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XUẤT KHẨU TÔM VIỆT NAM SANG THỊ TRƯỜNG VƯƠNG QUỐC ANH TRONG BỐI CẢNH HIỆP ĐỊNH UKVFTA: CƠ HỘI VÀ THÁCH THỨC

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Tóm tắt

Tôm là mặt hàng xuất khẩu rất phổ biến của Việt Nam tại thị trường Vương quốc Anh nhờ vào giá cả và nhu cầu tiêu dùng. Đặc biệt sau khi Hiệp định Thương mại Tự do Việt Nam - Vương quốc Anh (UKVFTA) chính thức có hiệu lực, tôm đã dần trở thành một trong những mặt hàng xuất khẩu mạnh nhất trong ngành thủy sản. Nghiên cứu này nhằm làm rõ các nội dung chính của UKVFTA và những tác động trực tiếp của chúng đối với hoạt động xuất khẩu tôm của Việt Nam. Ngoài ra, nghiên cứu còn nhằm trình bày tình hình hiện tại cũng như phân tích và đánh giá những thách thức và cơ hội mà ngành xuất khẩu tôm Việt Nam đang đối mặt. Từ phân tích này, nhóm nghiên cứu của chúng tôi sẽ đề xuất một số giải pháp nhằm tăng cường hoạt động xuất khẩu tôm của Việt Nam sang Vương quốc Anh dưới tác động của UKVFTA.

Từ khóa: UKVFTA, tôm, Vương quốc Anh, Việt Nam, cơ hội, thách thức

VIETNAM'S SHRIMP EXPORT TO THE UK UNDER UKVFTA: OPPORTUNITIES AND CHALLENGES

Abstract

Shrimp is a highly popular Vietnamese export item in the UK market due to its price and usage demand. Especially after the Vietnam-UK Free Trade Agreement (UKVFTA) officially came into effect, shrimp has gradually become one of the most robustly exported items in the seafood sector. This study intends to clarify the main components of UKVFTA and their direct impacts

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on Vietnam's shrimp export activities. Additionally, the study aims to present the current situation as well as analyze and assess the challenges and opportunities faced by the Vietnamese shrimp export industry. From this analysis, our group will propose some solutions to further enhance the shrimp export activities of Vietnam to the UK under the influence of UKVFTA.

Keywords: UKVFTA, shrimp, the UK, Vietnam, opportunities, challenges

1. Introduction

Shrimp has been the foundation of the seafood industry for a long time. This product adds over 4 billion USD to Vietnam's GDP annually and accounts for 45–50% of the value of all seafood exported. Along with Ecuador, India, and Indonesia, Vietnam is among the top 4 countries in the world in terms of shrimp exports and is currently one of the largest shrimp-producing nations.

According to data from the General Department of Customs, shrimp export value in January 2024 reached about 242 million USD, 71% higher than the same period last year. The EU market is considered a bright spot market in April when it increased by 28% over the same period in 2024. Vietnamese businesses which export shrimp to the EU made 119 million USD in the first four months of 2024, which is nearly equal to what they made in the same period the previous year. Shrimp is also Vietnam's main seafood export product to the UK, which made up 71.26% of the country's overall export value to this market in the first nine months of 2022 (Ministry of Industry and Trade, 2022). Vietnam is the largest seafood export market to the UK outside the EU, with the main product being shrimp.

The Vietnam - UK Free Trade Agreement (UKVFTA) officially completed negotiations on December 11, 2020 and signed on December 29, 2020. The principle of inheriting existing obligations in the European Union-Vietnam Free Trade Agreement (EVFTA). Because of UKVFTA, Vietnamese seafood products currently enjoy a comparative edge over those of other commercial rivals like China, Thailand, Malaysia, Indonesia, Philippines, India, Brazil, etc. In particular, the UKVFTA Agreement contains a mechanism to extend the EVFTA Agreement, meaning that as soon as the agreement comes into force, the pledge to impose a preferential import duty on the majority of raw shrimp types entering the UK will be lowered from 10–20% to 0%.

In general, only a few studies have been conducted to examine the impact of the UKVFTA on Vietnam's shrimp export using a quantitative approach, despite the fact that prior researches have generally demonstrated the influence of other FTAs on the country's overall export of fishery or other products exports. Therefore, this research aims to explore the opportunities and advantages of Vietnam's shrimp export to the UK under the implementation of UKVFTA and propose recommendations for four parties: the Vietnamese government, Vietnamese enterprises, growers and VASEP (Vietnam Association of Seafood Exporters and Producers) to ensure stable shrimp's export to the UK. To achieve this objective, the authors analyze research articles and reports about Vietnam's shrimp export to the UK, which allowed for the analysis of the opportunities and obstacles it may face.

