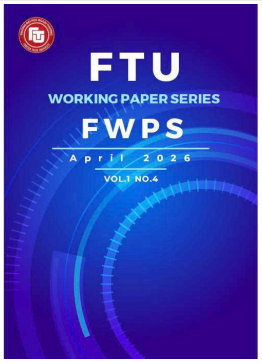

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XUẤT KHẨU CAO SU CỦA VIỆT NAM SANG TRUNG QUỐC TRONG KHUÔN KHỔ KHU VỰC MẬU DỊCH TỰ DO ASEAN – TRUNG QUỐC (ACFTA): CƠ HỘI VÀ THÁCH THỨC

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Tóm tắt

Nghiên cứu này phân tích xuất khẩu cao su của Việt Nam sang Trung Quốc trong khuôn khổ Khu vực Mậu dịch Tự do ASEAN – Trung Quốc (ACFTA), tập trung vào những cơ hội và thách thức do quá trình tự do thương mại tạo ra. Nghiên cứu sử dụng phương pháp định tính dựa trên dữ liệu thứ cấp từ các nguồn như ITC Trade Map, UN Comtrade và các báo cáo chính sách. Bài viết so sánh xu hướng xuất khẩu trước và sau khi ACFTA được kí kết vào năm 2010. Kết quả cho thấy việc cắt giảm thuế quan trong ACFTA đã cải thiện khả năng cao su Việt Nam tiếp cận thị trường Trung Quốc và góp phần làm tăng khối lượng và giá trị xuất khẩu. Tuy nhiên, ngành cao su Việt Nam vẫn phải đối mặt với một số thách thức mang tính cấu trúc như sự phụ thuộc lớn vào thị trường Trung Quốc, cơ cấu xuất khẩu có giá trị gia tăng thấp, các rào cản phi thuế quan ngày càng gia tăng và sự cạnh tranh ngày càng mạnh từ các nước ASEAN khác.. Từ đó, nghiên cứu đề xuất một số khuyến nghị chính sách cho Chính phủ và doanh nghiệp nhằm nâng cao năng lực cạnh tranh, đa dạng hóa thị trường xuất khẩu và thúc đẩy phát triển bền vững ngành cao su Việt Nam.

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Từ khóa: ACFTA, Việt Nam, Trung Quốc, cao su, xuất khẩu

VIETNAM'S RUBBER EXPORTS TO CHINA UNDER THE ASEAN–CHINA FREE TRADE AREA (ACFTA): OPPORTUNITIES AND CHALLENGES

Abstract

This study examines Vietnam's rubber exports to China under the ASEAN-China Free Trade Area (ACFTA), focusing on the opportunities and challenges created by trade liberalization. The research uses a qualitative approach based on secondary data from sources such as ITC Trade Map, UN Comtrade, and policy reports. It compares export patterns before and after the implementation of ACFTA in 2010. The results show that tariff reductions under ACFTA have improved Vietnam's access to the Chinese market and helped increase rubber export volumes. However, several structural challenges remain. These include strong dependence on the Chinese market, low value-added export products, stricter non-tariff barriers, and growing competition from other ASEAN countries. Based on these findings, the study suggests several policy recommendations for both the government and businesses to improve competitiveness, diversify export markets, and support the sustainable development of Vietnam's rubber industry.

Keywords: ACFTA, Vietnam, China, rubber, export

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1. Introduction

1.1. Rationale

Among Vietnam's agricultural exports, rubber is regarded as one of the most important and promising products in recent years. In April 2025, Vietnam exported over 415 thousand tons of rubber, which was an increase of more than 31% compared to the same period in 2024 (Bao Nhan Dan, 2025). According to the General Department of Customs, China, India, Malaysia, Indonesia, and South Korea are Vietnam's five largest rubber export markets. Notably, China accounts for approximately 70% of export volume and 69.3% of total export value, making it by far Vietnam's dominant market (Doanh nghiep & Tiep thi, 2025). The ASEAN–China Free Trade Area (ACFTA) officially took effect in 2010 and significantly reduced tariff barriers between the two countries. China eliminated tariffs on 95% of tariff lines by 2011, while tariffs on sensitive products were gradually lowered to between 5% and 50% by 2018.

However, the global economic situation in 2025 is still unstable, even though recovery has been better than expected. Factors such as trade protectionism, geopolitical tensions, climate change, and rising logistics and energy costs are creating pressure on the natural rubber industry. At the same time, the shift toward synthetic rubber and electric vehicles may reduce long-term demand for natural rubber. More importantly, Vietnam's rubber exports depend heavily on the Chinese market, which creates certain risks. Recent data show that Vietnam's market share in China has declined, while competition from countries like

Thailand is increasing (B&Company, 2025). In addition, Vietnam mainly exports raw or minimally processed rubber, most of which is shipped to China. This shows that the industry still relies on low value-added products and has limited diversification (B&Company, 2025).

Although existing studies on ACFTA mainly focus on ASEAN as a whole or examine its short-term impacts, there is still limited research that specifically analyzes Vietnam's rubber exports to China. In particular, the structural implications for this sector have not been fully discussed. Therefore, this study aims to qualitatively assess the implications of ACFTA on Vietnam's rubber exports to China, particularly in terms of trade dependency, structural transformation, and policy responsiveness. By comparing the before and after ACFTA periods and examining changes in trade patterns, the research seeks to identify both opportunities and challenges and provide policy recommendations to enhance the sustainability and competitiveness of Vietnam's rubber industry under the ACFTA framework.

1.2. Research Objectives

(i) Analyze the situation of Vietnam's rubber exports to China before and after the implementation of ACFTA

(ii) Evaluate the main opportunities and challenges arising from ACFTA for Vietnam's rubber exports to China

(iii) Provide policy recommendations to improve the competitiveness and sustainability of Vietnam's rubber exports to the Chinese market.

