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## **TÁC ĐỘNG CỦA KHU VỰC MẠU DỊCH TỰ DO ASEAN – TRUNG QUỐC (ACFTA) ĐỐI VỚI VIỆC XUẤT KHẨU TRÁI CÂY VIỆT NAM SANG TRUNG QUỐC**

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### **Tóm tắt**

Bài nghiên cứu này nhằm điều tra tác động của Hiệp định Khu vực Mậu dịch Tự do ASEAN – Trung Quốc (ACFTA) đối với ngành xuất khẩu trái cây của Việt Nam, đặc biệt tập trung vào xuất khẩu sang Trung Quốc sau khi Hiệp định có hiệu lực. Dữ liệu thứ cấp sẽ được thu thập và phân tích để chỉ ra sự khác biệt trong xuất khẩu trái cây của Việt Nam trước và sau khi ACFTA được áp dụng. Những tác động này bao gồm cả kết quả tích cực lẫn tiêu cực. Thông qua phân tích này, bài nghiên cứu sẽ cung cấp những hiểu biết sâu sắc về cả cơ hội và thách thức tiềm năng mà các doanh nghiệp Việt Nam phải đối mặt dưới tác động của ACFTA. Dựa trên phân tích tác động này, bài nghiên cứu sẽ đưa ra các khuyến nghị cho doanh nghiệp và chính phủ, nhằm giúp các nhà xuất khẩu trái cây của Việt Nam tối đa hóa lợi ích từ ACFTA đồng thời giảm thiểu những tác động tiêu cực.

**Từ khóa:** ACFTA, Việt Nam, Trung Quốc, xuất khẩu, trái cây

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# **IMPACT OF ASEAN – CHINA FREE TRADE AREA (ACFTA) ON VIETNAM’S FRUITS EXPORT TO CHINA**

## **Abstract**

This paper aims to investigate the effects of ASEAN – China Free Trade Area (ACFTA) on Vietnam's fruit export industry, especially focusing on exports to China after the Agreements took effect. Secondary data will be collected and analyzed to demonstrate the differences in Vietnam’s fruit export before and after the appliance of ACFTA . Those impacts include both positive and negative results. Through this analysis, the paper will provide insights into both the opportunities and the potential challenges which Vietnamese businesses have to cope with under the ACFTA. Based on this impact analysis, the paper will offer recommendations for businesses and the government, aimed at helping Vietnam's fruit exporters maximize the benefits of ACFTA while mitigating its negative effects.

**Keywords:** ACFTA, Vietnam, China, export, fruits

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## **Introduction**

For centuries, Vietnam and China have cultivated a long-lasting relationship in various fields including politics, culture, diplomacy and so much more. As a result, a strong economic relationship of bilateral trade has been established and continued to be strengthened over the years with China as one of Vietnam’s largest trading partners, most noticeably in the exportation of Vietnamese agricultural products.

The ASEAN-China Free Trade Area (ACFTA) is comprehensive free trade agreements that opens up significant opportunities for Vietnam’s trade sector with the framework agreement signed in November 2002. In the context of ACFTA in effect, Vietnamese exportation in general and exportation in fruits specifically greatly benefit from the reduced tariffs and the greater access to China, one of the largest markets of tropical fruits consumers in the world.

However, applying these terms and conditions will also pose many challenges for Vietnamese export sector, especially in the fruit exportation scenery. This research seeks to provide insights into how the ACFTA has impacted Vietnam’s fruit export landscape and analyze both the opportunities and challenges it presents.

## **Literature review**

A Free Trade Agreement (FTA) is an agreement between two or more members to eliminate most of the barriers to trade between members (WTO, 2023). Members of FTA can be both countries and independent tariff areas with little or no government tariffs, quotas, subsidies, or provisions. In the context of ASEAN countries, (ÖNCEL & LUBİS, 2017) research found out that after the signing of the ASEAN Free Trade Area (AFTA) in 1992, the AFTA's zero-tariff policy enhanced the integration of ASEAN, particularly ASEAN-5, and the establishment of the ASEAN Community in 2015 presents further opportunities for economic advancement.

(Wong et al, 2021) studied the impact of the ACFTA on trade between ASEAN countries, China, and their 79 trading partners. Using the Augmented Gravity Model, estimated through

Pool OLS and Panel Random Effect techniques, the study identifies that ACFTA is shown to boost both exports and imports among ASEAN countries and their partners, enhancing intra-bloc and extra-bloc trade. (Hoang Chi Cuong et al, 2015) also found out that ACFTA boosted import but not export, however, they also claimed that their research data was limited and the study was just in the beginning stages.