The research's subject is Vietnam's shrimp export and the scope is its export to the UK.

2. Theoretical Background

2.1. Introduction of the UKVFTA

The United Kingdom and Vietnam have a stable bilateral trading relationship with trade increasing at a rate of 14% annually between 2010 and 2019 and shared strategic commitment to global trade as well as the free flow of capital and investments. The Free Trade Agreement offers a foundation for increased trade and investment and includes £4.8 billion in commerce by 2020 (VCI Legal). After Brexit, the UK faced the challenge of maintaining its existing trade relationships with countries that had previously negotiated deals with the entire European Union. To ensure a smooth transition and continue reaping the benefits of duty-free trade, the UK government entered into negotiations with the Vietnamese government for a Free Trade Agreement (FTA). This agreement, known as the UK-Vietnam Free Trade Agreement (UKVFTA), aimed to replicate or even surpass the favorable trade conditions the UK enjoyed under the EU - Vietnam FTA (EVFTA) (Mark Oakley, 2021).

The Vietnam - UK Free Trade Agreement (UKVFTA) was officially completed on December 11, 2020 and concluded on December 29, 2020 between the Vietnam's Minister of Industry and Trade and UK's Secretary of State for International Trade. The basis for negotiation is the principle of inheriting commitments from the EU-Vietnam Free Trade Agreement (EVFTA) with necessary modifications to achieve compliance with the bilateral trade framework between Vietnam and the UK. The Agreement temporarily came into force on December 31, 2020, and officially became effective on 1 May 2021 (TTWTO VCCI).

2.2. The main contents of UKVFTA

The Agreement contains nine articles: 01 Protocol, 01 Annex, which modifies certain of the EVFTA texts, and 01 bilateral letter which the UK and Vietnam exchanged. In general, the provisions of the UKVFTA and the EVFTA are similar. These involve: investment, trade in goods (including general regulations and market access commitments), trade in services (including general regulations and market access commitments), rules of origin, Sanitary and Phytosanitary measures (SPS), customs and trade facilitation, technical barriers to trade (TBT), trade remedies, SOE, competition, government procurement, trade and sustainable development, intellectual property, cooperation and capacity building, and legal and processing (Vietnam National Trade Repository - VNTR).

The UKVFTA's objectives are to enhance the relationship between the two countries. In fact, regarding trade between the UK and Vietnam, 65% of all tariffs have already been removed, 99.2% of tariff lines associated with imports from Vietnam will have no taxes imposed on them by the UK in the first six years following the implementation of the UKVFTA. Compared to the EVFTA, this is higher (70.3%). Vietnam promises to eliminate 48.5% of tariffs, joining the other EU members in the EVFTA (Mark Oakley, 2021).

3. Commitments of Vietnam and UK under UKVFTA on shrimp exporting in Vietnam

3.1. Tariff commitments

The commitments within the UK-Vietnam Free Trade Agreement (UKVFTA) are inherited from the EU-Vietnam Free Trade Agreement (EVFTA) and follow a phased implementation roadmap. Specifically:

Tariff elimination: The United Kingdom will eliminate 99.2% of import tariff lines, equivalent to 99.7% of Vietnam's export revenue. For the remaining 0.3%, the UK has established a tariff rate quota (TRQ) system, wherein the import tariffs within the quota are set at 0%. The import tax on most raw shrimp (fresh, frozen, chilled) entering the UK was reduced from 10-20% to 0% immediately after the Agreement's implementation.

3.2. Rules of Origin

According to Protocol 1, goods are considered wholly obtained from one Party in cases such as: products that are entirely harvested and produced within the territory of that Party; or products obtained from outside the territorial waters by a vessel of that Party, provided that the vessel is registered in either the UK or Vietnam.

For exported shrimp products from Vietnam: The rules of origin regulations in the UKVFTA are similar to those in the EVFTA, with the origin criteria for raw and processed shrimp in the UKVFTA being wholly obtained. This means that Vietnam's exported raw, preliminarily processed, and processed shrimp is considered of origin under the UKVFTA when the shrimp materials used in the production process are wholly obtained from Vietnam (born or raised, caught, and fully processed in Vietnam), and must not be imported from a third country outside the Agreement.

