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ẢNH HƯỞNG CỦA HIỆP ĐỊNH UKVFTA TỚI XUẤT KHẨU HẠT ĐIỀU CỦA VIỆT NAM SANG VƯƠNG QUỐC ANH

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Tóm tắt

Vương quốc Anh là một thị trường tiêu thụ thực phẩm lớn đối với các sản phẩm có nguồn gốc thực vật và tốt cho sức khỏe, trong đó hạt điều là một mặt hàng nhập khẩu quan trọng. Trong bối cảnh hậu Brexit, Hiệp định Thương mại Tự do Việt Nam - Vương quốc Anh (UKVFTA) được ký kết nhằm thúc đẩy quan hệ thương mại song phương, tạo khuôn khổ pháp lý ổn định cho xuất khẩu nông sản của Việt Nam sang thị trường Anh. Việt Nam hiện là quốc gia xuất khẩu hạt điều hàng đầu thế giới và giữ vị thế chi phối tại thị trường Vương quốc Anh, với thị phần và kim ngạch xuất khẩu tăng rõ rệt kể từ khi UKVFTA có hiệu lực vào năm 2021. Trên cơ sở

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đó, đề tài được đưa vào nghiên cứu với những mục đích sau. Thứ nhất, phân tích tổng quan về UKVFTA, các cam kết thuế quan và phi thuế quan có liên quan đến xuất khẩu hạt điều của Việt Nam. Thứ hai, đánh giá sự thay đổi về kim ngạch, thị phần và khả năng cạnh tranh của hạt điều Việt Nam tại thị trường Anh trước và sau khi UKVFTA có hiệu lực. Thứ ba, xác định các cơ hội, thách thức và đề xuất một số chính sách và giải pháp để thúc đẩy xuất khẩu hạt điều sang Vương quốc Anh theo hướng bền vững.

Từ khoá: UKVFTA, Vương quốc Anh, Việt Nam, hạt điều, hiệp định thương mại tự do

THE IMPACT OF THE UK - VIETNAM FREE TRADE AGREEMENT (UKVFTA) ON VIETNAM'S CASHEW NUT EXPORTS TO THE UNITED KINGDOM

Abstract

The United Kingdom is a major food consumption market for plant-based and health-oriented products, among which cashew nuts represent an important imported commodity. In the post-Brexit context, the UK - Vietnam Free Trade Agreement (UKVFTA) was concluded to promote bilateral trade relations, thus providing a stable legal framework for Vietnam's agricultural exports to the UK market. Vietnam is currently the world's leading exporter of cashew nuts and holds a dominant position in the UK market, with both export value and market share increasing significantly since the UKVFTA in 2021. On this basis, the study is conducted with three main objectives. First, it provides an overview of the UKVFTA, focusing on tariff and non-tariff commitments relevant to Vietnam's cashew exports. Second, it evaluates the performance and changes in export value, market share, and competitiveness of Vietnamese cashew nuts in the UK market before and after the implementation of the UKVFTA. Third, the study identifies key opportunities, challenges and proposes policy recommendations with business strategies to help promote sustainable cashew exports to the United Kingdom.

Keywords: UKVFTA, the UK, Vietnam, cashew, free trade agreement

1. Introduction

In the post-Brexit context, expanding and diversifying export markets has become a strategic priority for Vietnam. The entry into force of the UK - Vietnam Free Trade Agreement (UKVFTA) in 2021 has provided a stable legal framework and created favorable conditions for Vietnamese goods to access the UK market. Among Vietnam's key agricultural export products, cashew nuts stand out as a sector with strong competitive advantages, as Vietnam is currently the world's largest exporter and holds a dominant position in the UK market. This paper aims to examine the impact of the UKVFTA on Vietnam's cashew exports to the United Kingdom, thereby assessing key opportunities, challenges, and policy implications to promote sustainable export growth.