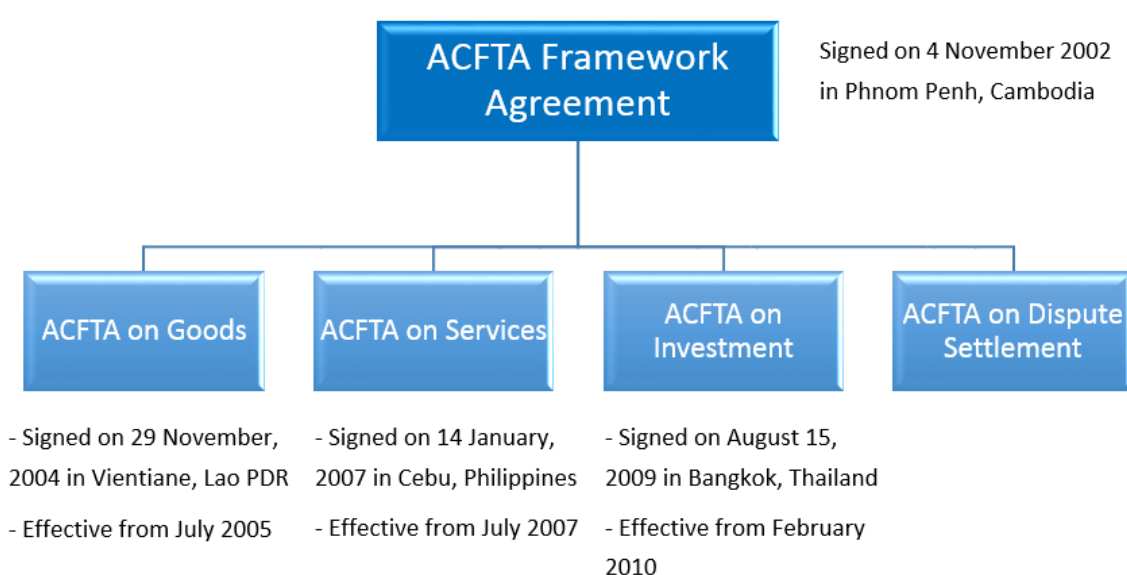
In the context of Vietnam export and trade value, (Nguyen Thi Hoang Oanh, 2017) studies found out that Vietnam's efforts to enhance trade through Free Trade Agreements (FTAs) have been largely successful with bilateral agreements and those with developed countries. However, with FTAs involving developing countries, the increase in trade flows is less consistent and can be affected by competition among member nations or trade diversion.

## Methodology

This research employs secondary data to analyze the effects of AFTA on Vietnam's fruit exports, which is collected from the following approach: Sources comprise the government's trade statistics on Vietnam's agricultural exports, literature, and market research relevant to Vietnam's Agricultural exports before and after implementing AFTA, etc. Some of the applied indicators are fluctuations in export prices, increased product differentiation, general quality of produced goods, competitiveness of Vietnamese fruit exporting companies in the ASEAN region and the like. In the same regard, the study will also look at other determinants like tariff and non-tariff barriers to understand the effect of AFTA on the sub-region. Opportunities and challenges will also be carefully examined to conduct a further estimation of influence derived from these terms.

## 1. Overview of ASEAN - China Free Trade Area (ACFTA)

### 1.1. Introduction of ACFTA



**Figure 1.** Structure of the ACFTA

Source: WTO

The ASEAN-China Free Trade Area (ACFTA), proposed by China in 2000 and endorsed by ASEAN leaders, was formalized in 2002 and launched as ACFTA 1.0 in 2010, later upgraded to ACFTA 2.0 in 2015. The trade and investment cooperation between ASEAN and China has been further strengthened with the signing of this agreement as more than 90 percent of the traded items have been eliminated with tariffs. ACFTA, along with the ASEAN Economic Community (AEC) and other FTAs contribute to Asia's production sharing network, 'Factory Asia', improving regional trade connectivity and capacity building. Current ACFTA 3.0 negotiations (started in 2022) aim to go further and improve ASEAN China cooperation in the region.

### ***1.2. The role of ACFTA in international trade activities of fruit products***

ACFTA has enhanced the effect on trade creation as well as diversion among the belonging states with export innovations in most ASEAN production sectors to China (Thinh Bui Tien et al., 2020; Antonio Alleyne et al., 2020). This implies enhanced regional integration of the fruit industry amongst the ACFTA members (Linh T.D. Huynh et al., 2021). Additionally, the geographic proximity of ACFTA members reduces trade barriers, facilitating economic integration (Linh T.D. Huynh et al., 2021). With tariff reductions, ASEAN fruit producers can enhance product quality and competitiveness through improved packaging, preservation, and logistics, bolstering their global market presence (Linh T.D. Huynh et al., 2021).

### ***1.3. Main contents of the Agreement on Trade in Goods of ACFTA***

***Tariff reduction and elimination:*** The Trade in Goods Agreement, implemented in phases starting from 2005, reduces and eliminates tariffs on many products under two tracks: Normal (rapid tariff reductions to zero) and Sensitive (gradual reductions with minimal tariffs retained longer). For Vietnam, the agreement reduced MFN tax rates for both tracks to 0-5%, promoting free trade within ASEAN and China under ACFTA.

#### ***Rules of Origin (Annex 3, Agreement on Trade in Goods of ACFTA):***

To benefit from the tariff reductions, goods must comply with specific Rules of Origin, which ensure that the products originate from ASEAN member states or China. A Certificate of Origin is required for goods to qualify for preferential tariffs.

