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IMPACT OF THE FREE TRADE AGREEMENT (FTA) ON AGRICULTURAL PRODUCT EXPORT ENTERPRISES IN VIETNAM

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Abstract

Signing and implementing FTAs, especially new-generation FTAs, has promoted economic growth and improved Vietnamese society's spiritual and material life. Agricultural products are one of the industries most affected by implementing new-generation FTAs. Those impacts include both positive and negative results. This paper will analyze some of the effects of the EU Free Trade Agreement (EVFTA) on agricultural export enterprises in Vietnam after signing the Agreement. From that impact analysis, the paper will offer several recommendations and solutions for businesses and the government to help agricultural export enterprises in Vietnam take full advantage and benefit, also limit the negative impacts of FTAs.

Keywords: Agricultural Export, EVFTA, Vietnam, EU

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INTRODUCTION

The Vietnam-EU Trade Agreement (EVFTA) is a new-generation free trade agreement with high standards, comprehensiveness, great openness, and a balance of interests. In the context of the Vietnam - EU Trade Agreement (EVFTA) taking effect, agricultural products are one of the products that benefit from tariff incentives brought by this Agreement.

Signing and implementing FTAs, especially new-generation FTAs, has promoted economic growth and improved Vietnamese society's economic growth. The new generation FTA requires members, including Vietnam, to carry out review, administrative reform, and judicial reform and improve the legal and business environment. In particular, with very high standards of transparent governance and fair behavior, new-generation FTAs help Vietnam consolidate and enhance the state management apparatus to promote administrative reform and increase responsibility discipline. It also will support the process of innovating growth models, restructuring the economy, and ensuring sustainable socio-economic development. New generation FTAs make Vietnam an important "link" in the network of economies with leading economies worldwide. Besides, new-generation FTAs are considered a long-term strategy to help Vietnamese enterprises deeply participate in the regional value chain and improve export production capacity. In addition to promoting import-export turnover, new-generation FTAs also contribute to assisting Vietnam in developing domestic trade. Domestic goods circulation activities are also continuously increasing in scale.

However, joining the Agreement also poses many challenges for export businesses, especially agricultural export businesses in Vietnam. Therefore, this paper studies the impacts of new-generation FTA agreements and analyzes opportunities and challenges for Vietnam's agricultural exports in the context of EVFTA taking effect to propose solutions to promote the export of this product to the EU market shortly.

Literature Review

An FTA agreement establishes a free trade area between two or more countries with more closely linked and binding provisions than preferential tariff areas (PTAs). The participating countries give each other preferential treatment regarding market access, reduction, and elimination of tariff and non-tariff barriers according to the roadmap, on the principle of "concession and trade-off" with scope and level of commitment to deeper

liberalization. According to Hill & Menon (2014), the range of FTA incentives is not only the elimination of tariffs but also quantitative restrictions and administrative barriers. Plummer (2007) believed that the FTA aims to reduce tariffs between member countries but does not emphasize that tariffs must be 0%. Öncel & Lubïs (2017) believe that the FTA is an agreement under which all trade barriers will be removed between member countries.

Tran (2022) shows that as trade agreements increase in quality and quantity, assessing their impact on a country's economy is essential. The assessment will inform policymakers facing a myriad of potential preferential trade agreements. According to Yamanouchi (2019), the impact of FTAs varies significantly across trading partners, and about half of FTAs increase the value of Japan's trade. Research results also show that FTAs with small trading partners significantly impact Japan and other countries. However, recently implemented FTAs have increased Japan's import value faster.

Maliszewska et al. (2020) research shows that EVFTA will significantly benefit the Vietnamese economy through trade growth. The study also shows that implementing FTAs can boost exports and thus help increase GDP by about 2.4%. Exports with EVFTA and CPTPP will increase by 16%, helping 0.2-1.2 million people escape poverty. EVFTA and CPTPP will also help narrow the gender wage gap by 0.15%, especially for households in the bottom 40% of the income distribution.