3.3. SPS measures

The Sanitary and Phytosanitary (SPS) measures under the UK-Vietnam Free Trade Agreement (UKVFTA) largely inherit the framework established under the EU-Vietnam Free Trade Agreement (EVFTA). Here are the key aspects of the SPS measures:

Maximum Residue Levels (MRLs):

The EU enforces stringent MRLs for a wide range of substances in shrimp, including antibiotics, veterinary drugs, and environmental contaminants (Regulation (EC) No 396/2005, Art. 3). These MRLs represent the maximum permissible amount of a specific residue that can be legally present in the shrimp meat without posing a safety risk to consumers (Regulation (EC) No 396/2005, Art. 2). The specific MRLs vary depending on the substance. For instance, the MRL for oxytetracycline, a commonly used antibiotic in aquaculture, is set at 100 micrograms per kilogram ($\mu\text{g/kg}$) of shrimp muscle (Commission Regulation (EU) No 37/2010, Annex I).

These MRLs establish the maximum permissible amount of a specific substance that can be present in the shrimp without posing a safety risk to consumers (Regulation (EC) No 396/2005, Art. 2).

Microbiological Criteria:

The EU has established microbiological criteria for specific bacteria like *E. coli* and *Salmonella* in shrimp (Commission Regulation (EC) No 2073/2005, Annex I).

These limits are set to minimize the risk of foodborne illnesses caused by these bacteria. For instance, the limit for *E. coli* in ready-to-eat shrimp is 100 Colony Forming Units (CFU) per gram (g) of shrimp meat (Commission Regulation (EC) No 2073/2005, Annex I).

Vietnamese shrimp producers must implement stringent hygiene measures throughout the production chain (farming, processing, packaging) to ensure their shrimp meet these established microbiological criteria (Commission Regulation (EC) No 2073/2005, Annex I).

4. Exporting Vietnamese shrimp in the context of the UKVFTA

4.1. The situation of Vietnamese shrimp exporting to the UK in the context of the UKVFTA

Shrimp is a popular choice in the UK's retail seafood market among crustaceans, accounting for about 10% of the total seafood consumption in this market. In the retail sector, chilled shrimp make up the majority of sales with 67% market share, while the remaining 33% of the market share comes from frozen products. In the restaurant and food service sector, shrimp is also quite popular, with about 61% of these establishments in the UK using it. Shrimp is most commonly used in fast food restaurants (accounting for 48% of total restaurant sector consumption), followed by restaurants (21%) and pubs (12%) (TTWTO VCCI).

The UK tends to boost imports of warm-water shrimp from Vietnam, India ... to substitute cold-water shrimp (imported from Greenland and Eastern Canada) since reducing exploitation quota and increasing the price. Moreover, in the UK retail segment, warm-water shrimp is the most popular, accounting for 61% of total shrimp sales (34% of which is sold in the frozen sector). Cold-water shrimp accounts for 37% (of which 39% is sold in the frozen sector) (VASEP).

4.1.1. Before UKVFTA took effect:

In the period from 2018 to 2020, Vietnam's shrimp exports to the UK grew continuously but was unstable, from around US\$ 238 million in 2018 to US\$ 202 million in 2019 then US\$ 243 million in 2020. Among these, frozen shrimps and shrimps in airtight containers make up most of the value (Trade Map).

Table 1. The situation of shrimp exports to the United Kingdom in 2018 - 2022

Product code	Product label	Value in 2018 (USD thousand)	Value in 2019 (USD thousand)	Value in 2020 (USD thousand)
030617	Frozen shrimps and prawn	119,017	102,844	120,827
160521	Shrimps and prawns not in airtight containers	6,148	7,046	17,541
160529	Shrimps and prawns in airtight containers	112,057	92,239	104,876

Source: Trade Map

Following Brexit in February 2020, the UK emerged as an independent market and ranked sixth globally in importing Vietnamese shrimp, representing 6.5% of Vietnam's total shrimp export value. Vietnam shrimp exports to the UK as of September 15, 2020 reached \$161.2 million, up 15% over the same period in 2019 (VASEP).

4.1.2. After UKVFTA took effect:

In 2021: Shrimp exports account for 74% of the value of Vietnam's seafood exports to the UK, but they also saw a decrease of 3.5%. The reduction in the export revenue was mostly because of the fierce competition with Indian shrimp (TTWTO VCCI).