1.3. Research Questions

(i) Analyze the situation of Vietnam's rubber exports to China before and after the implementation of ACFTA

(ii) Evaluate the main opportunities and challenges arising from ACFTA for Vietnam's rubber exports to China

(iii) Provide policy recommendations to improve the competitiveness and sustainability of Vietnam's rubber exports to the Chinese market.

1.4. Research Methodology

This research adopts a qualitative approach and mainly relies on secondary data. Data are collected from ITC Trade Map, UN Com trade, and related news and reports. The study compares Vietnam's rubber exports to China before and after ACFTA (pre-2010 and post-2010) to analyze changes in export scale, structure, and market dependence. Based on this comparison and policy analysis, the paper discusses the main opportunities and challenges and then suggests some policy recommendations.

2. Theoretical Background

2.1. Literature Review

Alleyne et al. (2020) examines whether ACFTA improves ASEAN export efficiency to China, confirming that ACFTA significantly enhances export performance and reduces trade costs by using structured gravity approach. However, the study does not isolate Vietnam's performance or examine natural rubber.

Le Thi Mai Anh (2012) investigates ACFTA's impacts on Vietnam-China trade relations. Using descriptive analysis from pre- and post-ACFTA periods, the research finds that tariff reductions significantly increased bilateral trade flows, but the data period ends shortly after ACFTA implementation, the study does not capture long-term structural effects.

Darmanto et al. (2021) investigate the impact of ACFTA on major plantation exports, including rubber, from ASEAN countries using a gravity model framework. The study finds evidence of trade creation for rubber exports but also identifies potential trade diversion effects among ASEAN members. However, the analysis aggregates ASEAN exporters and does not specifically assess Vietnam's bilateral rubber trade with China, leaving a country-specific research gap.

TA Thi Thuan & Li Erbin (2024) examine the competitiveness of Vietnam's rubber export sector using Porter's Diamond framework, highlighting the country's natural resource advantages and established processing capacity. The study finds that despite strong export performance, Vietnam still dependents heavily on low value-added rubber products, which constrains long-term competitiveness. However, the research does not empirically assess the role of specific trade agreements such as ACFTA, and not quantitatively measure the impact of tariff preferences on export performance.

Tran et al. (2019) provides a comprehensive overview of Vietnam's rubber production structure, export patterns, and market dependence, emphasizing China as the dominant export destination. The report underscores structural vulnerabilities, including heavy reliance on raw rubber exports and exposure to global price volatility, but it does not conduct econometric analysis or evaluate the institutional impact of ACFTA commitments on Vietnam–China rubber trade flows.

Although previous studies provide important insights into the impacts of ACFTA on the performance of Vietnam's rubber exports, several gaps remain. Empirical research on ACFTA largely focuses on ASEAN as a whole, without isolating Vietnam's bilateral trade performance with China or examining sector-specific impacts on natural rubber. Second, research on Vietnam's rubber sector mainly discusses competitiveness and structural characteristics, but often does not explore the role of specific trade agreements such as ACFTA in shaping export patterns.

2.2. Overview of ACFTA and its Commitments relevant to Rubber Trade

2.2.1. Overview of ACFTA

The ASEAN–China Free Trade Area (ACFTA) was established under the *Framework Agreement on Comprehensive Economic Co-operation* signed in November 2002 and entering into force in July 2003. The Agreement aims to progressively eliminate tariffs and non-tariff barriers in trade in goods, liberalize services and investment, and strengthen economic cooperation between ASEAN Member States and China. ACFTA was implemented under a differentiated timeline: ASEAN-6 and China completed most tariff elimination commitments by 2010, while newer ASEAN members, including Vietnam, were granted an extended adjustment period until 2015.

In addition to tariff reduction, ACFTA includes provisions on rules of origin, trade remedies, standards cooperation, and dispute settlement, while maintaining consistency with WTO obligations. Given that China is Vietnam's largest export market for natural rubber, ACFTA provides the principal institutional framework governing bilateral rubber trade and shaping export incentives.

2.2.2. Tariff Commitments on Rubber

Tariff liberalization forms the core of ACFTA's trade-in-goods commitments. Under Article 3 of the Framework Agreement and subsequent agreements on trade in goods, Parties agreed to progressively reduce and eliminate tariffs on substantially all goods traded between ASEAN and China.

The tariff reduction schedule is divided into two principal tracks: Normal Track, which covers the majority of tariff lines and requires full tariff elimination within the agreed timeline; Sensitive Track, which allows longer transition periods and higher final tariff rates for products considered sensitive by individual member states.

For Vietnam, tariff elimination under the Normal Track was completed by 2015. Once tariffs on a product are reduced to 0%under ACFTA commitments, they are required to remain at 0%, ensuring stability and predictability for exporters. As a result, natural rubber exported from Vietnam to China benefits from preferential tariff treatment once the tariff reduction schedule was completed.

2.2.3. Rules of Origin (ROO)

Rules of Origin (ROO) in ACFTA aims to prevent trade deflection, whereby goods produced outside the FTA region might enter through the member country with the lowest external tariff. Under ACFTA, exporters must obtain a Certificate of Origin (Form E) to claim preferential tariffs when exporting to China or other ASEAN markets. For natural rubber, compliance with origin requirements is generally straightforward. As rubber latex and primary rubber products are typically wholly obtained within Vietnam's territory, they satisfy the origin criteria without complex value-added calculations.

2.2.4. SPS and TBT Measures

Although ACFTA primarily focuses on tariff reduction, it also addresses non-tariff measures, including sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT). The Agreement emphasizes transparency, cooperation, and consistency with WTO principles rather than requiring the elimination of such measures.

