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XUẤT KHẨU MÁY TÍNH, SẢN PHẨM ĐIỆN TỬ VÀ LINH KIỆN VIỆT NAM SANG THỊ TRƯỜNG CHÂU ÂU TRONG BỐI CẢNH HIỆP ĐỊNH EVFTA: CƠ HỘI VÀ THÁCH THỨC

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Tóm tắt

Bài nghiên cứu này sẽ đưa ra cái nhìn chuyên sâu về những lợi ích và thách thức mà ngành công nghiệp điện tử của Việt Nam có thể gặp phải từ Hiệp định Thương mại tự do EU - Việt Nam (EVFTA). Những lợi ích tiềm năng cho các nhà xuất khẩu máy tính, thiết bị điện tử và linh kiện của Việt Nam sẽ được đánh giá thông qua các cam kết về việc cắt giảm thuế quan, việc đơn giản hoá các thủ tục xuất nhập khẩu và cơ hội mở rộng thị trường mà hiệp định mang lại. Ngoài ra, nghiên cứu cũng sẽ xem xét các rào cản đối với ngành điện tử của Việt Nam khi gia nhập thị trường EU, bao gồm nhu cầu nâng cao công nghệ, cạnh tranh từ các nước Châu Á và các vấn đề liên quan đến quyền sở hữu trí tuệ. Thông qua việc đánh giá các thách thức này, nhóm nghiên cứu chúng tôi hy vọng sẽ đưa ra những giải pháp tiềm năng mà Việt Nam có thể áp dụng, từ đó tối ưu hóa lợi thế của EVFTA. Hơn nữa, bài nghiên cứu sẽ nâng cao nhận thức của độc giả về tầm quan trọng chiến lược của EVFTA đối với ngành công nghiệp điện tử nước ta và cung cấp những thông tin hữu ích cho các nhà hoạch định chính sách, các bên liên quan trong ngành, cũng như các nhà nghiên cứu.

Từ khoá: EVFTA, ngành công nghiệp điện tử, cơ hội, thách thức.

VIETNAM'S COMPUTERS, ELECTRONIC DEVICES AND COMPONENTS EXPORT TO EU UNDER EVFTA IMPLEMENTATIONS: OPPORTUNITIES AND CHALLENGES

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Abstract

This paper will give an in-depth look at the benefits and obstacles that Vietnam's electronics industry might face from the EU-Vietnam Free Trade Agreement (EVFTA). The possible gains for Vietnamese exporters of computers, electronic devices and components will be checked with qualitative research on the cut-back tariffs, easier rules, and better market reach offered by the agreement. Besides, the study will look over various obstacles to entry for Vietnam's electronic sector into the EU market. These challenges include the ongoing need for technological advancements, competition from Asian countries, and problems pertaining to intellectual property rights. With an evaluation of these obstacles, the paper seeks to offer insights into potential solutions that Vietnam might use to overcome them and optimize the advantages of the EVFTA. The ultimate goal of the paper is to raise the readers' awareness about the strategic importance of the EVFTA to our electronic industry and provide valuable insights for the policymakers, industry stakeholders, as well as researchers.

Keyword: EVFTA, electronic industry, exports, opportunities, challenges

1. Introduction

1.1. Overview of the Vietnam's electronics industry

The rapidly emerging electronics industry of Vietnam has become one of the hot destinations for global manufacturing, favored by governmental policy, skilled manpower, and strategic geographic locations providing easy access to major markets in the region, like China, Japan, and South Korea. In recent years, the industry has expanded significantly with foreign capital inflow that has had a great influence on the country's economic prosperity. The predominant multinational corporations such as Samsung and LG have shown their approximation to Vietnam by creating big manufacturing and R&D structures in the country. Such organizations are using Vietnam's economic scale and its upgrading infrastructure to improve their production and innovation processes (Schaag, 2023).

The ever-growing US-China trade issues, together with growing production costs in China, continue to bring more clients to Vietnam, which in turn increases its share as a top destination for electronics trade. Vietnam's electronics export increased impressively from an average of US\$47.3 billion in 2015 to US\$114.4 billion in 2022, which made up 30% of the nation's overall exports, (Center for WTO and International Trade, 2023b). Electronic integrated circuits, TVs, cameras, and cell phones are among the major electronics exports. The US was the main overseas market for them in 2022, with \$15.9 billion in total. Other major markets exported products worth more than in the following: \$11.9 billion for China, \$5.8 billion for Hong Kong, and \$3.3 billion for South Korea (Vietnam Briefing, 2023).

The electronics sector in Vietnam is projected to grow further due to increased consumer demand, technological advancements, and foreign investment. The nation's position as a center of manufacturing is likely to grow as it continuously takes into account its advantages over competitors and resolves its current challenges.

1.2. Overview of EVFTA agreement

In order to create an open market for both parties, Vietnam and the European Union signed the European Union-Vietnam Free Trade Agreement based on the strength of their diplomatic

ties. The agreement has undergone a ratification process involving approval by the national parliaments of the 27 EU member states and Vietnam. On August 1, 2020, following the necessary ratification procedures, it became formally operative.

