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**PHÂN TÍCH SỰ PHÁT TRIỂN CỦA NỀN NÔNG NGHIỆP VIỆT NAM
TRONG BỐI CẢNH THỰC THI HIỆP ĐỊNH THƯƠNG MẠI TỰ DO LIÊN
MINH CHÂU ÂU – VIỆT NAM (EVFTA)**

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Tóm tắt

Hiệp định thương mại tự do Việt Nam - Liên minh Châu Âu (EVFTA) là một trong những hiệp định thương mại tự do thế hệ mới với mức độ và phạm vi cam kết cao nhất của Việt Nam từ trước đến nay. Với việc có mức độ tự do hoá rộng rãi, linh hoạt và tuân theo các quy định của Tổ chức Thương mại Thế giới (WTO), khi hiệp định thương mại được ký kết, cả Việt Nam và EU đều nhận được nguồn lợi ích vô cùng to lớn để phát triển nền kinh tế song phương. Đặc biệt, những thỏa thuận ưu đãi về các biện pháp thuế quan lẫn phi thuế quan liên quan đến các mặt hàng nông sản trong EVFTA sẽ góp phần thúc đẩy sự phát triển của nền nông nghiệp vốn là thế mạnh của Việt Nam. Do đó, bài nghiên cứu này đã được ra đời nhằm mục đích: (i) Đánh giá ảnh hưởng của Hiệp định Thương mại Tự do Việt Nam – EU (EVFTA) đến tăng trưởng nông nghiệp Việt Nam (ii) Phân tích những thách thức và cơ hội của EVFTA đối với phát triển nông nghiệp Việt Nam (iii) Đề xuất một số giải pháp hỗ trợ ngành nông nghiệp Việt Nam thông qua việc tận dụng triệt để những cơ hội này và vượt qua những thách thức để phát triển tiếp tục hơn nữa trong thời kỳ hội nhập và tự do thương mại toàn cầu.

Từ khóa: EVFTA, phát triển nông nghiệp, Việt Nam, EU

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THE EUROPEAN - VIETNAM FREE TRADE AGREEMENT (EVFTA)

AN ANALYSIS OF VIETNAM'S AGRICULTURAL DEVELOPMENT

Abstract

The EU-Vietnam Free Trade Agreement (EVFTA) is a new-generation FTA with Vietnam's greatest degree of commitment ever and the broadest range of commitments. The EU and Vietnam both stand to gain from the EVFTA, which is a thorough, high-quality deal that complies with WTO rules (WTO). Due to agreements that have a broad and flexible level of liberalization, in particular, partners who are big economies with the highest level of growth worldwide, especially in the area of agricultural products, have benefited. The objective of this study is to: (i) Evaluating the effects of the European Union-Vietnam Free Trade Agreement (EVFTA) on the growth of agriculture in Vietnam (ii) Analyzing the EVFTA's challenges and opportunities for Vietnam's agricultural development and (iii) Recommending some approaches to help Vietnam's agricultural industry to fully utilize these opportunities and overcome challenges.

Keywords: EVFTA, agriculture development, Vietnam, EU

1. Introduction

As the economy expands, the demand for trade among countries also increasingly surfaces. Free Trade Agreements (FTAs) not only strengthen trade relations with different partners, and removes trade barriers, but also attract foreign investment. During the integration process, Vietnam has participated in several FTAs, and among which is the European-Vietnam Free Trade Agreement (EVFTA), representing a new generation FTA between Vietnam and 27 member nations of the European Union (EU).

The EU has always been a crucial trading partner with Vietnam. In 2019, the EU was the fifth-largest trading partner and the second-largest export market of Vietnam, only after the United States. Signing the EVFTA, therefore, helps Vietnam develop by boosting trade with European countries, enhancing national economic growth, improving production networks, and modernizing the labor workforce.

According to Annex 1 – Product Coverage of Agreement on Agricultural (AoA), the term ‘agricultural products’ covers products from Harmonized Tariff Schedule (HS) Chapter 1-24 (Live Animals, Animal Products, Vegetable Products, Animal or Vegetable Fats and Oils and Their Cleavage Products, Prepared Edible Fats, Animal or Vegetable Waxes, Prepared Foodstuffs, Beverages, Spirits, and Vinegar, Tobacco and Manufactured Tobacco Substitutes), less fish and fish products. Therefore, in the context of this paper, agriculture and agricultural products are defined as those in World Trade Organization (WTO)’s AoA.

The working paper focuses on providing a clear overview of EVFTA as well as Vietnamese agriculture before and in the context of EVFTA. From the above analysis, opportunities and challenges for development will be pointed out. And by doing so, the paper seeks to make helpful solutions for the sustainable development of Vietnam’s agricultural industry.

The paper contains four main sections. The following section gives insight into the literature review. In the meantime, section three discusses the overview of EVFTA and the export situation of Vietnamese agricultural products while section 4 points out the opportunities and challenges of Vietnam agriculture. Recommendations for further development will be listed in section 5 along with a brief conclusion in section 6.