#### ***The Early Harvest Programme of the Framework Agreement:***

All products in the following chapters at the 8/9 digit level (HS Code) shall be covered by the Early Harvest Programme, unless otherwise excluded by a Party in its Exclusion List as set out in Annex 1 of this Agreement, in which case these products shall be exempted for that Party:

**Table 1.** Product chapters covered by the Early Harvest Programme

<i>Chapter</i>	<i>Description</i>
01	Live animals
02	Meat and Edible Meat Offal
03	Fish
04	Dairy Product
05	Other Animals Products
06	Live Trees
07	Edible Vegetables
08	Edible Fruits and Nuts

**Source:** WTO

All products covered under the Early Harvest Programme shall be divided into 3 product categories for tariff reduction and elimination as defined and to be implemented in accordance with the timeframes set out in Annex 3 to this Agreement.

The Early Harvest Programme (EHP) was implemented in Vietnam starting in 2006, aiming to reduce tariffs on certain agricultural products, particularly fruits, when exported to China. This policy facilitates products such as dragon fruit, mango, lychee, longan, and rambutan to benefit from lower or zero tariff rates.

The EHP established a faster tariff reduction roadmap for products classified under chapters 7 and 8 of the HS code system, including fresh vegetables and fruits. This allows Vietnamese fruits, such as dragon fruit and mango, to be exported to China at a 0% tariff rate, provided they meet the origin and quality standards required by China (WTO, 2016; ASEAN Secretariat, 2019).

**Dispute settlement mechanism:** ACFTA includes a formal dispute resolution process to address conflicts arising from the interpretation or application of the agreement. This mechanism ensures that disputes are settled in a fair and timely manner, fostering investor confidence. (WTO, 2016)

#### 1.4. Other related agreements between Vietnam and China:

In addition to ACFTA, Vietnam and China have agreements that impact agricultural imports, notably:

**Vietnam-China Border Trade Agreement:** originally signed in 1998, this agreement reduces customs formalities aimed at increasing trade across the border and establishes certification and verification of quality of agricultural products, fruits in particular. Acceptance of exported products depends on compliance with legal requirements of the two countries and certification.

#### **Agreement on Quality Assurance and Mutual Recognition:**

This agreement was signed in 1994 and aims at improving trade by adopting mutual recognition of quality systems and certifications thus bringing about decrease in technical trade barriers.

## 2. Current status of fruit export activities of Vietnamese enterprises to the Chinese market before and after ACFTA

### 2.1. Fluctuations in Vietnamese fruit export turnover to China

*Export turnover* reflects the total value of goods and services exported by a country within a specific period, typically a year. Export turnover also shows a country's level of participation in international business activities and the competitiveness of domestically produced goods and services in foreign markets.

**Table 2.** ASEAN-China Trade (2004-2008). Unit: Millions USD

Country	2004	2005	2006	2007	2008
ASEAN's exports to China					
Brunei	243	234	174	201	-
Cambodia	12	15	13	11	13
Indonesia	4,605	6,662	8,344	8,897	11,637
Laos	1	4	1	35	15
Malaysia	8,634	9,465	11,391	15,443	18,422
Myanmar	75	119	133	475	499
Philippines	2,653	4,077	4,628	5,750	5,467
Singapore	15,321	19,770	26,472	28,925	29,082
Thailand	7,098	9,083	10,840	14,873	15,931
Vietnam	2,711	2,828	3,015	3,336	4,491
Total ASEAN exports	41,352	52,258	65,010	77,945	85,558
ASEAN imports from China					
Brunei	87	94	120	157	171
Cambodia	337	430	516	653	933
Indonesia	4,101	5,843	6,637	8,616	15,247
Laos	89	185	23	43	131
Malaysia	11,353	14,361	15,543	18,897	18,646
Myanmar	351	286	397	564	671
Philippines	2,659	2,973	3,647	4,001	4,250
Singapore	16,137	20,527	27,185	31,908	31,583
Thailand	8,183	11,116	13,578	16,184	19,936
Vietnam	4,416	5,322	7,306	12,148	15,545
Total imports of ASEAN	47,714	61,136	74,951	93,173	107,114