2. Overview of the UKVFTA and Vietnam's cashew industry

2.1. Introduction to the UK economy and nut consumption

The UK is a developed economy with a high income level and a diversified food market, which plays an important role in global agricultural trade. Its large market size and stable purchasing power make the UK an attractive destination for imported food products.

In recent years, consumer preferences in the UK have significantly shifted toward healthy foods, plant-based diets, and convenient products with high nutritional value. Within this context, cashew nuts have become more popular due to their nutritional benefits, versatility in food processing, and their use as alternatives to animal-based dairy products.

As the UK does not have suitable natural conditions for cashew cultivation, it relies almost entirely on imports. Vietnam is currently the main supplier of cashew nuts to the UK, reflecting Vietnam's important position in the global cashew supply chain as well as the potential for expanding exports to this market (CBI, 2023).

2.2. Introduction to the UKVFTA Agreement and trade commitments

The UK-Vietnam Free Trade Agreement (UKVFTA) was completed on 11 December 2020, officially signed on 29 December 2020, and entered into force on 1 May 2021, in the context of the United Kingdom's withdrawal from the European Union (Brexit). The Agreement aims to maintain and promote bilateral trade relations between Vietnam and the UK in the post-Brexit period.

The UKVFTA is built on the principle of inheriting commitments from the EU-Vietnam Free Trade Agreement (EVFTA), while incorporating necessary adjustments to align with the UK's legal framework and independent trade policy. This approach helps to ensure the continuity of market access preferences for Vietnamese goods, including key agricultural export products such as cashew nuts.

The UKVFTA is a comprehensive free trade agreement that covers a wide range of areas, including trade in goods, services, and investment. In addition, the Agreement addresses issues related to government procurement, state-owned enterprises, and competition, thereby establishing a transparent and stable framework for bilateral trade. Notably, the UKVFTA also integrates commitments on trade and sustainable development, encompassing labour, environmental protection, and social responsibility. Those are factors that are increasingly important for agricultural exports to the UK market.

Regarding tariff commitments, the UKVFTA provides for the elimination or reduction of import duties on the majority of tariff lines. Upon the Agreement's entry into force, the UK eliminated tariffs on approximately 65% of tariff lines, with the rate expected to increase to around 99% after an implementation period of 6 to 9 years. For cashew nuts, one of Vietnam's key agricultural export products, import tariffs into the UK are reduced to 0%, significantly improving price competitiveness compared to suppliers from countries that do not have a free trade agreement with the UK.

In addition to tariff preferences, the UKVFTA introduces non-tariff commitments aimed to facilitate trade. The Agreement requires more transparency, simplified customs procedures, and limitations on the use of non-tariff measures that unnecessarily restrict trade. For cashew nuts, commitments related to sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), as well as rules of origin and traceability, both create opportunities for market access and impose higher requirements on food safety, product quality, and sustainability for Vietnamese exporting firms (WTO, 2021).

2.3. Overview of Vietnam's cashew industry

2.3.1. Introduction to the cashew industry in Vietnam

Vietnam's cashew industry began to develop in the 1980s and has gradually expanded, becoming one of the country's key agricultural export sectors. Thanks to favorable natural conditions and sustained investment in processing, Vietnam has established a relatively complete cashew production, processing and export chain.

Cashew trees are mainly cultivated in Binh Phuoc, the Southeast region, and the Central Highlands. Binh Phuoc is widely regarded as the "cashew capital" of Vietnam due to its large cultivated area and high productivity. In addition to domestic raw materials, Vietnam imports a significant volume of raw cashew nuts from African countries to support its processing and export activities.

Vietnam's cashew products are diverse, including raw cashew nuts, cashew kernels, and processed products such as roasted and flavored cashews. Among these, processed cashew

kernels account for the largest share of export value, reflecting Vietnam's comparative advantage in processing compared to many other cashew-producing countries.