In practice, SPS and TBT regulations involve product quality standards, inspection procedures, environmental regulations, and conformity assessment requirements. For Vietnam's natural rubber exports to China, compliance with technical specifications and quality regulations plays a crucial role in maintaining market access. Changes in China's regulatory framework, such as stricter quality control or environmental standards, may increase compliance costs for Vietnamese exporters. Therefore, even when tariffs are reduced to zero, regulatory measures can significantly influence trade flows and export performance.

2.2.5. Trade Remedies and No-Tariff Measures

ACFTA preserves the right of member states to apply trade remedies in accordance with WTO rules. These include anti-dumping measures, countervailing duties, and safeguard actions that may be imposed if imports cause or threaten serious injury to domestic industries.

For Vietnam's natural rubber exports, this means that preferential tariff treatment does not guarantee unrestricted access to the Chinese market. In situations of price volatility or sudden import surges, safeguard or anti-dumping investigations may be initiated. Such measures can create uncertainty and negatively affect export volumes.

3. Situation of Vietnam's Rubber Exports to China under ACFTA

3.1. Before ACFTA implementation (Pre-2010)

3.1.1. Export Scale and Market Concentration

Before ACFTA's 2010 implementation, China's post-WTO industrial boom had already fundamentally shaped Vietnam's rubber export trajectory. This pre-2010 incubation phase was characterized by aggressive growth and the cementing of a profound, structural reliance on the Chinese market.

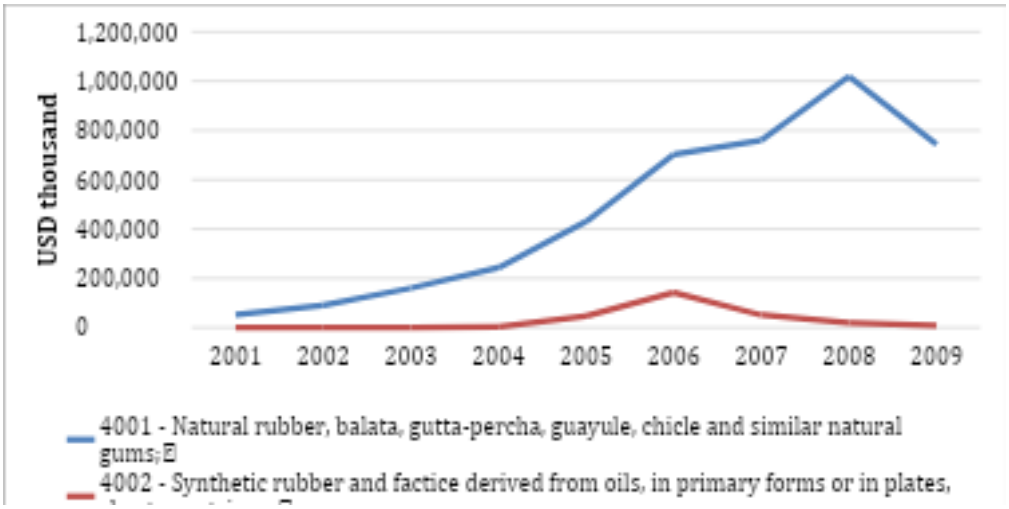

Figure 1: *Bilateral trade between Viet Nam and China - Export Value, 2001 - 2009*
Source: *ITC Trade Map*

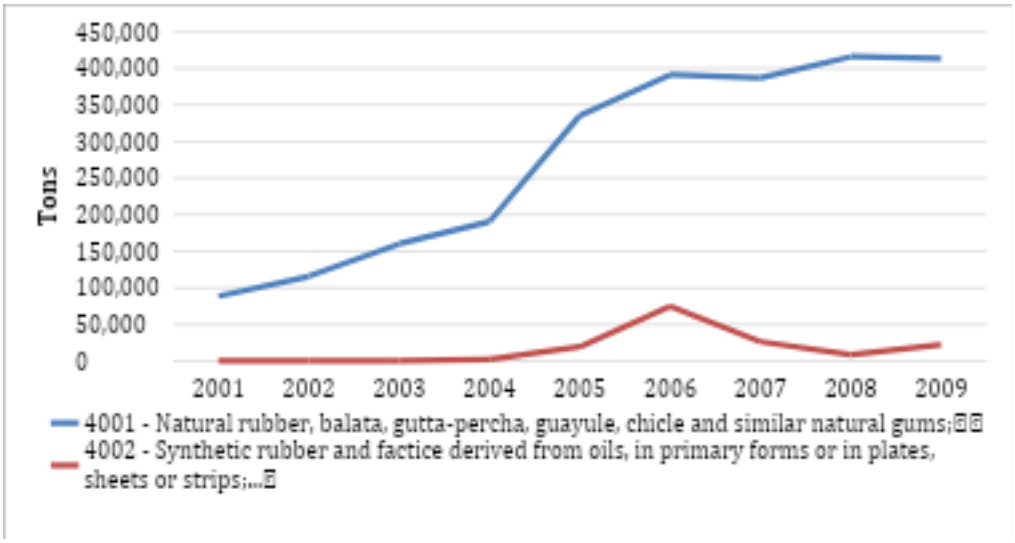

Figure 2: *Bilateral trade between Viet Nam and China - Export Volume, 2001 – 2009*
Source: *ITC Trade Map*

