerned, notably preferential import tax treatment (VASEP, 2019). By reducing tariffs and eliminating tariff barriers, this FTA will also be a good foundation for our nation to open markets and enter deeper into the global value chain. There was also an agreement that Korea would assist Vietnam in policy formulation, implementation capacity and enhancing its competitiveness in aspects that Korea excels at (IbinVietnam, n.d.).

This FTA is projected to have a beneficial social effect by expanding employment possibilities for Vietnamese workers, increasing the wages of manual and employees with low skills and assisting in reducing poverty initiatives in rural regions (IbinVietnam, n.d.). Besides, lowering tax rates will enable the firm to reduce expenses and product prices, making it more competitive, as well as increasing exports by lowering tariffs and gaining additional partners. Small and medium-sized Korean businesses, who were previously barred from purchasing Vietnamese goods, may now do so with ease, owing to loosened regulations, which assists Vietnam's exports.

3.3.2. Challenges

Firstly, it will be increasingly competitive for the business community in offering consumers a greater range of choices at a gradually lower cost as Vietnamese and Korean firms penetrate into

each other's markets. Additionally, Korea is only an intermediate market because most of Vietnam's exports are not marketed to Korean customers (they find Vietnamese partners to purchase garments to ship to Korea and then export to other nations). Despite Korea's lack of preferential treatment for Vietnam's agricultural output, moving more of their industrial activities to Vietnam will make Korean companies gain more advantages. The gain in profits is also not significant even if the import tax is reduced and input costs rise because the export price to Korea is very low (as compared to other Asian markets) (IbinVietnam, n.d.).

On the other hand, Korea importers have raised technical barriers in order to safeguard customers' health and the sustainable development, including: strengthening their quality standards on Vietnamese shrimp, strictly monitoring food quality. Steamed shrimp from Vietnam must undergo a mandatory heating method before obtaining a health certificate to enter the Korean market as of March 2017 (many Vietnamese seafood exporters fail to satisfy the criteria, and even when the items are heated further, importers may deny them owing to their unsightly look) (Vietnam News Agency, cited in *Vietnam's Shrimp Exports Face Technical Barriers in Korea*, 2018). Korea's stringent requirements will drive up production costs, causing Vietnamese shrimp to lose its competitive advantage in the market. Liberating import tax also results in a significant increase in imports from Korea, together with high quality requirements, creating a visible impact on domestic production.

A variety of incentives are offered by VKFTA but taking advantage of them was not shown to be very beneficial recently. Specifically, Vietnam only used 2500 tonnes per year while they were excluded from shrimp imports into South Korea with a limit of 10,000 tons per year, which was increased to 15,000 tons per year by 2020 (VASEP, 2019). In comparison with other major markets including the European Union, Japan and the ASEAN, sales in 2019 all declined (Dao, 2020).

There is a lack of vertical cooperation in the supply chain. The level of integration in the shrimp value chain is limited, only a small portion of farms are directly linked to processors through vertical integration or contract agreements. Middlemen have a lot of influence on production and trade but a low incentive to work together with others to achieve greater vertical integration, food safety or sustainability. The lack of direct relationships between farmers and processors and the critical function of middlemen results in problems surrounding issues such as traceability and food safety, which are increasingly important for exports to the most important export markets in the US, Japan and the EU. Farmers and processors are still hesitant to engage in contract farming as a result of previous bad experiences related to violation of the contract from both sides (Dinh, 2018).

4. Recommendation for the government and Vietnamese shrimp firms

4.1. Optimizing the opportunities:

4.1.1. For the Vietnamese government:

In the context that tax reduction commitments continue to be implemented after 2020, the liberalization of trade in services and investment increases, the opportunities to access the Korean market for Vietnamese products and businesses will be increased. The continued flow of foreign direct investment into Vietnam will have a significant impact on the two countries' goods trade relations (Nhan Dan Online, 2015).

Updating information quickly for domestic enterprises

Disseminating and providing clear information to guide domestic enterprises make the most of the benefits brought by the VKFTA and even the AKFTA, as well as facilitate conditions for interested parties to participate more deeply in this process. Furthermore, establish a network to share information with businesses in taking advantage (Doanh nhan Sai Gon, 2018).

Building sustainable strategy

Directing functional units (ministries, branches, localities) to coordinate and build specific action plans/programs to implement agreements reached between the two countries' senior leaders and signed cooperation documents related to VKFTA. The development of an appropriate VKFTA strategy, combined with the implementation of institutional market economy reforms, revise, adjust, and perfect policies and laws are critical for transitional and developing economies like Vietnam to ensure positive impacts while limiting the adverse effects of VKFTA on national economic and trade development (Nhan Dan Online, 2015).

The enhancement of government's capacity

State governments will need to increase their staff's capabilities to carry out their responsibilities in an economy that follows international best practices. Therefore, government agencies can quickly catch up with information and implement it in the best way.

4.1.2. For the Vietnamese shrimp firms:

Keep informing the information

VASEP advised Vietnam's shrimp exporters to visit sites on tariffs and tariff lines with the matching codes of both the Republic of Korea and Vietnam's Ministry of Finance to obtain official information relating to the incentives to take full advantage of tax benefits under the VKFTA. As a result, Vietnamese shrimp firms must promote awareness of the need to take charge of information gathering (Nhan Dan Online, 2015).

