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Social Studies**

The Erasmus logo is a stylized, cursive script of the word "Erasmus" in a dark blue color.

**European Union-Vietnam Free Trade Agreement –
Driving factor to improve the across-borders trading
administrative procedure?**

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Disclaimer:

This document represents part of the author's study programme while at the International Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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Contents

<i>List of Tables</i>	<i>iv</i>
<i>List of Figures</i>	<i>iv</i>
<i>List of Appendices</i>	<i>v</i>
<i>List of Acronyms</i>	<i>vi</i>
<i>Acknowledgment</i>	<i>vii</i>
<i>Abstract</i>	<i>viii</i>
Chapter 1 Introduction	1
1.1 Statement of the research problem	1
1.2 Relevance and Justification	4
1.3 Research objective and research questions	4
1.4 Structure of the research paper	4
Chapter 2 Theoretical framework	6
2.1 Globalization, trade liberalization, and free trade agreement	6
2.2 Revolution of regulatory and administrative procedure	9
2.3 Linkage between administrative procedure and trade liberalization	11
Chapter 3 Evolution of European and Vietnam Trading	13
3.1 Vietnam's economy and politics	13
3.2 Relationship between Vietnam and the European Union	14
3.3 Cross-border administrative procedure requirement in EVFTA	16
3.3.1 Certificate of Origin	17
3.3.2 Trade facilitation	17
Chapter 4 Methodology	19
4.1 Ethnographic Observations	19
4.2 Document Analysis	20
4.2 Semi-structured interview	21
Chapter 5 Results and Discussion	24
5.1 Domestic regulation following EVFTA	24
5.2 Heterogeneous Participation EVFTA	29
5.3 Assess current practice of cross-border administrative procedure	38
5.3.1 COO Procedure	38
5.3.2 Trade facilitation	40
Chapter 6 Conclusion and Discussion	46
6.1 Main findings	46
6.2 Policy Implications	47
6.3 Limitations of the study and potential future research	47
<i>References</i>	<i>48</i>

List of Tables

Table 1 Differences between international agreements	7
Table 2 List of documents used to collect data	20
Table 3 Informant profile with a key highlight	22
Table 4 Timeline of EVFTA events in conjunction with other relevant events from 2007-2023	26
Table 5 Top 20 most exported goods at SITC-3 level export products to EU in 2022	31
Table 6 Top 20 most exported goods at SITC-3 level export products to Vietnam in 2022	32
Table 7 Interview Questions	55
Table 8 Code group interview	57
Table 9 Details code by interviews	62

List of Figures

Figure 1 The main barriers for enterprises doing business in Vietnam to utilize EVFTA	3
Figure 2 Evolution of world trade from 1948-2022	7
Figure 3 Vietnam GDP per capita from 1986 – 2022	13
Figure 4 Trading value between Vietnam and big traders, 2012-2022	15
Figure 5 Vietnam trade in goods with EU, 2012-2022	16
Figure 6 Administrative Reform: A Key Role in EVFTA Implementation, co-organized by the Prime Minister’s Advisory Council for Administrative Procedure (ACAPR) and EuroCham in 2020	27
Figure 7 Investment promotion conference of the People’s Committee of Ha Nam province in the Netherlands in 2023	28
Figure 8 Forum of trade and industrial cooperation with the EU event in 2020	28
Figure 9 VN trade with EU by product group the Standard international trade classification (SITC), 2014 and 2022, EUR Billion	29
Figure 10 Trade growth between Vietnam and EU 20114-2022 (%)	33
Figure 11 Size of the market and growth of international supply for products imported by Germany in 2022	34
Figure 12 RCA of Vietnam in 2022	35
Figure 13 RCA of Vietnam to Germany by sectors from 2014-2021	36
Figure 14 RCA of Vietnam to Germany by stage process from 2014-2021	37
Figure 15 Time to import in ASEAN countries from 2014-2019 (Hours)	41
Figure 16 Time to Export in ASEAN countries from 2014-2019 (Hours)	41
Figure 17 Cost to Export in ASEAN countries from 2014-2019 (EUR)	42
Figure 18 Cost to import in ASEAN countries from 2014-2019 (EUR)	43

Figure 19 Score of trading across Borders of ASEAN in 2019 (with 1=most business-friendly regulations)	43
Figure 20 APCI of trading across borders 2018-2022 (with 1= worst business-friendly regulations)	44
Figure 21 Composition indexes over the years of the group of administrative procedures Cross-border trade transactions	45
Figure 22: Consent form	54