The computable general equilibrium (CGE) model is commonly used to assess the impact of the economic integration process, especially in determining the expected impact of FTAs being negotiated or having just been formed (Kitwiwattanachai et al., 2007). This model is called general equilibrium because it is built on the assumption of simultaneous equilibrium of various economic markets and regions. In CGE models evaluating trade liberalization, only some models integrate FDI. However, with the increase in service liberalization, more and more studies are interested in the impact on FDI. Not only does it evaluate the effects of many FTAs simultaneously to show the relationship between FTAs and FDI, but many studies also focus on assessing a specific FTA's impact. Among them, FTAs related to integration within the EU, the North American Free Trade Agreement (NAFTA), the South American Common Market (MERCOSUR), and the ASEAN Free Trade Agreement (AFTA) are the FTAs that received the most attention. In general, studies of a specific agreement point to an increase in FDI after integration, as in the case

of Spain, Portugal (Lim, 2001), and other EU countries after joining the EU (Pain & Lansbury, 1997), Mexico after NAFTA (Lim, 2001), the US and Canada after the Canada-US FTA (CUSFTA) and the North American Free Trade Agreement (NAFTA)(Feils & Rahman, 2008). These studies all show that participating in FTAs has a positive impact on FDI in member countries, including both internal FDI and foreign FDI.

Philip (2011) used the CGE model to evaluate the expected impact of tariff reductions under three scenarios on the Vietnamese economy: the budget and trade balance, GDP, consumption, investment, savings and prices, etc. The results show that EVFTA has a very positive impact on promoting trade between the two sides, specifically helping Vietnam's exports to the EU grow by 4%/year, imports from the EU to Vietnam increase by 3.1%/year, direct investment from the EU to Vietnam increase thanks to commitments to liberalization at a higher level and quality of investment. Investment will also be significantly improved. The authors also analyzed the impact of EVFTA on four industries, including automobiles, electronics, mechanics, and banking, but only stopped at qualitative analysis and did not provide quantitative analysis. Grumiller et al., (2018) also believe that EVFTA brings enormous benefits to Vietnam. Using both CGE and partial equilibrium models, Cheong and Tongzon (2013) estimated the impact of the FTA between Vietnam and the EU based on a long-term assessment framework with a time frame extending to 2025. Vietnam will grow significantly thanks to the impact of capital inflows and improved labor productivity (Mateus & Hoang, 2021). According to estimates by Nguyen & Doan (2017), the FTA will help GDP increase above trend by about 7% -8% by 2025. Regarding industry impacts, the model results show that Vietnam's industry reaps the net benefits from this FTA, mainly the textile and footwear industry. The agricultural sector also benefits, although meat and dairy production may suffer negatively from liberalization.

According to Tran et al., (2022), Vietnam's GDP is estimated to increase by 3.2 billion USD by 2020, 6.7 billion USD by 2025, and 7.2 billion USD by 2030. This research also believes that Vietnam's export turnover to the EU will reach approximately 42 billion USD in 2025 and 47 billion USD in 2030. According to calculations by the European Commission (2018), EVFTA will promote the growth of Vietnam to 15% of GDP, of which Vietnam's exports to the EU increased to more than 1/3. For the EU, this FTA is an essential step towards broader trade agreements with Southeast Asia. However,

Vietnam's manufacturing sector may be negatively impacted by competition with the EU (Dai Hung et al., 2022).

RESULTS

Agricultural export turnover increased sharply.

As soon as the Prime Minister approved the plan to implement the EVFTA Agreement, the Ministry of Agriculture and Rural Development immediately developed an action program for the agricultural sector. Previously, businesses had prepared everything from seed input materials to cultivation processes,... to catch the wave of opportunities. In particular, companies are increasingly actively searching for markets and linking with farmers to properly implement EU recommendations to enhance the value of Vietnam's agricultural products (Cipolla, 2016).