4.2. Minimizing the difficulties

4.2.1. For the Vietnamese government

Dealing with fluctuations in global economic situation

In the context of the Covid-19 epidemic, Vietnam must closely monitor each move and forecast global economic scenarios in order to design solutions for each of those scenarios and be prepared for all eventualities, including the worst-case scenario. In order to effectively reconstruct the global value chain in the face of the wave of positioning, Vietnam must implement the process of international economic integration, strengthen the investment climate to welcome foreign enterprises, and implement the process of worldwide economic integration. The fact that the government is working to reduce costs for exporters and manufacturers by simplifying procedures and shortening the time it takes to award permits, as well as actively aiding firms in identifying new markets, illustrates the government's commitment to finding answers. In terms of the VKFTA, Vietnam should acknowledge and better examine the VKFTA's role in its trade development in order to determine a reasonable approach to future international trade concerns. (Hoang, et al., 2018).

Effective policies to strengthen the economy's infrastructure

Vietnam must take advantage of the benefits of the VKFTA and also leveraging the 4th Industrial Revolution to promote the development of e-commerce and digital trade, as well as keeping up with new trends in international trade and the digital economy. Furthermore, in order to implement VKFTA effectively, Vietnam should continue to review mechanisms and policies in accordance with international commitments, widely disseminate information so that incentives can be fully exploited, improve enterprise competitiveness, and assist enterprises in participating in global production and value chains. Human resource quality and the use of scientific and technological breakthroughs are decisive components for VKFTA's competitiveness and success, and the government must appropriately strengthen the economy's infrastructure, including hardware and software. (Hoang, et al., 2018).

4.2.2. For the Vietnamese shrimp firms

Creating connections

Currently, it is found that primarily large shrimp firms make extensive use of VKFTA since they recognize the importance of developing international brands. Many small and medium-sized enterprises, on the other hand, have yet to take advantage of FTAs. As a result, it is critical to establish a strong link within the business community for the purpose of exchanging information and strengths so that they can benefit from the signed VKFTA (VASEP, 2019).

Improving the quality of products

Exporters of shrimp production must willingly and strictly adhere to traceability laws, as well as increase inspection and oversight of antibiotic usage in their production and processing phases for export. Simultaneously, they must assure food safety and hygiene along the full chain of preservation and processing in order to produce high-quality aquatic goods that meet import country criteria.

Vietnamese shrimp companies should follow VietGAP (Vietnamese Good Aquaculture Methods) which sound practices for seafood production in Vietnam that aim to provide food cleanliness and safety requirements, prevent the spread of illnesses, decrease pollution, ensure social responsibility, and source verification. Building a sustainable shrimp-producing industry while reducing negative environmental effects and ensuring equitable social benefits distribution are among the advantages of shrimp production under VietGAP standards. Other advantages include producing safe, high-quality shrimp products, promoting trust in Vietnamese food safety issues, stabilizing product prices, and gaining a competitive advantage. VietGAP implementation is expected to increase consumer confidence in safe and clean products. In some circumstances, the difficulty of small farms may make it difficult to implement all of the recommended measures (Nguyen, 2021).

The enhancement of labor forces' capacity

Raise the quality of human resources, especially skilled labor and high-level human resources. Enterprises need to cooperate closely with human resource training centers or universities to train and improve their human resources, promote practice in schools, and practice internships at the enterprise (Hoang, 2018).

In addition, for enterprises that want to apply advanced technologies in the production process, their human resources need to be trained in technology. companies can use on-the-job training

courses at their request (OTJ - on-the-job training) to ensure employees have enough skills trained following the specific characteristics and requirements of applying 4.0 technology for the job. Enterprises can invite qualified domestic and international experts in technology to teach and train their personnel. This is also the trend of training models being used commonly today when businesses have a transformation, especially when applying new technology.

Creating vertical cooperation in the Supply Chain

It is important to focus on the supply chain efficiency. First of all, active cooperation and links must be established in order to boost strengths and construct supply chains by increasing production linkages among firms, cooperatives, farmers, fishers, and production households. Therefore, to improve their bargaining position, small farmers or processors need to be more organized. They should be able to do more actions on their own and have a closer contact with processors as production quantities increase. Small-farmer organizations need to hire legal experts and aquaculture specialists to help enable them to work well with other stakeholders to ensure that they know and understand the rights and duties that are part of contract farming agreements. If these efforts fail to yield results in the near future, a national program aimed at raising knowledge about concerns such as food safety, traceability, and sustainability among middlemen and merchants should be prioritized (UNIDO, 2019).

As a result, the "value chain," corporate social responsibility, and the long-term growth of new-generation VKFTA are strengthened and Vietnamese shrimp companies will be able to overcome technological barriers to shipping.

CONCLUSION

From the research presented here, it can be concluded that:

Overall, the shrimp market in Vietnam has a lot of promise. The industry's potential grew even larger as a result of the VKFTA agreements, which provided numerous prospects.

Firstly, following extensive research of the VKFTA agreements and Vietnam's shrimp industry, we have pointed out various benefits for the Vietnamese shrimp market such as lower taxes, expanding employment possibilities, increasing wages and assisting in reducing poverty.

Secondly, along with the potential, it also presents the market with numerous obstacles. Vietnamese businesses have to deal with the competitive pressure and the lack of preferential treatment. Furthermore, one of the biggest challenges that the shrimp market has to face is technical barriers which are in need to safeguard customers' health and the sustainable development.

As a result, there are some solutions in overcoming obstacles and maximizing their benefits for both the government and shrimp company. For the governments, it is essential to update the information quickly, building a sustainable strategy, the enhancement of the government's capacity, dealing with fluctuations in global economic situation and effective policies to strengthen the economy's infrastructure. On the other hand, the shrimp company should be creating connections, improving the quality of products, the enhancement of labor forces' capacity, applying the technology in shrimp process and creating vertical cooperation in the supply chain to promote the productivity of shrimp companies.

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