List of Appendices

Appendix 1 Interview Questions	54
Appendix 2 Coding Interview	57

List of Acronyms

ACAPR	Advisory Council for Administrative Procedure
APs	Administrative procedures
APCI	Administrative Procedure Cost Index
COO	Certificate of Origin
ASEAN	Association of Southeast Asian Nations
CPTPP	Progressive Agreement for Trans-Pacific Partnership
CPV	Communist Party of Vietnam
EU	European Union
EuroCham	European Chamber of Commerce in Vietnam
EVFTA	European Union Vietnam Free Trade Agreement
FDI	Foreign direct investment
FMO	Dutch development bank
GATT	The General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services in
IMF	The International Monetary Fund
MOIT	Ministry of Industry and Trade
NGO	Non-government organizations
NSW	National single window
OECD	Organization for Economic Cooperation and Development
PTAs	Preferential trade agreements
RCA	Revealed Comparative Advantage
REX	Registered Exporter
SITC	Standard international trade classification
SOEs	State-owned enterprises
TFA	Trade Facilitation Agreement
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
VCCI	Vietnam Chamber of Commerce and Industry
WTO	World Trade Organization

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Abstract

This study focuses on the examination of the status of the administrative procedures in Vietnam in the context of the European Union-Vietnam Free Trade Agreement and its implications for simplifying and modernizing these procedures to foster economic growth. The importance of this research lies in its exploration of the under-investigated area of the correlation between free trade agreements and administrative procedures, offering insights into how international agreements like EVFTA with requirement about upgrade administrative procedure can serve as instruments to boost economic development.

The research investigates whether the commitment to simplifying and modernizing cross-border trading procedures, as stipulated by the EVFTA, has been effectively implemented. Additionally, it analyzes the trade value response resulting from these administrative adjustments and proposes policy implications to further promote the EVFTA. These questions are tackled through a multi-methodological approach, incorporating document analysis, interviews, and ethnography observations, to investigate the effects of EVFTA on cross-border administrative trading procedures and regulatory compliance in Vietnam. The study's main findings highlight that Vietnam made domestic regulatory adjustments in anticipation of EVFTA, indicating a proactive approach to compliance. The smooth implementation of EVFTA has positively impacted the efficiency of cross-border trading, contributing to a significant increase in bilateral trade volumes, encouraging a trade surplus for Vietnam, and proving that EVFTA is a successful case study of FTA implementation. However, the study also points out there still several management inadequacies such as non-transparent fee and procedure currently occur in cross border procedures. Additionally, the research also raising concern on the environmental and human justice which will negative effect on the success of free trade agreement implementation.

Relevance to Development Studies

This research topic holds significance within the field of Governance Development. Specifically, it focuses on the development of policy governance and ensuring transparency as essential conditions for fostering trade, enhancing competitiveness, and promoting economic development. The primary objective is to conduct a thorough analysis of administrative reforms needed for The European Union Vietnam Free Trade Agreement. It reveals different stakeholders' voices involved in trading between the European Union and Vietnam concerning governance development, emphasizing the impact of policy governance development on the country's trading performance. Additionally, the paper will also identify future trends that will shape trading performance. These findings serve as crucial resource for policymakers, businesses, and non-governmental organizations by providing a valuable lesson learned in monitoring governance development through the lens of the free trade agreement tool, provide good practice case study for decision-makers. The paper also underscores the critical necessity for integrating into international trade and supports macro advocacy planning.

Keywords

Policy governance, administrative procedure, regulatory reform, European Union Vietnam Free Trade Agreement, Trade facilitation.

Chapter 1 Introduction

1.1 Statement of the research problem

Regulation has emerged as a critical tool of government in managing increasingly complex and diverse societies and balancing competing interests (OECD, 2002). As the scope and size of regulatory interventions expanded rapidly over the twentieth century, the regulation which supposed to support the government in managing the country now acted as a burden (OECD, 2002). The Organization for Economic Cooperation and Development (OECD) (2011) estimates of the expenses of an increasing administrative burden in affluent nations range from 3 percent to 7 percent of GDP. It also emphasizes that this expense occurred due to the inefficient and outdated process throughout the rapid growth process which could be reduced by simplifying and modernizing the administrative procedures (APs). During the Global Headwinds and Internal Constraints, besides launching significant initiatives like tax incentives, it is necessary to structural institutional reforms as it not only saves significant budget for business and government but also increases the credibility and efficiency of Government-to-business and to “international playground” (World Bank, 2023). The updated, transparent, and sustainable APs will therefore encourage enterprises to continue increasing investment and doing business with the host country.