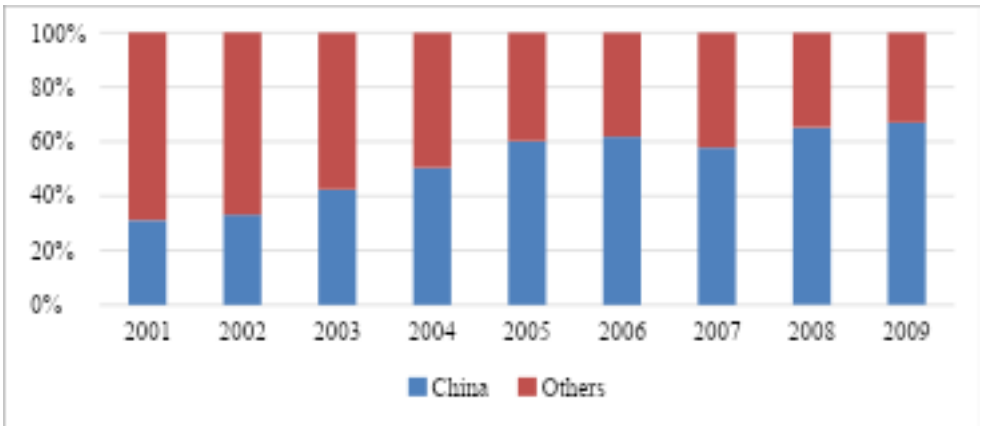

Figure 3: *Share in value in Viet Nam's exports - HS code 4001, 2001 – 2009*
Source: *ITC Trade Map*

ITC Trade Map and UNComtrade data (2001-2009) reveal that Vietnam's rubber exports to China surged over 460%, from 88,783 tons ($51.6 million) to 413,174 tons. Revenues peaked at $1.01 billion in 2008 before contracting to $743 million in 2009. This expansion overwhelmingly favored raw natural rubber (HS 4001), relegating Vietnam to a primary extraction node, while synthetic rubber (HS 4002) remained commercially negligible at under $10 million by 2009.

This scale engineered a monopsony. China's share of Vietnam's global rubber exports escalated from 31.1% in 2001, breached a 50.4% majority in 2004, and hit 67% by 2009, dwarfing the second-largest importer, Germany (4-5%) *(ITC Trade Map)*. Relegated to a low-price strategy to feed China's automotive sector, Vietnam lost critical pricing power. Thus, entering the 2010 ACFTA era, Vietnam's rubber industry was already structurally tethered to, and hyper-sensitive to, Chinese policy shifts.

3.1.2. Structural Characteristics

Before ACFTA, Vietnam's natural rubber exports to China were largely conducted through informal cross-border trade. The dominance of this channel reflected structural constraints in Vietnam's rubber sector, particularly fragmented smallholder production and the lack of standardized transaction records. Intermediaries therefore played a key role in aggregating latex and organizing cross-border exchanges outside formal corporate supply chains.

Border trade was further shaped by logistical and financial limitations. Transactions typically relied on cash payments, while limited customs infrastructure and storage capacity reduced the feasibility of formal export procedures.

At the same time, the bilateral rubber trade reflected an underdeveloped value chain. Vietnam primarily exported raw or semi-processed rubber, while higher value-added manufacturing remained concentrated in China's downstream industries. Consequently, Vietnam functioned largely as an upstream supplier within China's expanding manufacturing sector prior to the deeper trade liberalization introduced by ACFTA.

3.2. After ACFTA implementation (2010 – 2024)

3.2.1. Export trends and Macro-market Dynamics

The post-2010 ACFTA implementation replaced linear trade growth with severe macroeconomic volatility and a policy-driven structural mutation in Vietnam's rubber exports.

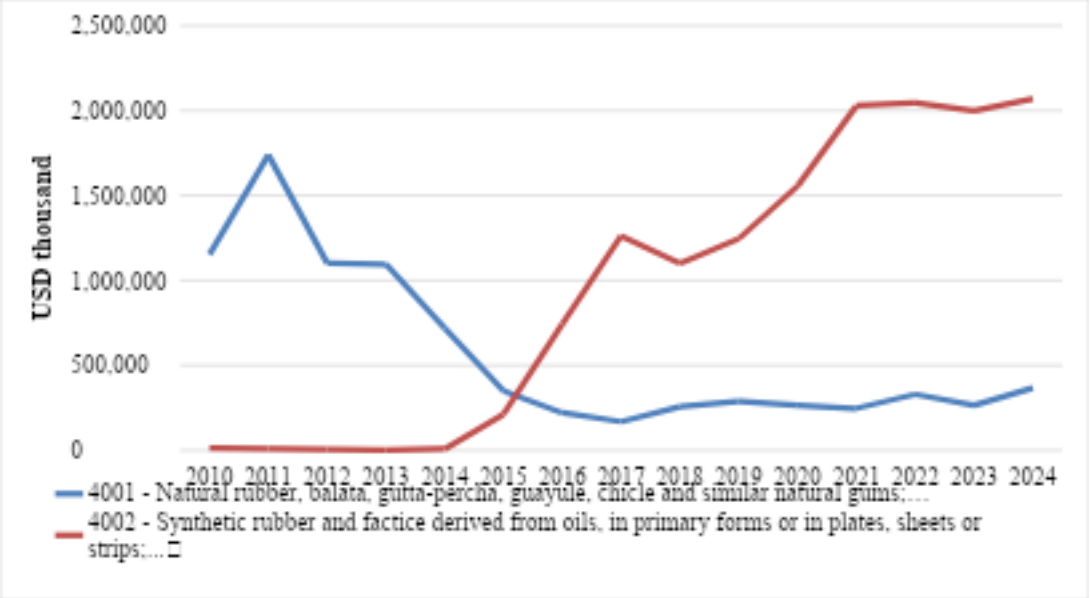

Figure 4: *Bilateral trade between Viet Nam and China - Export Value, 2010 - 2024*
Source: *ITC Trade Map*