**Source:** ASEAN Trade Statistics Database (July 2009).

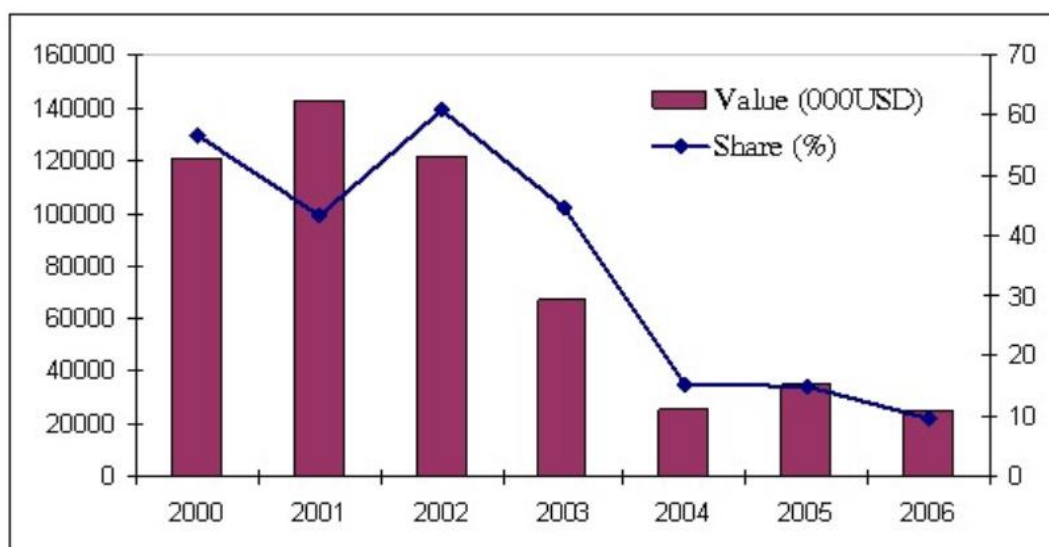
The export turnover of ASEAN countries to China experienced significant fluctuations from 2004 to 2008, particularly in the context of the ACFTA. In 2004, total ASEAN exports to China amounted to \$41.352 billion, steadily increasing each year and peaking at \$85.558 billion in 2008. Countries like Singapore, Malaysia, Thailand, and Indonesia contributed the most to this export growth. For instance, Singapore's exports rose from \$15.321 billion in 2004 to \$29.082 billion in 2008, while Malaysia's exports increased from \$8.634 billion to \$18.422 billion over the same period. Thailand's export value also climbed from \$7.098 billion to \$15.931 billion.

This steady rise indicates an expanding trade relationship between ASEAN and China, possibly influenced by the ACFTA's tariff reductions, which began in 2005. However, some fluctuations were observed, such as Brunei's slight decline in exports from \$243 million in 2004 to \$201 million in 2007, before disappearing in 2008. Similarly, Myanmar and Laos saw relatively smaller contributions to the overall export turnover, indicating variations in how different ASEAN countries benefited from ACFTA. Nonetheless, the overall trend suggests a strong growth in exports, driven by deeper economic integration facilitated by the agreement.

Since the ACFTA (Agreement on Trade) came into effect in 2005, trade between ASEAN and China has increased sevenfold, reaching 722 billion US dollars and 702 billion US dollars in 2022 and 2023, respectively. China has also maintained its position as ASEAN's largest trading partner since 2009 (Market Management Magazine, 2024).

Regarding to Vietnam, in 2023, according to the General Department of Customs, China was Vietnam's largest trading partner, with a two-way trade value reaching **171.9 billion US dollars**. In 2023, Vietnam was the third biggest exporter to China by export value (Jing Zang, 2024). The 11 types of fruits that Vietnam currently exports officially to China include mango, dragon fruit, banana, longan, lychee, watermelon, rambutan, jackfruit, mangosteen, passion fruit, and durian, which are among the top in export turnovers (Trung Chanh, 2022)

In 2000 and 2001, **\$120.4 million** and **\$142.8 million** were recorded as the export value of Vietnam fruits and vegetables to Chinese market. However, from 2002 to 2004, Vietnam followed a downward trend. Noticeably, the figure in 2004 fell to **117.3 million USD**, **82.1%** lower than the figure in 2001. After this drop, the export value of Vietnam to China witnessed a significant growth to approximately **\$35 million in 2005** (*Export Value of Fruits and Vegetables*, 2022).



**Figure 2.** Export turnover and share of Vietnam's fruits and vegetables to China, 2000-2006

**Source:** General Department of Customs

Since its inception in 2005, the Trade in Goods Agreement under ACFTA has significantly impacted the export of Vietnamese fruits to China by drastically lowering tariffs and simplifying trade regulations. Prior to ACFTA, Vietnamese fruit exports faced substantial tariffs that hindered market access to China. The agreement enabled tariff reductions on 90% of products (WTO, 2012), making Vietnamese fruits such as durians, mangosteens, and coconuts more affordable and appealing to Chinese consumers (Jing Zang, 2024). As a result, Vietnam experienced a notable increase in fruit export values, positioning itself as a key exporter to China. In the first six months of 2011 alone, Vietnam's exports of fruits and vegetables to China surged, achieving a turnover of \$54.8 million, which represented a remarkable 111.9% increase compared to the same period in 2010 (Agroinfo, 2011).

In 2023, fruits and vegetable exports in Vietnam reached **5.6 billion USD**, growing by 67% more than the previous year, the highest figure recorded until 2023. China is still the most dominant export market of Vietnam's fruits and vegetables with an export turnover of **\$3.64 billion** in 2023. This figure increased by 139.5% compared to 2022, gaining **65%** of total fruits and vegetables export turnover this year (Thai Thu, 2024).

