



Working Paper 2025.1.5.14
- Vol 1, No 5

**XUẤT KHẨU NGÀNH DỆT MAY VIỆT NAM SANG EU TRONG BỐI CẢNH
THỰC THI HIỆP ĐỊNH EVFTA: CƠ HỘI VÀ THÁCH THỨC**

Ngô Hà Phương¹, Phạm Vân Nhi, Ngô Xuân Thanh

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

Nguyễn Ngọc Minh Anh

Sinh viên K62 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) là một trong những thị trường xuất khẩu trọng điểm cho ngành hàng dệt may của Việt Nam. Hiệp định thương mại EU – Việt Nam (EVFTA) đã đem lại những cơ hội cho xuất khẩu dệt may Việt Nam, qua sự miễn giảm thuế quan, tăng khả năng thâm nhập thị trường, và củng cố khả năng cạnh tranh của Việt Nam trên thị trường châu Âu. Tuy nhiên, nhiều thách thức vẫn còn tồn tại và các doanh nghiệp cần tuân thủ chặt chẽ những quy định về xuất xứ và những tiêu chuẩn bền vững đặt ra bởi EU. Hơn nữa, rào cản trong chuỗi cung ứng, sự phụ thuộc vào nguyên vật liệu nhập khẩu và yêu cầu về nhân công cũng đặt ra những chướng ngại cho sự phát triển lâu dài của ngành dệt may. Nghiên cứu sau sẽ đưa ra những gợi ý cho chính

¹ Tác giả liên hệ, Email: k61.2212150140@ftu.edu.vn

phủ và doanh nghiệp có thể tuân thủ quy định về xuất xứ, tăng khả năng tự lập trong chuỗi cung ứng, cũng như đáp ứng tiêu chuẩn về môi trường và lao động. Những biện pháp này là cần thiết để đảm bảo sự phát triển bền vững của ngành dệt may Việt Nam khi xuất khẩu sang EU.

Từ khóa: EVFTA, Việt Nam, xuất khẩu dệt may, EU, thâm nhập thị trường, phát triển bền vững

VIETNAM’S GARMENTS AND TEXTILE EXPORT TO EU UNDER EVFTA: OPPORTUNITIES AND CHALLENGES

Abstract

The European Union (EU) is one of the most crucial export markets for Vietnam’s textile and garment industry. The EU-Vietnam Free Trade Agreement (EVFTA) has brought considerable opportunities for Vietnamese textile and garment exports by reducing tariffs, enhancing market access, and strengthening Vietnam’s competitive position in the European market. However, challenges remain as enterprises must comply with strict rules of origin and environmental sustainability standards imposed by the EU. In addition, supply chain constraints, reliance on imported raw materials, and labor requirements present further obstacles to long-term sustainable growth. This paper suggests policy recommendations for the government and businesses to improve adherence to origin rules, enhance supply chain independence, and strengthen compliance with environmental and labor standards. These measures are important to ensure the sustainable growth of Vietnam’s textile and garment exports to the EU.

Keywords: EVFTA, Vietnam, textile and garment exports, EU, market access, sustainable growth

1. Introduction

The European Union (EU) is one of Vietnam’s largest and most promising export markets for textiles and garments. With the implementation of the EU-Vietnam Free Trade Agreement (EVFTA), Vietnam's textile and garment industry has gained significant benefits, including tariff reductions, enhanced market access, and a more competitive position in the European market. The EU remains a crucial destination for these exports, importing €4.1 billion worth of textiles from Vietnam in 2023, accounting for 11.5% of Vietnam’s total exports (VICO, 2023).

However, despite these opportunities, Vietnamese textile and garment enterprises face several challenges. Strict rules of origin require manufacturers to source materials either domestically or from EVFTA member countries, which poses difficulties for Vietnam’s industry as it remains heavily dependent on imported raw materials. Additionally, compliance with environmental sustainability regulations imposed by the EU has become a pressing concern for businesses seeking long-term market access, due to significant investment in technology, supply chain adjustments, and workforce development.

This paper aims to analyze the impacts of EVFTA on Vietnam's textile and garment exports by assessing both the opportunities and challenges presented by the agreement. The study explores how tariff preferences influence Vietnam's export competitiveness, the compliance requirements imposed by the EU, and the necessary strategies to ensure long-term sustainable growth. By identifying key constraints and providing policy recommendations, this research contributes to a deeper understanding of how Vietnam's textile and garment sector can maximize the benefits of EVFTA while addressing its challenges effectively.

2. Literature review

2.1. Overview of EVFTA

The EU-Vietnam Free Trade agreement, referred to as EVFTA, is a new - generation free trade agreement that 27 member states of the European Union have officially signed with Vietnam on June 30, 2019. After the ratification process by both Parties, EVFTA has come into effect since August 1, 2020, becoming one of two FTAs with Vietnam's broadest range commitments and highest degree of engagement to date (VCCI, 2016).