Vietnam's cashew export products can be classified according to the Harmonized System (HS) as follows:

- HS 080131: Fresh or dried cashew nuts, in shell\
- HS 080132: Fresh or dried cashew nuts, shelled

In the export structure, fresh or dried cashew nuts, shelled (HS 080132) account for the largest share in terms of export value. This indicates that Vietnam's comparative advantage lies primarily in its processing capacity and product standardization, rather than in the production of raw cashew nuts.

2.3.2. Economic importance of the cashew industry

Vietnam's cashew industry is a key pillar of the national agricultural export sector and a significant contributor to the overall economy. Vietnam has remained the world's largest exporter of cashew kernels for many consecutive years, accounting for more than 80% of global cashew kernel exports.

In 2024, Vietnam exported approximately 730,000 tonnes of cashew products, generating export revenues of about US\$4.37 billion, the highest level recorded for the industry. This highlights the important role of cashew exports in foreign exchange earnings and trade balance support, despite Vietnam's dependence on imported raw cashew nuts for processing (VOV, 2024).

Beyond export revenues, the cashew industry plays a crucial role in agricultural and rural development, which provides livelihoods for hundreds of thousands of workers across cultivation, processing, and logistics. Vietnam's strong capabilities in deep processing allow the industry to capture higher value added, enhance product competitiveness, and strengthen the international position of Vietnamese cashew products in global markets.

2.3.3. Vietnam's cashew exports to other markets and the role of the UK market

Vietnamese cashew nuts are exported to many major global markets, including the United States, the European Union (EU), China, and the Middle East. Among these, the United States and the EU account for a large share of Vietnam's total cashew export value, supported by stable consumer demand and a strong capacity to absorb high-value processed products (CBI, 2023).

Compared to these traditional markets, the UK currently represents a smaller share of Vietnam's total cashew exports. However, the UK is gaining increasing strategic importance. First, the UK has a relatively high per capita consumption of cashew nuts and depends almost entirely on imports. Second, Vietnam holds a dominant market share in the UK, which is

significantly higher than in many other markets, demonstrating the strong competitiveness of Vietnamese cashew products in this market.

With the UKVFTA in effect, offering tariff preferences and a stable legal framework, the UK is considered a complementary and high-potential growth market. It enables Vietnam to diversify its cashew export destinations and reduce dependence on traditional markets such as the United States and the EU. Therefore, although the UK is not yet the largest market in terms of scale, it plays an important role in Vietnam's strategy to expand and enhance the value of cashew exports in the coming period.

3. Analysis of Vietnam's cashew exports before and after UKVFTA

3.1. Vietnam's cashew nut export before UKVFTA

3.1.1. Baseline conditions of Vietnam's cashew nut exports to the UK before UKVFTA

Building on the overview of the UK market, the UKVFTA framework, and Vietnam's cashew industry presented in Chapter 1, this section establishes the baseline conditions of Vietnam's cashew nut exports to the United Kingdom before the entry into force of the UKVFTA. The focus is on key export performance indicators and structural export conditions before 2021, providing a reference point for the analysis in the next section.

Before the UKVFTA entered into force in May 2021, Vietnam had already been a major supplier of cashew nuts to the UK. According to trade data, Vietnam exported USD 110.653 million worth of cashew nuts to the UK in 2019, with 16,553 tons of product, making it top ten of the largest export markets for Vietnamese cashews at that time (Vietnam News, 2026).

Vietnam's position as a leading supplier reflected its strong processing capacity and established export channels, which enabled the country to maintain stable supply to major international markets, including the UK (Ministry of Industry and Trade of Vietnam, 2024).

Trade arrangements prior to the UKVFTA also shaped the baseline conditions for Vietnam's cashew exports to the UK, in terms of tariff treatment and policy certainty. Before the UKVFTA entered into force, Vietnamese cashew nuts already benefited from a 0% Most Favoured Nations (MFN) tariffs in the UK market. However, preferential access under the Generalised System of Preferences (GSP) remained conditional and subject to uncertainty following the UK's withdrawal from the European Union. (Ministry of Industry and Trade of Vietnam, 2024).