In fact, Vietnam initiated APs reforms since 2007 but the complexity and ambiguity regulation still remains and sifts development. This was owing to (i) policy fragmentation within the government structure; (ii) governments lacked the essential coordination and planning capabilities; (iii) governments also paid insufficient attention to the evaluation, updating, and elimination of unneeded or detrimental rules (Malyshev, 2008). The author policy analyzation shown that “there are still numerous overlapping, conflicting, insufficient, lack of visibility, transparency, not enabling, and other issues producing difficulties, blocking business operations of firms and individuals, and hindering economic development and progress. APs are still mostly implemented manually; most organizations and individuals must still go directly to administrative agencies to submit papers, which include superfluous and unjustified documentation and fees. Online dossiers have a low application generation rate (as of the third quarter of 2019, the rate of online dossiers was 47.7 percent in ministries and branches and 17.3 percent locally)” (Nguyen, 2023, p. 3). The process of choosing and developing public services to implement AP reform remains unplanned (Nguyen, 2023). It primarily focuses on quantity, with a majority of these services being basic procedures that fail to meet the criteria for online public services at levels 3 and 4 (Nguyen, 2023). Consequently, the integration capability is not adequately ensured.

On one hand, trade agreements, among other instruments, have been progressively utilized as a mechanism to foster effective regulation and stimulate the adaptation of internal regulations (Kauffmann & Saffirio, 2021). Many countries take advantage of this tool and use trade agreements as a momentum to push domestic policy change toward transparency in rulemaking and adopting international standards in technical regulations. In other words, countries that wish to join the international market will be required to upgrade their accountability and recognition. Vietnam is no exception and has tried to use this for decades. After years of conflict with China, France, and the United States in the pursuit of national liberation, Vietnam finally transitioned into a period of peace, shifting its focus towards economic development. Initially, the government sought to exert control over social and economic relations (Vietnam Embassy USA, 2023). However, societal resistance to the command economy requires a shift towards a developmental state model (Nguyen, 2023). In response to this change, the Vietnamese government initiated the “renovation”

program, known as Doi Moi in Vietnamese, in 1986. The early stages of Doi Moi were characterized by the removal of self-imposed barriers to progress and the implementation of various market-oriented measures. These included the liberalization of the domestic market, the promotion of foreign direct investment (FDI) and the private sector, and a reduction in subsidies to state-owned enterprises (SOEs) (Hong, 2009). In 2023, Vietnam officially joined 15 Free trade agreements (FTAs) (including 7 FTAs signed as a member of ASEAN and 8 FTAs signed as independent parties) (VCCI-WTO Center, 2023). Noticeably, Vietnam has integrated widely and thoroughly into the world economy and implemented international commitments on trade facilitation in the European Union Vietnam Free Trade Agreement (EVFTA). Value of exports from the European Union (EU) to Vietnam are expected to expand by around 29 percent, while the exports value from Vietnam to the EU are expected to increase by approximately 18 percent (European Commission and Directorate-General for Trade, 2019). These statistics equate to €8 billion in volume export benefits for EU enterprises by 2035, while Vietnam's volume exports to the EU are predicted to increase by €15 billion (European Commission & Directorate-General for Trade, 2019). In return, EVFTA also challenges Vietnam to commit to certain technical ambitious standard requirements which include simplifying and modernizing the APs to facilitate trade between the EU and Vietnam, as presented in Chapter 4¹. Despite the anticipation that the EVFTA will serve as a pivotal instrument in dismantling bureaucratic obstacles, issues about APs continue to pose significant challenges for European Union businesses. The European Chamber of Commerce in Vietnam (EuroCham) surveys to identify the primary barriers preventing businesses from fully utilizing the EVFTA. The results indicated that APs were the predominant concern, with 35 percent of participants identifying them as the central obstacle (Figure 1). Given the recent implementation of this treaty, there is a gap in research, especially investigating the current state of cross-border APs to evaluate Vietnam's level of commitment and the potential influence of the EVFTA on domestic legislation. This underscores the need for further examination to propose suggestions to utilize this ambitious FTA.