This agreement includes 17 Chapters, 2 Protocols and numerous understandings spanning 15 key areas: (1) trade in goods; (2) rules of origin; (3) customs and trade facilitation; (4) the sanitary and phytosanitary measures; (5) the technical barriers to trade; (6) trade remedies; (7) trade in services; (8) investment; (9) competition; (10) state - owned companies; (11) government procurement; (12) intellectual property; (13) trade and sustainable development; (14) legal institutional issues; and (15) collaboration and capacity development (VCCI, 2016). The main objective of EVFTA is to foster economic development between Vietnam and the EU through strengthening the funding environment and ensuring greater safety for investors (Vu, 2024).

In reality, according to VCCI (2024), after four years of implementation, Vietnam's export turnover to the EU has grown by nearly 50%, reaching more than 200 billion USD, making Vietnam a leading trade partner of the EU among ASEAN nations. In return, Vietnam's imports from the EU have also surged by over 40%, including computers, electronic products, and components (up 49.4%%), coffee (up 47.8%) seafood (up 10.8%), and wood and wood products (up 25.2%), textile and garment (up 8.6%). The main export markets were the Netherlands, Germany, Italy, Belgium, and France (Minister of Industry and Trade, 2024).

2.2. Previous studies

In Vietnam, there have been many studies assessing the impacts of EVFTA on the trade activities in different segments.

Tran et al. (2021) evaluated the tariff elimination on the trade flow of fruit with the EVFTA agreement between Vietnam and EU. By applying a quantitative method using the

SMART model, the study showed that fruit exports to the EU market would increase by 8,857 million USD in 2024, accounting for 0.945% of the export value from the baseline year of 2019.

In terms of agricultural products, Vu and Do et al. (2024) developed two tariff reduction scenarios to analyze the impact of EVFTA and the findings indicated that, in both scenarios, the EU's elimination of tariffs on imported agricultural products led to only a modest rise in Vietnam's exports to the EU.

Regarding textile and garment industry, Vu (2021) affirmed that Vietnam benefits in the long run from the EVFTA agreement, particularly when in the first quarter of 2021, Vietnam's textile and garment exports to this market increased by 3.44%. Nguyen and Le (2024) also emphasized that the export value of textile and garment products from Vietnam to the EU rose by more than USD 633.67 million when the tariff rate was reduced to 0%.

Under the EVFTA, the EU is a promising market for Vietnam's different industries, including the textile and garment industry. However, according to Nguyen and Le (2024), the textile and garment industry faces difficulties in meeting the requirements for tariff benefits. A significant portion of fabric is sourced from countries such as China, India, and ASEAN nations, whereas the EVFTA grants tariff advantages only to products made with domestically sourced fabric or fabric imported from countries that have existing FTAs with the EU. Trung (2024) also pointed out that Vietnamese textile enterprises have to undergo a significant transformation toward green and sustainable production, under The EU Strategy for Sustainable and Circular Textiles.

2.3. Research gap

Whereas numerous studies have examined the impact of the EVFTA on Vietnam's textile and garment exports, existing studies primarily rely on quantitative analysis, such as trade flow projections, tariff reductions, and economic modeling. However, there is still not much in-depth qualitative research that explores the impact and recommends how Vietnamese textile businesses adapt to opportunities and challenges of the EVFTA agreement in real contexts.

This study aims to fill this gap by adopting a qualitative approach to provide both general and detailed understanding of opportunities and challenges presented by the EVFTA agreement. Furthermore, the data is new and updated compared to other studies before, so the results will be more appropriate for the present.

3. EVFTA's trade regulations for textile and garment exports

3.1. Tariff elimination

As stated in the agreement, the EU will eliminate import duties on 85.6% of tariff lines, covering 70.3% of Vietnam's export revenue to the EU. In return, Vietnam will remove tariffs

for 48.5% of tariff lines, which corresponds to 64.5% of the country's import revenue (Tran et al, 2024). In addition, over the following seven years, the EU plans to eliminate 99.2% of tariffs, covering 99.7% of Vietnam's export earnings from the EU market. As for the remaining 0.3% of export revenue, the EU will implement a tariff-rate quota system, allowing imports within the quota to be taxed at a zero percent rate. This means that no later than seven years after the agreement takes effect, all of Vietnam's textile products will be subject to a 0% import tariff (VCCI, 2024).

3.2. Rules of Origin

EVFTA imposes a strict two-step origin requirement for textiles called “fabric forward” rule of origin, in which manufacturers have to use the fabric originating from Vietnam and/or the EU to qualify for preferential tariffs. Besides, cutting and sewing processes are also required to be carried out in Vietnam and/or the EU.