2. Literature view

Prior to this paper, there has been research analyzing the effect of FTAs on economic growth. In a study about trade structure, FTAs, and Economic growth, Chan-Hyun Sohn and Hongshik Lee (2010) wrote that trade structure variables showed strong evidence of positive effects on growth and free-trade agreements/areas (FTAs) also enhanced economic growth. Tran and Do (2018) also stated that new-generation FTAs promote economic growth and stabilize macroeconomics. Another research conducted by Oanh (2017) argued that FTAs help to improve free trade by reducing trade barriers and increasing the development economy and welfare as classical trade theories mention.

In Vietnam, this positive effect on the economy is also highlighted in research using simulation methods, ignoring all adverse effects. The Vietnam Institute for Economics and Policy Research - VEPR (2021) concludes that, without the effects of Covid-19, EVFTA allows total export value to increase by over 5.5 billion USD. In earlier research, Nguyen Thanh Cong, and Pham Hong Nhung (2017) referred to EVFTA as a way to boost economic growth via investment and export expansion. WTO (2020) reported that under the EVFTA, Vietnam has the potential to grow faster and increase its GDP and trade flows. The country will witness a rise of 2,4% in GDP in standard productivity. Furthermore, exports would grow by 12% while imports would go up by 14%.

Focusing more on the sector of agriculture, Trinh Thuy Ngan (2020) wrote that the EVFTA positively influenced the export of agricultural products, raising the total value by over 37.532 million. Meanwhile, Nguyen et al. (2020), using qualitative interviews with business owners from four different agricultural product companies, showed that EVFTA encourages sustainable agricultural products in Vietnam. Recent research also provides some insight into Vietnam's agricultural development. Phung Xuan Hoi (2022) concluded that EVFTA, along with numerous preferential tariffs was a valuable opportunity for Vietnam. The more taxes and trade barriers are reduced, the more resources businesses have to invest in high-standard technology and equipment that meet the EU's strict requirements. Trinh Van Thao (2022) also pointed out that EVFTA promotes specialization and allows businesses to allocate resources effectively, and increase competitiveness, as well as productivity during production.

Despite the number of studies researching EVFTA and Vietnam's agriculture relationship, these studies are mainly focused on analyzing the impact of the EVFTA on the entire macro-economy, of which the effect of EVFTA on trade is only a small part. As a result, previous studies have not comprehensively examined the impact of the EVFTA on trade turnover between Vietnam and the EU, particularly the impact at the HS6 detail level. Previous studies have also not analyzed the effectiveness of commitments between the two sides in the EVFTA up to now (2022) and the prospects of development in Vietnam's agricultural industry should be studied further. Noticing this research gap, this working paper will analyze the relationship between EVFTA and Vietnam's agriculture development, including the current situation, opportunities, and challenges in order to put forward new recommendations about Vietnam's growth in agriculture.

3. Overview of the EU - Vietnam Free Trade Agreement and the export situation of Vietnamese agricultural products to the EU market

3.1. *EVFTA Agreement and the context of Vietnam's agriculture before the EVFTA Agreement*

3.1.1. *EVFTA Agreement*

Definition of EVFTA

The European - Vietnam Free Trade Agreement (EVFTA) is a new generation free trade agreement between the Socialist Republic of Vietnam and the 27 member states of the European Union with extensive and comprehensive commitments. Effective from August 1, 2020, the EVFTA is expected to bring promising prospects to Vietnam's economy, especially agriculture. The Agreement consists of 17 Chapters, 2 Protocols, and a number of Memorandums of Understanding. The main areas of commitment in the EVFTA include:

Commodity trade:

The EU commits to eliminate tariffs as soon as the EVFTA comes into effect for Vietnamese goods belonging to 85.6% of tariff lines in the tariff schedule, equivalent to 70.3% of Vietnam's export turnover to the EU. Within 7 years after the EVFTA took effect, the EU committed to eliminating 99.2% of tariff lines in the tariff, equivalent to 99.7% of Vietnam's export turnover to the EU. For the remaining 0.3% of export turnover (including some rice products, sweet corn, garlic, mushrooms, sugar and products containing high sugar content, tapioca starch, and canned tuna), the EU commits to open door to Vietnam under tariff quotas (TRQs) with import tax within the quota of 0%.

Trade in services and investment:

In the field of trade in services, the commitments in the EVFTA of both sides are expanded, even more than the commitments of these members themselves in the General Agreement on Trade in Services (GATS). When joining the WTO, such as business services, environmental services, postal and delivery services, banking, etc. The degree of openness of most of Vietnam's service sectors in the EVFTA is much higher than in the WTO framework, although Vietnam has not yet committed to opening all service sectors.