¹ “ARTICLE 4.1: Objectives

..... 2. The Parties agree that their legislation shall be non-discriminatory and that customs procedures **shall be based on the use of modern methods** and

ARTICLE 4.2: Customs Cooperation and Mutual Administrative Assistance

The Parties shall enhance customs cooperation, *inter alia*, by:..... **simplification and modernisation of customs procedures;**

ARTICLE 4.3: Customs Legislation and Procedures:

The Parties **shall base their respective customs legislation and procedures on international instruments and standards applicable in the area of customs and trade, including the substantive elements of the International Convention on the Simplification and Harmonisation of Customs Procedures**

ARTICLE 4.5

Simplified Customs Procedures

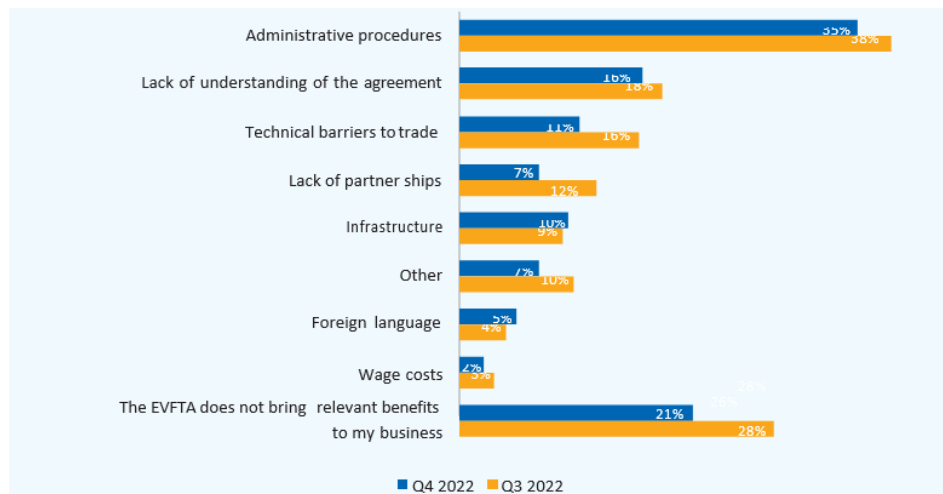
1. **Each Party shall provide for simplified customs procedures that are transparent and efficient** in order to reduce costs and increase predictability for economic operators, including for small and medium-sized enterprises. Easier access to customs simplifications shall also be provided for authorised traders according to objective and non-discriminatory criteria.

2. **A single administrative document or electronic equivalent shall be used for the purposes of completing the formalities required for placing the goods under a customs procedure.**

3. **The Parties shall apply modern customs techniques, including riskEU/VN/en 38 assessment and post-clearance audit methods, in order to simplify and facilitate the entry and the release of goods.**

4. *The Parties shall promote the progressive development and use of systems, including those based on information technology, to facilitate the electronic exchange of data between traders, customs administrations and other related agencies.”*

Figure 1 The main barriers for enterprises doing business in Vietnam to utilize EVFTA



Source: EuroCham, 2022, p. 25

On the other hand, Vietnam's ability to build its economy within its current framework is nearing its limitations (Ledda, 2023), and if bureaucratic roadblocks are not removed, future development will be substantially compromised. Using figures from highly regulated countries, the OECD (2011) calculates that if the costs of APs 40% cut each year, 762.6 million to 1.76 billion EUR could be saved. Extensive research has shown that the development of the regulatory environment will assist Vietnam in maintaining its increasingly high levels of market growth and being competitive in the post-World Trade Organization (WTO) world. In recent years, the energy demonstrated by private economic initiatives has been able to overcome administrative restrictions and expenses. Nevertheless, as the economy gets more complicated and sophisticated, such informal arrangements must be replaced by more sustainable APs, full use of Information and communication technology tools including e-government, and clear and accessible legislation (OECD, 2011). This change will also help to reduce poverty and promote inclusive growth. Strengthening the regulatory framework will provide a better climate for FDI, and foster cross-border trading (OECD, 2011)

In conclusion, the enhancement of APs in Vietnam remains a considerable challenge yet to be overcome. Since (i) the upgraded APs will be a major contributor to continuing its increasingly high levels of market growth; (ii) trade agreements can be a helpful tool to foster effective regulation and stimulate adaptation of internal regulations; (iii) the research to date on the contribution of the EVFTA implementation to upgrade cross-border APs in Vietnam has not yet determined; (iv) author high interest and extensive knowledge while supporting business utilize EVFTA, it is motivated to gather empirical data to investigate the current process of cross-border APs in Vietnam through the lens of the EVFTA to critically explain the negative observation of EU businesses and suggests several policy implications to improve trading between Vietnam and the EU. The author is dedicated this paper to presenting a prominent FTA case study, aiming to prepare Vietnam for potential future trading agreements better and facilitate managing the public policy of the country toward international market requirements.

1.2 Relevance and Justification

APs are a method for authorities to oversee the country, but they can also be a burden or a nightmare for businesses. The government in developing countries is usually too expensive, offers too little, and is not responsive or sufficiently accountable (Van, 2011). Government in this open market is usually under pressure from businesses, individuals, and international institutions to improve the efficiency of government operations, strengthen democracy, and increase transparency while still providing better, more varied, and reasonable-cost services to citizens and businesses.