The EVFTA, however, currently offers flexibility in rules of origin by allowing cumulation with countries that have trade agreements with both Vietnam and the EU. For example, fabrics sourced from South Korea, which is the only nation that currently signs FTAs to both Vietnam and the EU, are considered to have EVFTA origin. As a result, Vietnam's textile products manufactured using South Korean fabric and exported to the EU can still benefit from preferential tariffs under the EVFTA (Ministry of Industry and Trade, 2023).

3.3. Certificate of Origin

The EVFTA specifies two distinct types of origin certification procedures, Issuance of Certificates of Origin and Self-Certification of Origin. Under the EVFTA, exporters can declare the origin of goods on invoices, delivery notes, or other equivalent documents instead of acquiring a Certificate of Origin from authorities. However, exporters must be registered under the EU's REX system to qualify for self-certification of origin. For Vietnam, in particular, Vietnamese exporters can self-certify the origin for consignments valued no more than €6,000. In case the value of shipments exceed €6,000, Vietnamese exporters will still use the Issuance of Certificates of Origin. For transit goods through a third country, it can still receive origin certification under the EVFTA if the importer proves it remained under customs control and unchanged in origin (Ministry of Industry and Trade, 2023).

3.4. Technical Barriers to Trade (TBT)

The EVFTA mainly prioritizes general commitments on cooperation and transparency in technical barriers to trade. Therefore, there are only a few specific rules affecting the textile industry, such as: regulations on product labeling, collaboration in recognizing each party's conformity assessment procedures, as well as post-market inspection and monitoring. For Vietnam, the agreement allows industrial products, including textiles, to be labeled either as "Made in EU" or a specific country of origin within the EU (VCCI, 2017).

3.5. Intellectual property rights

According to the Ministry of Industry and Trade (2023), the EVFTA permits rights holders to request urgent court actions against infringers at any time, even without prior notice to infringers in order to punctually prevent infringements of intellectual property. In serious cases, the court can even require defendants and plaintiffs to provide evidence and financial records. Once a violation is established, the court has the authority to issue injunctions to prevent future infringements without the need for additional trials. Finally, if the violation is unintentional, financial compensation may be applied instead of hard penalties.

3.6. Sustainable development

The EVFTA primarily consists of general commitments on binding principles for development direction and advisory commitments, focusing on key areas such as the environment, labor, and related aspects. This agreement does not impose specific standards that Vietnam must follow; instead, Vietnam retains the right to determine its own objectives, strategies, and level of protection in alignment with internationally recognized standards (Ministry of Industry and Trade, 2023). In March 2022, the EU also introduced the Circular and Sustainable Textiles Strategy. The goal is that by 2030, all textile products on the EU market must have a long lifespan, be recyclable, and largely made from recycled fibres.

4. Vietnam's textile and garment exports to the EU since the execution of EVFTA

4.1. Macroeconomic Overview

Textile and garments has been one of Vietnam's most flourishing industries and a major export goods, apart from electronics and agricultural products. The export of textile covered 16% of Vietnam's total GDP (VICO, 2022), signifying its crucial role in Vietnam's economy and its expansion in many markets after joining important FTAs such as CPTPP and EVFTA.

Since EVFTA came into effect, the industry in Vietnam has benefited from numerous impacts. The reduction in tariff of this category of goods has led to higher exporting volumes from Vietnam to EU. It is reported that the region imported €4.1 billion of textile (11.5% of Vietnam's total exports) from Vietnam in 2023. After 4 years of the FTA's execution, Vietnam has risen among countries in ASEAN as a leading exporting partner of EU. On the global point of view, Vietnam now ranks as the world's third largest exporter in terms of textile and garments, after China and Bangladesh. As of 2023, Vietnam has exported \$40.3 billion worth of textile (TradeImex, 2024).

Table 1. Vietnam's total Textile and Garment exports in the last 10 years

Year of Exports	Vietnam's textile export value
2013	\$21 billion
2014	\$24.7 billion
2015	\$27.5 billion
2016	\$28.5 billion
2017	\$31 billion
2018	\$36.2 billion
2019	\$39 billion
2020	\$35 billion
2021	\$39 billion
2022	\$44.4 billion
2023	\$40.3 billion
2024 (till July)	\$20.2 billion

Source: TradeImex, 2024

4.2. Trade Landscape

EU is one of the most potential markets for exporting textile and garments, with its demand reaching €176.9 billion in 2023, mostly from developing countries (accounting for €78.5 billion), according to the Europe's Centre for the Promotion of Imports from developing countries. The execution of EVFTA between EU and Vietnam has contributed to the growth of this industry in Vietnam, enabling Vietnam to gain access to this region. According to the Agency of Foreign Trade in Vietnam, since the EVFTA was signed (August 2020), this category of export has improved after a decline, reaching 1.1 billion USD worth of textile, and increased by 3,44% in the next year.