After the EVFTA officially took effect for two months (August 1, 2020), Vietnam's agricultural export turnover to the EU reached 766.3 million USD. According to data from the General Department of Customs, the total export turnover of Vietnam's main agricultural products (including coffee, cashew nuts, rubber, vegetables, pepper, rice, and tea) to the EU market in The first 11 months of 2021 reached about 2.2 billion USD. It increased by 10.1% over the same period in 2020. With this result, the EU is one of Vietnam's largest agricultural export markets, accounting for 13.7 % of the total export turnover of primary agricultural products. Regarding the structure of export products, the proportion of Vietnam's main export products to the EU is specifically as follows: coffee (accounting for 42.2% of total export turnover of primary agricultural products to the EU), seeds cashew (accounting for 33%), rubber (accounting for 7.9%), vegetables (accounting for 7.8%), pepper (accounting for 7.4%), rice (accounting for 1.7%) and tea (accounting for 0,first%) (Dang, 2020).

Regarding export markets to EU member countries, despite the impact of the COVID-19 epidemic, agricultural export turnover to Vietnam's main markets in the EU region grew positively or decreased slightly: Germany (accounting for 28.8% of Vietnam's total export turnover of primary agricultural products to the EU, reaching 641 million USD, up 24.4% over the same period in 2020), Netherlands (accounting for 22.5% %, reaching 500 million USD, up 1.9%), Italy (accounting for 12.8%, reaching 285 million USD, up 3.2%), Spain (accounting for 9%, reaching 202 million USD, slightly down 0

.6%), France (accounting for 6.4%, reaching 142 million USD, an increase of 25.2%),... In addition, some markets have small export turnover but achieved strong growth to see export potential: Finland (up 198%), Hungary (up 86.9%), and the Czech Republic (up 49.2%)(Xuan & CISMAS, 2019).

Some key product industries also have significant changes.

Coffee: With the commitment to eliminate tariffs under EVFTA, coffee exported to the EU will have 93% of tax lines reduced to 0% as soon as the Agreement takes effect. This is an excellent opportunity for Vietnamese coffee when the EU is the largest coffee-consuming market in the world, with import turnover from foreign countries of about 10 billion USD/year, accounting for 66% of imports and about 30% of global consumption. With an export value of 939 million USD in the first 11 months of 2021, the EU is also Vietnam's most prominent coffee export market, accounting for nearly 34.8% of the total export turnover of this product**.**

Cashew: Before the EVFTA Agreement took effect, items such as cashew kernels still enjoyed a 0% incentive when exported to the EU, but deeply processed cashews were still subject to a 7 to 12% tax. According to the EVFTA Agreement commitment, deeply processed products from cashew nuts are tax-reduced to 0%. Therefore, despite the many impacts of the epidemic, the output and value of cashew exports to the EU did not decrease but also increased. Cashew nut exports to the EU in the first 11 months of 2021 reached 122 thousand tons, equivalent to 734 million USD, an increase of 15.2% in volume and an increase of 6.2% in value compared to the same period in 2020. This is a valuable commodity and the second-largest export turnover among agricultural products exported to the EU.

Rubber: With EVFTA, synthetic rubber, and derivatives will not have new advantages because the tax rate is already 0%. However, rubber hoses and tires are immediately exempted from tax from the previous rate of 3%-4.5%. Conveyor belts, conveyor belts, or rubber belts will be reduced over five years from 6.5%. This is the driving force to promote the export of rubber and rubber products. In the first 11 months of 2021, rubber exports to the EU reached about 100 thousand tons, equivalent to 175 million USD, an increase of 33.7% in volume and a sharp increase of 72.6% in value compared to the same period in 2020.

Vegetables: The EU is committed to opening up very strongly to Vietnamese fruits and vegetables in the EVFTA, 94% of the total 547 tariff lines of fruits, vegetables, and fruit and vegetable products (including many products that are Vietnam's strengths such as lychees, longans, rambutan, dragon fruit, pineapple, melon, etc.) will be eliminated as soon as the Agreement takes effect. Most of the tax lines the EU commits to eliminate immediately have an average MFN tax rate of over 10%, especially fruit and vegetable products subject to taxes of over 20%. Therefore, this level of commitment from the EU is considered to create a significant price advantage for Vietnamese fruits and vegetables (especially in competing for imports into the EU with countries with strengths in fruits and vegetables that do not have FTAs with the EU) such as Thailand, China, Malaysia, Indonesia).