Export turnover of Vietnamese fruits and vegetables to China reached **\$306,031 million** in January 2024, increasing by **120%** compared to the same month last year. This figure accounts for **62.42%** of Vietnam's export share (Vinafruit, 2024).



**Table 3.** Top 10 fruit export markets (January 2024). Unit: thousand USD

Order	Market	1/2023	1/2024	Value (%) 2024/2023	Market share	
					2023	2024
	<b>Total turnover</b>	242,031	490,248	203%	100,00	100,00
1	China	139,069	306,031	220%	57%	62.42%
2	US	12,146	22,521	185%	5%	4.59%
3	Korea	10,055	21,774	217%	4%	4.44%
4	Thailand	4,401	18,799	427%	2%	3.83%
5	Japan	11,016	16,877	153%	5%	3.44%
6	Taiwan	4,035	9,205	228%	2%	1.88%
7	Australia	5,162	9,024	175%	2%	1.84%
8	Arab Emirates	2,724	8,472	311%	1%	1.73%
9	Netherlands	9,433	7,963	84%	4%	1.62%
10	Germany	1,642	5,932	361%	1%	1.21%
	Others	43990	69582	158%	18%	14.19%

**Source:** Vinafruit

After securing official market access to China in July 2022, *fresh Vietnamese durians* swiftly acquired approximately 35% of the import durian market share in China, narrowing the market share of Thai durians (Jing Zang, 2024). This is not only an outstanding achievement in fruits and vegetable export but also a motivation to Vietnam. Mr. Dang Phuc Nguyen, Secretary General of the Vietnam Fruit and Vegetable Association, predicts that with the

signing of the protocols between Vietnam and China, durian exports will bring in **3.5 billion USD** this year. (Thanh Thuy, 2024).

### **ACFTA Effectiveness and Early Years (2010 – 2014)**

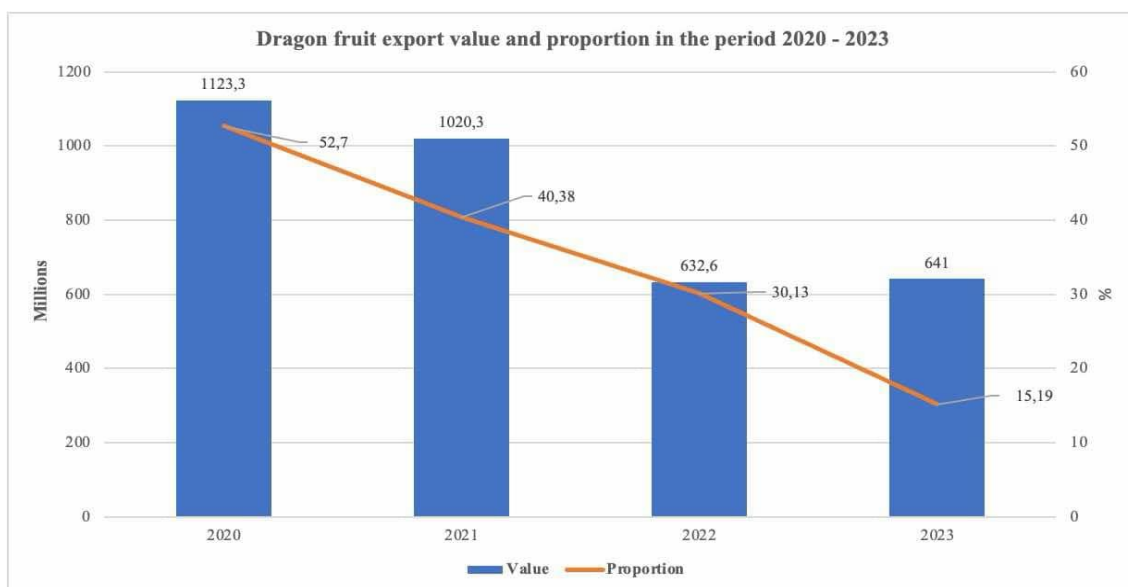
Vietnam's fruit and vegetable exports experienced significant growth in the first two months of 2014, reaching \$136 million, a 22% increase compared to the same period in 2013. China, Japan, the United States, Thailand, and Malaysia were the top five import markets. Dragon fruit, a key export, saw a substantial increase in exports to China. Additionally, in 2011, Vietnam exported 169,500 tons of dragon fruit to China, a doubling compared to 2010. Regarding litchi, although Vietnam also successfully exported litchi to new markets such as the US, Australia, France, the UK, and Malaysia, China remained the largest market, accounting for 93% of total exports.

### **Strong Growth (2015 – 2018)**

From 2015 to 2018, a few years after the effect of ACFTA, Vietnam saw a significant surge in fruit exports, primarily driven by growing demand from the Chinese market. Dragon fruit, still at the top of total fruit export value, maintained a strong presence. In 2017, it was Vietnam's leading fruit export, generating over \$1.1 billion and holding this position for six consecutive years. China imported nearly 51,000 tons of bananas from Vietnam in 2017, generating \$24.3 million in revenue. By January 2018, the import volume of bananas from Vietnam to China reached 5,132 tons with a value of \$2.8 million. In recent years, durian, mango, litchi, and longan have also emerged as significant export commodities. Notably, China is the largest importer of Vietnamese bananas, accounting for over 85% of total banana exports in 2022.