Vietnam has benefited from the reduction of tax to 0% towards exporting apparels to EU under this trade agreement, with an increase in textile export to EU of 633.67 million USD (Nguyen and Le, 2024). In 2022, Vietnam's textile & garment exports to EU accounted for 10,07% in the total export turnover, which is higher than that of China (7,64%), Japan (9,53%) and South Korea (8,74%) (Pham et al., 2024). Vietnam's market share increased by 1% in 2023, despite the impacts of the Russian-Ukraine war that significantly discouraged spendings in EU (VCCI, 2024).

The EVFTA also empowers Vietnam's position in EU's textile market compared to countries that do not share a mutual FTA with EU, like China or Bangladesh, which will soon graduate from Least Graduated Countries and no longer enjoy duty-free advantage. EU has diverted 59.5% of its imports from China, Bangladesh and India to choose Vietnam's textile products. Particularly, EVFTA has enhanced Vietnam's apparel exports to EU, driving about 82.39% trade creation and 81.17% trade diversion (Nguyen and Le, 2024).

Table 2. List of top 10 non-EVFTA countries whose trade is being diverted to EU

No	Nations	Value (Million US\$)
1	China	-1015.69
2	Bangladesh	-212.03
3	Turkey	-171.83
4	India	-90.55
5	Morocco	-67.95
6	Cambodia	-52.09
7	Tunisia	-48.73
8	Indonesia	-43.50
9	Pakistan	-34.36
10	Sri Lanka	-31.74

Source: Vo Thanh Thu et al., 2018

From this table, it is apparent that China and Bangladesh suffered major losses from the execution of EVFTA, reaching 1015.69 million USD and 212.03 million USD respectively worth of trade diversion. Hence, Vietnam should grasp the opportunity and fully exploit the benefits of this trade agreement to further expand its share in EU's market.

4.3. Foreign Direct Investments (FDI)

EVFTA has made EU the 6th largest FDI investor in Vietnam, with a total of €28 billion in 2,450 projects in all industry fields (Vietnam Briefing, 2024). According to the Vietnam Textile and Apparel Association, in 2024, the total FDI flow to this sector in Vietnam has reached approximately 3500 projects, with 37 billion VND capital invested (VCCI, 2024). The industrial zones such as Dong Nai, Binh Duong, Tay Ninh, Long An, Nam Dinh, Hai Duong, and Binh Phuoc have attracted the most FDI investments in the sector of apparels (Tam Anh, 2024).

4.4. Technology Development and Business Competency

Nowadays, sustainable development has become a compulsory requirement in EU. According to Vinatex (2024), well known brands like Adidas and Nike have set goals to reach 50% of recycled materials in the next 5 years, and partners in Vietnam must strictly follow their scheduled programs for green production. Vinatex has 20% of its fiber products made from recycled materials and under cyclical production. Manufacturers are also switching from fossil fuel to biomass, as well as saving water supply and recycling water.

Vietnam's Community of Textile and Garments Enterprises has quickly adapted to the market diversification strategy, involving the diversification in targeted customers and in products with high added value. The industry has also acquired the automated technology, digital governance, as well as being well prepared for environmental standards requirements from many exporting markets. This has created strong foundations for Vietnam's textile industry's development in the following years.

5. Assessment of the impact of EVFTA made on Vietnam's Textile and Garment Industry

5.1. Strengths

A major advantage that Vietnam has gained from the EVFTA is the elimination of tariffs. As soon as the EVFTA takes effect, import duties on 85.6% of tariff lines have been eliminated, covering 70.3% of Vietnam's export revenue to the EU, simultaneously committing that all of Vietnam's textile products will be subject to a 0% import tariff within the following 7 years. The tariff reduction on this category of goods has resulted in increased export volumes from Vietnam to the EU of 633.67 million USD (Nguyen and Le, 2024).

The EVFTA has also given Vietnamese Textile and Garment exporters a significant pricing edge over competitors, such as China, Bangladesh and India. The Vietnam Trade Office in Belgium and the EU also reports that since the EVFTA came into force, Vietnam's share of the EU's total textile imports from non-EU countries has grown from 3.3% in 2020 to 4.3% in 2023, enhancing Vietnam's position as a leading exporting partner of the EU in the ASEAN region.

Besides the advantages of political stability, the industry is proactively transforming production and business operations to better align with the requirements of the EVFTA. Specifically, in the first ten months of 2024, the top 30 textile and garment export companies included 10 Vietnamese enterprises and 20 foreign-invested enterprises (Nhan Dan, 2024). May 10, for instance, does not only utilise advanced software and automation equipment to boost efficiency, but also focus on sustainable facilities, renewable energy, and eco-friendly materials. These measures aim to reduce annual carbon emissions by 15,000 – 20,000 tonnes by 2025.

