

**THE EU - VIETNAM FREE TRADE AGREEMENT (EVFTA)
OPPORTUNITY AND CHALLENGES FOR VIETNAM**

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Abstract

The EU-Vietnam Free Trade Agreement is a new generation of trade agreements between Vietnam and 28 EU Member States called EVFTA. The EVFTA was negotiated in mid-2012. After 14 formal meetings, the EVFTA negotiation process was finalized on December 2, 2015. On 17/10/2018, the European Commission has submitted a free trade agreement between Vietnam and Europe and the Investment Protection Treaty to the Council of Europe to consider and sign the delegation, to be expected at the end. 2018 will officially sign this Agreement. It will also be submitted to the European Parliament for approval in early 2019. When the agreement is officially put into effect, it will have a significant impact on Vietnam's economy and social life. This paper focuses on analyzing and evaluating opportunities and challenges for Vietnam in a number of areas related to trade agreements such as trade in goods; Vietnam's exports to the EU; Customs and trade facilitation; Sanitary and phytosanitary measures; Technical barriers to trade; Trade defense; Invest; Intellectual Property; Sustainable Development;

Key words: *trade agreements, trade, investment, intellectual property, import-export, development, rules of origin*

JEL Classification: *A10*

I. INTRODUCTION

EVFTA is the EU's third trade agreement with an Asian country, after the EU-Korea agreement (effective from 2011) and EU-Singapore agreement (negotiation completed in 2014, but not yet effective). The EU is negotiating a number of free trade agreements with Japan and four ASEAN countries other than Vietnam are Malaysia, Indonesia, Thailand and the Philippines.

Table 1: EU free trade agreements with Asian countries

Nation	Start the negotiation	End the negotiation	Effective
South Korea	2007		07/2011
Singapore	2010	10/2014	
Malaysia	2010		
Vietnam	2012	12/2015	
Japan	2013	12/2017	
Thailand	2013		
Phillipines	2016		
Indonesia	2016		

Source: European Commission

As soon as the EVFTA comes into effect, 85.6% of the tariff lines will be eliminated immediately (equivalent to 70.3% of Vietnam's exports to the EU), and 99.2% will be eliminated within 7 The next year (equivalent to 99.7% of Vietnam's export turnover to the EU) is the highest level of free trade agreements that Vietnam has ever signed. For the remaining 0.3% of exports (including: some kind of rice products, sweet corn, garlic, mushrooms, canned tuna, sugar and high sugar content such as cassava starch). The EU pledged to open to Vietnam tariff quota (TRQs) with tariff quota of 0%.

Table 2: Summary of EU opening commitments for some commodity groups in Vietnam Cam kết của EU

Items	Commitment of Europe
Textile	Elimination of taxes within 7 years Note: Rules of origin: use of fabric produced in Vietnam Especially allowed to use fabric produced in Korea
Footwear	Tax elimination within 7 years
Aquatic products (except canned tuna and pellets)	Tax elimination within 7 years
Canned tuna	Tariff quota
Rice husks, unmilled rice and aromatic rice	Tariff quota
Broken rice	Remove by roadmap
Products from rice	Tax elimination within 7 years
Sweet corn / cassava starch	Tariff quota
Honey	Get rid of taxes now
Sugar and sugar-containing products	Tariff quota
Vegetable	Much of the elimination right now
Handbags, suitcases	Much of the elimination right now
Plastic products / Glass-ceramic products	Much of the elimination right now

Source: European Commission and Ministry of Industry and Trade, Vietnam

With a strong market access commitment in the EVFTA, it is certain that it will promote bilateral trade, which will further expand the market for exports, particularly those that Vietnam has strengths like: textile garment, footwear, agricultural products (including rice, sugar, honey, vegetables, fruits, etc.), seafood, furniture. It can be said that all Vietnam's exports to the EU will be eliminated immediately after the entry into force of the Agreement, or after a short roadmap. This can be considered as the highest level of commitment that Vietnam has achieved in FTAs signed with other countries. This is more significant when only 42% of Viet Nam's exports to the EU are enjoying zero tariffs under the Generalized System of Preferences (GSP). However, in the coming time, when Vietnam reaches a certain level of economic development, the GSP will no longer exist. If EVFTA is not effective soon, it will be difficult for Vietnamese enterprises to compete in the EU market.