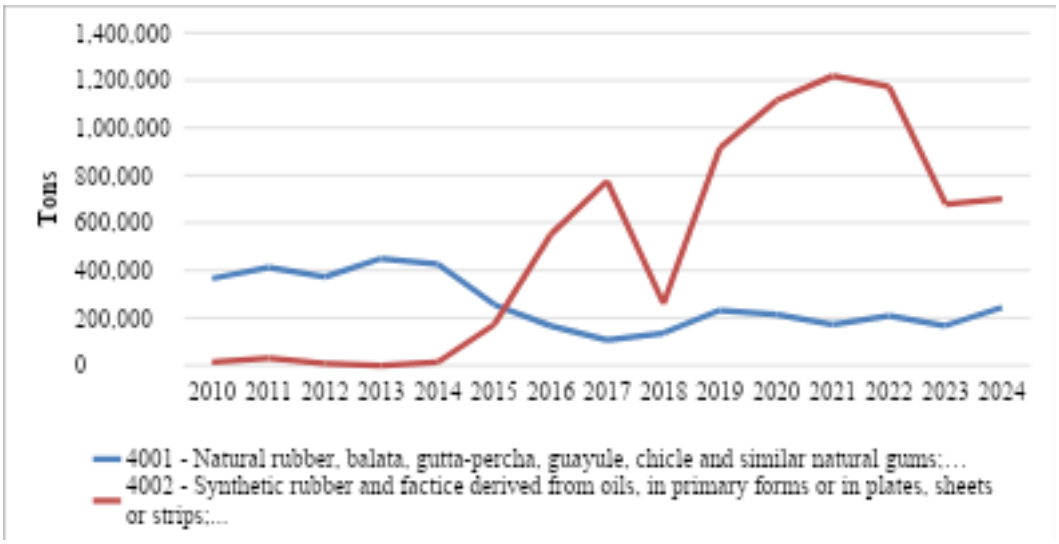

Figure 5: *Bilateral trade between Viet Nam and China - Export Volume, 2010 – 2024*
Source: *ITC Trade Map*

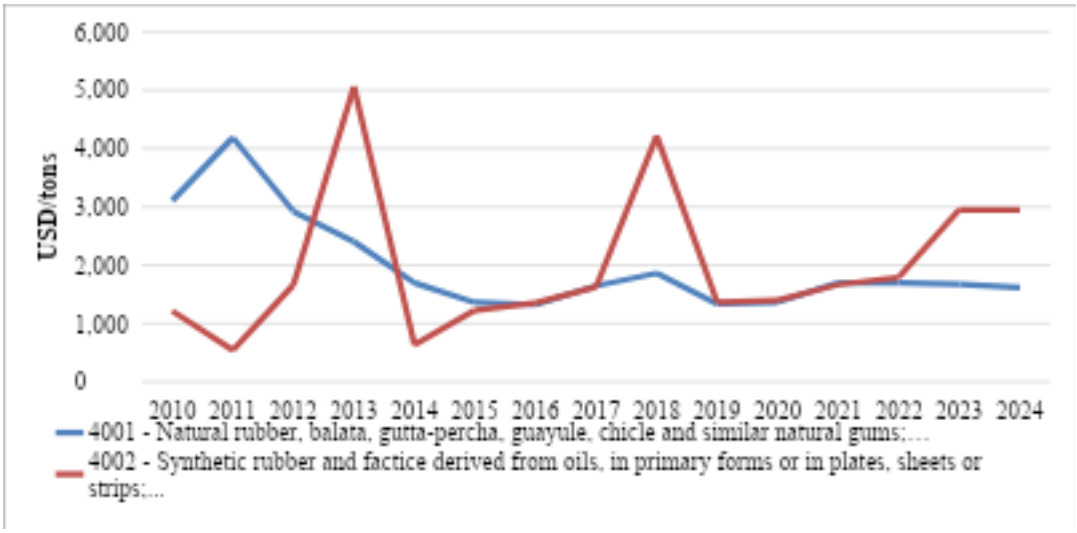

Figure 6: *Vietnam's Exported Unit Value, 2010 - 2024*

ACFTA triggered a dramatic boom and bust from 2010 to 2016. Driven by a commodity supercycle, natural rubber (HS 4001) exports peaked in 2011 at $1.74 billion ($4,186/ton). However, as Chinese demand cooled, the market collapsed. By 2016, despite maintaining an export volume of 166,776 tons, HS 4001 revenues plummeted to $220 million. Unit values crashed nearly 70% to $1,324/ton, exposing a harsh reality that expanded market access offered smallholders zero insulation from global price shocks, resulting in growth without wealth.

The post-2015 era's defining dynamic is the structural inversion from HS 4001 to synthetic/mixed rubber (HS 4002). In 2010, HS 4002 exports were negligible (12,779 tons; $12.5 million). By 2016, volumes surged to 551,653 tons ($745 million), dominating the 2024 trade architecture at 709,739 tons ($2.08 billion). This implies that to bypass stringent Chinese non-tariff barriers (e.g., SPS measures, eco-standards) and optimize tax refunds, exporters compounded natural rubber with synthetic elements, systematically evading HS 4001 regulatory friction.

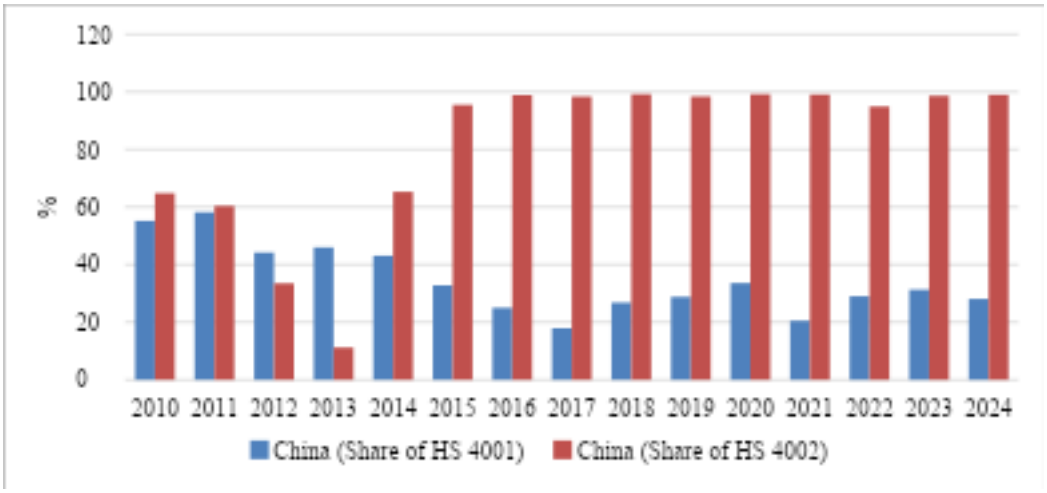

Figure 7: *Share in value in Viet Nam's exports - HS code 4001 and 4002, 2010 – 2024*
Source: *ITC Trade Map*