5.2. Opportunities

The most obvious opportunity is that this agreement offers Vietnamese textile exporters a valuable chance to expand their market share in the EU. With nearly 450 million consumers, the EU is the world's leading unified market, second only to China in textile exports and re-exports. Vietnam's textile and garment export earnings hit \$44 billion in 2024, marking a remarkable 11.26% growth from the previous year (VCCI, 2025).

The FTA has created numerous employment opportunities in Vietnam's textile and garment industry. In 2024, the industry employed approximately 1,882,500 workers, the majority of whom were women (1,384,300 workers). Along with its low labor costs, this abundant workforce has made Vietnam a key strategic partner for many developed countries and regions, including the EU.

According to Vietnam Briefing (2024), the agreement aims to improve the business environment by enhancing transparency, openness, and stability, thereby attracting both domestic and international investment. The EVFTA has turned the EU into Vietnam's sixth-largest source of FDI, with a total of €28 billion invested in 2,450 projects spanning various industries. Industrial zones such as Dong Nai, Binh Duong, Tay Ninh have attracted the most FDI investments in the sector of apparels.

The rules of origin of the EVFTA will provide Vietnam with an opportunity to accelerate the implementation of technological advancements, technology transfer, and improve production capacity in order to ensure a sufficient supply of raw materials, reducing dependence on foreign sources (Ministry of Industry and Trade, 2024). Vietnamese industries will be encouraged to develop textile standards aligned with international norms to ensure high-quality products that meet EVFTA requirements.

5.3. Challenges

Under the EVFTA, Vietnamese textile and garment exports must adhere to a series of strict regulations, including certification requirements, origin verification, and sustainability compliance; not to mention information transparency extends beyond just a company's own factory; it must also ensure traceability and evaluation of the entire supply chain.

Rules of origin

One of the most challenging requirements under EVFTA is the "fabric-forward" rule, which regulates that all fabrics used in garment production must be sourced from Vietnam or the EU to qualify for preferential tariff rates. Unlike agreements such as ATIGA or RCEP that have more flexible origin rules, the EVFTA imposes a two-stage transformation rule, requiring both fabric production and garment manufacturing to occur in Vietnam.

However, Vietnam's textile industry is heavily dependent on imported raw materials. According to the Vietnam Textile and Apparel Association (VITAS), domestic fabric production capacity meets only about 20 - 30% of demand, with the rest depending on imports from other countries. Over 50% of Vietnam's textile industry's fabric comes from China, which is not an EVFTA member (General Department of Customs, 2024). In 2024, Vietnam's textile and garment exports reached \$44 billion, while fabric imports stood at \$20.38 billion, showing an increasing reliance on non-EVFTA suppliers (VCCI, 2024).

Table 3. Import of textile, garment, and footwear materials in the first 9 months of 2024

Market	September 2024	Compared to Aug 2024 (%)	Compared to Sep 2023 (%)	9M/ 2024	Compared to 9M 2023 (%)	Proportion
Total import turnover	653,070,683	8.13	26.17	5,247,555,224	18.26	100
China (Mainland)	340,745,685	3.1	19.66	2,830,039,277	24.29	53.93
South Korea	32,064,563	8.12	18.85	286,640,334	6.89	5.46
USA	46,534,561	12.68	20.61	347,367,867	16.82	6.62
Taiwan (China)	30,745,487	-1.44	8.88	260,167,366	1.84	4.96
Thailand	25,605,367	-3.57	4.65	238,893,420	3.71	4.55
Japan	17,654,823	-2.41	3.52	181,567,897	-3.79	3.46
Italy	14,765,398	-6.35	-0.94	136,094,367	1.45	2.59
Brazil	8,675,432	-1.29	-6.81	79,365,478	-2.47	1.51
India	7,854,216	5.87	-2.45	71,564,237	2.39	1.36
HongKong	6,014,587	-8.63	-1.84	53,118,574	-1.32	1.01

Source: Calculated from data published on 10/10/2024 by the General Department of Customs

Even though the agreement allows the use of fabric from countries that have FTAs with the EU, such as South Korea or Japan, the higher cost of these fabrics make it difficult for many Vietnamese manufacturers. Vietnamese textiles may still enter the EU market, but they will have to deal with higher import duties, reducing their price competitiveness. RoO regulations are also complex and require extensive documentation, leading to high compliance costs and administrative burdens (International Trade and Economics Series).