Eliminating trade barriers and facilitating unrestricted trade in products and services between the EU and Vietnam is the primary goal of the EVFTA. Additionally, it will promote economic integration by encouraging investment, better market access, and a decrease in tariffs. With the implementation of the EVFTA, the EU will instantly eliminate 85.6% of its tariff lines on Vietnamese exports, with the remaining tariffs to be phased out over a period of seven years. In return, Vietnam will eliminate 49.2% of the tariffs on EU products immediately and will go further to reduce more tariffs over ten years. It is expected that such a scheduled tariff elimination will significantly improve market access for both parties and may thus lead to an increase in the trade volume. In particular, the agreement is expected to boost EU-Vietnam trade by as much as 42.7% before 2025, raising bilateral trade in goods to USD 65 billion annually (Center for WTO and International Trade, 2023b).

Besides tariff reductions, EVFTA will also simplify customs procedures, make more transparent product certification processes, and enhance intellectual property (IP) protection for companies from Vietnam. This may greatly reduce the administrative burden and make the business climate more foreseeable for the Vietnamese electronics manufacturers. (Vietnam Briefing, 2022) Principles of international labor standards and addressing environmental challenges are agreed between the parties, which are the key in the pursuit of responsible business. Therefore, Vietnam can potentially gain a lot of benefits from higher export opportunities in the categories of textiles, footwear, and electronics as it is already a major exporter (Center for WTO and International Trade, 2023b).

The agreement also brings about a great opportunity for the electronic industry of Vietnam. Prior to the implementation of the EVFTA, Vietnamese electronic exports to the EU were under tariff duties ranging from 0% to 17.5%. According to this agreement, such tariff rates would be reduced in a phase-wise manner whereby more than 99% of the tariff lines for Vietnamese goods would be eliminated in seven years (Center for WTO and International Trade, 2023b). This will translate into billions of dollars in potential savings for Vietnamese exporters of electronics, whose products will consequently become more competitive on the EU market.

2. Theoretical Background

2.1. Introduction of the EVFTA

The European Union-Vietnam Free Trade Agreement (EVFTA) marks a pivotal moment for Vietnam's export-driven economy, particularly within the technology sector (European Commission, 2020). Signed in 2019 and coming into full effect on August 1, 2020, the EVFTA is designed to eliminate tariffs, reduce trade barriers, and promote deeper economic cooperation between Vietnam and the European Union (EU).

This trade agreement is among the most extensive ever established between the EU and a developing country, offering Vietnam unique access to one of the world's largest and most competitive markets. In particular, for Vietnam's electronics industry—including computers,

electronic devices, and components—the EVFTA creates valuable opportunities to increase exports and draw in greater foreign investment.

Beyond the immediate advantages of tariff reductions, the EVFTA also strengthens Vietnam’s position in the global supply chain. By aligning Vietnamese products with EU standards—especially in areas such as technical regulations, intellectual property rights, and sustainable production practices—Vietnam is better equipped to meet the growing demand for high-quality electronic goods in the European market.

2.2. *The EVFTA's Main Features*

Firstly, the agreement explains how tariffs will be reduced step by step. When it started, the EU immediately cut tariffs on 85.6% of goods imported from Vietnam and planned to remove tariffs on 99.2% of goods within seven years. In return, Vietnam promised to reduce tariffs on 48.5% of EU goods, with the aim of getting rid of 99% of tariffs within 10 years. By the end of 2021, Vietnam’s exports to the EU had grown a lot, especially in electronics, which gained from the early tariff cuts, showing a 15% increase in export volume.

Secondly, the agreement has improved the protection of intellectual property rights, including trademarks, patents, and geographical indications, giving businesses more security. By 2021, more than 40 Vietnamese companies were protected under the EVFTA.

Lastly, the EVFTA opens the door to the EU’s service and investment markets, especially in areas like telecommunications, finance, and transport. Vietnam’s electronics industry, in particular, has gained a lot from this agreement, and the EU has become one of the key markets for Vietnamese electronic components.

3. Commitments of Vietnam and EU under EVFTA on Computers, Electronic Devices, and Components Exporting

3.1. *Tariff Commitments*

3.1.1. *From the EU Perspective*

Under the EVFTA, the EU has made strong commitments to reduce tariffs on computers, electronic devices, and components imported from Vietnam. By 2020, 85.6% of EU tariff lines on Vietnamese exports, including electronics, had already been removed, with the remaining 13.6% scheduled to be phased out over the following seven years. By late 2021, the proof of the impact of EVFTA is also that exports of these goods to the EU went up 17%. This clearly shows that it’s becoming easier for Vietnamese exporters to break into one of the most competitive and profitable markets in the world.