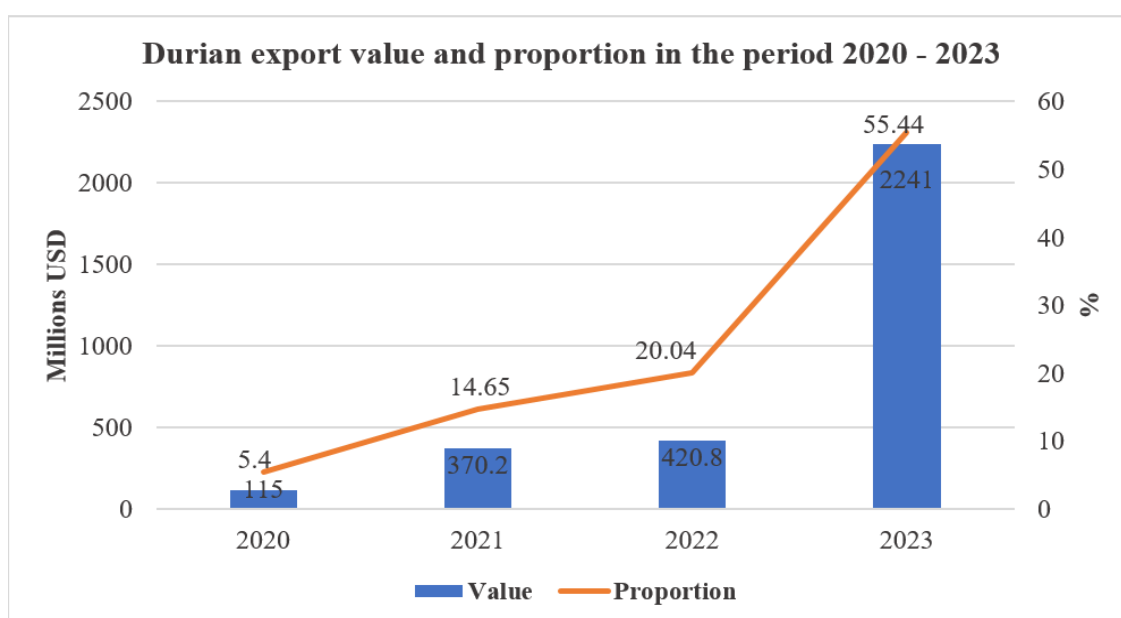
### **Competition and Market Expansion (2019 – 2022)**

From 2019 to 2022, Vietnam's primary fruit exports to China were bananas, durians, and dragon fruits. Despite challenges, fruit export value grew, peaking at \$5.5 billion in 2021, with China accounting for nearly 38% of imports. However, China's strict "Zero Covid" policy in 2022 slowed exports, reducing Vietnamese fruit and vegetable exports to \$1.4 billion by November, a 21.7% decrease from 2021. Bananas led in export volume, with China holding 85.4% of Vietnam's banana exports in 2022, valued at nearly \$241 million. Durians had a modest export share, varying between 5.4% and 20.04%. Dragon fruit exports faced a steep decline, falling from \$1.122 billion in 2020 to \$632.6 million in 2022 due to pandemic restrictions, rising competition, and shifting consumer trends. (General Department of Customs)



**Figure 3.** Dragon fruit export value and proportion the period 2020 - 2023

**Source:** General Department of Customs



**Figure 4.** Durian fruit export value and proportion the period 2020 - 2023

**Source:** General Department of Customs

### **Sustainable Orientation and High Standards (2023 - Future)**

China continued to be Vietnam's top export destination for fruit in 2023, accounting for 65% of the overall export value (about \$3.64 billion). China's increased domestic production of dragon fruit caused a drop to \$613 million in 2022, while the new export protocol between Vietnam and China resulted in the largest export of \$2.2 billion for durians in 2023. Furthermore, Viet Nam exported \$308 million worth of bananas (7.6% of all fruit exports), with China being the country's top importer. With exports to more than 40 countries, including China, which accounted for 39.3% of mango exports, mangoes contributed \$174 million (4.4%

of the total). Noticeably, Vietnam has pursued sustainable development for the fruits exportation of Viet Nam. A conference entitled “Sustainable Dragon Fruit Development in Viet Nam” intended to integrate green, low-carbon, and climate-adaptive practices in pursuit of a sustainable transformation of Vietnam's food system, focusing on the dragon fruit value chain which is one of the top 10 essential fruits in Viet Nam.