Vietnam's fruit and vegetable exports to the EU market after the EVFTA Agreement took effect and went into effect have achieved positive results. In the first 11 months of 2021, fruit and vegetable export turnover to the EU reached 173 million USD, an increase of 7.6% over the same period in 2020. In the first 11 months of 2021, the EU is Vietnam's fourth-largest fruit and vegetable export market. , accounting for 5.3% of the total export turnover of this product. Among EU member markets, Vietnamese fruits and vegetables are exported mainly to the following countries: the Netherlands (reaching 71 million USD), France (reaching 35 million USD), and Germany (reaching 20 million USD). The amount of vegetables and fruits consumed tends to increase in the EU due to eating habits to protect and enhance health. However, the EU market is very demanding regarding traceability and product quality standards, especially food safety and hygiene. Therefore, businesses need to learn and grasp information about the market, from consumer tastes to regulations and standards on rules of origin food safety, and increase the quality of goods, conquer this "difficult" market.

Pepper: For the EVFTA Agreement, EU countries commit to eliminating tariffs on pepper products (HS code 0904) as soon as the Agreement takes effect. The effective EVFTA will be a good lever for Vietnamese businesses to increase exports to EU countries (especially for processed products that previously had a tax rate of 5 - 9%). Incentives from the Agreement are being used effectively when pepper export turnover to the EU in the first 11 months of 2021 reached about 40 thousand tons, equivalent to 165 million USD, an increase of 7.4% in volume and a sharp increase of 63.9%. And export value compared to the same period in 2020.

Rice: Before EVFTA took effect, Vietnam's rice exports to the EU market were subject to a 45% tax. There are even some countries in the EU that impose import tariffs on Vietnamese rice of up to 100% or higher. When EVFTA takes effect, the EU gives Vietnam a 0% tax incentive with a quota of 80,000 tons of rice/year (including 30,000 tons of milled rice, 20,000 tons of unmilled rice, and 30,000 tons of fragrant rice). In particular, the EU will completely liberalize broken rice after five years. This commitment helps Vietnam export about 100,000 tons of broken rice to the EU annually. Incentives from the Agreement are used effectively when rice exports to the EU in the first 11 months of 2021 reached about 54 thousand tons, equivalent to 38 million USD, up only 0.8% in volume but up to 21.6% in export prices compared to the same period in 2020, showing that businesses are catching up with the trend of producing high-quality varieties (fragrant rice, long-grain rice, specialty rice) for the high-end market. Although the EU's rice imports from Vietnam tend to increase, Vietnam's rice market share in the EU still needs to grow, accounting for only 1.3% of the total export turnover of this product in the first 11 months of 2021.

Tea: For the EVFTA Agreement, EU countries commit to eliminating tariffs on tea products as soon as the Agreement takes effect. Taking advantage of incentives from EVFTA, in the first 11 months of 2021, tea export turnover to the EU reached about 3 million USD, an increase of 21.6% over the same period in 2020 despite a decrease of 16.4% in export volume, showing that Vietnamese businesses are shifting their focus to exporting high-quality tea products. This is a suitable orientation for the EU market because, with relatively high-income levels, consumers here need branded products associated with product quality rather than competitive prices. Vietnam is one of the leading countries with green tea and black tea products exported to the European market. However, the market share of Vietnamese tea in this market is still minimal, and export output could be higher. The EU market also only accounts for 1.7% of the total export turnover of this item in the first 11 months of 2021.

Businesses that are slow to innovate will be left behind.

When Vietnam participates in FTAs, increased competition can cause state-owned enterprises and many enterprises with outdated production technology to fall into difficult situations. With a deeper level of liberalization, Vietnam's lacking and weak sectors, such as transportation, human resource training, and highly skilled technical workers... will be

difficult to meet. Practical requirements when channeling investment from abroad, with strong capital flows pouring into the country, high competition will put pressure on businesses.