In addition to tariffs, non-tariff measures also influenced Vietnam's cashew exports to the UK prior to the UKVFTA. Sanitary and phytosanitary (SPS) requirements imposed strict food safety and quality standards on imported cashew nuts. Compliance with these SPS measures increased administrative and testing costs for exporters and could potentially raise market entry barriers and affect export efficiency prior to the UKVFTA (Food Standards Agency, 2021).

In summary, prior to the UKVFTA, Vietnam's cashew exports to the UK were characterised by strong market positioning and export performance, supported by processing capacity, established trade flows, and existing tariff preferences. These baseline conditions provide a reference for assessing the impact of the UKVFTA on export performance in the post-2021 period.

3.1.2. Export performance of Vietnamese cashew nuts in the UK market before the UKVFTA

In this study, Vietnam's cashew nuts export performance is analysed based on products classified under HS code 080132, which refers to fresh or dried shelled cashew nuts. This category represents the primary form of Vietnam's cashew exports to the UK and reflects the country's export-oriented processing model. Vietnam imports a significant amount of raw cashew nuts from major producing countries, processes them domestically into shelled cashew nuts, and re-exports the higher value product to international markets, including the UK. Focusing on HS code 080132 therefore provides a consistent basis for assessing Vietnam's position and performance in the UK cashew market.

Prior to the UKVFTA's entry into force in May 2021, Vietnam held a dominant position in the UK cashew nut market, particularly for shelled cashew nuts. The period from 2015 to 2020 established Vietnam as the UK's leading supplier, with market shares consistently maintained above 60%.

Vietnam's cashew exports to the UK grew from 14,097 tons valued at USD 101,704 million in 2015 to a peak of 16,553 tons worth USD 110,653 million in 2019, capturing 67.43% of total UK imports in that year (USD 164.09 million). This upward trend reflects the growing demand in the UK for healthy snack products, including cashew nuts, which were increasingly incorporated into consumer diets during this period. The increase in both export volume and value between 2015 and 2017 suggests favourable international price conditions alongside rising demand, as export value grew at a faster rate than export volume. However, after reaching a peak in export value in 2017 at USD 149.47 million, export earnings declined in the following years despite relatively stable or recovering export volumes. This trend indicates downward pressure on global cashew prices and intensifying competition among exporting countries, which reduced overall export revenue even when shipment quantities remained substantial. (TradeMap, 2026)

In 2020, Vietnam's cashew exports to the UK experienced a significant decline in export value, falling by 21.33% to USD 91.199 million, while export volume decreased only slightly to 16,002 tons. This decline was largely attributed to the COVID-19 pandemic, which caused disruptions in global trade flows, reduced consumer spending, and weakened demand in major importing markets, including the UK. The pandemic resulted in a contraction of overall UK

import demand for cashew nuts, additionally, international logistics disruptions, including freight shortages and higher transportation costs, further affected export performance. Despite these challenges, Vietnam maintained a strong market share of 64.73%, highlighting the resilience of its supply chains and its established trade relationships with UK importers. (Ministry of Industry and Trade of Vietnam, 2024)

Table 1. Vietnam’s cashew exports to the UK: volume, value, and market share (2015-2020)

HS code: 080132 - Fresh or dried cashew nuts, shelled

Year	Volume (tons)	Value (USD million)	UK market share (%)	YoY value growth (%)
2015	14,097	101.704	60.50	28.44
2016	14,902	118.827	65.17	14.41
2017	15,642	149.47	64.00	20.5
2018	10,498	128.782	63.62	-16.06
2019	16,553	110.653	67.43	-16.38
2020	16,002	91.199	64.73	-21.33

Source: Trade Map

Looking at Viet Nam’s competitive position among top suppliers, Vietnam's dominance was particularly evident when benchmarked against key rivals. In 2019, Vietnam supplied USD 110.65 million (67.43% share), far ahead of India (USD 8.664 million, 5.28%), with others at 27.29%. By 2020, despite the pandemic, Vietnam held USD 91.199 million (64.73%), while India declined to USD 4.485 million (3.18%). This relative resilience versus rivals stemmed from Vietnam’s scale and pre-existing contracts with major retailers, underscoring superiority even under stress (TradeMap, 2026).