In 2022: In the first two months of 2022, shrimp exports to the UK accounted for 76% of total seafood exports with \$33.5 million, an increase of 55% compared to the same period in 2021. The export value of the product code 030617, which refers to frozen shrimps and prawns, was \$96,488 thousand, making up to 4% of Vietnam's total frozen shrimp exported. The export values of the two product codes 160521 and 160529 were \$35,271 thousand and \$90,369 thousand respectively (Trade Map, 2022).

Table 2. The situation of shrimp exports to the United Kingdom in 2022

Product code	Product label	Value in 2022 (USD thousand)	Quantity exported in 2022	Share in Viet Nam's exports (%)	Unit value (USD/unit)
030617	Frozen shrimps and prawn	96,488	10,966	4	8,799
160521	Shrimps and prawns not in airtight containers	35,271	3,487	8	10,115
160529	Shrimps and prawns in airtight containers	90,369	7650	7	11,813

Source: Trade Map

In 2023: In the first two months of 2023, whiteleg shrimp alone accounted for 69% of the seafood export value to the UK, amounting to \$30.4 million, a 54% increase. Black tiger shrimp only made up 2.7%, but it increased sixfold compared to the same period last year (TTWTO VCCI).

Table 3. The situation of shrimp imports by the UK from Vietnam in 2021 - 2023

Product code	Product label	Value in 2021 (USD thousand)	Value in 2022 (USD thousand)	Value in 2023 (USD thousand)
030617	Frozen shrimps and prawn	115,929	94,759	75,494
160520	Shrimps and prawns, prepared or preserved	106,462	134,546	106,344

Source: WITS

Overall, even after the effect of UKVFTA, the shrimp export sector from Vietnam to the UK still face challenges, especially with frozen shrimp products with a desperate reduction in value. However, the processed and preserved shrimp industry made positive progress in 2022, although it should be noted that there was a slight decline in 2023. The causes of these fluctuations come from factors such as global price volatility, strong competition with shrimp from opponent exporters, and changes in consumer consumption influenced by the global economic downturn.

4.1.3. Some assessments and comments on the shrimp export activities to the United Kingdom

4.1.3.1. Overall assessments regarding the Agreement

Before the implementation of the UK-Vietnam Free Trade Agreement (UKVFTA), Vietnam's seafood exports to this market, although growing well, were quite volatile. After the UKVFTA came into effect, the shrimp export activities to the United Kingdom is expected to become more stable after facing difficulties in the first few years of the implementation.

With the UKVFTA, the tariffs have been reduced to zero percent for most shrimp products, providing a direct price advantage to Vietnamese exporters. It also gave Vietnam a slight competitive edge over other shrimp exporting nations that do not have a similar free trade agreement with the UK.

However, to benefit from the preferential tax rates committed in the UKVFTA, Vietnamese seafood products must prove their origin. Smaller enterprises, in particular, may find these requirements challenging and costly to meet.

4.1.3.2. Strengths

Vietnam is a "bright spot" in technology development in shrimp farming, with numerous applications of new science and technology integrated into the production chain, including techniques for breeding, nursery, and commercial farming with various models applying science and technology at different levels.

A comprehensive supply chain system for the shrimp industry (feed, chemicals, broodstock, technical infrastructure...) that is well-equipped to support shrimp farming development. There are also various government agencies and departments that are highly attentive and supportive of the development of the shrimp industry.

Vietnam is increasingly obtaining international certifications for good aquaculture practices, including BAP, Global GAP, and ASC.

Vietnam has developed both in scale and in technical management capabilities, including quality, traceability, and environmental impact management throughout the entire supply chain, starting from breeding farms, feed mills, farms, processing plants, to export through modern cold storages.

4.1.3.3. Weaknesses

There is a lack of coordinated planning in production; the small scale of individual farms leads to overlapping water supply and drainage infrastructure, resulting in pollution and disease.

The application of mechanization in production is not yet synchronized, and the investment cost per unit area is high. The cost of shrimp production in Vietnam is very high, resulting in a loss of competitive advantage compared to rival countries in the same market segment.

The success rate of shrimp farming is increasingly trending downwards, and diseases are on the rise, especially diseases caused by the microsporidian parasite EHP, leading to increasingly higher costs of shrimp farming.

The domestic supply of broodstock shrimp has not been fully autonomous. Black tiger shrimp still heavily relies on natural harvesting, the capacity of facilities actively producing their own post-larvae only reaches about 30% (Vietnam Fisheries Magazine).

