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**XUẤT KHẨU HẠT ĐIỀU CỦA VIỆT NAM SANG THỊ TRƯỜNG CHÂU ÂU  
THEO HIỆP ĐỊNH EVFTA: DUY TRÌ SỰ BỀN VỮNG VÀ TUÂN THỦ  
CÁC QUY ĐỊNH THƯƠNG MẠI**

**Phạm Minh Đức<sup>1</sup>, Hoàng Tấn Dũng, Phạm Quốc Huy, Nguyễn Sinh Nam**

Sinh viên K61 CLC Kinh tế Đối ngoại – Viện Kinh tế và Kinh doanh Quốc tế

*Trường Đại học Ngoại Thương, Hà Nội, Việt Nam*

**Vũ Huyền Phương**

Giảng viên Viện Kinh tế và Kinh doanh Quốc tế

*Trường Đại học Ngoại Thương, Hà Nội, Việt Nam*

**Tóm tắt**

Liên minh châu Âu (EU) được xếp hạng là một trong những thị trường tiềm năng nhất của Việt Nam đối với xuất khẩu hạt điều, mang lại những cơ hội đáng kể trong khuôn khổ Hiệp định Thương mại Tự do giữa Liên minh Châu Âu và Việt Nam (EVFTA). Hiệp định này cùng với các cam kết sâu rộng, mở ra cánh cổng tiềm năng cho ngành công nghiệp xuất khẩu hạt điều Việt Nam tại thị trường Châu Âu. Kết quả nghiên cứu cho thấy EVFTA đã góp phần làm tăng sản lượng xuất khẩu các sản phẩm hạt điều sang thị trường Châu Âu, nâng cao lợi thế cạnh tranh của ngành hạt điều Việt Nam. Tuy nhiên, nghiên cứu cũng chỉ ra rằng nếu không nhanh chóng thích ứng với các tiêu chuẩn và quy định mới trong khuôn khổ hiệp định, các doanh nghiệp sẽ bị tụt lại phía sau. Việc tuân thủ nghiêm ngặt các rào cản kỹ thuật trong thương mại (TBT), tiêu chuẩn vệ sinh an toàn thực phẩm (SPS), truy xuất nguồn gốc và các biện pháp phòng vệ thương mại đang đặt ra thách thức cho các nhà xuất khẩu Việt Nam. Những quy định này có thể cản trở việc tận dụng toàn diện các ưu đãi thuế quan. Bài báo đề xuất các khuyến nghị chính sách cho chính phủ, doanh nghiệp và người nông dân, nhấn mạnh tầm quan trọng của việc nâng cao năng lực tuân thủ TBT, SPS, quy tắc xuất xứ và quyền sở hữu trí tuệ để đảm bảo tăng trưởng bền vững cho xuất khẩu hạt điều sang thị trường Châu Âu.

**Từ khóa:** Hiệp định Thương mại Tự do EU–Việt Nam (EVFTA), Châu Âu, Việt Nam, hạt điều, xuất khẩu, tăng trưởng bền vững.

<sup>1</sup> Tác giả liên hệ, Email: k61.2212150061@ftu.edu.vn

# VIETNAM'S CASHEW EXPORTS TO THE EU UNDER EVFTA SUSTAINABILITY AND TRADE COMPLIANCE

## Abstract

The European Union (EU) ranks as one of Vietnam's most potential markets for cashew exports, offering significant opportunities under the European Union–Vietnam Free Trade Agreement (EVFTA). This agreement, with its extensive commitments, presents a pathway for Vietnam's cashew industry to expand its presence in the EU market. The research results show that the EVFTA has contributed to an increase in the export volume of cashew products to the EU, enhancing the competitive strengths of Vietnam's cashew industry. However, the research also highlights that if not quickly adapt to the new standards and regulations under the agreement, businesses will fall behind. However, strict compliance with technical barriers to trade (TBTs), sanitary and phytosanitary standards (SPSs), traceability, and trade defense measures pose challenges for Vietnamese exporters. These regulations could hinder the full utilization of preferential tariffs. The paper suggests policy recommendations for the government and businesses, emphasizing the importance of strengthening Vietnam's capacity to comply with TBTs, SPSs, rules of origin, and intellectual property rights to ensure sustainable growth of cashew exports to the EU. **Keywords:** European Union–Vietnam Free Trade Agreement (EVFTA), EU, Vietnam, cashew, exports, sustainable growth.

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## 1. Introduction

Cashew nuts have been one of the main products of Vietnam's agricultural industry for a long period. In 2023, the amount exported added over 3.64 billion USD to Vietnam's GDP, increased by 24% in quantity and 18.1% in price compared to the previous year. Globally, Vietnam accounts for 62.9% of the amount of cashew nuts exported to other countries. (Intracen, 2024).