Table 2. Top suppliers to UK cashew market (2019 and 2020)

HS code: 080132 - Fresh or dried cashew nuts, shelled

Supplier	2019 Value (USD M)	2019 Share (%)	2020 Value (USD M)	2020 Share (%)
Vietnam	110.653	67,43%	91.199	64,73%
India	8.664	5,28%	4.485	3,18%
Others	44.778	27,29%	45.199	32,08%
World Total	164.095	100%	140.883	100%

Source: Trade Map

In summary, the 2015-2020 period revealed Vietnam’s strong and stable leadership in the UK cashew nuts market, supported by consistent export volume and high market share. This

pre-UKVFTA performance provides an important baseline for evaluating changes in export dynamics following the agreement's implementation.

However, these trends should not be interpreted as direct evidence of the future impact of the UKVFTA. The export growth and market dominance achieved prior to 2021 were influenced by multiple structural and market factors, such as Vietnam's processing capacity, established supply chains, long-term commercial partnerships with UK importers, and increasing consumer demand for cashew nuts products.

Furthermore, the decline in export value in 2020 shows the significant influence of other external shocks, specifically caused by the COVID-19 pandemic. These factors emphasize that export performance is shaped by a combination of trade policy frameworks and broader market dynamics. Therefore, while the pre-UKVFTA period demonstrates Vietnam's strong competitive position, it primarily serves as a reference point rather than conclusive evidence of policy driven export expansion. A clearer evaluation of the UKVFTA's impact requires a comparative analysis of post-2021 export performance while controlling for other market and macroeconomic influences.

3.2. Vietnam's cashew exports after UKVFTA

3.2.1. Export growth and market share expansion in the UK

The UKVFTA officially entered into force on 1 May 2021, marking an important milestone for Vietnam's cashew nut exports to the United Kingdom. Under the tariff commitments of the UKVFTA, the United Kingdom committed to the immediate elimination of import tariffs on Vietnamese fresh or dried cashew nuts, whether shelled or in-shell (HS codes 080131 and 080132). In addition, processed nut products, including processed cashew nuts imported from Vietnam under HS code 200819, have also been granted full tariff elimination from the date the Agreement came into effect (Ministry of Industry and Trade of Vietnam, 2024). Beyond tariff preferences, the UKVFTA also affects Vietnam's cashew exports through its institutional and regulatory provisions, which are particularly relevant in the post-Brexit context, when UK importers faced increased uncertainty regarding trade arrangements with external partners.

This section focuses on shelled cashew nuts (HS 080132), which account for the majority of Vietnam's cashew exports to the UK and represent the most commercially significant product category in bilateral cashew trade.

Table 3. Yearly imported value of cashew nuts into the UK from Vietnam and the world, 2019-2024

HS code: 080132 - Fresh or dried cashew nuts, shelled

Unit: US Dollar thousand

Year	2019	2020	2021	2022	2023	2024
World	177.490	149.211	150.264	145.177	142.302	142.613
Viet Nam	117.345	91.016	97.766	129.471	126.090	127.018
Share of Viet Nam in UK's import value	66,11%	61,00%	65,06%	89,18%	88,61%	89,06%

Source: Trade Map

In 2019, the United Kingdom imported cashew nuts worth USD 177.49 million from the world, of which Vietnam accounted for USD 117.35 million, representing 66.11% of total UK imports. This strong market share reflected Vietnam's established role as the leading supplier of cashew nuts to the UK prior to the UKVFTA.