Such a mutation severely distorts concentration metrics. Superficially, China's share of Vietnam's HS 4001 exports plummeted from 55.2% in 2010 to just 28.1% in 2024. However, this dependency merely migrated, not diminished. The colossal absorption of engineered HS 4002 output, where China held a staggering 99% market share in 2024, proves the sector remains profoundly tethered to China's downstream manufacturing engine.

3.2.2. Structural Changes

The post-2010 ACFTA implementation catalyzed a structural metamorphosis, transforming the Sino-Vietnamese rubber trade into a highly institutionalized, hyper-concentrated supply chain.

Dependency merely migrated, since to bypass Chinese tariffs and safeguards, exporters executed a massive "product mutation" toward synthetic/mixed rubber (HS 4002), though output remains asymmetrically anchored in low-value raw materials. Concurrently, stringent non-tariff barriers dismantled informal border trade, forcing exporters into formal channels demanding mandatory traceability and pitting them against heavily capitalized Chinese conglomerates.

Crucially, ACFTA locked Vietnam into a subordinate upstream Global Value Chain (GVC) node. As China processes this rubber for Western end-markets, Vietnamese materials suffer cascading exposure to strict Western sustainability mandates (e.g., EUDR). This indirect regulatory pressure compels major entities like VRG to urgently institutionalize through international certifications (ISO 9001:2015, FSC-FM, PEFC).

3.2.3. ACFTA utilization rates and Institutional chokepoints

The post-2010 ACFTA implementation fundamentally institutionalized the China-Vietnam rubber trade, a shift best evidenced by the exceptional utilization of Certificate of Origin (C/O) Form E. Academically, while Vietnam's national average utilization hovered around 30% between 2016 and 2020, the rubber sector consistently outperformed this benchmark, achieving 82% in 2017, 78.80% in 2018, 77.56% in 2019, and a peak of 84.02% in 2020. This high sectoral optimization remained robust at 67.37% in 2021, generating 2.38 billion USD in preferential turnover. By 2024, Vietnamese exports to China utilizing Form E and RCEP ranked first globally in absolute value at 28.45 billion USD. Furthermore, exporters exhibit a profound path dependency toward established frameworks: in 2024, overall C/O Form E utilization climbed to 41.84%, overwhelmingly eclipsing the newer RCEP mechanism's mere 0.7% utilization for China-bound exports.

Despite this remarkable proficiency in leveraging preferential tariffs, severe administrative and logistical chokepoints structurally constrain trade flows. Unlike modern FTAs (e.g., CPTPP), ACFTA lacks a self-certification mechanism, forcing exporters to

process applications through state authorities and inflating transaction costs. This bureaucratic friction is exacerbated by complex Rules of Origin (ROO), where minor oversights, such as failing to explicitly declare third-party invoices in Box 10, trigger immediate tariff disqualifications. Additionally, substantial tariff incentives elevate origin fraud risks, prompting intense customs scrutiny. The resulting verification process is notoriously sluggish, allowing importing authorities up to 180 days to respond (including extensions), which paralyzes supply chains and traps capital in deposits.

3.2.4. Competitive pressure from Thailand's logistics model

Under the ACFTA zero-tariff regime, competitive advantage has shifted from market access to supply chain velocity and logistical reliability. Thailand effectively neutralizes Vietnam's geographic proximity through a sophisticated "logistical bypass". By integrating GMS (R3A and R12 corridors) with the institutional Cross-Border Transport Agreement (CBTA), Thailand ensures a formalized, predictable supply chain via Single-Stop Inspections, providing the stability required by major Chinese corporate buyers.

Furthermore, Thailand compounds this logistical lead with superior value-chain maturity, exporting processed materials compared to Vietnam's raw output. This synergy of efficient transit and standardized quality allows Thailand to capture premium market segments, forcing Vietnam into a defensive, low-price posture for unstandardized mixture rubber (HS 4002). Consequently, such a model proves that in a zero-tariff environment, infrastructure and institutional harmonization are the primary determinants of regional market dominance.

4. Opportunities and Challenges under ACFTA

4.1. Opportunities

The elimination of tariffs under the ACFTA agreement creates a significant price advantage for Vietnamese rubber over competitors from non-ASEAN countries. Under this agreement, China has eliminated tariffs on the vast majority of rubber product lines, a benefit that Vietnamese exporters utilize significantly through the Form E certificate of origin. Under the agreement of "Normal Track," China removed tariffs on 95% of its tariff lines by 2011, while Vietnam completely reduced its tariff to the rate of 0% by 2015. This zero-tariff framework ensures greater stability and predictability for Vietnamese exporters in the long term, especially when compared to countries outside of the ASEAN region who are subject to higher Most Favored Nation (MFN) rates. Even for products classified into the Sensitive track, tariffs were gradually reduced to between 5% and 50% by 2018, further lowering the cost of entry for Vietnamese goods.