Besides the U.S. and China, the EU also stands out as one of the premier markets for cashew nut exports from Vietnam accounting for, 23% of the export volume and 22% of the industry value (Vietnam Chamber of Commerce and Industry, 2022). After the ratification of the EVFTA, the duties on processed cashew products from Vietnam to the European market were brought down to zero. This shift is important, because, before the EVFTA, the taxes for cashew nut import to the EU for Vietnamese producers varied between 7% and 12%. It is expected that the demand and supply for cashew nut in the country will be high due to the provisions of the EVFTA (European Commission, 2020). This free trade agreement is one of the important actions undertaken for developing economic cooperation between Vietnam and the European Union. Signed in June 2019 and took effect in August 2020, the agreement removes most tariffs on goods exchanged between the two areas, facilitates easier access to markets for services and investments, and encourages regulatory cooperation. The EVFTA is intended to offer major opportunities for businesses, increase trade amounts, and promote economic growth of both regions. According to the European Commission, it is "the most ambitious trade agreement ever made with a developing country" (European Parliament, 2018).

While there have been limited studies assessing the quantitative effects of the EVFTA on Vietnam's cashew exports, previous research has generally highlighted the impact of other

free trade agreements on the overall exportation of cashew nuts and various other products from the nation. This study seeks to investigate the prospects and challenges associated with Vietnam's cashew exports to the European Union following the implementation of the EVFTA. Additionally, it aims to offer recommendations for four key stakeholders: the Vietnamese government, local enterprises, farmers, and the Vietnam Cashew Association (VINACAS) to ensure a consistent export flow of cashews to the EU. To fulfill this goal, the authors will conduct an analysis of existing research articles and reports regarding Vietnam's cashew exports to the EU, facilitating an understanding of the potential opportunities and barriers that may arise.

## **2. Theoretical Background of EVFTA**

### ***2.1. Introduction to the EVFTA***

Realizing the potential of expanding import and export activities between regions in the world, Vietnam and the European Union researched and initiated EVFTA negotiations in 2012, concluding technical negotiations in 2015. Since then, the EU-Vietnam Free Trade Agreement (EVFTA) received official signing on June 30, 2019, and concluded with the European Parliament's approval of the agreements on February 12, 2020. The signing of the Free Trade Agreement by the Council took place on March 30, 2020. The Agreement came into force on August 1, 2020, marking the beginning of its official effectiveness.

As being one of the crucial components in the partnership between the European Union and Vietnam, the two parties signed the EU Vietnam free trade agreement (EVFTA). This agreement is aimed at stimulating growth by virtually eliminating these taxes and enhancing trade and investment activities of these two partners. It also provides strategic chances and prospects to the export and import business of Vietnam. In 2023, Out of Office Mention has not only ranked Vietnam as the largest partner in terms of goods trade, the last member of the MLA within the ASEAN region most provisions interrelated through bilateral exchanges, with total exports awards total 64.2 billion Euros (European Commission, 2020).

### ***2.2. Contents of the EVFTA***

The document includes 17 chapters, 8 appendices, 2 agreements, 2 letters of understanding, and a total of 4 declarations. It includes several areas including Trade in goods, Origin rules, Customs and trade facilitation, Technical Barriers to Trade, and sanitary and phytosanitary measures as well as various investment areas and non-conventional areas like sustainable development, state procurement, and state-owned enterprises. Under the degree of the commitments made, it is evident that the EVFTA is a type of comprehensive free trade agreement that encompasses all aspects especially from Vietnam and the EU region without breaching the World Trade Organization (WTO) norms as well as taking into consideration the varying level of development of the two parties.

The positive impact of the EVFTA on Vietnam is mainly in the economic field. The EVFTA has eliminated 85.6% of import taxes on Vietnamese goods, equivalent to 70.3% of Vietnam's export turnover. After 7 years, Vietnam eliminated 99.8% of import taxes, equivalent to 98.3% of EU exports to Vietnam (the remaining 1.7% will enjoy a 0% tax rate in the next 10 years).

Vietnam received many orders for textiles, seafood, vegetables, wood products, electronics, phones and tropical products. For seafood products, the EU market accounts for 17% -18% of Vietnam's total seafood export value. (WTO VCCI)

### **3. Obligations of Vietnam and the EU Regarding Cashew Exports under the EVFTA**

#### ***3.1. Commitment on Tariff***

As agreed, the EU will eliminate import duties on 85.6% of tariff lines when the Agreement comes into effect, which corresponds to 70.3% of Vietnam's export revenue to the EU. After seven years, the EU will remove import taxes on 99.2% of tariff lines, accounting for 99.7% of our export revenue. For the remaining 0.3% of Vietnam's exports, the EU has established a tariff rate quota (TRQ) with an import tax of 0% within the quota. This suggests that, after a brief transition period, 100% of Vietnam's export revenue to the EU will be free from import duties.