Sustainable development requirement

Beyond the EVFTA sustainability scheme, the EU has introduced green policies like the EU Strategy for Sustainable and Circular Textiles, requiring all textile imports to be durable, repairable, and recyclable by 2030. This shift toward sustainability presents financial and operational challenges, particularly for SMEs, which make up 80% of Vietnam's textile industry (Vietnam+, 2024). High environmental and safety standards demand significant investments in research, product development, and certification, adding financial pressure.

Establishing a green-certified textile factory in Vietnam costs 25-30% more than a conventional one (VNEconomy, 2024). Despite the growing demand for sustainable textiles, synthetic fibers remain dominant due to their lower cost and design flexibility. Textile Exchange reports that synthetic fibers account for 65% of global fiber production, with polyester alone at 54%, while natural fibers like cotton, flax, and hemp make up just 27%.

As Vietnam still depends heavily on global imports for material, as much as these domestic companies are striving for eco-friendly fabrics, their willingness to pay a premium for sustainable products imported or manufactured remains a challenge.

6. Recommendations

Firstly, developing a strong domestic supply chain is critical for meeting the strict Rules of Origin under the EVFTA. The Vietnamese government should clearly identify key export sectors and plan the development of supporting industries. With limited resources, it is essential to focus on high-potential sectors, such as textiles, footwear and assembly industries to maximize growth and efficiency.

Moreover, investments in the domestic production of essential inputs and raw materials like fabric, yarn should be prioritized to reduce reliance on non-EVFTA suppliers, particularly from China. Establishing specialized industrial zones, such as modern textile hubs with advanced infrastructure and strict environmental regulations will attract investment in domestic material production.

For a highly standardized market like EU, it is important for Vietnam to focus on promoting products with sustainability so that Vietnam could retain its position in this market. Vietnam's textile products have a great potential for further expansion in large markets, but are held back by failure to meet their quality control regulations. Thus, Vietnam's textile and garments industry should make efforts to improve its technology, waste management, awareness of intellectual property, efficiency in using energy and recycling processes for green production.

Businesses in this field are recommended to actively get updated on latest news, to be well prepared and adapted for new regulations and requirements of the market. From 2026 onwards, all exports to EU must report on greenhouse emissions, otherwise they shall be cancelled. Every year, EU consumers dispose of around 5,8 tons of textile, with an average of 11,3 kg per person (VCCI, 2023). The region aims to achieve compliance of all textile imports with durability and are highly recyclable, made from recycled and non-chemical fibers.

Despite an abundant labor force, Vietnam lacks skilled workers. Many businesses hesitate to invest in training, limiting industry competitiveness. Regular training in production management, quality control, and compliance with EU regulations is necessary. Collaborations with universities can help improve labor quality while reducing training costs. Additionally, businesses should enhance workforce skills to operate advanced technology and improve productivity by adopting management systems such as ISO 9001:2015, ISO 14001:2015, ISO 50001, 5S, and Kaizen.

In addition to these measures, targeted incentives from the government are necessary to encourage both local SMEs and foreign direct investment especially from EU investors to develop production clusters. These clusters will not only boost the domestic supply chain but also support export activities and ensure that Vietnamese products meet the required origin standards under the EVFTA.

7. Conclusion

The EU-Vietnam Free Trade Agreement (EVFTA) has provided significant opportunities for Vietnam's textile and garment industry by eliminating tariffs, enhancing market access, and boosting the sector's competitiveness in the European market. The agreement has contributed to the sector's growth by attracting foreign investment, increasing export volumes, and encouraging compliance with international labor and environmental standards.

However, despite these advantages, Vietnamese textile and garment enterprises continue to face critical challenges. The rules of origin requirement remains a major obstacle due to Vietnam's dependence on imported raw materials. Without strategic adjustments, businesses risk losing access to the EU market despite the tariff benefits provided by the EVFTA.

To fully leverage the advantages of the agreement, Vietnam must implement long-term strategies that focus on developing a more localized supply chain, investing in sustainable production, and enhancing compliance with EU trade regulations. Strengthening collaboration between the government, industry stakeholders, and foreign partners will help overcome these barriers. Additionally, policy incentives, technological innovation, and workforce upskilling will play key roles in ensuring that Vietnam's textile and garment sector can maintain sustainable growth and long-term competitiveness in the European market.

By addressing these challenges and adapting to evolving trade standards, Vietnam's textile industry can maximize the full potential of EVFTA, securing its place as a leading global exporter while surviving in international trade demands.

References

Asemconnect (2024). "Vietnam's textile and garment exports to the EU market increased by 3.2% in the first 7 months of 2024", Available at: <https://asemconnectvietnam.gov.vn/default.aspx?ZID1=8&ID8=138806&ID1=2> (Accessed 25 February, 2025).

Báo Nhân Dân (2024). "Opening opportunities for Vietnam's textile and garment industry to the EU Market", Available at: <https://en.nhandan.vn/opening-opportunities-for-vietnams-textile-and-garment-industry-to-the-eu-market-post140222.html> (Accessed 25 February, 2025).