In recent times, there have been several policies to support export enterprises in agricultural products, such as Decree 210/2013/ND-CP on Encouraging Enterprises to Invest in Rural Agriculture, Decree 209/ 2013/ND-CP regulating and guiding the implementation of several articles of the VAT law, Decree 133/2013/ND-CP on amending Decree 54/2013/ND-CP on investment and export credit, Decision 57/2010/QD-TTg exempting land rental tax for projects to build temporary warehouses for storing agricultural products (coffee), Decision 3848/2010/QD-BCT providing market information to serve the consumption of agricultural products. Many support policies such as supporting 3 billion/project for processing projects to build traffic infrastructure, electricity, water, factories, waste treatment, and equipment purchases; Extending the loan period to a maximum of 36 months for coffee exports; Support loans to buy machinery and equipment to reduce post-harvest losses up to 100% of value, 100% interest for the first two years and 50% for the 3rd year; eliminate 5% VAT on some products including coffee; Management of purchasing system; Improve preliminary processing technology; Building a modern coffee consumption system (coffee trading floor), developing the domestic market; Promote information, industry forecasts, and trade promotion project for sustainable coffee development until 2020.

The EU imports 35 billion Eur/year of fruits and vegetables globally. Vietnam ranks 27th among countries exporting fruits and vegetables to the EU, with a modest market share of 1%. As for passion fruit products, the EU accounts for nearly 50% of Vietnam's export value. Viet Nam must have good products, preservation, transportation technology, and reasonable control of the planting area code to penetrate the EU market.

The EU is interested in production under GlobalGAP, and operating GlobalGAP production is very difficult for farmers. Not only in production but the process of harvesting, preliminary processing, packaging, preservation, and quarantine treatment until export must also be strictly controlled. The initial processing factory ensures EU standards.

Vietnam's agricultural sector still mainly produces small, scattered production and faces risks from the impacts of climate change, environment, and epidemics; must compete fiercely in agricultural exports with other countries; increase protection of domestic

production through technical barriers (quality standards, food safety, traceability,...); The Covid-19 epidemic also affects Vietnam's agricultural exports; FTAs, CPTPP, EVFTA, Industrial Revolution 4.0 impact both production, processing and consumption of agricultural products; the trend of using safe products, green products and reducing greenhouse gas emissions.

Enterprises exporting agricultural products face increasingly fierce competition.

The EU is a large market, with average seafood consumption per capita up to 24.35kg/person. With such consumption and market size, many countries promote seafood exports to the EU, so Vietnam must compete fiercely with many other competitors.

The low level of technology causes environmental control not to be guaranteed, in addition to requirements from the market and importers (quality, environment, labor, sustainable production, social responsibility, etc.). ...) increasingly stricter.

For Vietnam, with commitments to open the goods market equivalent to the EVFTA Agreement plus additional quotas for products with high competitive advantages, such as agricultural products, Vietnamese businesses will have more opportunities to promote the export of goods.

Vietnam is the leading country in two-way trade with the EU, which can be considered a gateway for the EU to Southeast Asia and possibly China. But this advantage is only for a while. The EU is also negotiating FTAs with other countries such as Thailand, Malaysia, the Philippines, and Indonesia (after the FTA negotiation with the ASEAN region collapsed). These countries compete directly with Vietnam in exporting goods to the EU region. Therefore, Vietnam needs to take full advantage of the advantages and opportunities of the first mover to maintain and promote existing advantages in trade relations with the EU. To achieve long-term and sustainable benefits from EVFTA instead of immediate help from export, import, or service growth. In other words, if we stop at simple reforms and avoid or delay stronger - and more complex - reforms, Vietnam's existing advantages will gradually disappear.

Exporting enterprises face more technical barriers.

The EU is a large market for Vietnamese agricultural products. The EU's regulations on pesticide residue levels have recently changed and are regularly updated. The EU regulates

the maximum allowable residue level on imported goods for plant protection drug active ingredients that are not on the list, have never appeared in the EU, or have not yet completed risk assessment. In 2020, the Vietnam SPS Office received over 100 notices about the draft changes to EU residue levels.

Regarding maximum residue levels (MRL), the EU fully follows "Good Agricultural Practices" (GAP). GAP is an agricultural practice allowed for pest control and is defined as follows (for specific crops): drug form, method of use, dose, number of services, and quarantine period. Businesses need to note that when changing MRL residue levels, they need to go back and consider what the GAP standards apply to that product to change the number of uses, dosage, and duration of use.….