3.1.2. *From the Vietnam Perspective*

Vietnam also pledged to reduce tariffs on imports from the EU, although the focus in the electronics sector is mainly on electronic components and raw materials from Europe to serve the domestic manufacturing industry. These components, which are very important for assembling computers and equipment in Vietnam, are now subject to reduced or zero tariffs, making it easier for Vietnamese manufacturers to import components. High quality from

European suppliers. This has contributed to improving Vietnam's electronics production capacity, enhancing the competitiveness of electronic products exported from Vietnam.

3.2. Rules of Origin

The EVFTA imposes strict rules of origin on Vietnamese electronics to qualify for preferential tariffs. That is, electronic products exported to the EU must be entirely produced or substantially processed in Vietnam. This includes the requirement that components must be sourced domestically or from countries with which both the EU and Vietnam have trade agreements. In 2021, around 85% of Vietnam's electronics exports to the EU met the EVFTA's rules of origin requirements, allowing them to enjoy preferential tariffs.

In addition, the EVFTA allows for the use of a self-certification system for shipments valued below EUR 6,000, simplifying the process for small shipments. This is particularly beneficial for small and medium-sized enterprises (SMEs) exporting electronic components, as it reduces administrative costs and speeds up customs clearance.

3.3. Technical Barriers to Trade (TBT) Measures

To facilitate exports of computers, electronic equipment and components, the EVFTA has reduced technical barriers to trade (TBT) by aligning Vietnamese standards with EU regulations. For the electronics industry, this mainly involves ensuring compliance with EU safety, environmental and energy efficiency standards, such as the Restriction of Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment Directive (WEEE).

Since the agreement came into force, Vietnamese manufacturers have been working hard to comply with these standards and conditions, as evidenced by reports of a reduction in non-compliant shipments rejected by EU customs. By 2022, the adjustment to EU standards will help Vietnam's electronic exports become more numerous and competitive in the European market, meeting consumer demand for safe and environmentally friendly products.

4. Vietnamese computer, electronic devices, and component exports within the framework of the EVFTA

4.1. The situation of Vietnam

The electronics industry is a key sector in the national economy, representing an indispensable position and having great effect on other industries. It also serves as a measure of the economic and technical development level of every country in the world. Recognizing this importance, both domestic and foreign investors are increasingly investing in this field.

The expansion of electronics, computers, and components has been a major factor in the country's overall export growth, since this product category represents a growing portion of the nation's total export turnover. Vietnam's exports of computers, electronics, and components accounted for the highest percentage of all seven product groups with export turnover above \$10 billion in 2023, with a total of \$57.3 billion. (Tổng cục Thống kê Việt Nam, 2023).

Vietnam has established itself as a major participant in the global supply chain, particularly for goods like computers, electronic gadgets, and components. However, as the EU is one of

the biggest markets for electronics, in the near future, exports computers, electronic devices and components will need significant structural shifts in product categories as well as improvements in quality, along with the modernization of trade promotion processes to adapt to comply with the EU's environmental and sustainability regulations as well as enhance global competitiveness

4.1.1. Pre-EVFTA situation

Table 1: The export turnover of Vietnam to EU and global market from 2015 to 2019

Year	Total value in EU market (USD billion)	Total value in global market (USD billion)
2015	34.25	162.11
2016	37.84	176.63
2017	43.00	214.02
2018	46.30	243.48
2019	47.27	264.19