Since the EVFTA was implemented on August 1, 2020, the tariffs on imports of Vietnamese cashew products into Europe have been reduced to 0%, providing a significant competitive edge for these products. The reduction in tariffs on Vietnamese cashews is notably impactful, given that prior to the signing and implementation of the EVFTA, tariffs on cashew exports from Vietnam to Europe ranged from 7% to 12%.

#### ***3.2. Rules of Origin***

To benefit from tariff commitment, Vietnam must comply with specific Rules of Origin that determine whether products qualify as “originating” goods. Products are considered originating under the agreement if they meet one of the following requirements: The first requirement states that the products must be made in Vietnam in their entirety. The second requirement makes allowance for any products or goods manufactured in Vietnam but contain materials which are not originally from Vietnam provided such materials have been adequately worked or processed in Vietnam.

For Vietnam's cashew nut exports to Europe: rules of origin in EVFTA require that raw and processed cashew nuts be wholly sourced from Vietnam. According to EVFTA, cashew nuts exported from Vietnam are considered to originate when they are wholly sourced from Vietnam (grown, harvested, and processed entirely domestically) and do not include any materials entered from third parties outside the Agreement.

#### ***3.3. Sanitary and phytosanitary measures***

The regulations on sanitary and phytosanitary in the EVFTA are extremely important. Food products, including cashew nuts, sold in the EU, EFTA, and the United Kingdom must ensure safety, including imported products. Only approved additives are allowed and must comply with maximum limits for contaminants such as bacteria, viruses, pesticide residues, and heavy metals. Cashew nuts are a potent allergen that can cause severe reactions, including anaphylaxis.

Certain forms of cashew nuts imported into the EU require a phytosanitary certificate. Any additives used must comply with Regulation (EU) No 231/2012 and the contaminant limits set

in Regulation (EU) 2023/915. Aflatoxin contamination is a common reason for shipments of cashew nuts to be rejected from import (CBI, 2024).

Mycotoxins, particularly aflatoxins, can develop in cashew nuts during harvest and storage under humid conditions. Aflatoxins are not eliminated during roasting or cooking, and the maximum limit for aflatoxin B1 in cashew nuts is 5 µg/kg, with a overall aflatoxin limit of 10 µg/kg (Regulation (EU) 2023/915).

Additionally, cashew nuts must comply with maximum pesticide residue levels, such as the maximum chlorate level of 0.1 mg/kg (Regulation (EU) No. 396/2005).

The SPS regulations in the EVFTA aim to protect human, animal, and plant health while promoting trade without creating unnecessary barriers. These measures adhere to international standards under the WTO SPS Agreement, ensuring safety and transparency in food trade between the EU and Vietnam.

**4. Exporting Vietnamese Cashews under the appearance of EVFTA**

***4.1. The Situation of Vietnamese Cashew Exports to the EU in the Context of the EVFTA***

The cashew nut industry plays a vital role in global agriculture, with key producers including Vietnam, India, and several countries in Africa. Cashews are highly regarded for their nutritional benefits and versatility in various culinary applications, particularly as snacks. The rising consumer focus on health and wellness has led to an increased demand for nuts because of their high protein content, healthy fats, and antioxidants.

Vietnam stands out as one of the world's largest producers and exporters of cashew nuts, being the top exporters with 2.8 billion USD (33.8% of the global export value) in 2022. The country has experienced impressive growth in production, thanks to favorable climate conditions and advancements in agricultural practices. Additionally, Vietnam has a strong processing industry, with numerous facilities capable of producing a wide range of cashew products.

**Table 1:** Top 5 Exporters of Fresh/Dried Cashew Nuts (2022)

Rank	Country	Exports Value	Percentage
1	Vietnam	\$2.80B	33.8%
2	Cote d'Ivoire	\$1.01B	12.2%
3	Cambodia	\$982M	11.8%
4	Ghana	\$486M	5.86%
5	India	\$375M	4.52%