AP reforms have become a buzzword in the media and attract scholars' attention. For more than a decade, Vietnam has imposed several resolutions to reform APs to provide better, more efficient access to government information and services. The government conducts lots of research and produces different indexes to measure the country's competitiveness in terms of integration and managing businesses. However, the existing studies are either too general and broad or too specific, focusing on certain issues and have not analyzed comprehensively the result of cross-border APs reform in the context of EVFTA implementation as well as the stakeholders' feedback after the implementation. Understanding the urgency of this topic, in this paper, the author aims to review the status of simplification and modernization of Vietnam cross-border APs in the context of EVFTA and analyze the challenges faced to further suggest policy implications to best facilitate trading through EVFTA.

1.3 Research objective and research questions

The main objective of this research is to examine the status of simplifying and modernizing APs in Vietnam following EVFTA commitment to see how it supports trading across borders between Vietnam and the EU. The author provides the evidence base for analysis by collecting reports, opinion responses from businesses, government, and non-government organizations (NGO), and feedback, to assess how APs change following EVFTA. Based on this objective, further research questions and sub-questions are presented below:

Research questions: Has simplifying and modernizing the administration of cross-border trading procedures taken place following EVFTA commitment?

Sub question:

What has been done and not yet done in current practice?

How does trade value respond?

What are the policy suggestions to promote trading, especially trading via EVFTA in the future based on the assessment of the current result?

1.4 Structure of the research paper

This study is divided into six chapters. Chapter One introduces the problem that this research paper proposes to address and indicates the research objectives, and questions. Chapter Two presents a comprehensive review of the existing literature, which includes prior research, theoretical underpinnings, and an examination of key concepts to be utilized in subsequent chapters. Chapter Three provides the Vietnam background and relationship between the EU and Vietnam and its commitment through EVFTA to facilitate trading across borders. Chapter Four introduces the methodology that will be used to test the theory and process of collecting data. Chapter Five is the analytical part of the paper which aims to answer the proposed research questions. Finally, chapter Six serves as the conclu-

sion, where summarize of the findings with policy implications and suggestions for future research, are presented.

Chapter 2 Theoretical framework

In this chapter, the author delves into a comprehensive literature review regarding trade liberalization, APs, and its linkage to learn the available reports for this topic. Subsequently, it narrows down the focus to APs across borders following EVFTA for a more in-depth research. This chapter also investigates the theories and concepts that are directly relevant to this research objectives and hypotheses. These concepts will serve as the conceptual framework within which the author will conduct analysis and draw conclusions in Chapter 5.

2.1 Globalization, trade liberalization, and free trade agreement

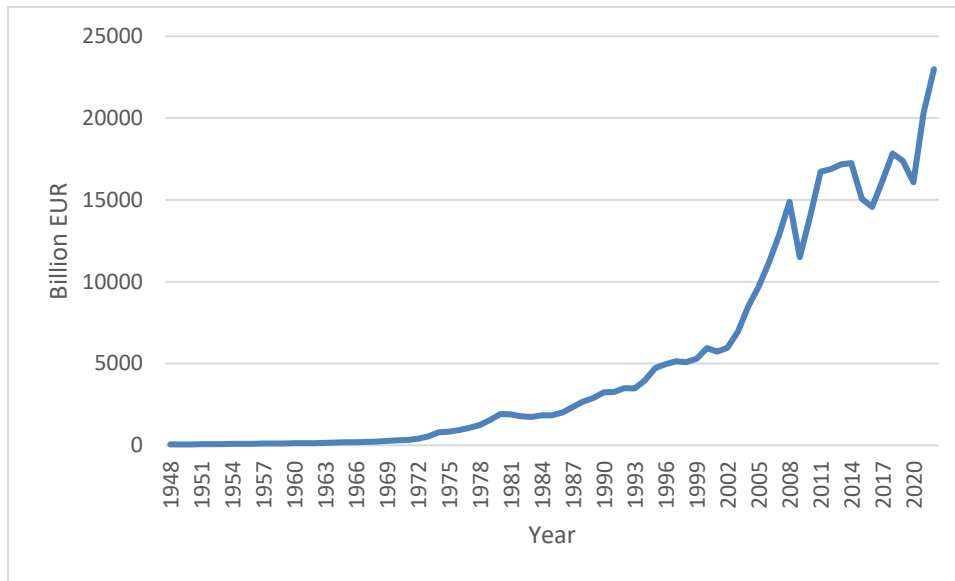
The two main theories that drive globalization first discussed in the 18th century remain in value today (Bergeijk, 2023). One is the absolute advantage by Adam Smith in his book, the Wealth of Nations where it explains international trade occurs when the country is capable of producing something that other countries cannot produce or only at a much higher cost (Bergeijk, 2023). Later, in 1817, David Ricardo formulated his theory of comparative advantage where international specialization is always beneficial if the trade partners concentrate on what they can do best (Bergeijk, 2023).