Along with the direct fiscal benefits of tariff reduction, the rapid development of the Chinese automobile industry has driven a booming expansion in market demand for natural rubber. As the world's largest consumer of rubber, China constituted approximately 70% of Vietnam's total export volume, highlighting its strategic role in shaping the export

performance of Vietnam (Doanh nghiệp & Tiếp thị, 2025). Regarding the first seven months of 2025 alone, China produced over 18 million vehicles, which means a 13% year-on-year increase (Chu Khoi, 2025). This has substantially stimulated the demand for tires and rubber components. Furthermore, China's implementation of "dual circulation" policy, combined with its focus on electric vehicles (EVs), are expected to reinforce a long-term high requirement for natural rubber.

With an increase in the market demand, Vietnam is also experiencing greater integration into regional and global industrial networks, thereby facilitating supply chain connectivity and attracting more foreign direct investment (FDI). ACFTA allows Vietnam to engage more effectively in global tire production chains, where China operates as a central manufacturing hub. This integration would make Vietnam become an attractive destination for FDI, as foreign investors increasingly look to leverage Vietnamese abundance of local raw materials and its duty-free access to the Chinese market. Additionally, the 2026 - 2030 period is expected to present further prospects as global supply chains have a tendency to shift toward the ASEAN region.

Finally, the geographic proximity between Vietnam and China offers a unique logistical advantage by lowering costs and facilitating more flexible cross-border trade. Vietnam's shared land border with China significantly reduces logistics and transportation expenditures compared to regional rivals like Indonesia or distant suppliers in Africa. This proximity represents a competitive edge in border trade, which observed a 63.9% increase of value in 2023 (Vietnam Import-Export Report 2023). Consequently, Vietnamese enterprises are enabled to respond more promptly and flexibly to sudden shifts in Chinese market demand or price volatility.

4.2. Challenges

Despite those promising opportunities, a significant structural risk persists in the heavy dependence of the Vietnamese rubber industry on a single large market. China currently accounts for up to 72% of Vietnam's rubber exports, while the EU and the US represent only marginal shares, holding approximately 4.1% and 1.5% respectively (Forest Policy Trade and Finance Initiative, 2025). This overdependence creates a monopsony risk, making the entire Vietnamese rubber sector become vulnerable to minor adjustments in Chinese domestic policies, import regulations, or economic cycles. For example, in early 2025, although China's total volume of rubber imports remained high, Vietnamese market share in China actually declined considerably due to increasing pressure of global competition (B&Company Vietnam, 2024).

Coupled with this lack of market diversification is the issue of increasing price volatility and the intense negotiation pressure from dominant Chinese traders. Vietnamese rubber prices are not only strongly influenced by global market fluctuations, but also the specific domestic supply-demand dynamics within China. Because of the industry's high market concentration, Vietnamese exporters may frequently contend with intense pricing

pressure from Chinese traders who have greater bargaining power. Historical data between 2011 and 2016 from ITC Trade Map indicates that even during periods of expansion in export volumes, unit values remained stagnant, resulting in the problem of growth without wealth for smallholders.

Additionally, another challenge is limited economic gains from trade due to a low value-added structure of exports, dominated by raw or minimally processed rubber. Vietnam primarily exports raw natural rubber (HS 4001) and technical blended rubber (HS 400280), which position the industry at the bottom of the global value chain. As can be seen in the early 2025, blended rubber made up for 63.3% of total exports, with 99.8% of that volume shipped exclusively to China (B&Company Vietnam, 2024). This underscores a strategic weakness in capturing higher profit margins from finished industrial rubber products.

Besides these structural constraints, the regulatory environment is becoming more stringent due to increasing complexity of non-tariff barriers and sudden policy adjustments. Although ACFTA has largely eliminated tariffs, China is strengthening the enforcement of Sanitary and Phytosanitary standards (SPS) and Technical Barriers to Trade (TBT). Such sudden changes in Chinese import regulations as revisions to Order 248 associated with enterprise registration, can disrupt trade flows and somehow leave Vietnamese firms unprepared. Furthermore, other international regulations like the EU Deforestation Regulation (EUDR) are also pressing the industry to invest in expensive digital traceability systems, which is a huge challenge for smallholders to implement.

Finally, the aggressive market expansion of neighboring countries has subjected Vietnam to intensifying competition from other major ASEAN rubber exporters. Thailand, the world's leading rubber producer, has demonstrated notable success, increasing its market share in China to 34.4% in early 2025, whereas Vietnam accounted for only 16.1% of the market during the same period (B&Company Vietnam, 2024). Thailand has further enhanced its competitiveness by coordinating with China to export rubber through the Mekong River corridor at 0% tax, a logistics advantage that directly threatens Vietnam’s traditional dominance in border trade (Chu Khoi, 2025). Additionally, competitors like Indonesia and Thailand are expanding their presence in other high-value markets, such as the United States, where Vietnam’s market share remains a modest 1.7% (B&Company Vietnam, 2024).

5. Recommendations

5.1. Recommendations for the Government

As the rubber sector faces increasing competition, strong dependence on China, and more complicated non-tariff trade barriers, the Vietnamese government should continue implementing comprehensive structural reforms to enhance the long-term competitiveness of the rubber sector.

First, the government should strengthen policies to improve traceability and sustainable production. According to Decision No. 431/QĐ-BNN-TT, issued by the Ministry

of Agriculture and Rural Development in 2024, the national development plan toward 2030 aims to stabilize rubber plantation areas and ensure that rubber products are linked to officially registered plantation codes. 100% of Vietnam's rubber latex and rubberwood have plantation codes that enable product traceability. This policy framework should be further reinforced by accelerating the development of digital traceability systems, satellite-based plantation monitoring, and national databases for rubber production. Enhancing traceability mechanisms helps Vietnamese rubber satisfy stricter environmental and sustainability standards in major export markets, especially those introduced under the EU Deforestation Regulation (EUDR). In addition, transparent traceability systems can assist enterprises in complying with rules of origin under FTAs while strengthening trust in the Chinese market, where quality supervision has been tightening in recent years.