Government Procurement:

The EVFTA Agreement includes principles on Government procurement (public procurement) equivalent to the provisions of the WTO Government Procurement Agreement (GPA) With some obligations such as online bidding, and setting up an electronic portal to publish bidding information... Vietnam will follow the EU roadmap and commit to providing technical assistance to Vietnam for implementing these obligations.

Intellectual Property:

In new-generation, free trade agreements such as the EVFTA, commitments on intellectual property are more extensive than corresponding commitments in the framework of the Agreement on Trade Aspects Relating to Intellectual Property Rights (WTO-TRIPS), referred to as TRIP+ or TRIP-X. Specifically, the EVFTA introduces stricter enforcement requirements for IPR protection, the enforcer is given higher rights (especially at the border), and the subject that violates intellectual property rights will be subject to higher levels of liability and sanctions.

State-owned enterprises and subsidies

The two sides agreed on principles for SOEs. These principles, together with those on subsidies, aim to ensure a fair competitive environment between SOEs and public enterprises when SOEs engage in commercial activities.

For domestic subsidies: There will be rules on transparency and consultation procedures.

Trade and Sustainable Development

The EVFTA includes a fairly comprehensive chapter on trade and sustainable development, including some important contents such as:

- Commitment to effective implementation of the basic standards of the World Labor Organization (ILO), ILO Conventions (not only basic Conventions), and Multilateral Environmental Agreements that each Party has signed. signing/accessing;
- Commitment to accede to/signature to fundamental ILO Conventions to which each Party has not yet joined;
- Commitment not to reduce the requirements for the purpose of attracting trade and investment, or to prejudice the effective enforcement of domestic labor and environmental laws;
- Promote Corporate Social Responsibility (CSR), with reference to international practices in this regard.
- A provision on climate change and commitments to the conservation and sustainable management of biodiversity (including wildlife), forests (including illegal logging), and fishing.
- Mechanisms to strengthen civil society's participation in the implementation of this Chapter, both from a domestic (consultation of domestic advisory groups) and bilateral (bilateral fora) perspectives;
- Provisions that promote transparency and accountability.

Dispute settlement mechanism

The EVFTA establishes a mechanism to settle disputes that may arise between Vietnam and the EU in the interpretation and implementation of the Agreement's commitments;

- + This mechanism applies to most of the Agreement's Chapters and is considered in some respects to be faster and more effective than the dispute settlement mechanism in the WTO;
- + This mechanism is designed as a final method of dispute resolution when the parties cannot resolve the dispute by other means;

This mechanism includes procedures and fixed deadlines for dispute resolution, whereby the two Parties must first consult; if consultations are unsuccessful, either Party may request the establishment of a panel consisting of independent legal experts;

- The EVFTA also envisages another, more flexible mechanism: an intermediary mechanism, to deal with issues related to measures that negatively affect bilateral trade and investment.

Terms related to agriculture in EVFTA

i. Tariff measurement of agriculture products

- EU's commitment to open some agricultural products in Vietnam

As soon as the agreement came into effect, tariffs on some of Vietnam's agricultural products exports to the EU were immediately totally eliminated, such as coffee, natural honey, fresh and processed fruit, vegetable products, fruit juices, and fresh flowers. Rice products are subject to the tariff-rate quota mechanism, the import volume within the quota is entitled to a tax rate of 0%, and the total quota is 80,000 tons, for unmilled rice: the quota is 20,000 tons, for milled rice, the quota is 30,000 tons and for fragrant rice, the quota is 30,000 tons. After 5 years, the quota policy will be abolished and rice products will be completely tax-free, including broken rice. EVFTA also applies a tariff quota of 10,000 tons of white sugar and 10,000 tons of products containing more

than 80% sugar. Some other agricultural products are also subject to the EU's tariff quota commitments for Vietnam, for example:

- Processed poultry eggs: 500 tons
- Garlic: 400 tons
- Sweet corn: 5,000 tons
- Tapioca starch: 30,000 tons
- Mushrooms: 350 tons

Reduced tariffs create a great motivation for Vietnamese businesses to boost production, promotion, and export of agricultural products to the EU market.

- Vietnam's commitment to open for some agricultural products of EU's

With the participation in EVFTA, Vietnam commits to sharply cutting tax lines, which will create opportunities for EU countries to export strongly to Vietnam. When the EVFTA comes into effect, Vietnam's tax barriers will be gradually removed, within 13 years at the latest. Vietnam commits to a limited opening for livestock products, only eliminating taxes as soon as the Agreement comes into effect for raw cows, pigs, and chickens imported from the EU. Eliminate taxes on a 7-10 year roadmap for all fresh or frozen beef, pork, and chicken. With this level of protection, the impact of the EVFTA on Vietnam's livestock industry will not be too sudden and the industry will have a relatively long time to adjust and adapt to the competition. Vietnam's commitments to open up meat products as stated in the EVFTA are as follows:

- Raw meats:
 - Import tax on frozen pork will be 0% after 7 years.
 - Import tax on other types of pork will be 0% after 9 years.
 - Import tax on chicken will be eliminated after 10 years.
 - Import tax on beef will be eliminated after 3 years.

