

VIETNAM BUSINESS UPDATE AND NEWS REGULATIONS

NEW-GENERATION FTAS REPRESENT GROWTH DRIVERS FOR VIETNAMESE EXPORTS IN 2022

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Competitive advantages from FTAs

The Ministry of Industry and Trade (MoIT) has identified the effective implementation of FTAs that have come into force as one of the key tasks for the year ahead.

In particular, the MoIT also emphasized the necessity of utilizing opportunities from FTAs, such as the EU–Vietnam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP), to promote the diversification of markets and export products, restructure export industries, as well as boosting exports through digital platforms.

Deputy Minister of Industry and Trade Tran Quoc Khanh said that FTAs, especially new generation ones, have gone through their initial stages of implementation, which has contributed to helping businesses gradually adapt to their various commitments and creating a roadmap for tax reduction and elimination.

These moves have created additional competitive advantages in which Vietnamese goods can penetrate partner markets with preferential tariffs, whilst also accelerating export growth.

“The price of export goods tends to increase, especially Vietnamese advantageous products, which will be an important driving force to increase the export value in the time to come. The EVFTA, CPTPP, UK-Vietnam Free Trade Agreement (UKVFTA), and the RCEP, which became effective from Jan 01, 2022, are expected to create a stable

and long-term export market for ASEAN member countries in general and Vietnam in particular,” the MoIT representative emphasized.

Sharing the view of the need to maximize the benefits from new generation FTAs, Pham Quynh Mai, deputy director of the Multilateral Trade Policy Department, stressed that the RCEP is the world’s largest FTA, with a market featuring 2.3 billion consumers and accounting for roughly 30% of the world's population, equivalent to approximately 30% of global GDP.

“The biggest benefit from the trade pact is to create a single set of rules of origin for the entire ASEAN member states and four other partner countries. Thanks to that, businesses will not have to gain more insights into various regulations in the rules of origin set by agreements,” Mai said.

Incentives from these FTAs are the most important factors in helping firms remain resilience and overcome COVID-19 challenges, said Ha Phuoc Loc, deputy director of the Da Nang Rubber Company, noting that FTAs have brought greater export opportunities for Vietnamese enterprises, thus creating competitive advantages for them in the global playing field.

A shift from export quantity to quality

With high expectations placed on the incentives of FTAs for timber and wood exports in 2022, Le Minh Thien, chairman of Binh Dinh Timber and Forest Products Association, expressed his wish that state management agencies will create favourable conditions for the business community to enjoy enough time to adapt and comply with all