**Source:** The Observatory of Economic Complexity

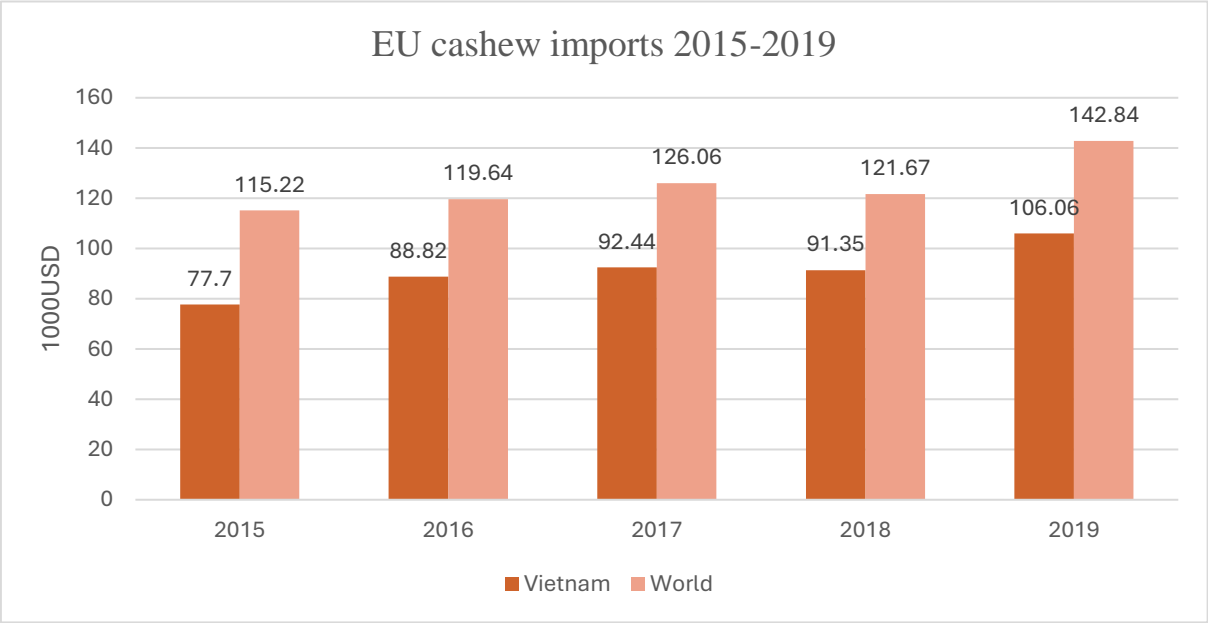
Vietnam continues to hold a leading position in the EU cashew market, but competition from African producers like Côte d'Ivoire and Ghana has intensified, with African exports totaling \$1.01 billion and \$486 million, respectively (The Observatory of Economic Complexity, 2022).

The European Union represents a crucial market for cashew nuts, characterized by consistent growth. As consumers increasingly seek healthier snack options, demand for cashews is expected to rise. The European Union stands as a vital market for cashew nuts, marked by steady growth. As consumers increasingly pursue healthier snack options, the demand for cashews is anticipated to rise. Over the next five years, the European market for cashew nuts is expected to grow at an annual rate of 5-6% (CBI, 2024).

Currently, the EU is the second-largest export market for Vietnamese cashews, accounting for approximately 23% of the total volume and 22% of the total export value for Vietnam. There is a notable preference for sustainably sourced products within the EU, which means that certifications such as organic or fair trade will significantly enhance the attraction of Vietnamese cashews to European consumers. However, to thrive even more this market, Vietnamese exporters must comply with strict EU quality and safety standards concerning pesticide residues, hygiene, and labeling.

**4.2. Before EVFTA took effect (before 2020)**

Prior to the EVFTA, Vietnamese cashew exports faced high tariffs, which limited competitiveness in the EU market. Tariffs on processed cashews could be as high as 7-12%.