For milk and dairy products, about 44% of this product group will have a tax rate of 0% as soon as the agreement comes into force or after 3 years and the rest will be eliminated after 5 years.

- Commitment to the export tax of agricultural products

Vietnam commits to eliminating export taxes on agricultural products exported to the EU.

ii. Non-tariff measurement of agriculture products

NTMs are replacing tariff measures as the most significant barrier to trade in goods. In the EVFTA, the content of commitments on non-tariff barriers includes commitments related to TBT, SPS, and other non-tariff measures such as import and export permits and customs procedures. Accordingly, for TBT (Technical Barriers to Trade), the two sides agreed to strengthen the implementation of the rules of the Agreement on Technical Barriers to Trade of the WTO (TBT Agreement), in which Vietnam commits to increase the use of international standards in the enforcement of TBT regulations. For Sanitary and Phytosanitary (SPS), Vietnam and the EU reached an agreement on a number of SPS principles to facilitate trade in animal and plant products. In particular, for goods imported and exported with Vietnam, the subject of management

on the EU side is the competent authority of each specific EU member state (where Vietnamese goods are exported and imported) rather than the Union-level joint body of the EU. The European Commission is solely responsible for the joint coordination, examination/inspection of the control systems and related legal systems of the Member States in order to ensure the uniform application of standards and technical regulations in the whole EU market. Each country may choose their desired level of protection and have the right to take all measures necessary to protect human, animal, or plant health and life, provided that such measures do not violate the provisions of the agreement. The EU may even apply stricter regulations than the corresponding international standards. The EU's SPS regulation states that all products of animal origin exported to this market are subject to inspection at border checkpoints in the form of random checks of about 10% of the consignment. . However, if one shipment is found to have an SPS problem, the next 10 shipments will be thoroughly inspected. For products of plant origin, the exporting country must comply with EU SPS regulations during production. Goods exported to the EU, although not subject to the same rigorous inspection as products of animal origin, will also be randomly inspected by member countries during entry or after being sold on the market. The EU also maintains a rapid alert system, as long as a consignment has a food safety problem, it will be immediately notified throughout the EU and the goods cannot continue to circulate in the region. The Agreement also includes commitments towards reducing other tariff barriers (for example, commitments on import/export licensing, customs procedures, etc.) in order to facilitate import and export activities between the two sides.

3.2. Overview of Vietnam's agriculture in the context of EVFTA

3.2.1. The context of Vietnam's agriculture before the EVFTA Agreement

Since the EVFTA agreement has been effective, Vietnam has undergone nearly 35 years of the Doi Moi Policy, Vietnam's agriculture has had achievements and contributions, demonstrating its role as the cradle of the economy, a stable foundation for people's lives. Vietnam has become a self-assured food security country, one of the major exporters of agricultural products in the world. The export turnover of agricultural products has always remained at a high rate.

The national main exported agricultural products consisting of rice, coffee, rubber, Pangasius catfish, shrimp, cashew nut, pepper, vegetables, and cassava have contributed to a vast improvement in the total national export turnover.

Table 1. Vietnam's total exported agricultural product turnover from 2015 to 2019

Year	2015	2016	2017	2018	2019
Total exported agricultural product (Billion dollar)	30,14	32,1	36,37	40.02	40,32
Rice	2,80	2,15	2,63	3,06	2,8
Coffee	2,67	3,36	3,50	3,53	2,85
Rubber	1,53	1,67	2,25	2,09	2,30

Year	2015	2016	2017	2018	2019
Seafood	6,56	7,03	8,34	8,98	8,54
Cashew nut	2,39	2,84	3,51	3,36	3,28
Pepper	1,25	1,42	1,11	0,75	0,71
Cassava	1,32	1,00	1,03	0,95	9,96
Vegetables	1,83	2,46	3,50	3,08	3,74

Source: Vietnam General Statistics Office

The achievements of Vietnam's agriculture are due to the proper policies of the government. The government has given the farmer autonomy and created benefits for the development of the private economy. Implement many important policies to promote and facilitate the development and attraction of agricultural investment capital. Applying solutions to scientific and technical advances in production. Many economic regions implement production by chains such as pepper, coffee, and rice with a combination of enterprises and producers.

In recent years, particularly in the period 2017-2019, the structure of Vietnam's economy has shifted towards gradually reducing the proportion of agriculture and gradually increasing the proportion of forestry and aquaculture. The area used for agricultural production is reduced, whereas we focus on improving product quality and efficiency, converting drought or saline-affected rice areas to plant fruit trees, and eliminating unwanted perennials to focus on high-yielding plants. As a result of positive transformations, Vietnam's fruit products have not only dominated the domestic market, but also approached and reached out to foreign markets to conquer the fastidious markets such as the US, Japan, EU, Australia, New Zealand, and Thailand. Some Vietnamese fruits have been successfully exported such as dragon fruit, mango, longan, lychee, and milk breast.