Due to limited seafood processing technology and most finished products are either frozen or have low levels of processing. Therefore, the amount of by-products discarded during production remains quite high, with a rate of about 35-60%, equivalent to over 2 million tons of seafood by-products each year, of which about 250 tons are shrimp by-products (Vietnam Fisheries Magazine).

4.2. Opportunities of Vietnamese shrimp exporting to the UK in the context of the UKVFTA

Firstly, UKVFTA enables Vietnam to gain a competitive advantage over other countries exporting to the UK. Compared to other trading nations like China and Thailand, Malaysia, Indonesia, and so on, Vietnamese seafood products have established a competitive advantage with tariff advantages from the UKVFTA Agreement, according to the Import-Export Department's assessment (WTO, 2023). Since the UKVFTA went into effect, there are no longer any tariffs on frozen shrimp goods exported to the UK. Due to this, Vietnamese exporters now have a competitive edge over competitors who haven't yet signed a free trade agreement (FTA) with the UK, like Thailand, Malaysia, Indonesia, the Philippines, India, and Brazil.

Secondly, since the UK places importance on food safety and quality standards, Vietnamese exporters can enhance their product quality, adhere to international standards, and build a reputation for reliable and safe shrimp products.

Thirdly, in the context of growing inflation, British consumers' preference for convenient, frozen seafood that is reasonably priced will increase. Therefore, little and medium-sized frozen tiger prawns and white shrimp will be among the seafood goods imported into the UK that will rise in the near future (Ministry of Industry and Trade, 2022).

Finally, the majority of individuals in the UK consume seafood at least once a week. To ensure that the body gets enough nutrients, the government of this nation also promotes the usage of seafood in at least two meals a week. The people in the UK likewise have rather consistent tastes and shrimp is a popular choice in the UK seafood retail industry, making up around 10% of total seafood consumption in this market. Shrimp is also a very popular ingredient for the restaurant and food service industries, accounting for 61% of these operations in the UK. Fast food establishments use shrimp the most (48 percent of the entire restaurant sector's usage), followed by restaurants (21%) and pubs (12%).

4.3. Challenges of Vietnamese shrimp exporting to the UK in the context of the UKVFTA

4.3.1.1. Strict Rules of Origin

Vietnamese shrimp products have to comply with the rules of origin, which require that the raw materials for manufacture be grown and gathered inside Vietnam's borders, in order to qualify for the preferential duties offered by the UKVFTA. Similar to the EVFTA, imports from third countries outside the nation are prohibited (Việt Nam News, 2023). Under the UKVFTA, exporters can self-certify their origin if the export value is lower than EUR 6,000. For exports over EUR 6,000, they must apply the Certificate of Origin method, which is

provided by an agency or organization approved by the MOIT (VCI Legal). The newest update of the agreement is that all firms will be required to switch over to the EORI system as of January 1, 2022; when identifying your company on your declaration of origin, you must use your EORI number rather than your Approved Exporter number (GOV.UK, 2023).

Under the strict regulations for Rules of Origin in UKVFTA, especially for shrimps, the grower and firms encounter various difficulties. Local growers and businesses must also be conscious of changes in the certificate system as it has shifted through the years, requiring Vietnamese shrimp exporters to gradually adjust to the UKVFTA's obligations.

4.3.1.2. The quality of shrimp seed affected by environmental pollution

Climate change and pollution pose numerous challenges and threats for our nation's aquaculture industry nowadays. Using biological products uncontrollably is still a common practice among shrimp farmers, which makes management difficult and ends up in increased risks and costs related to shrimp farming in Vietnam when compared to other nations (Tân Sao Á).

With the advantage of high productivity and many preferential policy mechanisms, many farmers choose the super claw shrimp farming model as a strategy to improve their economic situation (MICROBE-LIFT). Therefore, with this model of shrimp-growing, there are many environmental factors affecting the quality of shrimp. A few of the many factors contributing to poorer quality of shrimp seeds are: the failure rate of farming ponds, the testing of prohibited substances and residue limiters, the price of food through many intermediaries rising from 20% to 30%, etc.... Every big market has stricter rules regarding the frequency and method of inspections and shrimp growers must overcome these challenges in order to satisfy the market's growing demands (Tân Sao Á).