**Figure 1.** EU cashew imports 2015-2019 (source: World Integrated Trade Solution)

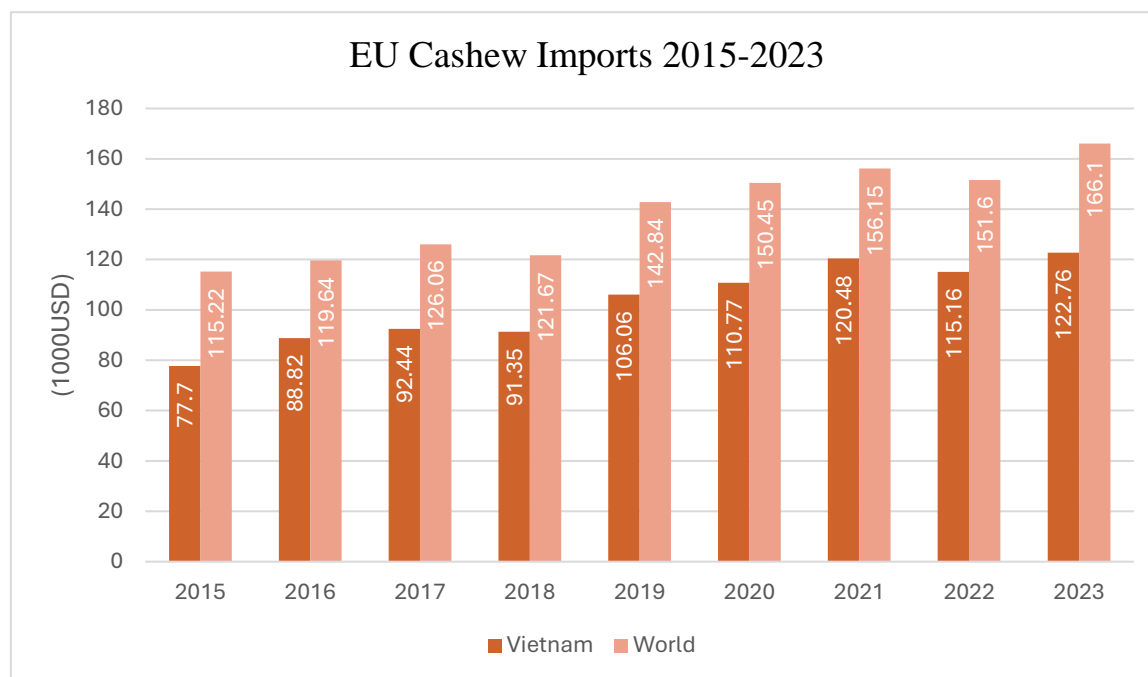
Prior to the implementation of the EU-Vietnam Free Trade Agreement (EVFTA) in August 2020, Vietnamese cashew imports to the EU experienced moderate growth, with volumes reaching around 77,700 tonnes in 2015. While the overall trend remained steady, the potential for increased trade was constrained by higher tariffs and regulatory barriers, which impacted the competitiveness of Vietnamese cashew products in the EU market (WITS, 2024).

**4.3. After EVFTA took effect (2020 - now)**

The EU-Vietnam Free Trade Agreement (EVFTA), which came into effect on August 1, 2020, has dramatically impacted the import of cashew nut processing products from Vietnam to the EU by lowering the tax rate to 0%.

This is because before the agreement, tariffs for these imports ranged between 7% and 12%, creating hurdles for Vietnamese exporters. The implementation of EVFTA plays a vital role in the expansion of the Vietnamese cashew industry, driving revenue growth for local producers and reinforcing their position in international trade. The growth of cashew nut exports to the EU contributed significantly to the overall growth of the industry.

In 2021, Vietnam's cashew export sector experienced remarkable success, with export volumes reaching 579,800 tons and a total value of \$3.64 billion. This represents an increase of 12.6% in volume and 13.3% in value compared to 2020, highlighting the strong growth of the cashew industry in a competitive global market (World Integrated Trade Solution).



**Figure 2.** EU cashew imports 2015-2023 (source: World Integrated Trade Solution)

These statistics demonstrate that Vietnam consistently held a significant share of the EU cashew import market, after the implementation of EVFTA peaking at 77.1% in 2021 and gaining even more competitive advantage through reduced tariffs and improved market access.

From 2015 to 2023, Vietnamese cashew exports soared by about 57.9%, while total EU imports from around the world grew by around 44.2%. After the agreement was implemented, Vietnamese cashew exports jumped significantly, reaching 120,500 tonnes in 2020 and reaching the highest point of 122,800 tonnes in 2023. This surge stands out, especially when compared to the overall growth of global cashew imports, which increased but at a slower pace. This faster growth for Vietnamese exports indicates that the country has been gaining ground in the EU market, reflecting rising demand for Vietnamese cashews which is specifically influenced by factors post-EVFTA.

#### ***4.4. Opportunities for Vietnamese Cashew exports to the EU in the context of EVFTA***

Vietnam has established itself as the largest supplier of cashews to the European Union, with imports reaching 115,162 tonnes valued at approximately 791.87 million USD in 2022. Although there was a slight decline in import volume compared to previous years, the value of

exports increased by 9.8%. This demand is driven by both the food processing sector and evolving consumer preferences, underscoring the significant potential for Vietnamese cashew exports in the European market.

Key markets countries such as the Netherlands and Germany serve as crucial trade hubs for Vietnamese cashew exports, functioning as gateways to other EU markets. As demand continues to escalate in these regions, Vietnamese exporters have the opportunity to strengthen their supply chains and distribution networks, ensuring that high-quality cashews reach a broader consumer base.

It is important to note that the introduction of the EU-Vietnam Free Trade Agreement (EVFTA) has drastically changed the trade environment of cashew nuts exports from Vietnam. A key advantage of the EVFTA is the elimination of tariffs on cashew imports from Vietnam to the EU, which previously ranged from 7% to 12%. This reduction to 0% enhances the competitiveness of Vietnamese cashews, facilitating greater access to the EU market.