The trade agreement will allow a 99 percent reduction in tariffs on all items, some of which will reduce tariffs over time, with specific timetables and some with quota restrictions. For example, Vietnam will exempt tariffs on imported cars from the EU (currently 78%) for the next 10 years, tax exemptions for wine (currently 50%) for seven years. Enterprises from the EU will also be contracted for contracts in the public sector of Vietnam.

Vietnam is committed to protecting 169 EU food and beverage products. In contrast, the EU will exempt import tax for 7 years for some Vietnamese products, such as textiles and footwear.

The complementarity in trade between Vietnam and the EU is creating a strong trading climate for the two sides, when EVFTA is implemented. In addition, Vietnam's economy is growing strongly, the consumer market with nearly 100 million people is really the ideal destination for European consumer goods, especially agricultural products, food, meat products, milk. and pharmaceuticals.

According to the report of the EU-Vietnam Free Trade Agreement: Views from Vietnam, announced by the European Business Association (EuroCham) 10/2018 in Brussels (Belgium), almost all enterprises The European Union expects EVFTA to be adopted and enforced by 2019, or as soon as possible.

Nearly 80% of businesses surveyed said that EVFTA will impact "strongly" or "light" on medium or long-term business. Most believe that EVFTA will help Vietnam to increase its competitiveness, of which 72% said that the agreement will help Vietnam become a gateway for European businesses in Southeast Asia.

Nicolas Audier, co-chairman of EuroCham, said that EVFTA brings "mutual benefits" to Europe and Vietnam, with the European business community, which is an important motive for their peace of mind. market.

European businesses indicated a positive, optimistic picture with 85% predicting that EVFTA will have a significant or moderate impact on their long-term business and investment plans in Vietnam.

With less direct competitive characteristics in the structure of imports and exports of Vietnam and the EU, many products from the EU such as machinery, beef, milk, wine, cosmetics ... are waiting for "time gold point " to enter Vietnam.

II. CONTENT

For Vietnam, the implementation of EVFTA is an important step towards diversifying trade partnerships, diversifying the import-export market, avoiding dependence on a specific area. In the period from 2010 backwards, most of the FTAs that Vietnam participates with are partners in the Asia-Pacific region such as the Free Trade Agreement signed between Vietnam and ASEAN with China, Korea, Japan, India, Australia, New Zealand ...

The EU is Vietnam's second largest trading partner. The prominent feature of the import-export structure between Vietnam and the EU is its large complementarity with less direct competition. By 2014, total bilateral trade between Vietnam and the EU would be more than \$ 36.8 billion, up 9% from 2013. Of which, exports to the EU reached nearly \$ 28 billion and imports from the EU were close to \$ 9 billion. The main groups of exports to the EU are footwear, textiles, coffee, furniture and seafood. EU is also a big investor in Vietnam. As of June 2014, 25 out of 28 EU countries have invested in Vietnam with more than 2030 valid projects, total registered capital of over US \$ 36.1 billion (Ministry of Industry and Trade, 2015). EU investors have been present in most of Vietnam's key economic sectors, focusing most on industry, construction and some service sectors. Therefore, the signing of the Vietnam-EU free trade agreement will open opportunities for both sides. There are opportunities for Vietnamese enterprise

2.1. Vietnam's opportunity for free trade agreement (EVFTA)

a. Opportunity to expand markets, promote the import and export of goods to the EU market.

Once this agreement is approved, it will create better conditions for Vietnamese enterprises to access European markets, a large market with about 500 million people and bring many benefits to Vietnamese enterprises as exempted with tariffs of at least 90% of tariff lines on Vietnamese exports to the EU.

- With the reduction of import tax to 0%, it will create opportunities to import machinery, equipment and modern technologies from the EU market. To serve the production and business activities of domestic enterprises. Some industries in the past that Vietnam has to import raw materials or products from some neighboring countries in the region such as China, Thailand ... when the EVFTA was signed, it will be an opportunity to help Vietnam can be diverted to other countries in the EU. This will cause the domestic enterprises to face relatively competitive pressure. However, many argue that with a highly complementary economy to the Vietnamese market like the EU, opening up the Vietnamese market to EU exporters and service providers is not necessarily a disadvantage for Vietnam. EVFTA allows enterprises and Vietnamese to buy goods and services for domestic production at competitive prices, better quality and more modern technology. From there, there is a chance to increase the competitiveness of Vietnamese products. To some extent, this also helps Vietnam avoid over-reliance on a substandard and volatile supply source like China.