Báo Nhân Dân (2024). "Vietnam's garment industry aims for higher targets", Available at: <https://en.nhandan.vn/vietnams-garment-industry-aims-for-higher-targets-post141607.html> (Accessed 25 February, 2025).

Ministry of Industry and Trade (2023). "Tìm hiểu một số nội dung cam kết liên quan trong Hiệp định EVFTA đối với ngành Dệt may", Available at: <https://vioit.moit.gov.vn/vn/chien-luoc-chinh-sach/tim-hieu-mot-so-noi-dung-cam-ket-lien-quan-trong-hiep-dinh-evfta-doi-voi-nganh-det-may--5675.4050.html> (Accessed 25 February, 2025).

Ministry of Industry and Trade (2024). "Chuyên san Thương mại Việt Nam – EU", Available at: https://goglobal.moit.gov.vn/download/documents/2024/11/04/chuyen%20san%20quy%20III-2024_1309.pdf (Accessed 25 February, 2025).

Ministry of Industry and Trade (2024). "Một số giải pháp đáp ứng quy tắc xuất xứ hàng dệt may xuất khẩu khi tham gia các hiệp định thương mại tự do", Available at: <https://vioit.org.vn/vn/chien-luoc-chinh-sach/mo-t-so--gia-i-pha-p-da-p-u-ng-quy-ta-c-xua-t-xu--ha-ng-de-t-may-xua-t-kha-u-khi-tham-gia-ca-c-hie-p-di-nh-thuong-ma-i-tu--do-5773.4050.html?> (Accessed 25 February, 2025).

Ministry of Industry and Trade (2024). “Xuất khẩu dệt may tăng tốc những tháng cuối năm”, Available at: <https://moit.gov.vn/tin-tuc/thi-truong-nuoc-ngoai/xuat-khau-det-may-tang-toc-nhung-thang-cuoi-nam.html#:~:text=T%C3%ADnh%20chung%20th%C3%A1ng%20C4%91%E1%BA%A7u%20n%C4%83m%202024%2C%20nh%E1%BA%ADp%20kh%E1%BA%A9u%20nguy%C3%AAn,nh%E1%BA%A5t%20trong%20nh%E1%BB%81u%20th%C3%A1ng%20qua> (Accessed 25 February, 2025).

Ministry of Industry and Trade (2024). “Ngành Dệt may Việt Nam: Tiêu chuẩn xanh của thị trường EU là động lực thúc đẩy phát triển bền vững”, Available at: <https://moit.gov.vn/phat-trien-ben-vung/nganh-det-may-viet-nam-tieu-chuan-xanh-cua-thi-truong-eu-la-dong-luc-thuc-day-phat-trien-ben-vung.html> (Accessed 25 February, 2025).

Nguyen, A.T. & Le, H.V.T. (2023). “Impact of the EU–Vietnam Free Trade Agreement (EVFTA) on the Export of Vietnam’s Textile and Garment to the EU Market”, in *The Vietnam-EU Economic and Trade Forum*, pp. 117–142. Singapore: Springer Nature Singapore.

Pham, N.H.Q., Ly, T.C. & Nguyen, V.P. (2023). “The Impact of the Vietnam-EU Free Trade Agreement (EVFTA) on Vietnam’s Textile and Garment Exports”, in *The Vietnam-EU Economic and Trade Forum*, pp. 209–224. Singapore: Springer Nature Singapore.

Tam Anh (2024). “Tận dụng hiệu quả nguồn vốn FDI rót vào ngành dệt may”, *Báo Điện tử Đại biểu Nhân Dân*, Available at: <https://daibieunhandan.vn/tan-dung-hieu-qua-nguon-von-fdi-rot-vao-nganh-det-may-post385432.html> (Accessed 25 February, 2025).

Thanh, T.T.M., Duy, V.B., Ngọc, L.M., Thao, N.T. & Thu, D.T. (2024). “Comparative analysis of the impacts of CPTPP and EVFTA on Vietnam’s textile export activities”, *VNU University of Economics and Business*, Vol. 4 No. 2, pp. XX–XX.

TradeImex (2024). “Vietnam's Textile & Garment Exports Rise 6.3% to \$20.2 Billion in Jan–July 2024”, Available at: <https://www.tradeimex.in/blogs/vietnams-textile-and-garment-exports> (Accessed 25 February, 2025).

Tran, D.T., Bui, V.T., Vu, N.M., Pham, T.S., Truong, H.M., Dang, T.T. & Trinh, T.V. (2021). “Impact of EVFTA on trade flows of fruits between Vietnam and the EU”, *The Journal of Asian Finance, Economics and Business*, Vol. 8 No. 5, pp. 607–616.