The positive impact of the EVFTA in consolidating Vietnam's position in the European cashew market can be observed by the increase in Vietnam's market share within the EU, from 56.36% in 2021 to 56.85% in 2022. Overall EU import figures, which exceeded 174,000 tonnes valued at 1.15 billion EUR in 2022, reflect a growing appetite for cashew products, despite a minor decrease in import volume.

In summary, the EVFTA not only reduces trade barriers but also encourages Vietnamese exporters to diversify their product offers to meet different consumer demands in the EU. With strong support from trade associations and a heightened focus on quality control and marketing, Vietnamese cashew exports are well-positioned for growth. As these opportunities unfold, the Vietnamese cashew industry can capitalize on its strategic advantages to further expand its presence in the EU market.

#### ***4.5. Challenges for Vietnamese Cashew exports to the EU in the context of EVFTA***

While there are favorable conditions for exporting cashew nuts to the European market, Vietnamese products encounter significant competition. Although Vietnam is a leading supplier of raw cashews, its share of processed products, particularly roasted and flavored varieties tailored to consumer tastes, remains relatively small. The Vietnamese cashew industry struggles with limited production and processing capabilities, especially in producing roasted and flavored cashews that resonate with European consumers.

Another major challenge for Vietnamese exporters under the EVFTA is meeting the strict traceability and food safety standards imposed by the EU. The general rules of origin clarify that in case of the reduction in tariffs for cashew products, as a condition, the raw materials must fall under either domestic origin or be sourced from the countries in the EU trade agreements.

Additionally, European companies may look to invest in African cashew production to diversify their sources and reduce reliance on Vietnam and other Asian suppliers. France, for example, maintains strong historical ties with Africa, which, combined with geographical proximity, could give African suppliers a competitive edge. This potential shift in the supply



chain dynamics will result in a decline in Vietnam's market share. This shift highlights the risk that Vietnamese cashew exports could face similar challenges if they do not adapt

To effectively address these challenges, Vietnamese exporters should focus on innovation and collaboration. By investing in advanced processing technologies and developing products that cater specifically to European tastes, Vietnam can get a competitive edge. As the market evolves, a proactive approach will be crucial for Vietnam to not only maintain its presence in the European market but also to seize new opportunities for growth and diversification. Adapting to these shifts will ultimately determine the future success of Vietnamese cashew exports.

## **5. Proposed Recommendations to Promote Vietnam's Cashew Exports to the EU Market**

### ***5.1. Suggestions for the Vietnamese Government***

#### ***5.1.1 Enhancing Quality Control***

To enhance Vietnam's cashew exports under the EVFTA (EU-Vietnam Free Trade Agreement), it is vital for the government to develop a comprehensive quality management system. This should involve setting strict standards for cashew seed quality, sustainable farming practices, and rigorous control over processing techniques. Regular inspections and monitoring will ensure that Vietnam meets the EU's high food safety and environmental standards. Consistent quality checks will also help Vietnam address any non-tariff barriers imposed by EU countries.

#### ***5.1.2 Upgrading Infrastructure and Technology***

Improving infrastructure and adopting modern technology are key to boosting Vietnam's cashew industry. The government should collaborate with businesses to modernize processing facilities, ensuring better product quality. Enhancing storage and transportation systems will reduce post-harvest losses and preserve product quality. Support should also be given to establishing sustainable farming areas that comply with the EU's rules on origin and food safety, which will help maximize the benefits of the EVFTA.

#### ***5.1.3 Government Support for Policy Incentives***

Offer tax incentives or low-interest loans for companies and cooperatives that adopt environmentally friendly farming methods and modern processing technologies. Encouraging certification for organic farming and sustainable practices will also position Vietnamese cashews more competitively in the European market

### ***5.2. Recommendations for Vietnam's Cashew Producers to Strengthen Trade Compliance and Sustainability***

#### ***5.2.1 Improving Product Quality and Compliance***

To strengthen compliance with EU standards, Vietnamese cashew producers should consider adopting advanced traceability systems, such as QR code-enabled packaging or blockchain technology. For example, using a QR code allows consumers and regulators to track each cashew's journey from the farm to export, ensuring transparency and adherence to EU

food safety requirements (Vietnam Blockchain Corporation, 2019). This is particularly valuable in markets like Germany, where stringent aflatoxin limits (2 µg/kg for aflatoxin B1 and 4 µg/kg for total aflatoxins) demand robust quality assurance (Commission regulation (EU) No 165/2010).