Labor in the agricultural sector tends to decrease markedly, whereas labor productivity tends to increase rapidly. The agricultural situation in previous years appeared limited, and the agricultural sector's GDP growth slowed down. By the first 6 months of 2017, there were signs of recovery but still could not achieve the same growth as before. Limitations can come from many causes:

- Resources for production are becoming scarce, and land pollution due to the excessive use of chemicals and the overuse of pesticides and fertilizers. The land is degraded, and blight, erosion, and washout occur in many places. Using wasteful water sources, and indiscriminate exploitation of groundwater leads to a lack of water for the production process. Climate changes cause natural disasters that negatively affect the agricultural industry such as prolonged drought, flooded arable land, erratic floods, and new epidemics appearing.

- Investment in the agricultural sector is not high. The products sold remain in raw materials, enterprises in the agricultural sector are mostly small and dispersed, science and technology levels are outdated, agricultural skills are still low, mainly handicrafts, infrastructure, and logistics are poor compared to competitors in the region.

3.2.2. The context of Vietnam's agriculture after the EVFTA Agreement

Within the context of EVFTA, Vietnam's agricultural industry is experiencing both positive signs and challenging signs. For positive signs, according to the General Statistics Office, the export turnover of agricultural goods products with competitive advantages such as coffee, cashew nuts, vegetables, rice, and pepper have all risen although they have also encountered many heavy losses due to the Covid-19 pandemic.

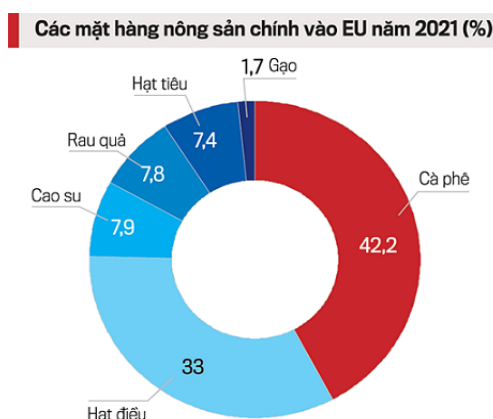


Figure 1. Structure of main agricultural products exported from Vietnam to the EU in 2021

Source: Agency of Foreign Trade - AFT

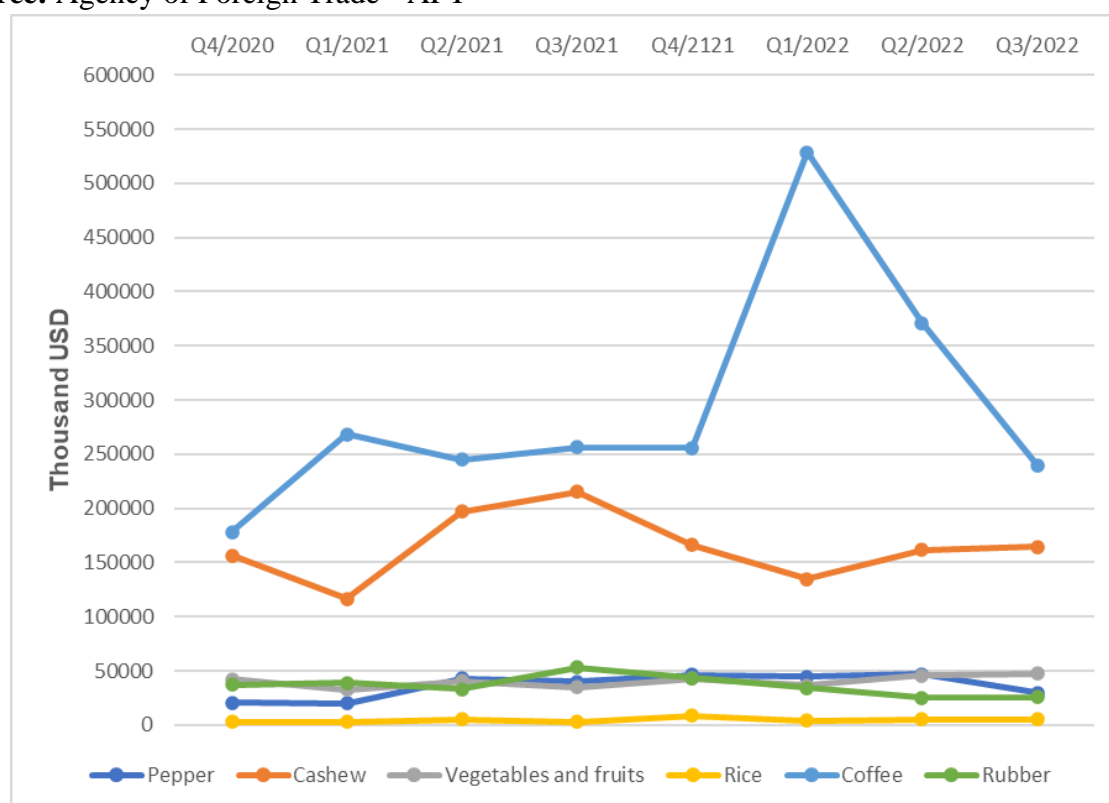


Figure 2. Vietnam's agricultural export turnover of main products to the EU since the EVFTA took effect until present (Q3/2022)