In 2020, total UK cashew imports declined sharply to USD 149.21 million, while imports from Vietnam fell to USD 91.02 million, reducing Vietnam's market share to 61.00%. This contraction was largely driven by the COVID-19 pandemic, which disrupted global supply chains, increased transportation costs, and weakened consumer demand in the UK. The uncertainty surrounding Brexit negotiations during this period also affected trade flows. At the same time, ongoing Brexit-related uncertainty regarding future trade rules also contributed to more cautious sourcing behaviour among UK importers, thereby amplifying the decline in bilateral trade flows during this period.

Following the entry into force of the UKVFTA in 2021, Vietnam's cashew exports to the UK showed signs of recovery, increasing to USD 97.77 million. Although total UK imports remained relatively stable at USD 150.26 million, Vietnam's market share rose to 65.06%. This improvement suggests that the UKVFTA played a role in mitigating post-Brexit trade barriers and restoring exporters' confidence by ensuring continued tariff preferences. This recovery suggests that the UKVFTA may have contributed to restoring exporters' and importers' confidence by ensuring continuity of market access conditions after Brexit, reducing policy uncertainty and transaction risks rather than creating a purely price-based advantage.

In 2022, Vietnam's cashew exports to the UK increased significantly to USD 129.47 million, while total UK imports declined to USD 145.18 million. As a result, Vietnam's share surged to 89.18%, indicating a substantial strengthening of Vietnam's dominance in the UK cashew market. This sharp increase in market share, despite stagnating overall UK import

demand, implies a reallocation of sourcing away from smaller or less reliable suppliers toward Vietnam, which benefited from its ability to supply large volumes consistently and comply with the UK’s post-Brexit food safety and traceability requirements under the UKVFTA framework.

The upward trend continued in 2023 and 2024, with Vietnam’s export values reaching USD 126.09 million and USD 127.02 million, respectively. Vietnam consistently accounted for nearly 89% of the UK’s cashew imports during these years. The persistence of this exceptionally high market share suggests that Vietnam’s strengthened position was not a short-term post-pandemic rebound, but rather a consolidation of its role as the UK’s primary cashew supplier. The UKVFTA appears to have reinforced Vietnam’s existing competitive advantages by facilitating stable long-term trade relationships and reducing non-tariff frictions, even in the absence of expanding total UK import demand.

To further examine the short-term impact of the UKVFTA, we examine quarterly import data to gain additional insights into trade dynamics following the agreement’s implementation.

Table 4. Quarterly UK cashew nut import values from Vietnam and the world, 2021-2022

HS code: 080132 - Fresh or dried cashew nuts, shelled

Unit: US Dollar thousand

Exporters	2021-Q1	2021-Q2	2021-Q3	2021-Q4	2022-Q1	2022-Q2	2022-Q3	2022-Q4
World	30.244	35.422	43.959	41.662	37.585	35.192	38.797	32.641
Viet Nam	19.157	20.736	29.216	28.518	33.150	31.467	34.569	29.397

Source: Trade Map

Following the entry into force of the UKVFTA in May 2021, Vietnam’s cashew exports to the UK increased markedly from Q3/2021. Export values rose from USD 19.16 million in Q1/2021 and USD 20.74 million in Q2/2021 to USD 29.22 million in Q3/2021, before remaining high at USD 28.52 million in Q4/2021. This timing is noteworthy, as the acceleration occurred shortly after the Agreement became effective, suggesting that UK importers may have adjusted sourcing strategies once the UKVFTA’s provisions were operational. In the subsequent quarters, Vietnam’s cashew exports to the UK remained at a high and relatively stable level, ranging from USD 29.40 million to USD 34.57 million per quarter.

Overall, the post-2021 data indicate that while Vietnam’s cashew exports to the UK were influenced by multiple factors, including post-pandemic recovery and shifts in global supply chains, the UKVFTA appears to have played a complementary role by reinforcing legal certainty, reducing non-tariff barriers, and facilitating long-term trade continuity. Rather than acting as the sole driver of export growth, the Agreement strengthened Vietnam’s ability to consolidate and expand its market share in the UK under conditions of stagnant overall demand.