Source: General Department of Customs

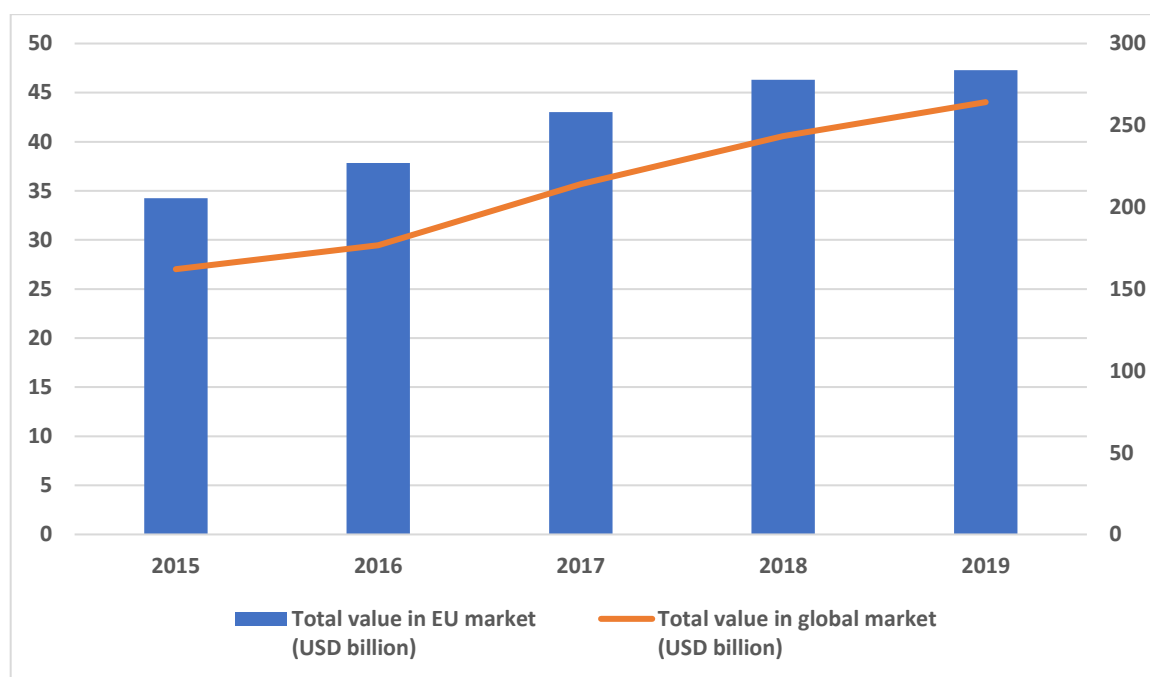


Figure 1: Comparison between EU and global market export turnover by Vietnam during 2015 and 2019

During 5 years before the EVFTA, Vietnam's export turnover to the EU showed steady growth, accounting for approximately 20% of Vietnam's total global exports each year. However, the growth rate was moderate and likely constrained by tariffs that limited Vietnam's access to the EU market compared to countries with existing FTAs with the EU.

Table 2: The situation of computers, electronic devices and components exports by Vietnam to EU and global market from 2015 to 2019

Year	Total value in EU market (USD billion)	Total value in global market (USD billion)
2015	3.2	15.61
2016	3.73	18.96
2017	4.613	25.94
2018	5.47	29.32
2019	5.06	35.93

Source: General Department of Customs

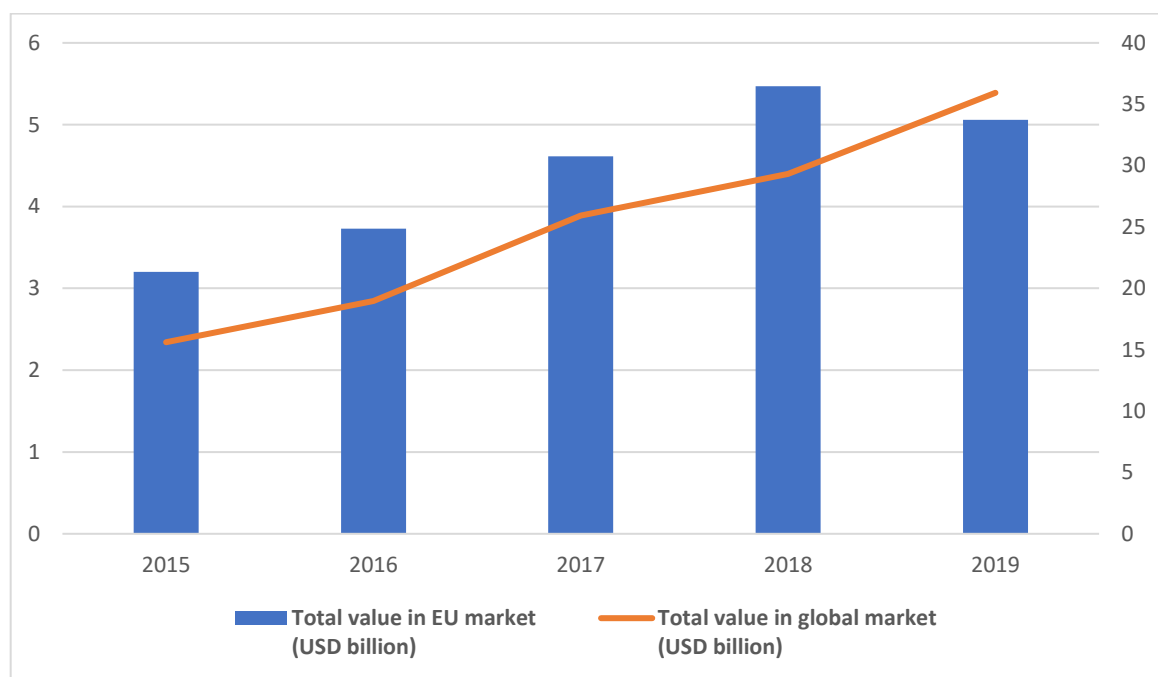


Figure 2: Comparison between EU and global market of computers, electronic devices and components exports by Vietnam during 2015 and 2019

Source: General Department of Customs

In specific, Vietnam's computers, electronic devices and components exports to EU grew continuously except for the year 2019, approximately 1 billion per year (Table 2). However, in comparison with the great growth in total exporting value in global market (doubled over 5 years), the total value in EU market represents a quite low increase volume each year (Figure 2).

Therefore, it could be said that tax was a huge barrier for Vietnam's electronic manufacturers to dive into EU market, which is very competitive with strict technical requirements.