Source: Vietnam General Statistics Office

Coffee: In 2021, with the complicated developments of the Covid-19 pandemic and difficulties in logistics activities, Vietnam's coffee exports to the EU only reached 556 thousand

tons, worth over 1 billion USD. However, due to an increase in export prices and the complete elimination of the coffee tariff in EVFTA, the export value of coffee increased by 6.3% compared to 2020. Notably, coffee export volume to Europe in the first two quarters of 2022 witnessed an unprecedented high turnover of more than 525 million USD and 375 million USD respectively. In the first nine months of 2022, Vietnam's coffee exports reached approximately 1.35 million tons, worth \$3.07 billion, up 13.7% in volume and 37.6% in value over the same period.

Cashew: The EU is the second largest market for Vietnam's cashew nut consumption. EU countries such as the Netherlands, Germany, the UK, and Italy are currently in the top 10 cashew export markets of Vietnam. After the implementation of the EVFTA agreement and the support of the government to overcome the difficulties of the Covid-19 pandemic, Vietnam's cashew exports in 2021 to the EU market reached 135 thousand tons, worth 816 million USD, up 16.5% in volume and 7.9% in value compared to 2020. Notably, in the third quarter of 2021, Vietnam's cashew exports to Europe reached a peak of approximately 220 million USD. In the first 3 quarters of 2022, the demand for cashew nuts has decreased slightly to approximately 150 million USD. It is expected that cashew nut exports to the EU this year will increase by about 15% in volume and 10% in value compared to 2021, reaching over 155,000 tons and worth \$900 million USD.

Vegetables and fruits: In 2022, it is expected that Vietnam's fruit and vegetable export turnover to the EU would rise by 11-15% compared to 2021, reaching around 210 million USD, given that many Vietnamese fruit and vegetable items have progressively satisfied demand. Furthermore, due to the effective containment of the Covid-19 pandemic, customs clearance is much easier in 2022.

Rice: According to the Vietnam Food Association (VFA), after nearly two years of implementing the EU-Vietnam Free Trade Agreement (EVFTA), Vietnam's rice exports in particular are gradually asserting their foothold in the EU market. Aromatic rice and high-quality rice such as ST24, ST25, Jasmine, etc. are popular in this area. Following the implementation of the EVFTA, the EU offers a quota of 80,000 tons of rice at a 0% preferential tax rate. It is forecasted that Vietnam's rice exports in 2022 to the EU market will reach at least 60,000 tons.

Pepper: Pepper is considered the black gold of our country. Vietnam has continuously ranked No. 1 in the world in terms of export volume for the past 18 years. In 2022, pepper exports to Europe in the first quarter increased strongly in turnover and nearly 2 times higher than the same period in 2021 (50 million USD compared to 25 million USD). Out of total pepper exports, the share of pepper exports to Europe increased from 20.22% in the first quarter of 2021 to 28.10% in the first quarter of 2022. It is forecasted that in 2022, the EU will continue to increase pepper imports from Vietnam.

In addition to items that had an increase in export turnover, a number of agricultural products saw a temporary fall in turnover following the signing of the EVFTA agreement, compared to 2021, for example, Tea (decreased 38,8%), rubber-based products (decreased 25%), rubber (decreased 33%), etc...This declination mostly results from the outbreak of Covid-19 pandemic that disrupts the supply chain of productions and the inability to meet the high-quality requirements of EU. Moreover, the overall value of Vietnam's agricultural exports to the EU in 2021 amounted to just 4% of the total import turnover of agricultural items in this market. This fraction demonstrates that the export turnover of Vietnamese agricultural goods to the EU remains low in comparison to both Vietnam's export potential and the EU's import demand.

4. Opportunities and challenges of Vietnamese agriculture in the context of EVFTA

4.1. Opportunities

4.1.1. The reduced tariff lines and a new entrance to the EU market

The EVFTA is the free trade agreement with the highest degree of promises for Vietnam among all FTAs that have been ratified so far with more than 99% of import tariff lines between the two sides being abolished. In fact, tax rates on a number of agricultural items, such as rice, coffee, and cocoa, that Vietnam excels at producing and exporting would be reduced immediately or at least shortly. The agreement is the key to opening up the EU market for Vietnamese fruits, especially since the EVFTA cut the tax rate on processed fruit and vegetable goods from Vietnam that are exported to the EU from 85.6% to 0%.