The EU has yet to recognize Vietnam as having a total market economy, and it is worth mentioning that domestic businesses still need to understand the EU market, especially regulations on food safety and disease safety in animals and plants (SPS). From the strict requirements of the EU's rules of origin, as mentioned above, while more than 70% of Vietnam's raw materials must be imported, finding a solution to the problem of meeting the rules of origin to enjoy benefits takes much work. Tariff incentives under the EVFTA Agreement are a big challenge for the agricultural industry. Furthermore, the EU's mandatory quality and food safety requirements are stringent and challenging. Vietnam's agricultural products exported to the EU have not achieved uniformity in quality and technical standards in each shipment and do not ensure traceability conditions. Therefore, many Vietnamese agricultural products need to meet the requirements of the EU market.

DISCUSSION

Opportunities and challenges of Vietnamese businesses

As soon as the Agreement takes effect for Vietnam's exports, the EU will eliminate import taxes on about 85.6% of tariff lines, equivalent to 70.3% of Vietnam's export turnover to the EU. Seven years after the Agreement took effect, the EU will eliminate import taxes on 99.2% of tariff lines, equivalent to 99.7% of Vietnam's export turnover. The EU commits to giving Vietnam a tariff quota with an import tax within the percentage of 0%. EVFTA is expected to contribute to an average increase in GDP from 2.18 to 3.25% (for the first 5-year implementation period) and 4.57 to 5.30% (for the next 5-year period).) and 7.07-7.72% (for the subsequent 5-year period). Regarding exports, EVFTA is expected to help

Vietnam's export turnover to the EU increase by about 42.7% in 2025 and 44.37% in 2030 compared to without the Agreement. Overall, EVFTA will contribute to diversifying markets so as not to be too dependent on one market, thereby helping to ensure Vietnam's economic security.

Vietnam's agricultural industry is considered one of the industries that benefit the most from EVFTA. The agreement was signed when Vietnam's agriculture diversified export markets for agricultural products. EVFTA has opened up great opportunities for Vietnamese agriculture to diversify and penetrate a potential market with more than half a billion people and excellent purchasing power. Vietnam's main agricultural products entering the EU, including seafood, rice, crop products, and vegetables, will all enjoy preferential tax rates immediately after EVFTA takes effect. Rice is not a key product exported to the EU, but its export turnover has increased steadily in recent years, showing that EVFTA has actively supported Vietnam's exports.

Policy recommendations from the business side

In 2022, agricultural businesses need to immediately invest in improving the value and quality of products and goods, focusing on food hygiene issues to exploit the EVFTA Agreement effectively. Companies have to meet management standards and processes, attach importance to social responsibility, and make information about labor and production environment transparent.

In the context that Vietnam has signed and implemented several new-generation free trade agreements (CPTPP, EVFTA, UKVFTA, VN-EAEU FTA, etc.), the Regional Comprehensive Economic Partnership Agreement (RCEP) brings many tariff incentives. However, businesses must establish and effectively implement a traceability system throughout production, from raw materials to finished products, before being sold to the market. They must strictly comply with rules of origin and tax obligations according to market regulations to avoid investigations on tax evasion and origin fraud.

Businesses must develop a strategy to promote their brands and agricultural products in foreign markets. Many Vietnamese agricultural products are currently exported in raw form, which makes the value of agrarian export turnover low, causing damage to the economy. Therefore, to take advantage of Vietnam's agricultural development and incentives from the government's trade agreements, agricultural production and export

enterprises must continue promoting Vietnamese agricultural product brands, especially deeply processed products.

Enterprises need to proactively build a modern management system and keep documents and records enough. First, creating a database of papers helps businesses meet the regulations on certification of origin and self-certification of origin of goods in trade agreements. Next, if an anti-dumping investigation occurs, the investigation agencies of many countries often request a lot of records and documents related to the production and business process. Hence, businesses need to store journals and books that are complete and clear.