4.1.2. Post-EVFTA situation

In general, In February 2020, the UK emerged as an independent market following Brexit, Vietnam's export turnovers to the EU were valued at USD 44.71 billion, slightly lower than in 2019. However, by 2021, the impact of the EVFTA began to materialize as exports to the EU increased sharply to USD 51.04 billion, marking a notable rise of approximately 14% from 2020. This upward trend continued in 2022, with exports reaching USD 55.73 billion, the highest figure in the dataset, showing the strong demand for Vietnamese goods in the EU under the favorable trade terms introduced by the EVFTA. In 2023, however, there was a slight decline in export turnover to the EU, with a recorded value of USD 54.021 billion.

Table 3: The export turnover of Vietnam to EU and global market from 2020 to July 2024

Year	Total value in EU market (USD billion)	Total value in global market (USD billion)
2020	44.71	282.65
2021	51.04	336.31
2022	55.73	371.3
2023	54.021	354.67
July 2024	29.52	227.49

Source: General Department of Customs

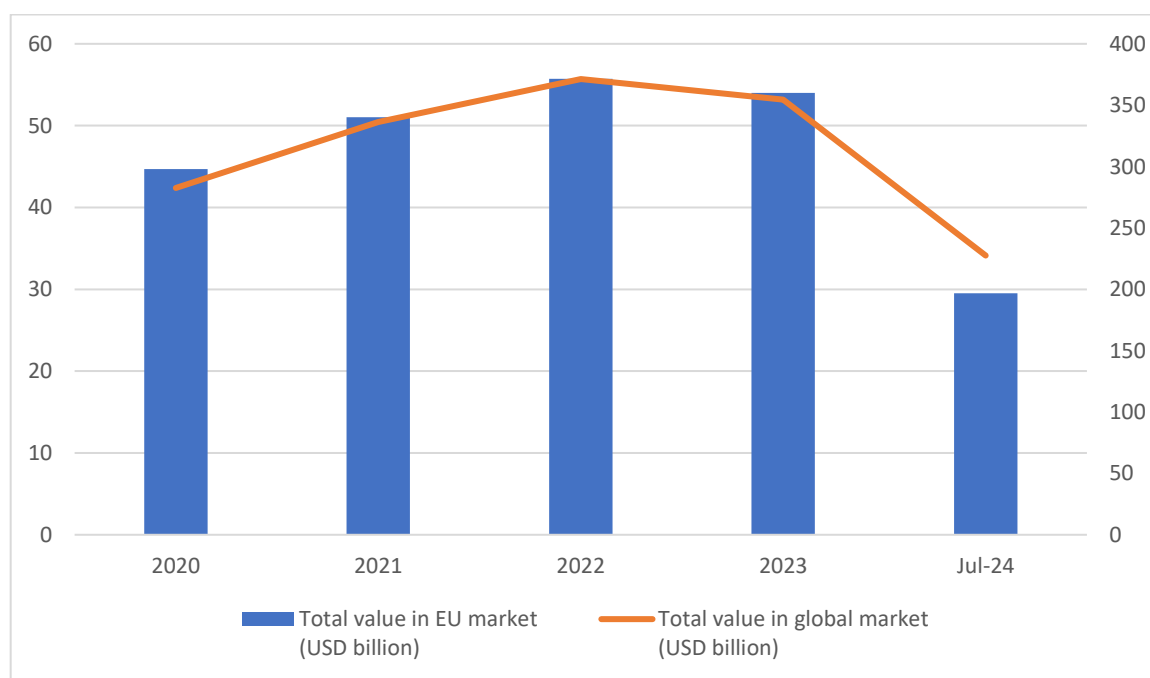


Figure 3: Comparison between EU and global market of computers, electronic devices and components exports by Vietnam during 2015 and 2019

Source: General Department of Customs

The answer for these fluctuations is the global geopolitical conflicts, especially the war between Ukraine and Russia starting in 2022. With its effects on food and energy costs, the Russia-Ukraine war has increased the pressure on inflation around the world. Regarding energy, the EU is highly dependent on Russia, making it vulnerable to decreases in gas supply via the Nord Stream 1 pipeline (Ivanova, Dempsey and Sheppard, 2022; Guénette, Kenworthy and Wheeler, 2022). Furthermore, the union is at risk of instability due to the variation in gas reliance throughout the EU, such as the suggested voluntary 15% decrease in gas consumption (Rankin, 2022).

Table 4: The situation of computers, electronic devices and components exports by Vietnam to EU and global market from 2020 to July 2024

Year	Total value in EU market (USD billion)	Total value in global market (USD billion)
2020	6.51	44.58
2021	6.91	50.83
2022	7.23	55.54
2023	6.22	57.34
July 2024	5.45	39.59

Source: General Department of Customs

In specific, annual Vietnam's computers, electronic devices and components exports to EU (From 28 to 27 countries) market are likely to develop stably but still in a slow pace, only about 0.5 USD billion – approximately 8% each year. However, unlike the situation before the EVFTA, the worldwide exporting value illustrate the same increasing volume. Unfortunately, the year 2023 witnessed the first time the total export value to EU market dropped significantly after the EVFTA, from 7.23 USD billion to 6.22 USD billion – nearly 14%.