Opportunity to improve the production process, improve the quality of products in order to meet the requirements of the EU. When EVFTA is signed, it will provide legal basis for trade exchange for Vietnamese goods exported to Europe. To meet the quality and safety standards that this market requires. Commitments in areas such as trade defense (anti-dumping, anti-subsidy, safeguard), technical barriers to trade (TBTs), sanitary and phytosanitary measures Whole food (SPSs) ... have had certain impacts on the export of Vietnam to the EU market in the past. It is expected that there will be more positive impacts, bringing significant benefits to Vietnam's exports in the future. The main content does not commit to specific regulations on detailed issues but focuses on establishing a cooperative mechanism to clarify and quickly handle disputes. EVFTA will contribute to improving the implementation of relevant regulations (the opportunity to comment more on the promulgation or revision of EU regulations, the opportunity to resolve issues arising in the past application process ...). Enterprises also have the opportunity to learn about, access to, and express their views on these EU regulations. This is also a good opportunity for Vietnam to join this agreement.

Opportunity to access investment capital, modern technology, expand business opportunities for businesses ... from the EU market. More and more EU companies choose Vietnam as their investment destination. Vietnamese companies often lack know-how, technology and capital. Meanwhile, this factor is relatively available in European companies. In addition, the cost of labor in Europe is quite high, much different than the cost of labor in Vietnam. This makes the competitiveness of European businesses is not high. In contrast, the cost structure of Vietnamese enterprises is quite attractive, the advantages of Vietnam are quite diversified, better quality of labor as well as the protection of intellectual property rights better than other countries in area. Thus, the cooperation between Europe and Vietnam is a very beneficial relationship, helping Vietnamese companies gain access to European knowledge and technology while giving European companies a basis reliable, cost-effective production in Asia.

EVFTA also increases the attractiveness of EU funds to Vietnam. Through EVFTA, it will contribute to strengthening bilateral trade investment. Currently, Vietnam is adjusting the strategy of attracting foreign direct

investment (FDI), attaching importance to the quality of investors with the possibility of transferring new technologies. The EU is fully capable of meeting the demand that bridge. EU is also an important provider of official development assistance (ODA) for Vietnam for many years. Successful conclusion of this agreement will give Vietnam more opportunities to access European markets, access to foreign direct investment from the EU, and create more jobs for Vietnam. At the same time, Vietnamese consumers will have the opportunity to use good quality goods from the EU at a more reasonable price. On the EU side, through EVFTA, these alliance members can expand the market to Vietnam. It helps the economy of these countries grow faster. Moreover, this can be seen as a springboard for the EU to expand free trade agreement negotiations with other ASEAN Member States.

b. Contributing to economic growth

EVFTA is considered one of the most comprehensive and expected trade agreements that the EU has signed with a developing country. After Singapore, this is the second EU agreement signed in the ASEAN region and is expected to strengthen the bilateral relationship between Vietnam and the EU.

In the context of deepening economic integration, the resonance effect of this agreement is very significant, contributing to the economic development and renovation process of Vietnamese enterprises to help enterprises and investors of other countries or of Vietnam growing in markets where both sides have FTAs, in particular:

Firstly, EVFTA impacts on the process of building modern market institutions and international integration.

With extensive commitments on market access in terms of trade in goods, trade in services and investment; Ensure that elements of the reproduction process of goods and services move more freely between the parties to the Agreement; Promote transparency, stability, predictability of economic law and policy, and market-based economic institution commitments, including competition policy and regulatory barriers. The operation of state-owned enterprises in accordance with market principles, Vietnam-EU FTAs have an important impact on the process of building modern market economy institutions and international integration.

In addition, the FTA has a chapter on Sustainable Development addressing the challenges that humanity faces, such as climate change, the deployment of non-renewable resources, addressing worker protection claims under Basic principles of the International Labor Organization, ensuring sustainable development.

Second, EVFTA impacts on economic growth through investment attraction and export expansion.

In the absence of EVFTA, the EU, comprising 28 members, is the top investor in Vietnam. With extensive market access commitments in manufacturing and service sectors, bound by commitments to protect intellectual property, EVFTA will create a new impetus for engagement the investment of EU businesses in Vietnam.

Prior to EVFTA, the EU was Vietnam's second largest export market. With a 7/10 duty rate cut, the EU would eliminate all tariffs on imported goods from Vietnam for a maximum of seven years, with clear removal schedules, three years, five years and after 7 years.