4.3.1.3. Price competition

Vietnam shows great potential in the shrimp industry, however, in terms of some shrimp-farm powers such as Ecuador and India, they are making decent profits, especially India due to cheaper shrimp pricing (Khanh Linh, 2022). Eventually, the price of Vietnamese shrimp is higher than 30-50% of those from India and Ecuador (Báo Mới, 2024). The state of the global commodity trade is unstable, and growth is expected. The total shrimp industry's export growth over the next several years can be maintained at an annual rate of more than \$4 billion USD, with approximately 3.6% of exports going to the UK market. Since Indian shrimp are more affordable than Vietnamese shrimp, VN faces fierce competition from them in the UK market (TTWTO VCCI, 2023).

Moreover, there are other factors influencing the price level of shrimps exporting to the UK. The major determinant is rising inflation, which was reported according to the Import - Export Department of the UK. In the coming time, the domestic seafood consumption market in the UK cannot avoid the effects from global commodity trade developments. Rising inflation also makes commodity prices a concern for consumers, and with seafood import activities are also difficult to avoid being influenced by difficulties in costs or transportation of goods (TTWTO VCCI, 2023). Another contribution to the rising cost is the higher transportation cost. The retail sector in the UK has boycotted Russian seafood products in response to the ongoing

crisis between Russia and Ukraine. Certain Russian fish products are being removed from the shelves of retail stores Asda and Wm Morrison. Exporting fish has become more logistically costly due to rising fuel prices and more complex container arrangements. These factors have a consequence on businesses' exporting efforts and profits to other markets in general and the UK particularly (Khanh Linh, 2022).

4.3.1.4. UK joining CPTPP in 2024

On March 31, 2023, the UK completed its discussions to join the CPTPP, and on July 16, 2023, it signed the Protocol of Accession. The agreement will come into effect after the UK and CPTPP Parties have completed their respective legislative procedures. This is expected to take place in the second part of 2024 (GOV.UK, 2023).

On July 17, Do Xuan Lap, president of the Vietnam Timber and Forest Product Association, told VIR: "The fact that the UK is now the CPTPP's 12th member could have an adverse effect, so Vietnam has to sustain its exports to this country to avoid missing out." There would be several difficulties with this action. "Various Vietnamese products entering the UK market will have to compete with formidable rivals from other CPTPP countries," Lap stated (TTWTO VCCI, 2023).

Vietnam exports goods to the UK market that are in high demand, including fishery products. Local experts have different opinions over whether or not Britain's entry into the CPTPP means the UK will accept a wide range of products from the 11 member countries with preferential market access. Moreover, in order to accomplish the goal of a green economy, many analysts also consider the potential that the UK government would implement new trade restrictions with higher technical criteria. Therefore, Vietnamese exporters will encounter more challenges if this happens (TTWTO VCCI, 2023).

5. Proposed recommendations to Promote Shrimp Exports to the UK Market

Studies have indicated that Vietnam's shrimp exports have faced a number of chances as well as difficulties after the official implementation of the UKVFTA. The research team therefore suggests the following strategies to encourage shrimp exports to the UK:

5.1. Recommendations for Vietnam's government

5.1.1. Establishing a comprehensive quality management framework

Amidst the challenges posed by the recovery of competitors and the impending accession of the UK to the CPTPP, which will open doors for other countries to enter the UK market, it is crucial to enhance the quality of our products. This strategic move will strengthen the competitive advantage of Vietnamese shrimp against other rivals. There should be stringent regulations on quality inspections for shrimp seed, environmental standards, and heightened requirements for feed quality and biological products used in shrimp farming, all of which must be meticulously controlled. Regular and periodic quality inspections and investigations should be conducted to make necessary adjustments in management policies and product requirements to overcome non-tariff barriers imposed by importing countries.

5.1.2. Upgrading infrastructure

Investment in upgrading infrastructure in shrimp farming areas is essential. Proper planning of farming areas and tanks is required. Currently, the lack of standardized infrastructure leads to spontaneous farming, which adversely affects the surrounding environment, causing pollution and reducing the quality of subsequent crops. The government should provide funding and support to localities to collaborate with enterprises in building enclosed shrimp farming and processing areas to comply with the UK's origin and animal quarantine regulations.

5.1.3. The government's responsibilities in assisting the shrimp industry to gain a competitive edge, meet standards, and effectively capitalize on the benefits provided by the UKVFTA.