The reason for this case would be the COVID-19 pandemic in 2020. Transportation in exporting nations is also disrupted by the COVID-19 damage and the lockdown orders that followed, which raises the cost of exporting by increasing port and terminal handling expenses (Hayakawa and Mukunoki, 2021). Moreover, COVID-19 damage causes an exporting nation's production scale to drop, which lowers the nation's export supply (Hayakawa and Mukunoki, 2021).

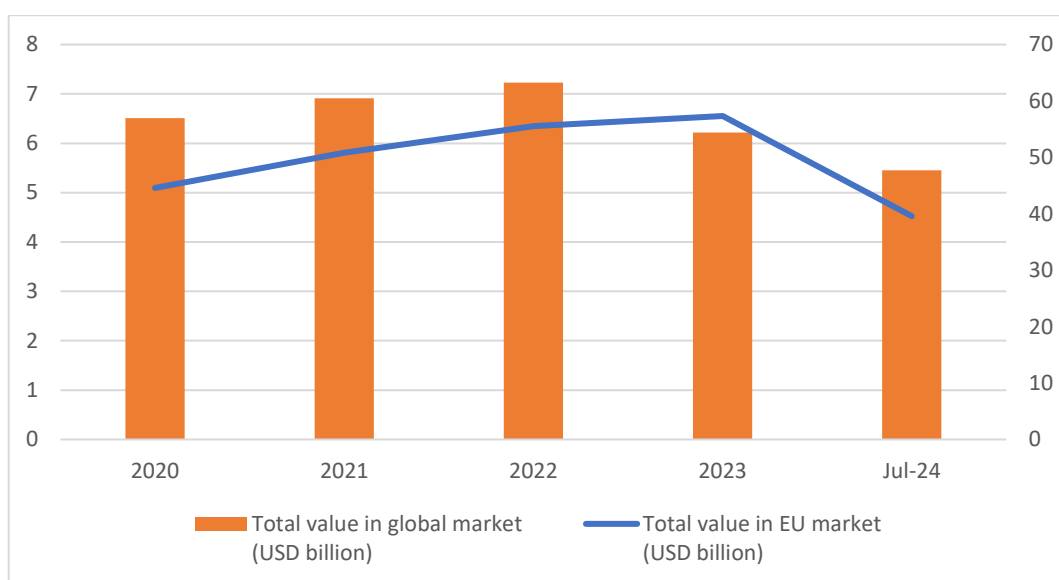


Figure 4: Comparison between EU and global market of computers, electronic devices and components exports by Vietnam between 2020 and July 2024

Source: General Department of Customs

However, the situation of 2024 seems quite positive, In the first 7 months of 2024, Vietnam's total merchandise exports value went up 16.0 %, to US dollars 227.49 billion (Tổng cục Hải quan Việt Nam, 2024a). In specific, computers, electronic devices and components reached USD 39.59 billion in export value; went up 29.1% on year-on-year basis (Tổng cục Hải quan Việt Nam, 2024a). EU market grow up by 59.4% on a year-over-year basis, to USD 5.45 billion.

Overall, despite the effects of the EVFTA, the export of computers, electronic gadgets, and component parts from Vietnam to the EU continues to encounter difficulties due to global price instability and severe competition from other exporters, particularly in such complicated and intensely challenged global geopolitical conflicts.

However, the Vietnamese government and its manufacturing sector have made impressive progress in 2023, by investing significant resources into upgrading infrastructure, enhancing port facilities, and improving logistics networks to ensure smooth and efficient exporting process. Furthermore, many Vietnamese firms have formed alliances with major international tech companies like Samsung and Intel accompanying by implementing eco-friendly practices to comply with EU standards.

4.2. Some assessments and comments on the computers, electronic devices and components export activities to Europe

4.2.1. Overall assessments

Although developing rapidly, Vietnam's electronic exports to this market were very unstable before the establishment of the European-Vietnam Free Trade Agreement (EVFTA). Exports to the EU are expected to grow more steadily with the implementation of the EVFTA, despite initial challenges.

With the EVFTA, the EU particularly commits to preferential import tariffs for each tariff line. This means that the EU will remove import duties for the majority of Vietnamese goods

as soon as the Agreement goes into effect on August 1, 2020; the remaining goods will either apply tariff quotas or remove tariffs in accordance with the roadmap. (Bộ Công Thương Việt Nam, 2023). Because of this, Vietnamese exporters have a direct price advantage as well as a little competitive advantage over rival exporting countries who do not have the same tax-eliminating agreements with the EU.

However, in order to take advantage of the EVFTA's favorable tax rates, Vietnamese goods must demonstrate their origin, and manufacturers must get a number of certificates, which might be costly and time-consuming. These criteria can be difficult and expensive for smaller businesses to meet.

4.2.2. Strengths

Vietnam is currently applying many policies including tax incentives, creating a more favorable environment for technology investment. As a developing economy, Vietnam's digital market has great potential and is full of promise for foreign businesses to invest in the electronics and high-tech sectors.