In the context of the negotiations, some tariff lines on both sides have a longer roadmap, but the EU remains the party with a faster removal timetable, many of which are Vietnam's export strengths, absolutely immediately after the entry into force of the Agreement or with a shorter route. This will create new impetus for Vietnam's exports to the EU market.

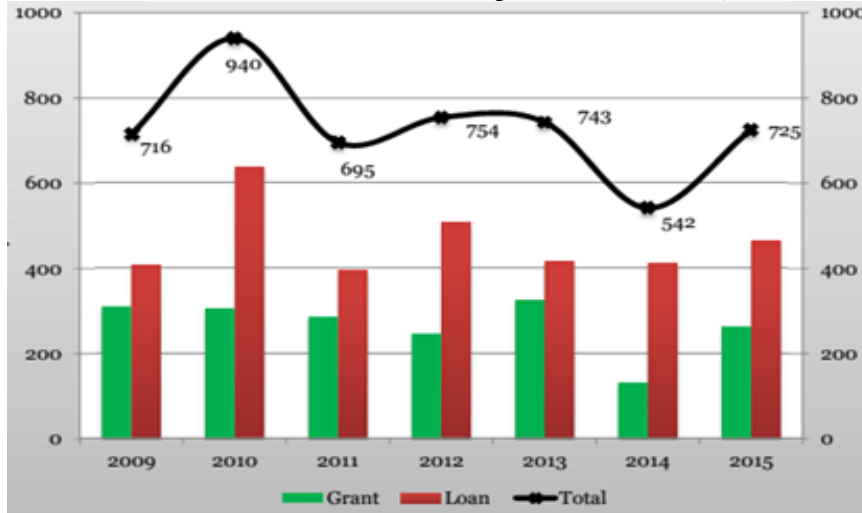
c. Opportunity for investment

EU was one of the early investors in Vietnam and soon became one of the big investors after Korea, Japan, Singapore and Taiwan. As of September 2018, the EU has directly invested in Vietnam 2142 projects with a total capital of \$ 48.5 billion..

D. Opportunity for development cooperation

The European Union and its member countries are the leading non-refundable funders in Vietnam, providing € 5.8 billion in total funding for the period 2007-2014, 41% of which is non-refundable (2.4 billion euros) and 59% of loans (3.4 billion euros).

Chart 1: EU commitment to Vietnam for the period 2009 – 2015 (Million dollars)



Source: https://eeas.europa.eu/sites/eeas/files/aid_disbursement_vn.pdf

e. EVFTA help sharply cut tariffs

As soon as the EVFTA comes into effect, 85.6% of the tariff lines will be eliminated immediately (equivalent to 70.3% of Vietnam's exports to the EU), and 99.2% will be eliminated within 7 The following year (equivalent to 99.7% of Vietnam's exports to the EU) - the highest level of free trade agreements that Vietnam has ever signed.

For the remaining 0.3% of exports (including some rice, sweet corn, garlic, mushrooms, sugar and high sugar content, cassava starch, canned tuna) The EU is committed to opening up to Viet Nam under tariff quota (TRQs) with 0% tariff quota.

f. Increasing competition with the same kind of products of other countries

Currently Vietnamese goods are entitled to the Generalized System of Preferences (GSP). Accordingly, developing countries are paid lower taxes on goods exported to the EU, but this is considered periodically. This is lower than the Most Favored Nation (MFN) tariff which applies to Singapore, Malaysia and Brunei, which makes Vietnam's products more competitive than exports from other countries. This. However, all commodities (except weapons and explosives) from less developed countries such as Laos, Cambodia and Myanmar are exempt from tariffs when goods arrive in the EU through the Everything but not Arms (EBA). Thus, when EVFTA becomes effective, the competitiveness of Vietnamese goods will increase significantly compared to MFN and GSP countries, and reduce the gap with less developed countries.