Propagating and establishing information-sharing networks with domestic enterprises, supporting them in enhancing product quality, and building brand name for Vietnamese shrimp in the UK market. This aims to maximize the benefits brought by the UKVFTA and facilitate deeper participation of interested parties. Proposals related to promoting the application of digital technology platforms, including expanding distribution channels and promoting products through e-commerce, should be put forward to increase the competitive advantage of Vietnamese shrimp in the UK market.

With government support and the involvement of relevant authorities, Vietnamese shrimp farming and export companies need to self-assess and review all stages to improve product quality, ensuring competitiveness in international integration and trade.

5.2. Recommendation for Vietnam's enterprises

5.2.1. Enhancing the quality of the products

Exporting and producing shrimp enterprises must strictly adhere to production processes and ensure product traceability as committed in the UKVFTA between Vietnam and the UK. Producers should strengthen the inspection of antibiotic and preservative use in seafood processing. Simultaneously, enterprises must enhance food safety standards following the proper procedures in farming, processing, and packaging to produce high-quality seafood based on the GlobalGAP criteria set by the UK, facilitating easy entry into supermarkets and retail systems in the UK.

5.2.2. Creating value chains

It is important to focus on supply chain efficiency. Active cooperation and linkages must be established to boost strengths and construct supply chains by increasing production linkages among firms, cooperatives, farmers, fishers, and production households. To improve their position, small farmers or processors need to be more organized, performing more actions independently and maintaining closer contact with processors as production quantities increase. Small-farmer organizations should hire legal experts and aquaculture specialists to enable effective collaboration with other stakeholders, ensuring they understand the rights and duties involved in contract farming agreements. Enhanced linkage with different parties will provide farmers access to capital funds and help reduce costs related to transportation, shrimp seed, and feed.

As a result, the "value chain," corporate social responsibility, and the long-term growth of new-generation UKVFTA are strengthened, enabling Vietnamese shrimp companies to overcome technological barriers to export.

5.3. Recommendation for growers

5.3.1. Promoting sustainable development following the GlobalGAP model

In the context of the Fourth Industrial Revolution, shrimp production enterprises need to innovate appropriately, applying high technology to large-scale production. The application of scientific and technical advancements not only enhances the added value of shrimp products but also contributes to building sustainable farming models according to GlobalGAP standards. Shrimp farming following GlobalGAP standards will reduce negative environmental impacts, improve product quality, and create a competitive advantage, fostering trust in the food safety of Vietnamese products.

5.4. Recommendations for VASEP (Vietnam Association of Seafood Exporters and Producers)

5.4.1. Enhance linkages between shrimp farmers and enterprises

VASEP should play a pivotal role in connecting shrimp farmers with processing and exporting enterprises to establish a closed-loop production chain. This will ensure adherence to origin regulations and compliance with UK market standards about SPS, TBT, Rules of origins.... Consequently, both businesses and farmers will have a stable market for their products.

5.4.2. Provide policy consultation to government

The Association should enhance cooperation with government authorities to collect necessary information for the industry, updating policies or new market requirements. Moreover, the Association should work with the government to protect enterprise interests related to non-tariff measures, such as supporting enterprises in resolving disputes related to SPS, and act as a liaison for businesses to submit proposals to government agencies when needed.

6. Conclusion

The implementation of the UK-Vietnam Free Trade Agreement (UKVFTA) has significantly reshaped the landscape of Vietnamese shrimp exports to the United Kingdom. This analysis has highlighted how the removal of tariffs under UKVFTA has provided a strong boost to Vietnam's shrimp exports, allowing them to become more competitive in the UK market compared to other major shrimp-exporting nations. The agreement has not only increased the market accessibility for Vietnamese shrimp but has also necessitated improvements in quality and sustainability practices to meet the stringent standards of the UK market.

However, the study also brings to light the challenges encountered, including fierce competition from other exporting countries and the need for Vietnamese producers to continuously innovate and adhere to strict regulatory standards. These challenges underscore

the importance of strategic planning and adaptation to maintain and enhance market presence in the UK.

Therefore, several proposals have been made for the government and businesses in the coming period. For the government, it is necessary to remove immediate difficulties for the seed source and to strongly promote sustainable development, particularly demonstrating its role and responsibility in helping the shrimp industry gain advantages, meet standards, and fully exploit the benefits from the UKVFTA. For enterprises and farmers, it is essential to improve product quality and create a closed-loop value chain from cultivation to processing to ensure outputs as well as fully exploit the benefits from this new generation FTA.

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