Second, market diversification should be utilized as a national strategic priority in order to reduce excessive dependence on China or any other single export destination. Although China currently makes up more than 70% of Vietnam's rubber exports, recent statistics indicate a gradual decline in Vietnam's market share in China due to growing competition from other competitors such as Thailand and Indonesia. Trade promotion policies should therefore focus on expanding exports to high-potential markets such as the United States, the European Union, India, and emerging regions including the Middle East and Africa (VRA, 2025). Government agencies should actively assist enterprises in utilizing preferential tariffs under trade agreements such as EVFTA and CPTPP, while also supporting branding campaigns and international marketing programs for Vietnamese rubber products.

Third, the government should invest in improving infrastructure, production machinery, and advanced technologies to upgrade the domestic rubber industry and strengthen Vietnam's position in the global value chain. Currently, Vietnam remains heavily concentrated in the upstream segment of the global value chain, primarily exporting raw or semi-processed rubber with limited value addition. To overcome this structural constraint, policymakers should introduce stronger incentives to encourage investment in high-value downstream industries such as tire manufacturing, technical rubber products, and industrial components. Potential policy instruments include tax incentives, preferential credit schemes for technological innovation, and financial support programs for research and development. In addition, strengthening linkages between enterprises and smallholder farmers through cooperative models or contract farming systems could significantly improve product quality, reduce emissions, and enhance supply chain efficiency.

Finally, policy reforms should focus on enhancing the effectiveness of trade facilitation under the ACFTA framework. Although tariff reductions have created favorable export conditions, procedural inefficiencies - particularly in the issuance of Certificates of Origin - continue to generate transaction costs for exporters. The government should accelerate digitalization of Certificate of Origin procedures, simplify compliance requirements, and explore the gradual adoption of self-certification mechanisms similar to those used in newer trade agreements. Such reforms would enable Vietnamese exporters to maximize the benefits of preferential tariffs while reducing bureaucratic delays in cross-border trade.

5.2. Recommendations for Businesses and Enterprises

As the global market becomes more competitive and volatile, rubber enterprises need to undertake strategic adjustments in export strategies, production structures, and sustainability initiatives.

First, it is essential for Vietnamese rubber exporters to reduce their heavy reliance on the Chinese market and prioritize market diversification as a key strategic objective. Although China currently accounts for more than 70% of Vietnam's rubber exports, fluctuations in Chinese import policies and intensifying competition from other ASEAN suppliers pose considerable risks. The Vietnam Rubber Association has repeatedly accentuated the need for enterprises to diversify their export destinations, particularly toward high-value markets such as the European Union and the United States. Not only would expanding market presence in these regions reduce market concentration risks, but it would also allow Vietnamese producers to capture higher export prices.

Second, enterprises should significantly increase the share of processed rubber products in their export portfolios. Currently, mixed rubber (HS 400280) accounts for a large share of exports and is mainly shipped to China, reflecting limited domestic value addition. In order to improve competitiveness, companies should prioritize upgrading processing technologies, investing in modern machinery, and developing higher value-added rubber products such as automotive components, industrial rubber materials, and specialized rubber goods. Moving further downstream in the value chain will help Vietnamese enterprises reduce vulnerability to fluctuations in raw rubber prices and capture greater economic value from global rubber demand.

Third, businesses must place greater emphasis on sustainability and green transformation while maximizing the benefits offered by free trade agreements. As global markets increasingly prioritize environmental responsibility, compliance with sustainability standards has become a prerequisite for maintaining long-term export competitiveness. Rubber enterprises should adopt internationally recognized frameworks such as FSC or ESG standards and invest in digital traceability systems to ensure supply chain transparency. At the same time, firms need to enhance their capacity to utilize Certificates of Origin (C/O) more effectively by improving their understanding of rules of origin and strengthening internal documentation processes. This would help reduce export costs and improve price competitiveness in international markets.

Importantly, greater attention must be given to supporting smallholders, who are the most vulnerable to stringent regulations such as the EU Deforestation Regulation (EUDR). To facilitate their compliance, both the government and enterprises should provide technical training on sustainable farming practices, subsidize certification and traceability costs, and promote cooperative models to achieve economies of scale. In addition, developing centralized databases and geolocation systems would support traceability requirements. Overall, a coordinated approach combining green transformation, effective FTA utilization,

and inclusive support for smallholders will be essential for strengthening the long-term competitiveness of Vietnam's rubber export sector (Ministry of Industry and Trade, 2025).

Finally, enterprises should actively monitor international trade developments and adopt flexible export strategies. Changes in Chinese import demand, tightening technical standards, and rising protectionist tendencies in major markets all require firms to remain responsive and adaptable. By continuously tracking policy developments, diversifying customer bases, and strengthening long-term partnerships with international buyers, Vietnamese rubber exporters can enhance resilience and maintain stable growth in an increasingly uncertain global trade environment.

6. Conclusion

This study examines Vietnam's rubber exports to China within the framework of the ASEAN - China Free Trade Area (ACFTA), focusing on the opportunities and challenges arising from trade liberalization. The findings indicate that tariff reductions under ACFTA have significantly facilitated Vietnam's access to the Chinese market and contributed to the expansion of rubber export volumes. At the same time, the institutional framework of ACFTA has encouraged greater formalization of trade flows and increased the utilization of preferential mechanisms such as Certificates of Origin (Form E). However, the analysis also reveals several structural vulnerabilities within Vietnam's rubber industry. These include the heavy dependence on the Chinese market, the predominance of low value-added exports, growing non-tariff barriers, and increasing competition from other ASEAN producers such as Thailand and Indonesia.

To enhance the long-term sustainability and competitiveness of Vietnam's rubber sector, coordinated efforts from both the government and enterprises are required. Policy measures aimed at market diversification, technological upgrading, and improved traceability systems will play an important role in strengthening Vietnam's position in global rubber value chains while enabling the industry to better utilize the opportunities created by ACFTA.

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