Overall, ASEAN exports to China surged from over US\$45 billion in 2004 to nearly US\$70 billion in 2008, driven by the ASEAN-China Free Trade Area, which began tariff reductions in 2005. Key contributors to this growth included Singapore, Malaysia, Thailand, and Indonesia. Notably, Vietnam significantly boosted its fruit exports to China following tariff cuts under ACFTA, establishing itself as a major fruit exporter. By 2023, China's imports from Vietnam reached \$3.64 billion, driven by high demand for fruits like durians and mangoes. Vietnam's durian exports are projected to exceed \$3.5 billion by 2024, highlighting ACFTA's positive impact on regional trade development.

There are several reasons for the unstable structure of Vietnam's fruit export. Firstly, the growing importation control policies in China requires trade partners to provide better food safety and quality which drives Vietnamese exporters to improve production methods to escape restrictions on imports. Secondly, huge variations also come from the consumers for there is a slow but continuous change in preferences, with more emphasis on organic fruits as well as exotics leading to ensure needs. Finally, competition with such countries as Thailand, the Philippines, and Chile – the countries with developed post-harvest technology and effective systems could become critical for Vietnam market share and export stability.

## ***2.2. Changes in products and competitiveness of Vietnamese enterprises***

### ***2.2.1. Changes in products' quality***

Apparently, the big opportunities of tariff reduction for over 8,000 imported products from Vietnam comes along with many conditions and rules concerning the quality and standards of our agricultural products (General Department of Customs, 2022)

Since May 1, 2018, China has strictly applied quality management and origin traceability standards for agricultural products (including imported fruits) from many countries, including Vietnam. In order to get the permission to export Vietnamese fruits, Vietnamese products must meet the requirements of the Rules of Origin Applicable to the ACFTA (Vietnam's Ministry of Industry and Trade, 2020)

The first difficulty to overcome is technical barriers. This means that exported products must meet the standards of the importing country, such as GlobalGAP, organic standards, or specific requirements of the importing country, and meet sanitary and phytosanitary standards for processed products. When exporting fruits to China, especially durian, Vietnamese products must comply with China's food safety laws, regulations, and standards, as well as the requirements in the protocol. Products must not be contaminated with any substances that China is concerned about. In addition, according to regulations, all growing areas and fruit packaging facilities exporting to China must be registered with the Ministry of Agriculture and Rural Development and approved by the Ministry and the General Administration of Customs of China (Trung Chanh, 2022)

### *2.2.2.Changes in competitiveness of Vietnamese enterprises*

ACFTA has contributed to a steady increase in Vietnamese businesses exporting to China, despite a temporary setback in 2019 due to stricter Chinese regulations on product quality. Collaborative efforts between Vietnam and China enabled a resurgence in agricultural exports in 2020, leading to a growth in Vietnamese companies participating in this trade (Dat & Ngoc, 2022). In April 2021, China's General Administration of Customs issued Orders 248 and 249, which established new regulations for the registration of foreign food-producing enterprises and food safety measures for imports and exports, effective January 1, 2022. These new rules require compliance from foreign enterprises, including those in Vietnam, to continue exporting to China.

Following these changes, Vietnamese enterprises must perform exporting procedures in accordance with guidance of Customs of China issued Circular 353 on the procedures, timeline, and validity of registration for exporting enterprises (VietNam Briefing, 2021). This new regulation had a direct impact on the competitiveness of fruit exporting enterprises in Viet Nam recently.

Obviously, facing these requirements and regulations, Vietnamese enterprises are not only facing fierce competition with domestic partners but also regional members of ACFTA. According to the economic report of VTV in 2021, Southeast Asia is a major supplier of tropical fruits to China. In 2022, Thailand was the top exporter of fruits to China, with exports worth nearly \$6.3 billion while Vietnam came in third, exporting almost \$1.3 billion worth of fruits. Participating strongly in the competition, in 2023 Vietnam became the second-largest fruit and vegetable exporter to China, earning a total revenue of \$3.4 billion (China's General Administration of Customs, 2023).

### **2.3. Evaluation of the impact of the ACFTA on Vietnamese enterprises**

#### ***The biggest barrier is the strict requirements and standards of Chinese market***

Agricultural exports, such as durian, must comply with China's regulations on food safety, sanitary and phytosanitary standards, and be free from harmful pests. Additionally, exporters must meet the specific requirements of the importing country, including certifications like GlobalGAP and organic standards. Ensuring that products conform to these rules, while adhering to ACFTA's Rules of Origin, creates significant barriers for Vietnamese businesses looking to capitalize on the Chinese market.

#### ***Fierce competition in the domestic market and foreign markets***

The influx of Chinese products into the Vietnamese market has intensified competition for Vietnamese businesses in the domestic market. On the other hand, they have also faced many competitors from other ASEAN countries.

#### ***Efficient utilization and trade flow facilitation***

Vietnam has effectively leveraged its agricultural strengths and favorable ACFTA regulations, such as tariff reductions and streamlined trade protocols, to boost export turnover and support economic growth. This has also facilitated smoother trade flow and faster transactions between Vietnam and China.

### ***Improvement of product quality***

The strict regulations of the largest trade partner - China have required Vietnamese enterprises in general, Vietnamese agriculture export enterprises in specific, to continuously improve and innovate their products to meet the meticulous standards of the Chinese market as well as create product differentiation.