Enterprises need to exchange information with the Association and state management agencies regularly. This regular exchange of information allows businesses to contribute ideas to developing industry technical standards, amend draft standards of other countries, and receive technical support when companies are regulated for defense investigation. Investigations may start with the defendant being one or a few businesses. Still, the risk of damage to the entire industry is considerable, so companies must monitor information and regularly coordinate with the association. Industry associations and state management agencies to effectively solve the problem together. The Trade Remedies Department, Ministry of Industry and Trade (http://www.trav.gov.vn/) regularly updates early warning news and knowledge about trade remedies.

From the Government side

To support businesses to use tariff incentives, the Ministry of Industry and Trade has issued Circular No. 11/2020/TT-BCT regulating rules of origin of goods in the Free Trade Agreement between Vietnam and the United Nations. European Union (EVFTA) is an essential legal basis for goods exported to EU markets to be granted preferential Certificates of Origin (C/O) as soon as the Agreement takes effect and is approved preferential tariffs according to the Agreement's commitments.

However, the government needs to create conditions for businesses to import raw materials to compensate for domestic shortages and promote the production of high-value-added agricultural products (Tran, 2022). However, in addition to creating more openness, it is also necessary to pay attention to the management of origin, quality, epidemiological hygiene, etc., to ensure that requirements for product quality and rules of origin are met in the traceability of the EU market.

The Goverment should set aside a reasonable budget and mobilize capital from individuals and organizations to invest synchronously in raw material production areas with large areas and modern technology, focusing on key products of the agricultural industry.

Strengthen coordination between state management agencies to monitor and appropriately handle trade remedy investigations. The Ministry of Industry and Trade, as the governing body in charge of the trade sector, regularly provides and updates trade protection regulations of countries with exported agricultural products and a list of at-risk items for applying trade defense measures and origin fraud. So that Vietnamese state management agencies and associations can strengthen supervision monitoring and take appropriate handling measures.

The State needs to build a coordination and information-sharing mechanism between competent Vietnamese agencies and agricultural importing countries to receive information on changes to partners' import regulations regularly. From there, Vietnam's state management agencies can update and forecast trade defense investigation cases that partners will conduct related to Vietnamese agricultural products to coordinate and handle issues from the beginning.

Strengthen propaganda and dissemination of information about trade protection laws in general and regulations of importing countries for Vietnamese agricultural products in particular. Develop and disseminate information handbooks on export markets in the context of trade protection to provide information widely and systematically to businesses.

CONCLUSION

The European Union-Vietnam Free Trade Agreement (EVFTA) presents both significant opportunities and challenges for Vietnamese businesses, particularly in the agricultural sector. The elimination of import taxes on a large percentage of tariff lines, along with preferential tax rates for key agricultural products, is expected to boost Vietnam's agricultural exports to the EU and contribute to an increase in the country's GDP. Moreover, EVFTA offers a chance for Vietnam to diversify its export markets and reduce dependency on a single market, enhancing economic security.

To leverage these opportunities, agricultural businesses must focus on improving product quality, adhering to food hygiene standards, and ensuring transparency in labor and

production practices. They also need to develop strategies to promote Vietnamese agricultural product brands, especially those that are deeply processed, to increase the value of their exports.

Additionally, businesses must establish traceability systems, comply with rules of origin, and avoid tax evasion and origin fraud. Building modern management systems and maintaining comprehensive records and documents are crucial to navigate potential anti-dumping investigations. Regular communication and collaboration with industry associations and government agencies can help businesses address challenges collectively.

From the government's perspective, it is essential to create conditions for businesses to import raw materials when domestic supplies are insufficient and support the production of high-value-added agricultural products. Coordination among state management agencies is crucial to monitor trade remedy investigations effectively and ensure the adherence to product quality and origin rules.

The government should allocate a reasonable budget and encourage investment in raw material production areas with modern technology, particularly for key agricultural products. Establishing mechanisms for information-sharing between Vietnamese agencies and agricultural importing countries is vital to stay updated on changes in import regulations and proactively address trade defense investigations. Propaganda and dissemination of information about trade protection laws, as well as specific regulations of importing countries, will further assist Vietnamese businesses in navigating the complex landscape of international trade agreements and safeguarding their interests.

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