Over the past three years, My Le Co., Ltd., in Phu Rieng district, has been a pioneering cashew processor in Binh Phuoc province, actively building a geographical indication (GI) chain – a type of traceability stamp, for Binh Phuoc cashews with local cooperatives. With GI certification, My Le has successfully exported to challenging markets like the EU and the U.S., emphasizing the value of traceability and digital labeling to assure product quality and authenticity (Binh Phuong Online). By following similar practices, other producers can build consumer trust and align with European Union expectations

### *5.2.2 Optimizing Supply Chains and Building Value Chains*

Building efficient supply chains is critical to ensure quality and streamline export processes. Vietnamese cashew companies can look to successful models where producers have reduced costs by partnering with local cooperatives or implementing advanced inventory systems. For example, by working directly with smallholder farmers, companies have not only increased their production capacity but also improved product quality through access to better farming practices and support services. Encouraging cooperatives to invest in legal and logistical assistance has proven effective in enhancing collaboration and stability throughout the supply chain, which is particularly important when targeting high-demand EU markets like Belgium.

Funded by the Trade for Development Centre (TDC) through Enabel, Belgium's development agency, the project supports the Fairtrade Network of Asia and Pacific Producers (NAPP) by empowering small producer organizations. With Vietnam's cashews as a focus, TDC's market study, conducted by Globally Cool, identifies opportunities to expand Vietnam's role in the Fairtrade cashew supply chain.

### *5.2.3 Promoting Sustainability and Corporate Responsibility*

Sustainability has become a competitive advantage, especially in the EU. Vietnamese cashew producers should adopt environmentally friendly farming practices and consider certifications like GlobalGAP or Fairtrade to increase appeal, especially in countries like France and Germany, where there is strong demand for ethically sourced products. Implementing traceability measures, such as a smartphone app or blockchain, to verify the origin of each batch can help satisfy EU consumer expectations for transparency. In France, certifications such as Fairtrade are widely respected and can improve market entry for products like cashews by approximately 30% in retail acceptance. This is especially relevant for Vietnamese exporters as French consumers prioritize social responsibility and quality assurance. Vietnamese producers implementing blockchain or QR-based traceability systems to verify product origin and ethical sourcing practices can enhance their appeal in this market.

### *5.2.4 Leveraging Strategic Partnerships and Government Support*

Strategic partnerships can greatly expand market penetration in the EU. Vietnamese exporters can partner with Dutch importers, as the Netherlands serves as a key entry point for

cashews into Europe and prioritizes cost-effective, large-scale imports. By working with Dutch distributors, Vietnamese producers can optimize logistics and tap into established networks across the region. Government support and trade promotion initiatives, such as Vietnam's collaboration with trade bodies, can further assist exporters in navigating regulatory changes and ensuring consistent market access. Combining these partnerships with efficient government-backed programs will enable producers to meet specific EU requirements more effectively and bolster their competitiveness.

#### *5.2.5 Improve Processing Technology*

Invest in advanced processing technology to reduce post-harvest losses, maintain product quality, and diversify offerings. This includes developing more value-added products (e.g., roasted or flavored cashews) that cater to European tastes. The QR – Traceability system is one of the key factor for the sustainability and compliance of exporting agriculture products to Europe, especially Cashew products.

### ***5.3. Recommendations for VINACAS (Vietnam Cashew Association) to Support Sustainable Cashew Exports***

#### *5.3.1 Enhancing Trade Policies and Import Regulations*

To improve the competitiveness of Vietnam's cashew exports, there is a need for policies that regulate fair imports and support the domestic cashew market. For instance, Vinacas has proposed that relevant ministries establish a fair import framework to control the rising imports of cashew nuts, ensuring that domestic companies are not disadvantaged. Streamlining customs processes and ensuring transparent tax policies would further help Vietnamese exporters maintain stable operations and meet international standards.

#### *5.3.2 Facilitating Access to Financial and Administrative Support*

Financial constraints are a significant challenge for Vietnamese cashew businesses, particularly as high input costs strain resources. Vinacas continues to call for local banks, under the guidance of the State Bank of Vietnam, to expand credit access for cashew companies. They also propose offering tax relief and financial assistance to support businesses impacted by fluctuations in raw material costs. This support is vital to help cashew businesses improve cash flow, upgrade technology, and enhance processing capacity.

#### *5.3.3 Expanding Export Markets and Strengthening Branding*

Strengthening the global presence of Vietnamese cashews requires not only expanding into new markets but also enhancing product branding. Vinacas recommends that the Ministry of Industry and Trade help businesses find new markets and establish brand recognition, particularly in key areas such as the EU and US. The promotion of Vietnamese cashews' unique qualities, competitive prices, and commitment to quality can help secure a larger international market share, especially within free trade agreements like EVFTA and CCTPP.