## **3. Opportunities and challenges for Vietnam's fruits export industry to the Chinese market since ACFTA took effect**

### ***3.1. Opportunities for the Vietnamese fruits export industry***

#### ***Becoming a key partner with China in the fruit export industry***

It is essential to prioritize the development of effective policies and strategies aimed at enhancing product quality and improving the adaptability of enterprises to changing conditions and regulations. This will boost the competitiveness of agricultural export businesses in general, and fruit export enterprises in particular. Vietnamese products must comply with China's stringent standards and regulations, while also increasing their value and gaining consumer trust, thereby establishing a strong position in China's fruit market (Nguyen Tuan Dat et al, 2022).

#### ***Access to China's fruit market***

Trade creation from the implementation of ACFTA could provide a significant opportunity for accessing China's fruit market. The participation of VietNam in ACFTA has positive impacts on the export of the fruit industry. Therefore, it is necessary to create long-term advantages, improve competitiveness, continue and strengthen this partnership in the direction of bringing more benefits (Linh T.D. Huynh et al, 2021).

#### ***Continue to raise the volume of fruit export to China***

Member countries of ACFTA should try to use tax incentives to increase trade flows between them, specifically related to fruit industry. The government of member countries should take correct measures to increase trade volume with others. Moreover, it is necessary to continue maintaining a high level of trade with existing partner countries (Linh T.D. Huynh et al, 2021).

### ***3.2. Challenges for the Vietnamese fruit export industry***

#### ***Adherence to Quality Standards and Sanitary Measures and Rules of Origin (ROO)***

In order to benefit from the preferential tariffs under ACFTA, Vietnamese businesses must ensure that their products meet the complex Rules of Origin (ROO) requirements. Failing to provide accurate COO documentation can result in denied tariff preferences or penalties. Studies of (Thanh et al., 2024) and (Chu Khoi, 2021) in the context of the global trend toward Faster and Sustainable Development indicates that Vietnamese exporters must ensure and improve product quality that meet the global requirements, which can involve costly certifications and complicated processes.

### ***Intense Competition due to tariff reduction***

While ACFTA offers tariff advantages, it also reduces barriers for Chinese products entering Vietnam. With lower production costs, Chinese goods often spread the market, making it difficult for Vietnamese enterprises to compete, especially in industries like electronics, textiles, and consumer goods.

## **4. Recommendations to promote fruit export from Vietnam to China**

### ***For governments***

#### ***Optimize the structure of China – Vietnam fruit trade***

Vietnam has appeared as a net exporter to China in terms of agricultural products on average and fruit products specifically because of the domestic agricultural product imbalance in China. Therefore, China has lowered the trade costs of the countries along the line through the “Belt and Road” initiative, thus causing a higher import of agricultural products from Belt and Road Initiative (BRI) countries such as Vietnam (Jinjin Tian et al, 2024). Therefore, the government should react and facilitate the export of important fruits such as dragon fruit, mango, durian and lychee by creating new specialized agricultural regions for growing fruits, exclusively for the Chinese market or by creating new dedicated companies specializing only in the supply of these fruits to the Chinese customers.

#### ***Facilitate exporters to appreciate the regime and standards in all its aspects***

To fully harness tariff reductions, the government should assist fruit exporters to follow and identify the ACFTA tariff preference which includes the products of origin and conditions. This may include streamlining of, for example, bureaucratic procedures as well as relating to Rules of Origin. Exporters must also acquire Certificates of Origin to be given the benefit of preferential tariffs.

### ***For Vietnamese enterprises***

#### ***Selecting and Implementing Suitable Traceability Solution***

Vietnamese enterprises should consider applying the traceability system, known as blockchain technology. This type of technology, with its decentralized and immutable nature, offers a robust solution for ensuring data security and transparency for the origin and production steps of the products. IoT devices can be used to collect real-time data on product conditions, location, and environmental factors, enabling more precise monitoring and control..

#### ***Proactively Researching the Chinese Market and invest in processing***

Continuously monitor and grasp consumer preferences (including regional tastes), changes in trade policies, and import regulations in China to make timely adjustments in production and export activities. Investing in processing to increase added value is also of crucial importance : Invest in modern technology for processing plants to help address the rapid consumption of raw agricultural products, especially fresh fruits. Encourage enterprises and cooperatives to purchase fresh fruits (lychees, longans, bananas) for drying during peak seasons when prices are low, creating a stockpile for export, reducing losses, and benefiting farmers.

## Conclusion

The ACFTA has greatly benefited Vietnamese enterprises, especially in agriculture, fisheries, and textiles, by increasing market access to China and ASEAN countries through tariff reductions and streamlined trade processes. This has boosted export turnover and supported economic recovery, while also encouraging businesses to improve product quality to meet Chinese market standards, enhancing their international competitiveness.

To sustain fruit export growth, Vietnamese businesses must enhance product standards, invest in sustainable practices, and strengthen distribution networks in China. The government should simplify export procedures and improve infrastructure to preserve product quality, ensuring long-term growth in the regional market.

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