Supported by those theories, in the 19th century, the world witnessed an openness trend following the impact of globalization. This trend can be seen in the arose of trade liberalization where countries use instruments to lower their barriers including but not limited to tax tariffs and non-tax tariff barriers to encourage trading across borders. The General Agreement on Tariffs and Trade (GATT) in 1947, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) in 1994, and the General Agreement on Trade in Services (GATS) in 1995 were created which changed the world trading system. Two main principles of WTO agreements that create the foundation for evolution of world trading are (i) countries are generally prohibited from exhibiting preferential treatment towards specific trading partners – the most favoured nation²; and (ii) the treatment of foreigners and locals should be equal in the context of goods, services, trademarks, copyrights, and patents – the national treatment³. Consequently, as of 2022, world trade values have grown by almost 4091 times from 1948 levels (Figure 2).

² Article I General Agreement on Tariffs and Trade (GATT); Article II General Agreement on Trade and Services (GATS); Article IV Agreement on Commercial Aspects of Intellectual Property Rights (TRIPS).

³ Article III General Agreement on Tariffs and Trade (GATT); Article XVIII General Agreement on Trade and Services (GATS); Article III Agreement on Commercial Aspects of Intellectual Property Rights (TRIPS).

Figure 2 Evolution of world trade from 1948-2022



Source: WTO, 2023. Other calculations made by the author with an exchange rate of USD/EUR (09/08/2023) = 0.93

However, if a country wants to enjoy more favorable treatment than other WTO members, they will join the FTAs or customs union bilateral trade or investment agreements between countries, or preferential trade agreements (PTAs).⁴

Table 1 Differences between international agreements

WTO agreement	Bilateral trade, and investment agreements	PTAs	FTAs
include commitments in specific trade areas such as goods, services, intellectual property, investment aiming to unify common rules that create a foundation for global trade and have only stopped at reducing trade barriers	only focus on commitments to create a common framework for investment and trade activities between the two countries without including content on eliminating trade barriers.	They are unilateral trade commitments in which a developed country grants preferential tariffs to imports from developing countries, not based on reciprocity such as the Generalized System of Preferences.	FTAs have a higher degree of liberalization compared to WTO agreements, aiming to not only reduce but eliminate trade barriers.

Source: Consolidated by author from VCCI-WTO Center, 2019 and Thuvienphapluat.vn., 2023 and Minh Truong, 2023.

Therefore, it is expected that FTA shall benefit from the trade growth and there is a large volume of published studies investigating the contribution of FTA. Stevens, Irfan, and Kennan (2015) assessed 19 primary research studies that estimated trade growth and discovered that an FTA had a positive effect in at least 18 of them (the other had no effect). Baier and Bergstrom (2007) used 5-year panel data of 96 countries from 1960 to 2000 and discovered that FTAs enhance trade by an estimated 100% over ten years. In their 2019 study, Baier and colleagues (2019) conducted an examination of FTAs during the period from 1986 to 2006. Their findings revealed that FTAs exert a partial effect, estimated at 34%, on trade flows (Baier et al., 2019). The researchers employed an innovative two-stage methodology to ascertain that the impacts of FTAs can vary based on several factors, including distance, market size, and comparative advantage (Baier et al., 2019). This study also acknowledges the research conducted by Anderson and Yotov (2016), which posited that the effects of FTAs can significantly differ across various industries. Furthermore, it is

⁴ Article XXIV of the GATT, for trade in goods, and Article V of the GATS, for trade in services

noticeable that while measuring the internalization of countries in the South, the United Nations Conference on Trade and Development (UNCTAD), The International Monetary Fund (IMF), and the World Bank advised acknowledging the heterogeneity in the global South (Bergeijk, 2023). Heterogeneity can occur in many ways, such as large variations in area, population, factor abundance, income, culture, geography, and climate (Bergeijk, 2023). Heterogeneity can also occur internally such as differences between firms in productivity, size, international orientation, (human) capital intensity (Bergeijk, 2023).