Table 3: EU tariff preferences for goods imported from ASEAN countries

MFN	GSP	EBA
Brunei	Indonesia	Lao
Malaysia	Vietnam	Campuchia
Singapore	Thailand	Myanmar
	Philippines	

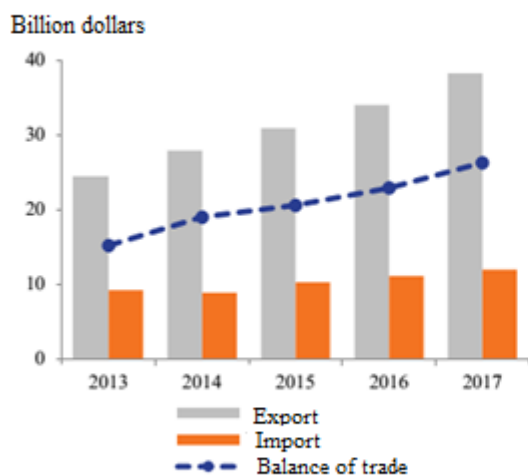
Source: Ministry of Industry and Trade, Vietnam

g. Bilateral trade continues to be strengthened

In 2017, the EU is Vietnam's second largest export market (\$ 38.3 billion), behind only the United States (\$ 41.5 billion). The main export items of Vietnam to the EU market are: telephone and spare parts (\$ 11.96 billion); textiles, footwear (\$ 8.44 billion); computers, electronic products and components (\$ 4.61 billion); machinery and equipment (USD 1.87 billion); seafood products (\$ 1.46 billion) and cashew nuts (~ \$ 1 billion). In the ASEAN region, Vietnam is now the second most important partner of the EU (after Singapore), but does not directly compete with the same group in this market. Therefore, with EVFTA, Vietnam's exports continue to be benefited, with the most direct beneficiaries being textile and footwear; seafood (excluding tuna and canned

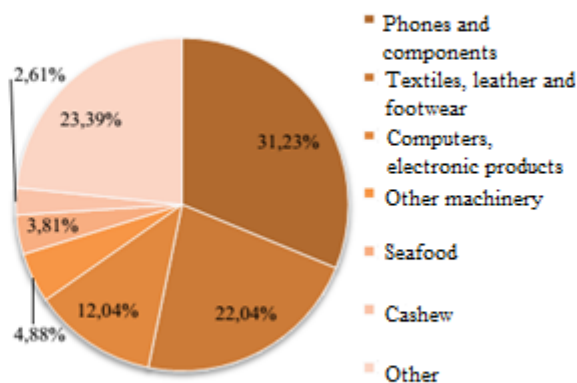
fish) and some agricultural products (coffee, pepper, etc.), indirectly benefiting from trade such as logistics, seaports.

Chart 1: Vietnam Trade - EU, 2013 - 2017



Source: GSO

Chart 2: Vietnam's main exports to the EU in 2017



Source: General Department of Customs

2.2. Challenges for Vietnam before the Free Trade Agreement (EVFTA)

a. Increasing competitive pressure on the domestic market.

Demand for products imported from abroad, especially products originating from Europe, Increasingly recently. When tariff barriers are removed, European goods will easily enter the Vietnamese market. At this time, Vietnamese businesses will face great pressure from European businesses. Pressure here is reflected in both the trade in goods and the trade in services. As committed in the WTO, many areas of Vietnam have opened wide, accepting foreign enterprises to establish branches and companies with 100% capital in Vietnam. Engage in areas where Vietnam is not strong or in the early stages of development such as logistics, seaports, financial services, distribution. With the management experience, the superior quality of the EU businesses, the risk of Vietnamese enterprises will be underpaid is quite clear.

b. The strict requirements on rules of origin, dumping issues, subsidies and the use of trade remedies are also a major constraint for Vietnamese firms to gain access to the EU market.

Normally, goods that want to enjoy tariff preferences under the FTA, the material must meet a certain percentage of the volume, especially the garment sector. Accordingly, garment enterprises should pay attention to the strict regulations of the agreement on the origin of garments. Because, in order to enjoy the 0% tax rate, garment enterprises must ensure a double origin. At least fabric and garment must be made in Vietnam or the only exception for fabrics Which made in Korea.

A simple, flexible system of rules of origin that is consistent with Vietnam's situation and which allows Vietnam to enjoy legitimate interests from EVFTA will be a prerequisite. This requirement is perfectly reasonable from the point of view of benefits (the biggest benefit of signing EVFTA is the EU tariff reduction for Vietnamese exports). As proof of the legal origin of timber is a challenge to this industry. In the case of textiles and garments, rules of origin are also an important issue in exporting this product to the EU market of Vietnam.

c. EU strict requirements on hygiene, environment, labor and technological processes