The EU retained 47 tariff lines for fresh and processed vegetable products which make up a significant portion of Vietnam's exports at 0% right after the EVFTA went into effect. The EVFTA also helps Vietnam fulfill international standards in terms of the legal framework, environmental rules, and investment criteria by removing some trade barriers.

Prices of Vietnamese rice increased following the EVFTA by 80 to 200 US dollars/ton in comparison to July of the year of signing. Under the EVFTA, nine types of fragrant rice from Vietnam have enjoyed tariff-free export quotas to Europe. The EVFTA offers the Vietnamese cashew industry a chance to expand its exports to the EU and take part more in the global supply chain. Commodities like coffee, cashew nuts, rubber, vegetables, pepper, rice, and tea will continue to play a significant role in the sector's overall export turnover to the EU market and have the potential to grow in 2022. In particular, coffee will continue to benefit from the EVFTA's 0% tax rate to grow its market share in the overall demand of 10 billion USD per year that the EU has.

4.1.2. The development of organic agriculture

The EU is a great consumer of organic items in the world. They imported 3.24 million tonnes of organic agricultural products in 2019, up 0.4% from 2018, which is collected from the online offices of the Vietnam Trade Offices in Belgium, Luxemburg, and the EU. Due in part to the fact that processed goods continue to predominate and have an overall worth that is 15% greater than raw goods, organic agricultural products make up just around 2% of all agricultural products imported into the EU. The top organic imports into the EU in 2019 were primarily tropical fruits, nuts, and spices, which accounted for 27% of all organic imports. As a result, when the EVFTA went into effect, it provided a unique opportunity for the rapid and strong development of organic agricultural products to best meet the product quality requirements of the EU market while also boosting countries' competitiveness, particularly in terms of rice, fruits, and spices. Organic agricultural products must adhere to a number of tight standards, but in exchange, they have a very high export value.

4.1.3. The growth of the agricultural sector after a pandemic

Vietnam's agriculture is expected to show strong indications of recovery after the Covid-19 pandemic with the support of the EVFTA agreement. The agricultural supply chain will rebound significantly, satisfying partly the demands of EU agricultural imports, increasing Vietnam's involvement in the value chain and global production network, which is a driving force behind restructuring and raising the standard of living and competitiveness of our nation's agricultural products.

4.2. Challenges

4.2.1. The diversification of products

Despite significant advancements in recent years, the majority of agricultural products for export are still sold in raw form at low prices. Only the agricultural product groupings of coffee, fruit, and pepper are exported to the EU. These restrictions are a result of Vietnam's agricultural production, which makes it difficult to promote agricultural exports to the EU and boost the market share Vietnam will eventually acquire.

Apart from the numerous opportunities provided by the EVFTA's tax cuts, the livestock industry is predicted to suffer the most because import duties on beef, milk, and dairy products will be eliminated in a shorter period of time while import taxes on chicken, pork, and other poultry will be eliminated over an 8 or 10 year period. The animal husbandry business will therefore face intense competition from goods imported from the EU both in the short and long term.

4.2.2. The adaptation of the production process

Businesses must adapt their production processes or activities to satisfy requirements, as well as use cutting-edge technology, among other things. This increases the cost of compliance, the level of competition, and the financial strain on Vietnamese producers. Vietnam must therefore develop its export agricultural product output while placing a high priority on quality, safety, and food hygiene requirements that adhere to stringent EU criteria in order for its agricultural products to successfully enter the EU market. EVFTA must properly implement the strict restrictions on technical obstacles and food safety for the agricultural sector. Farmers must transition to sustainable farming in order to receive international certification; this requires close coordination and connections between domestic businesses and distributors in the EU, which will raise the value of agricultural exports.

Maximum pesticide residue levels allowed in and on food products have been capped by the EU. Producers must closely adhere to the EU's regulations on maximum pesticide residues and bacterial contamination in order to enter the EU market for fresh fruits and vegetables. Any fruit or vegetable may be exported to the EU, but it is crucial to ensure that there are virtually no pesticide residues. The exporter and the entire Vietnamese fruit and vegetable business would suffer if the shipment was returned. Vietnamese firms are required to prepare certificates of origin for all export shipments since EU importers always want traceability.

4.2.3. The rule of origins

For agricultural products, the EVFTA's primary origin criterion is also pure origin, which states that products that are grown, born and raised, harvested or gathered, or obtained from animal slaughter and hunting in Vietnam are deemed to be originating under the agreement. Agricultural products are also regarded as originating under EVFTA when they meet the particular commodity criteria in the list of Product Specific Rules in addition to the criterion of pure origin. The EVFTA further restricts the number of agricultural products produced using materials from third-party nations outside the Agreement's territory, such as butter, eggs, milk, and sugar.