The electronics industry in Vietnam has many advantages for development when Vietnam is geographically located in an emerging and dynamic industrialized region with the 100-million population domestic market and the ability to directly access the market of 600 million people of the ASEAN - a large international export market thanks to participation in free trade agreements (Trung tâm Thông tin Công nghiệp và Thương mại, 2024).

Furthermore, Vietnam offers an abundance of workers that are regarded as quick learners when it comes to utilizing and assembling electronic goods, especially modern electronic devices. Because labor expenses are comparatively low, firms have a competitive advantage over other enterprises in the area.

Vietnam also possesses significant mineral resources, such as iron ore, rare earths, titanium, rutin, barite, ilmenite, etc., required to grow the electronic materials sector. Foreign-invested businesses have faith in of an investor-friendly environment in Vietnam, which accompanies with its stable political security.

4.2.3. Weaknesses

Even with positive outcomes, local businesses in the sector still have limited capabilities, and their designs and product quality fall short of the market's stringent requirements. In addition, well-known domestic electronics companies are losing market share to young businesses. Furthermore, international brands dominate the domestic technological market, despite the rise of several local electronic brands.

The electronics sector is now only domesticating at a pace of 5–10%. In the Vietnamese market, electronic devices are primarily imported or locally built using foreign components. Although domestic electronics support businesses are included in the industry's value chain, the majority of them merely offer basic goods with low technological value (Trung tâm Thông tin Công nghiệp và Thương mại, 2024).

The primary causes of the aforementioned circumstances include the industry's low capacity on the part of domestic businesses, as well as the fact that FDI firms' high standards

for product quality have not been satisfied. There is still little connection between FDI businesses, international organizations, and domestic suppliers.

4.3. Opportunities

Firstly, Vietnam's strategic geographical location adjacent to China and the East Sea, turning Vietnam into a magnet to attract international investment. Along with competitive labor costs and continuously-developing infrastructure in line with export efficiency, Vietnam has been quickly becoming a preferred destination for manufacturing activities on a global scale, especially the production and export of electrical products, phones and accessories.

Furthermore, Vietnam is also becoming a manufacturing hub for major global brands, smartphone manufacturing brands, which is the main factor attracting foreign direct investment (FDI) into Vietnam. For instance, when it comes to Vietnam's semiconductor market, giant technology enterprises - Intel has made the first step by establishing a significant portion of chip manufacturing in Ho Chi Minh City, where the total global semiconductor production reaches 3 USD billion. Following Intel, global giants such as Samsung, Qualcomm, etc. have also invested significantly in Vietnam (Nguyễn Chuẩn, 2024).

In the future, the prospect of Vietnam's electronics exports is forecasted to maintain an upward trend. The government has also proactively supported the development of the sector, by investing in infrastructure in line with human resource development and establishing favorable policy to ensure that Vietnam is competitive in the global market. Along with continuous technological advancements and the promotion of new customer trends, Vietnam manufacturers is increasingly position themselves in global stage and expand their electronics exports in the coming years.

4.4. Challenges

Vietnam's export goods must comply with a number of newly added or upgraded green standards under specific targets of the European Green Deal in various sectors. These standards are either higher than the previous ones or even fall under a higher, stricter roadmap in the future. The difficulties in reaching new green standards that are in effect or about to take effect in the EU vary depending on the types of standards, industries, and capacities of Vietnamese exporters and manufacturers.

Considering the computer, electronics, and component industries, Vietnamese companies must comply with multiple green standards for their products, which demand technological updates and changes during production in order to generate goods that either meet the new requirements or the old ones but at stricter, higher standards. In some cases, technology must be able to update new versions of a single standard in the implementation roadmap for every time period (such as more stringent guidelines for the progressive phase-out of certain pesticide types, dangerous chemicals, microplastics, etc.) (Center for WTO and International Trade, 2023a).

Due to high compliance costs (for labor, materials, and time), few Vietnamese businesses—including FDI companies—are actually unable to instantly change and fulfill all of the aforementioned standards (Center for WTO and International Trade, 2023a). Furthermore, multiple participants in production chains must work together to accomplish the change; a single business, manufacturer, or exporter cannot accomplish it individually. In some

situations, EU authorities are even currently drafting comprehensive guidelines for the implementation of certain processes and procedures.

Opening up to goods and services from the EU would present several challenges for Vietnamese companies operating in the domestic market. This is actually a very competitive market because EU companies have quickly overtaken Vietnamese companies in terms of competitiveness, market experience, and FTA-taking ability. However, Vietnam has a well-defined plan for its opening up, particularly with regard to the computer, electronics, and component industries. As a result, Vietnamese enterprises are not only under pressure to adapt, change their business practices but also become more competitive as a result of the EVFTA.

Vietnam has faced anti-dumping duties especially on electronics, which the EU argues are sold at unfairly low prices, sometimes below domestic market levels. This can pressure Vietnamese companies to adopt more transparent pricing structures and efficient production methods to avoid such penalties. Additionally, anti-subsidy measures may impact goods where the Vietnamese government provides support, as these could face countervailing duties if perceived to disrupt fair competition within the EU.