VICO (2022). “Forecast Of The Textile And Garments Industry In Vietnam 2021–2022”, Available at: <https://www.vico.com.hk/resource/news/forecast-of-the-textile-and-garments-industry-in-vietnam-2021-2022> (Accessed 25 February, 2025).

Vietnamplus (2024). “Thách thức và cơ hội đan xen của ngành dệt may Việt Nam”, Available at: <https://www.vietnamplus.vn/thach-thuc-va-co-hoi-dan-xen-cua-nganh-det-may-viet-nam-post964345.vnp> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2024). “Nguồn FDI ‘rót’ vào dệt may ở at, làm thế nào để tận dụng hiệu quả?”, Available at: <https://trungtamwto.vn/tin-tuc/26277-nguon-fdi-rot-vao-det-may-o-at-lam-the-nao-de-tan-dung-hieu-qua> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2024). “Vietnam’s textile and garment industry targets 48 billion USD in exports”, Available at: <https://wtocenter.vn/an-pham/26771-vietnams-textile-and-garment-industry-targets-48-billion-usd-in-exports> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2024). “Xuất khẩu dệt may năm 2024 đạt 44 tỷ USD, tiếp tục hướng đến mục tiêu cao hơn trong năm mới”, Available at: <https://trungtamwto.vn/tin-tuc/28137-xuat-khau-det-may-nam-2024-dat-44-ty-usd-tiep-tuc-huong-den-muc-tieu-cao-hon-trong-nam-moi> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2025). “Textile and garment exports up for continued growth in 2025”, Available at: <https://wtocenter.vn/chuyen-de/26975-textile-and-garment-exports-up-for-continued-growth-in-2025> (Accessed 25 February, 2025).

Vietnam Briefing (2024). “EU-Vietnam Free Trade Agreement: Key Provisions and Implications for FDI”, Available at: <https://www.vietnam-briefing.com/news/eu-vietnam-free-trade-agreement-key-provisions-and-implications-for-fdi.html/#:~:text=Having%20entered%20into%20force%20on,both%20European%20and%20Vietnamese%20investors> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2023). “Doanh nghiệp dệt may phải làm gì để đáp ứng quy định mới của EU?”, Available at: <https://trungtamwto.vn/chuyen-de/24293-doanh-nghiep-det-may-phai-lam-gi-de-dap-ung-quy-dinh-moi-cua-eu> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2016). “Summary of Vietnam-EU Free Trade Agreement (EVFTA)”, Available at: <https://wtocenter.vn/chuyen-de/12781-summary-of-vietnam-eu-free-trade-agreement-evfta> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2024). “4 years of implementing the EVFTA Agreement: Vietnam trade cooperation”, Available at: <https://wtocenter.vn/sukien/25218-4-years-of-implementing-the-evfta-agreement-vietnam-trade-cooperation> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2024). “Opening opportunities for Vietnam's textile and garment industry to the EU Market”, Available at: <https://wtocenter.vn/tin-tuc/25831-opening-opportunities-for-vietnams-textile-and-garment-industry-to-the-eu-market> (Accessed 25 February, 2025).

Vietnam Chamber of Commerce and Industry (2017). “EVFTA và ngành dệt may, giày dép Việt Nam”, Available at: <https://trungtamwto.vn/file/16493/EU42-Textiles%20and%20Footwear.pdf> (Accessed 25 February, 2025).

VNEconomy (2024). “Xanh hóa ngành dệt may – cơ hội doanh nghiệp nâng cao cạnh tranh, xuất khẩu”, Available at: https://vneconomy.vn/xanh-hoa-nganh-det-may-co-hoi-doanh-nghiep-nang-cao-can-tranh-xuat-khau.htm?utm_source=chatgpt.com (Accessed 25 February, 2025).

VNEconomy (2021). “Dệt may Việt Nam hưởng lợi trong dài hạn nhờ EVFTA”, Available at: <https://vneconomy.vn/det-may-viet-nam-huong-loi-trong-dai-han-nho-evfta.htm> (Accessed 25 February, 2025).

Vo, T.T., Le, Q.H. & Hoang, T.H. (2018). “Effects of EVFTA on Vietnam’s apparel exports: An application of WITS-SMART simulation model”, *Journal of Asian Business and Economic Studies*, Vol. 25, pp. 4–28.

Vu, H.T., Do, T.H., Nguyen, T.P. & Tran, L.C. (2024). “Assessing Impacts of the European Union–Vietnam Free Trade Agreement (EVFTA) on Vietnam’s Agricultural Exports”, in Nguyen, T.L., Nguyen, A.T., Ślęzak-Belowska, E., Salamaga, M. (eds), *Economic and Political Aspects of EU-Asian Relations, VEF 2023*, Singapore: Springer.