In addition to economic considerations, many pieces of literature also drive the link between FTA and social factors which were prominently introduced in the 19th century. Romer (1994) who introduced the growth in knowledge spillovers and Ben-David & Loewy (1998) both aligned that free trade between countries with different wealth allows knowledge spillovers from countries with great knowledge. Grossman and Helpman (1993), and Feenstra (1996) also aligned that a free trade system is established under conditions that allow for technology transfer between the involved economies, production efficiency can be improved, and free trade can thus ultimately promote economic growth among FTA signatory countries. Feenstra (1996) dives deeper and shows that the free trade system does not boost the growth rate of major nations and, in the long term, can even disturb the growth of small countries if knowledge transfer does not occur. These theories suggest an insignificant FTA effect on growth rates and an uneven FTA effect between FTA member countries when technology transfer does not occur. The more recent literature contributes to the above findings by highlighting that a more liberalized market can yield greater societal benefits, provided that there are policies in place to facilitate job training programs (Gasiorek et al., 2019; Wolla & Esenther, 2017). This ensures that the workforce is equipped with the necessary skills to thrive in such an environment. Consumers in the importing country frequently benefit from greater choice and reduced prices, while producers in the exporting country benefit from increased export options.

Historically, scholarly investigations into the factors associated with FTAs have predominantly concentrated on their implications for economics and society. It is only recently that the role of government in FTAs has been recognized as a crucial element in maximizing the benefits of FTAs for host countries. A study conducted by Stevens and his colleagues (2015), suggests that for the trade effects of an FTA to be fully realized, a consistent approach by governments is required for not only trade-related policy but also ease of constraints for APs.

In conclusion, the evolution of trade liberalization since the 19th century, marked by key agreements like GATT, TRIPS, and GATS, has significantly altered global trade. The WTO's principles have ensured fair treatment of trading partners, leading to a remarkable increase in world trade values. The advent of FTA, bilateral trade, investment agreements, and PTA have added complexity to international trade. These agreements serve more advanced purposes and impact trade liberalization and economic growth to varying degrees. FTAs, in particular, have shown a substantial positive effect on trade development (Baier et al., 2019; Baier & Bergstrand, 2007; Anderson and Yotov, 2016). The role of FTAs in different industries and their asymmetric effects within trading pairs highlight the nuanced nature of these agreements and the impact of trade agreements varies based on factors such as distance, market size, and comparative advantages (Baier et al., 2019). Besides, the link between FTAs and social factors underscores the multifaceted nature of trade agreements. They are not just economic tools but also instruments that can influence social dynamics and policies in participating countries, emphasizing the need for a comprehensive view of international trade (Romer, 1994; Grossman & Helpman, 1991; Ben-David & Loewy, 1998). Even though FTA is not a new topic in academia, the role of government has only recently been discussed and advocated. Therefore, there remains room for improvement

and research to bridge this gap. Building upon the theories, the author will employ them as a framework to examine the EVFTA. The primary objective of this analysis is to understand how the EVFTA contributes to the prevailing principles of FTAs. This exploration will provide valuable insights into the implications of the EVFTA.

2.2 Revolution of regulatory and administrative procedure

Unlike FTA, studies exploring APs have emerged in the last decade.

“Public administration refers to (i): the aggregate machinery (policies, rules, procedures, systems, organizational structures, personnel, etc.) funded by the state budget and under the management and direction of the executive branch of government; and (ii) the management and implementation of the whole set of government activities related to the implementation of laws, regulations and decisions of the government, as well as the management of the provision of public services” (Acuña, 2009, p. 23)

Over the past decade, while exploring the impact of APs, scholars always refer to the term regulatory policy as these 2 definitions are closely intertwined.

“The OECD has defined regulatory policy as —the process by which government, when identifying a policy objective, decides whether to use regulation as a policy instrument and proceeds to draft and adopt a regulation through evidence-based decision making” (Parker & Kirkpatrick, 2012, p.10)

In other words, the relationship between the two is that APs are the means through which regulatory policies are implemented. Therefore, in this scholarly discourse, it is recognized that the categorization into either of these two groups can occasionally be somewhat similar.

Regulatory and Administrative procedure for economic growth

A wide range of scholars (Loayza, Oviedo & Servén, 2004; Paldam, Gørgens & Würtz, 2004; Djankov, McLiesh & Ramalho, 2006; Jalilian, Kirkpatrick & Parker, 2007; Jacobzone et al., 2010; Parker & Kirkpatrick, 2012) have conducted comprehensive studies on this subject from various angles. They collectively proposed that there is a statistically significant and positive correlation between regulatory policy, governance, and economic growth. Interestingly, Gorgens and colleagues (2004) suggested that an economy with heavy regulation might experience an average annual growth rate that is 2% to 3% lower than less heavily regulated economies. This effect primarily observed when comparing moderately and highly regulated countries. Djankov and colleagues (2006), through a multiple regression analysis of 135 countries, further investigated that transitioning from the worst quartile of business regulations to the best could result in a 2.3 percent point increase in annual growth. Jacobzone and colleagues (2010) agreed with previous authors and propose that enhancements in the quality of regulatory management systems consistently yield significant economic benefits across four economic dimensions: total employment, business sector employment, business sector GDP, and labor productivity.