5. Proposed recommendations to promote computers, electronic devices and components exports to EU market

5.1. From Vietnam's government perspective

To motivate export to the highly competitive EU market, our government must strengthen legal frameworks and institutional frameworks, publish new policies connected to key laws like the Enterprise Law, Tax Laws, and Investment Law, keep up with the rapidly evolving global economy, and create favorable conditions that allow businesses enter new markets and export. Moreover, to fulfill obligations and prove that our nation is committed to adjusting to the "rules of the game" in the global economy, particularly with regard to markets in industrialized nations like the EU, it is also essential to enhance the business environment, encourage economic restructuring, and establish innovative growth models.

In order to guarantee that the conditions for origin are satisfied, there should be more supportive investment policies developed. Key export industries must be identified by the state, and plans for the growth of supporting industries must be developed (Báo Quân đội nhân dân, 2023). Vietnam cannot spread its forces due to a lack of resources; instead, it must concentrate on growing important industries, particularly the manufacturing of computers, electronic gadgets, and components. Moreover, we should have well-structured plan to negotiate, sign and implement bilateral and multilateral trade agreements aiming to facilitate and enhance the competitive advantage of Vietnamese exports in EU market (Thân, Thảo and Thành, 2022).

Domestic enterprises need additional support from the Ministry of Industry and Trade in disseminating information, providing consultation, and offering training to maximize tariff preferences under the EVFTA and to effectively implement rules of origin, thereby minimizing challenges when exporting electronic components to the EU market (Viện Nghiên cứu Chiến lược, Chính sách Công Thương, 2021).

Additionally, the government should invest in science and technology support for local enterprises, as FDI enterprises accounts for 98% of the electronic export turnovers. Overreliance on FDI could be a time bomb with the economy when the benefits is not harmonized between parties or in the event of global economic downturn, government may have to face up with sudden capital outflows, leading to job losses, reduced GDP growth, and even financial instability.

5.2. Recommendation for Vietnam's manufacturers

Firstly, for domestic manufacturers, sustainable competitiveness is the basis for successful integration. Business executives should work to improve their own organizations' competitiveness in terms of human resources, business models, strategies, management, and the value of goods and services that are suited to European standards.

For instance, factory leaders have to conduct specific strategies to adjust production processes and raw material sources to meet the EVFTA's rules of origin, redirecting import inputs to domestic raw material sources or from EVFTA member countries. In computers, electronic devices and components sector, in case there is direct competition between Vietnamese enterprises and EU enterprises, the situation in the EVFTA Agreement will be much more complicated. However, overall, the economic structures of Vietnam and EU countries are complementary and mutually supportive, efforts to cope with fair competition must be the mindset of businesses in the integration period, not reliance on protection (Mai, 2021).

Secondly, for FDI enterprises, where accounts for 98% of the electronic export turnovers (Viện Chiến lược và chính sách tài chính, 2021), there are few production connections between FDI and local businesses, so the influence of FDI enterprises on the local economy is still minimal, which lead to significant imbalance and dependence of computers, electronic devices and components exports on foreign companies. Therefore, international investors should maintain and encourage a transparent and fair competition as well as harmonize of economic, social and environmental goals. Moreover, it is important to support small and medium-sized enterprises (SMEs) in order to create a mutually beneficial symbiotic relationship between FDI and domestic enterprises (Mai, 2021).

6. Conclusion

In conclusion, the European Union-Vietnam Free Trade Agreement presents a transformative opportunity with better market access and competitiveness for the electronics industry in Vietnam with the EU. By addressing and overcoming challenges, Vietnam can position itself much stronger as a hub for the manufacture of electronics globally. This proactive approach promises not only to elevate the industry but also significantly contributes to the general growth of Vietnam's economy.

With regard to the economy, the EVFTA is expected to yield substantial economic dividends, as much to a 2.3% increase in GDP within a decade, driven by exports of electronic products to the EU. Preferential market access under the EVFTA, combined with associated regulatory reforms, will promote foreign direct investment (FDI). This, in turn, will attract

advanced technologies and know-how to modernize Vietnam's electronics industry, increasing its global competitiveness.

However, the major challenges to fully utilizing these opportunities for Vietnam are regional players, especially China and South Korea, who ensure that competitive pressures are kept high. By implication, the Vietnamese manufacturers will have to ensure differentiation of products through quality, innovation, and price competitiveness. Another important factor will be the guarantee of intellectual property rights (IPRs), where technologies and designs are protected against possible unauthorized use. Continuous technological development will also be prioritized, which needs to increase research and development efforts to keep up with the fast-moving world market.

The Government of Vietnam continue to play a major role in the success of the electronics industry under EVFTA through strategic actions in promoting R&D, improving infrastructure, negotiating additional trade agreements, and supporting small and medium enterprises (SMEs). These initiatives altogether will permit Vietnam to fully exploit all opportunities created by the EVFTA and provide a real possibility of reaching a prosperous and sustainable future for electronics sector.

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