On February 27, in Ho Chi Minh City, the 12th Vietnam International Cashew Conference 2023 took place, organized by the Vietnam Cashew Association (Vinacas) in coordination with the Trade Promotion Agency (Ministry of Industry and Trade) with the aim of exchanging and discussing a lot of information, analyzing, evaluating, commenting, proposing solutions and

initiatives to help the Vietnamese and world cashew industry develop stably and sustainably in the future.

#### *5.3.4 Supporting Technological Innovation and Digital Transformation*

Modernizing production is essential to meet international quality standards and improve efficiency. Vinacas advocates for investment in digital transformation and technological upgrades within the industry, including enhancing processing facilities to meet international benchmarks like BRC, Smeta, and HCCP. By updating technology and digitizing operations, Vietnam's cashew industry can ensure compliance with high safety and quality standards, facilitating smoother entry into demanding markets such as the EU.

Currently, only the application of QR codes to trace the origin of products used domestically is being implemented. VINACAS can cooperate with state agencies to design a system for use by businesses and consumers abroad to increase product reputation.

#### *5.3.5 Addressing Trade Disputes and Regulatory Challenges*

To protect businesses from fraud and other risks, it is essential to address trade disputes proactively. Vinacas urges the government to support cashew exporters facing challenges with international clients, particularly in markets where fraudulent activity has impacted Vietnamese companies. Measures include legal assistance to recover deposits or secure contracts. Additionally, collaboration with international partners to resolve SPS issues, such as e-Phyto certification, would help facilitate exports and reduce clearance times.

VINACAS needs to always remember the lesson from the incident of 100 containers of cashew nuts exported to Italy, from there be careful in researching export partners, choose appropriate and safe payment methods, and act promptly and quickly when problems arise.

### **5.4. Recommendations for farmers**

#### *5.4.1 Eco-Farming Practices*

Farmers need to reduce their dependence on chemical fertilizers and pesticides by adopting organic farming practices. This not only meets the stringent SPS regulations of the EU but also opens the door to higher-value markets. Training in the use of natural pest control and organic fertilizers can be provided by cooperatives and local authorities

#### *5.4.2 Cooperative Strategies for Sustainable Agriculture*

Small-scale farmers should form cooperatives to benefit from shared resources and improve bargaining power. Cooperatives can access government and international support programs more easily, allowing them to invest in better farming techniques and secure higher prices for their products

#### *5.4.3 Apply tech to branding*

Farmers cultivating cashews are recognizing the value of applying technology to enhance their branding. By leveraging online platforms and social media, they can reach potential customers more effectively. Implementing tech in production, from harvesting to processing, improves product quality and allows for compelling storytelling about their cashews. This

strategy increases brand value and opens up export opportunities in international markets, helping farmers attract more buyers and secure better prices for their high-quality nuts.

For example Hoang Phu Co., Ltd from Binh Phuoc, Viet Nam. which has expanded production by contracting local farmers with GI registration, using digital labels to ensure transparency and enhance consumer confidence (Binh Phuoc Online).

## 6. Conclusion

The EU-Vietnam Free Trade Agreement (EVFTA) has opened substantial opportunities for Vietnam's cashew industry, particularly by removing tariffs on exports to the European Union (EU). This shift has increased the competitiveness of Vietnamese cashews, enabling the industry to expand its market share and solidify Vietnam's role as a leading global exporter. However, while tariff elimination offers significant short-term benefits, the long-term success of Vietnam's cashew exports depends on the industry's ability to comply with the EU's rigorous non-tariff measures.

A key challenge lies in meeting the EU's requirements related to Technical Barriers to Trade (TBTs), Sanitary and Phytosanitary Standards (SPSs), and rules of origin. Therefore, these non-tariff barriers demand that Vietnamese exporters uphold high standards in product safety, traceability, and sustainability. Otherwise, failing to meet these requirements could offset the advantages gained from tariff reductions, potentially limiting Vietnam's ability to fully leverage the benefits of the EVFTA.

In order to maximize the opportunities under the EVFTA, Vietnam's cashew industry needs to focus on improving product quality and processing methods, as well as adopting sustainable farming practices that resonate with EU consumer preferences for ethically produced goods. Thus, collaboration between the government, industry stakeholders, and associations such as VINACAS is essential to ensure that the sector can meet EU regulatory standards, strengthen supply chains, and boost global competitiveness.

In conclusion, while the EVFTA provides a framework for growth, the Vietnamese cashew industry's future success in the EU market will depend on its ability to meet complex regulatory requirements and adapt to evolving market conditions. By addressing these challenges through innovation, quality improvements, and compliance, Vietnam can ensure the sustainable growth of its cashew exports under the EVFTA.

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