Considered a longstanding barrier to Vietnam's export activities to this market. To export to the EU, Vietnamese enterprises must comply with the provisions on hygiene, environment, labor and technological processes. This has made it difficult for Vietnamese small and medium enterprises to meet the demand due to their limited technical and financial capacity, and inadequate products for sale in the market. In addition to rules of origin, regulations on food hygiene and safety, SPS, environmental regulations, technical barriers to trade (TBT) ... will also create difficulties and obstacles to Vietnam's export activities. For seafood, strict food safety

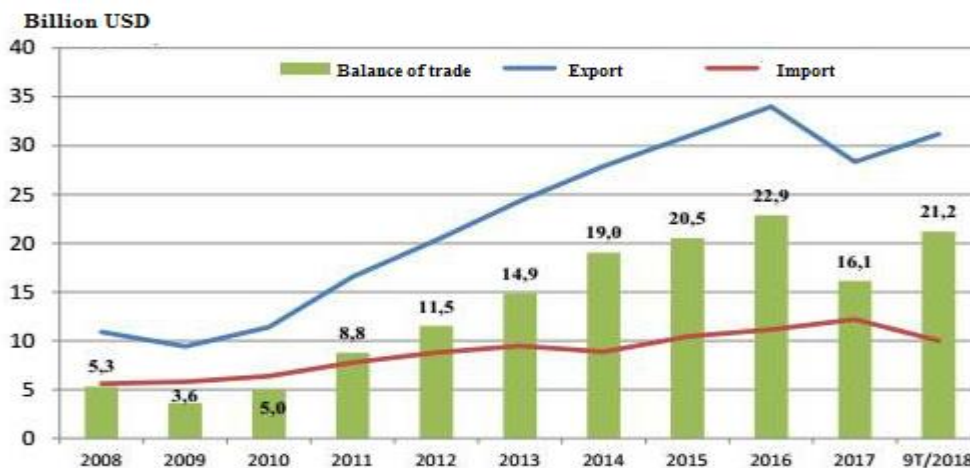
regulations, rules of origin and "voluntary quality certification" requirements, the environmental responsibility of many organizations in Europe are also great difficulties for the fishery sector in Vietnam today.

d. The lack of information by businesses about free trade agreements.

Many real businesses have not fully utilized the tax benefits of not knowing about FTAs. The procedure for issuing certificates of origin is still complicated, especially the majority of enterprises do not meet the conditions of origin. According to data from the Vietnam Trade Office, in the past only Vietnamese enterprises exporting to Korea is taking advantage of the preferential tariffs from the Vietnam - Korea FTA.

e. Reduction of state budget revenues from taxes

Figure 4: Export and import turnover and EU-Vietnam trade balance



Source: General Department of Vietnam Customs

Reducing revenue from taxation, a challenge for Vietnam in implementing this agreement. Represented in the form of tariff reductions for goods from EU partner countries. Vietnam is still a market with many commodity groups still holding high MFN tariffs with long-term open roadmap. Therefore, the commitment to reduce tariffs for most EU commodity groups will lead to a reduction of state budget revenues from about \$ 10 billion of goods imported from the EU.

f. The threat of trade remedies

Normally, when tariff barriers are no longer an effective means of protection, enterprises in import markets tend to use more anti-dumping, countervailing or safeguard measures to protect them domestic production. The EU is one of those "traditional" markets that use these tools.

h. Competitive pressure from EU goods and services

Opening up the Vietnamese market for goods and services from the EU means that Vietnamese enterprises will have to compete harder in the domestic market. In fact, this is a huge challenge, because EU businesses have advantages over Vietnamese companies in terms of competitiveness, market experience and the ability to make use of FTAs. However, Vietnam's commitment to openness is a roadmap, especially for sensitive product groups, so EVFTA is also an opportunity and reasonable pressure for Vietnamese enterprises to adjust and change their direction business and capacity building.

2.3 The impact of the free trade agreement (EVFTA) on the Vietnamese economy

The impacts of the EU – Vietnam Free Trade Agreement are forecasted and announced. Can be divided into 8 main impact groups:

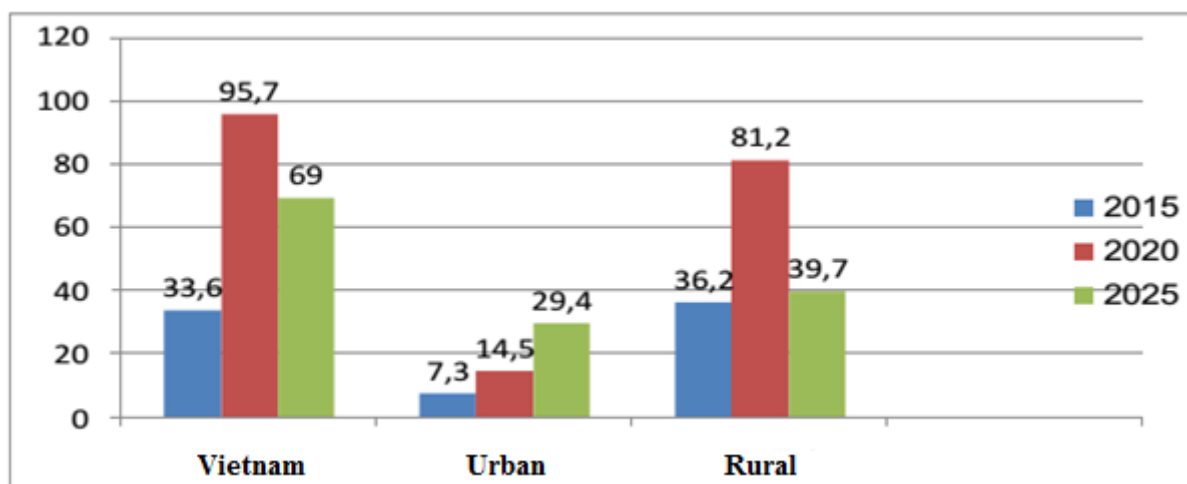
a. Impact on macroeconomy

- Vietnam will significantly increase its national income from now until 2025 - EVFTA will contribute to the economic growth of Vietnam.

- The annual welfare increase is expected to reach \$ 1.5 billion by 2020 when tariff reductions are almost complete - GDP is projected to grow from 0.7% to 1.1%.

- The number of people out of poverty expected in the next time will increase. In particular, in 2020, the number of people out of poverty in Vietnam increased significantly 95.7 thousand people. In particular, the number of people in rural areas out of poverty will outnumber those in urban areas. To some extent, the signing of EVFTA will have a positive impact on other social issues besides the economic problems we already know.

Figure 5: Number of people out of poverty due to the impact of implementing the FTA under the expected scenario (thousand people)



Source: Report Mutrap mutrap.org.vn

b. Impact on import and export of Vietnam

- Assuming the FTA with the EU comes into force in 2019, exports to the EU will increase by US \$ 16 billion in the first or second year compared to the absence of an FTA. By 2028, it will increase to \$ 75-76 billion compared to the absence of an FTA. For textiles and clothing, EVFTA could help increase exports by \$ 1.54 billion by 2023 and \$ 5.82 billion by 2028.

- Negotiations will help increase exports, Vietnam's global export turnover will increase to 23-24%
- Imports from the EU are estimated to increase by 25-35%.
- Vietnam's imports from all sources increased by 5%. Vietnamese enterprises need to import raw materials to meet the demand for production of goods for export to the EU.
- The size of the trade balance will depend on the level of investment capital, intermediate inputs, other factors (exchange rates, other macroeconomic variables)

c. Impact on bilateral trade growth and trade in services

Basically, the services sector of Vietnam exports to the EU will grow at a faster rate than the growth rate of services from the EU to Vietnam. There are two groups of service sectors, namely transport and business services, which have a higher growth rate of Vietnamese trade than EU imports from the EU (107% and 81% 97% and 74% respectively).

Table 4: Forecast of EVFTA Impact on Bilateral Trade Growth and Trade in Services

Branch	Vietnam imports from EU increased by%	EU imports from Vietnam increase%	Total exports of Vietnam increase%	Total import of Vietnam increases%
Traffic	107	81	4	1
The media	29	63	13	2
Wholesale and retail	14	33	4	1
Finance, insurance	37	61	6	0
Business services	97	74	4	1
Other services	14	46	3	1

Source: Claudio Dordi et al., 2018

d. Impact on labor and employment

- Exports increase, resulting in expanded production, employment opportunities are created accordingly. When EVFTA is implemented, with the removal of tariff barriers for exports from Vietnam, the export turnover of Vietnamese goods to the EU market will surely increase. As exports increase, to encourage enterprises to actively expand production, study many ways and forms to improve labor productivity, improve product quality to gain more access to the market. EU countries. Expanded production will also open up more employment opportunities for Vietnamese workers. Then solve other social problems of the country.