3.2.2. Comparison with other major suppliers in the UK market

To better assess the role of the UKVFTA in shaping Vietnam’s cashew export performance, it is necessary to compare Vietnam’s post-2021 export trends with those of other major suppliers to the UK market. Such a comparison helps determine whether Vietnam’s export growth reflects a general market recovery or an improvement in its competitive position relative to rival exporters.

Under the UKVFTA framework, Vietnam’s cashew exports to the UK recorded stable and sustained growth during the period 2020 - 2024, with import values increasing at an average rate of 10% per year and import volumes rising by 11% per year

In contrast, other suppliers exhibited greater volatility: Côte d’Ivoire experienced rapid growth of over 100% in both value and volume. However, this growth started from a very low base, and the absolute scale of their exports to the UK remained small compared to Vietnam. These countries primarily export raw or minimally processed cashew products, which limits their ability to compete directly with Vietnam in supplying large volumes of processed shelled cashew nuts required by UK retailers.

India, another traditional cashew exporter, recorded a decline in both import value (-11% per year) and quantity (-9% per year) during the same period. India’s weaker performance can be partly attributed to higher export prices, capacity constraints in processing, and the absence of a bilateral free trade agreement with the UK during the period under review, which may have reduced its attractiveness as a long-term supplier in the post-Brexit environment.

In terms of pricing, in 2024, Vietnamese cashew nuts maintained a clear price advantage in the UK market, with an average unit value of USD 5,546 per ton, compared to USD 7,401 per ton for India, USD 6,047 per ton for Benin, and USD 5,828 per ton for Côte d’Ivoire. The zero-tariff treatment under the UKVFTA has enabled Vietnamese exporters to sustain competitive pricing, thereby reinforcing Vietnam’s price competitiveness in the UK market.

Table 5. Top 4 suppliers of shelled cashew nuts to the United Kingdom in 2024

Exporter	Import value in 2024 (USD million)	Share in UK imports (%)	Growth in import value 2020–2024 (% p.a.)	Unit value 2024 (USD/ton)	UK import tariff (%)
World	142.6	100	-1	5,621	-
Viet Nam	127.0	89.1	10	5,546	0
Côte d’Ivoire	5.0	3.5	102	5,828	0
India	3.2	2.2	-11	7,401	0

Benin	2.9	2.0	102	6,047	0
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Source: Trade Map

By entering into the UKVFTA, Vietnam has enhanced its competitive position relative to key cashew-exporting countries, including China, India, Thailand, Malaysia, Indonesia, the Philippines, and Myanmar, that do not have a free trade agreement with the United Kingdom (Ministry of Industry and Trade of Vietnam, 2024). The preferential tariff treatment constitutes a significant advantage for Vietnam’s cashew exports, particularly in a context where exports to many other markets are expected to face increasing challenges (Hoi and Minh, 2024). Although both global and UK cashew imports declined in 2022 due to broader economic difficulties affecting the global economy and the UK specifically, cashew nuts from Vietnam continued to account for over 57% of the UK market share, underscoring Vietnam’s strong competitive position (Hoi and Minh, 2024).

Overall, the comparative evidence suggests that the UKVFTA played a supportive and reinforcing role in Vietnam’s export performance by consolidating existing competitive advantages and facilitating market share reallocation in Vietnam’s favour. Rather than acting as the sole driver of growth, the Agreement contributed to Vietnam’s ability to outperform rival suppliers in a context of stagnant demand and heightened regulatory requirements in the UK market.

4. Opportunities, challenges and recommendations

4.1. Opportunities for Vietnam’s cashew exports to the UK

Vietnam’s cashew sector has considerable opportunities in the UK market, largely driven by the UKVFTA. The agreement removes tariffs on most agricultural exports, including both raw and processed cashew products, allowing Vietnamese exporters to compete more effectively on price compared with suppliers from non-FTA countries (Vietnam News, 2024). In the first ten months of 2024, Vietnam exported 17,032 tonnes of cashews to the UK worth US\$87.3 million, a year-on-year increase of about 9.6% in volume and 9.9% in value. These figures point to steady improvement in Vietnam’s performance in this market (Vietnam News, 2024).