The EU's restrictions on traceability for imported goods also tend to be harsher and more rigorous given the complexity of global trade and the growing tendency of trade protection. The possibility of Vietnamese goods being counterfeited for export to the EU has also grown, which might result in an examination of Vietnamese goods and the subsequent constriction of the market,

adversely impacting direct production and commercial operations of businesses as well as the export industry.

4.2.4. Limited access to the EU market due to the lack of the firm's understanding of the agreement

According to a survey conducted by VCCI, only 26,07% of Vietnamese enterprises clearly understand EVFTA, 55,77% of enterprises partly understand EVFTA and up to 18,16% of Vietnamese enterprises do not understand or fully understand this bilateral trade agreement. This may be a barrier preventing Vietnamese enterprises from taking full advantage of opportunities from the EU market.

5. Recommendations for the development of Vietnam's agriculture in the context of EVFTA

Firstly, to promote development in agriculture, there should be a focus on those that advance innovation and raise the caliber of production technology, machinery, and equipment in order to produce clean agricultural products that meet worldwide standards. The growth of connections between producers, transporters, processors, and consumers; between businesses that source raw materials and businesses that generate finished goods; and between farmers, the government, scientists, and agricultural businesses should be encouraged. It is necessary to continue to create thorough safety policies that adhere to global standards. Developing and implementing policies on environmental standards, food safety, and hygiene in accordance with local conditions and international standards are required by enhancing the capacity of training institutions, testing centers, and certifying organizations to satisfy standards. Vietnamese farmers and firms need to take practical steps to increase productivity and continuously improve the quality of their products, such as developing good varieties with many benefits and high yield and high quality, utilizing cutting-edge breeding and farming techniques, and setting up production activities in an organized, specific, and contemporary way.

Secondly, Vietnam must come up with a solution to satisfy EU and worldwide standards in order to more effectively enter markets. For Vietnamese exporters, strict traceability regulations present another difficulty. The EVFTA will make agricultural products more competitive in the EU market because of the EU's economic recovery and several tax benefits, therefore Vietnamese enterprises must access market information on tax incentives, technological obstacles to food safety, provenance, and ultimately brand growth.

Thirdly, there should be motivation to encourage people to produce naturally, reduce input factors, save money and labor, use pesticides and fertilizers safely and responsibly, and improve product quality. Farmers taking part in the project receive training in occupational safety, including how to evaluate crop and environmental risks and how to utilize protective equipment in accordance with safety requirements.

Additionally, the agricultural industry consistently exhorts localities to mobilize all labor and equipment resources for land preparation and planting in order to ensure seasonality, increase investment and plant intensification, carefully inspect and manage water sources from irrigation works, use irrigation water in an economical and efficient manner, and to have plans for storing water for production.

Moreover, from a national standpoint, it is essential to keep promoting trade and establishing agreements to prevent the EU from putting up arbitrary technical barriers. Traceability technology must also be used at every level of the production of agricultural goods for export by farmers and enterprises. It is also important to establish, maintain, and grow partnerships with enterprises and

authorities. Policies should be put in place to promote domestic enterprise, draw in foreign capital, and improve research and technology.

Lastly, it is advised in particular to establish a strong connection between product manufacturing, processing, and consumption. It is necessary to increase the call for businesses to invest, foster farmer cooperative groups for production along the value chain, and simultaneously direct localities to build link chains, register trademarks, and develop brands for products based on the assessment of the supply and demand for products to forecast the consumption market.

6. Conclusion

EVFTA is regarded as a thorough, superior new generation free trade agreement and the first FTA that the EU has signed with a middle-income nation. Vietnam has become a key partner of the EU in the Association of Southeast Asian Nations as a result of the signing and implementation of the EVFTA and the Investment Protection Agreement between Vietnam and the European Union. Vietnam is also one of the Asia-Pacific nations with which the EU has the strongest ties in terms of politics, economy, trade, development cooperation, environment, sustainable energy, and defense and security.

Following the signing of the Free Trade Agreement between Vietnam and the European Union two years ago, many Vietnamese export goods, especially those in the agricultural and aquatic sectors, benefit from numerous advantages and growth. In recent years, exports to the EU market have grown significantly. However, the EU market also faces significant difficulties and demands high standards for these products.

Except for a few items subject to tariff limits, all of Vietnam's major agricultural products entering the EU will benefit from advantageous tax rates as soon as the EVFTA enters into force. In contrast to the agricultural products of Asian nations, where there are many comparable products, this has a significant competitive edge. EVFTA presents Vietnam's agricultural export sector with both an opportunity and a problem, necessitating a fundamental transformation of the sector. Vietnamese agricultural enterprises must devote all of their available resources to promoting agricultural exports in the near future to maximize the effectiveness of the EVFTA and gain market share in the EU's import market for agricultural products before the EU sends representatives to sign FTAs with potential Vietnamese rivals. Additionally, by utilizing the advantages provided by the EVFTA and hastening the entry of Vietnamese agricultural products into EU member states, Vietnam's exports will gain credibility to penetrate additional markets.

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