- Export labor from Vietnam to foreign countries increased. This is also one of the positive effects that we can see clearly. Openly, international economic integration inevitably the process of international division of labor will take place more strongly. The combination of labor force of other countries will help the production process, exports will be much more effective. As the market expands, the foreign workforce will have easy access to the domestic market as well as domestic workers will have easy access to foreign markets..

- The market receives labor from Vietnam as Germany, Poland, Norway, Romania, Czech Republic Republic of Cyprus, Italy - Export workers mainly work in areas such as nurses, skilled workers are also on the rise next time.

e. The impact of creating trade for Vietnam

Establishment of trade is based on the level of import duty and the share of that product in the total import turnover of the country. As tariffs decrease, imports of these goods will increase. With EVFTA, import tariffs on EU-origin goods will be lifted to 0%, which will facilitate the import of goods from the EU into Vietnam. Particularly, it is the source of goods for production or goods of high technology. This will be the conditions, the foundation to help the process of industrialization and modernization of the country is more favorable.

f. Trade diversion effect for Vietnam

Redirecting imports from Asian markets, countries in the region to the EU market. When tariff barriers are removed, it is clear that Vietnam-EU trade relations will be easier. Facing the context of import-export structure that is complementary to each other, the more favorable conditions for Vietnam can be instead of importing from Asian (traditional) markets. Especially the dependence on Chinese goods. Switch to imports of these goods from the EU.

e. Impact on Vietnam's international relations

This will provide the basis for Vietnam's rapid access to EU preferential markets as well as access to other EU markets that were previously inaccessible to Vietnam. In addition, the position of Vietnam in the international arena is somewhat more assertive as Vietnam has another strategic partner, the EU. This is also the driving force for Vietnam's international economic integration process more and more easy.

h. Impact on some production and business sectors of Vietnam

Firms are the most affected entities from the fact that Vietnam and the EU signed the EVFTA. The enterprise itself is the person who directly conducts trade exchange with EU partners. However, depending on the case, the specific sector in which the business will bear different effects from this agreement.

- Electronic industry: forecasts that electronic parts import tariffs from the EU will fall, the electronics sector will shift its import of electronic parts from the EU instead of the current Asian markets..

- Automotive industry: import tariffs on automobile parts and accessories from the EU have also led to the shift of import of parts and accessories to the EU market. In addition, Vietnam's automobile industry will face more difficulties and challenges. As the supporting industry is still underdeveloped, Vietnam's automobile industry is mainly assembled. Reduction of import tax on raw materials, accessories and spare parts will support assembly activities of Vietnam, but if reducing import tax on cars in complete units, this will again be a big problem of the automobile industry in Vietnam.

- Mechanical industry, the import tax on machinery and equipment imported from EU into Vietnam is very low. In case of further tax reduction will not have much impact on this industry.

- Banking sector: It is forecasted that the sector will attract more EU banks and EU finance companies to access and invest. This is expected to blow up new wind for the Vietnamese banking industry in the near future.

- Agriculture and fisheries: This is a sensitive commodity group, both Vietnam and the EU will focus on protectionist measures for this sector. Rules on origin, sanitary and phytosanitary (SPS), technical barriers (TBT), etc. will be common measures applied in this sector..

- Textiles, footwear and handicrafts, wood products: These are the main export sectors of Vietnam to the EU in recent years. When EVFTA is signed, the tariffs applied to these goods from Vietnam to the EU will be reduced, which is the advantage that makes Vietnamese goods more accessible to this market.

III. CONCLUSION

Over the past years, the trade and investment relations between Vietnam and the EU have seen positive developments. Bilateral trade has increased more than 12 times, from \$ 4.1 billion in 2000 to \$ 50.4 billion in 2017; Of which, Vietnam's exports to the EU increased by 13.6 times (from \$ 2.8 billion to \$ 38.3 billion) and imports from the EU increased by 9 times (\$ 1.3 billion to \$ 12,1 billion). The most prominent feature of trade and investment relations between Vietnam and the EU is the strong complementarity. There are few areas in which the two sides compete. EVFTA will bring significant economic benefits to both parties. On this basis, the potential for the development of trade, investment and bilateral cooperation after the signing of EVFTA is enormous. While Vietnam is actively negotiating and signing FTAs with many major trading partners, EVFTA will have a synergy effect with the ASEAN Economic Community and other FTAs, for investment from the EU, thereby promoting the reform of the growth model of Vietnam, contributing to building a transparent business environment, stable for businesses and investors.

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