Vietnam’s position as a global hub for cashew processing, supported by large-scale capacity and established quality standards, further reinforces its competitiveness. In the first quarter of 2024, Vietnamese products made up over 91% of the UK’s total cashew imports, highlighting both strong supply reliability and clear market leadership (Vietnam.vn, 2024). In addition, the UK’s high per-capita income and growing consumer interest in healthy diets suggest continued expansion in demand for nut-based products, including cashews.

4.2. Challenges facing Vietnam’s cashew exports to the UK

Alongside these opportunities, Vietnamese exporters face several notable challenges. The UK market applies strict food safety, hygiene and technical standards aligned with EU and United Nations Economic Commission for Europe (UNECE) regulations. Exporters must comply with sanitary and phytosanitary (SPS) measures and often obtain internationally recognized certifications (Vietnam News, 2024). Failure to meet these standards can result in rejected shipments and the loss of preferential treatment under the UKVFTA (VietnamPlus, 2020).

Another major constraint is Vietnam's heavy dependence on imported raw cashew nuts. Up to 90% of processing inputs are sourced from African suppliers, leaving the industry vulnerable to price fluctuations and potential supply disruptions when global conditions shift (Vietnam News, 2024).

Furthermore, although Vietnam remains the leading supplier, the average export price to the UK has edged down slightly, suggesting intense competition and pressure on margins (Vietnam News, 2024). High logistics costs caused by long shipping distances also weaken cost competitiveness when compared with rivals such as India and Côte d'Ivoire.

4.3. Policy recommendations and strategic solutions

To better capitalize on the UK market, the Vietnamese government should strengthen trade facilitation by providing exporters with up-to-date guidance on UK regulations, assisting with SPS compliance, and streamlining certification procedures so firms can fully benefit from UKVFTA tariff preferences. Expanded trade promotion programs and targeted trade missions would also help Vietnamese businesses build a stronger presence in the market.

At the enterprise level, cashew processors should focus on developing higher value-added products, such as ready-to-eat and premium lines, while adopting international quality certifications including HACCP and BRC. Stronger branding strategies tailored to UK consumer preferences are equally important. Building direct partnerships with UK distributors and retailers, especially in the health and organic segments, can improve long-term market access.

Finally, to reduce exposure to imported raw material shortages, Vietnam should encourage domestic cashew cultivation and strengthen backward linkages within the supply chain. Close cooperation among public agencies, industry associations such as VINACAS, and private firms will be crucial in promoting innovation, improving product quality, and ensuring sustainable export growth.

5. Conclusion

This study shows that the UK-Vietnam Free Trade Agreement (UKVFTA) has played an important role in expanding Vietnam's position in the UK cashew market. By eliminating

tariffs, improving policy transparency, and providing a stable legal framework, the UKVFTA has contributed to export growth, higher market share, and stronger competitiveness of Vietnamese cashew products. However, alongside these opportunities, Vietnamese exporters continue to face significant challenges, including strict quality standards, high logistics costs, and heavy dependence on imported raw materials. Therefore, to fully benefit from the UKVFTA and achieve sustainable export growth, effective cooperation among the government, industry associations, and enterprises is essential for improving policy support, enhancing value addition, strengthening domestic supply chains, and building strong brands in the UK market.

This study contributes to the existing literature by providing a comparative analysis of Vietnam's cashew export performance before and after the UKVFTA, thereby offering empirical evidence on how a bilateral trade agreement can reinforce competitive advantages in a concentrated market. The findings also provide practical policy implications for export strategy and market diversification. However, the analysis is limited by its reliance on secondary data, focus on a single HS category, and the overlapping effects of COVID-19, which make it difficult to fully isolate the impact of the UKVFTA.

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