Dive deeper into the impact of APs on economic growth through different lenses, several studies have begun to examine APs' impact on business and productivity such as CPB Netherlands Bureau for Economic Policy Analysis (Tang & Verweij, 2004), and George and Lejour (2006), and the Australian Government Productivity Commission (2006). CPB Netherlands Bureau for Economic Policy Analysis (Tang & Verweij, 2004) highlighted that the initial impact on GDP from reducing administrative costs by 25 percent was around 1.1 percent. The longer-term effect was even larger, with an increase in

real GDP of 1.4 percent attributed to higher savings, more investment, and extra capital. Focusing more on productivity, George and Lejour (2006) found out that a 25 percent reduction in administrative costs shows that on average labor productivity and economic growth in the EU rise by 1.5 percent and 0.9 percent respectively, by 2025. Furthermore, researchers such as Klapper and colleagues (2006), Djankov and colleagues (2002), and Ciccone and Papaioannou (2007) attempted to evaluate the impact of APs on market entry and red tape on entrepreneurs. Klapper and colleagues (2006) supported the idea that regulation slows the entry of new enterprises into marketplaces and especially note that more costly entry regulations experience slower growth in the number of firms in industries with high entry. A shift from the 75th percentile in the cost of starting a business to the 25th percentile increased developing countries' GDP growth by 25-50 percent per annum. Ciccone and Papaioannou (2007) in countries where the legal status to operate firms can be obtained more quickly, there is significantly more entry in industries that experienced expansionary global demand and technology shifts. Cutting "red tape" fosters entrepreneurship in industries with the potential to expand.

Challenges in simplifying and modernizing administrative procedures.

Despite the benefits of AP simplification, many countries face challenges in effectively implementing reforms. Malyshev (2008) argued that one of the primary obstacles to simplification is the lack of coordination and planning capabilities within governments. Additionally, policy fragmentation and overlapping responsibilities among different government agencies can hinder the reform process (Acuña, 2009). Another barrier to simplifying administrative procedures is vested interests and bureaucratic inertia. Den Hertog (2010) indicated that entrenched interests may block changes to existing regulations.

Studies from Vietnam have also shown that simplifying and modernizing APs is not an easy single solution. Reports from the Vietnam Chamber of Commerce and Industry (VCCI) (Dau et al., 2020; Dau et al., 2019) shared that there are still a lack of cooperation among government departments and the complexities of the legal system as major barriers to reform. They also claim that the presence of corruption and opposition from vested interests had hampered the execution of administrative simplification efforts (Dau et al., 2020; Dau et al., 2019).

To sum up, unlike FTA where the study was conducted in the 19th century, regulatory and APs start to emerge in academia in the 20th century. From the national level, simplified APs have been positively correlated with improvements in efficiency, entrepreneurship, productivity, GDP, and the facilitation of new market entries, as well as the reduction of bureaucratic red tape. However, it's important to note that the regulatory governance and institutional framework within a country can potentially mitigate any adverse effects (Parker & Kirkpatrick, 2012). In another word, it is undeniable that such regulations, procedures, and documents may be necessary for governments to control the movement of goods across borders and ensure justice for welfare and, the environment (Parker & Kirkpatrick, 2012). Therefore, it is of paramount importance to find a balanced approach to maximize the benefits of APs, although this is not an easy task to accomplish. Importantly, scholars from abroad such as Malyshev (2008), Acuña (2009) and Den Hertog (2010) as well as internal reports in Vietnam, have demonstrated that the implementation of simplified APs or regulatory reform is a complex process. This scholarly inquiry yields substantial insights, facilitating the author's further examination of the potential correlation between APs and trade liberalization. This focused approach refines the research topic and contributes to the development of a robust theoretical framework.

2.3 Linkage between administrative procedure and trade liberalization

In the past decade, studies about cross-border APs have started to emerge to highlight the critical role of APs in facilitating trade liberalization. The European Parliament report (Van Lierop, 2021) discusses the challenges faced by the EU's border regions due to legal and administrative barriers. The briefing highlights that the removal of just 20 percent of cross-border obstacles in border regions could increase their GDP by 2 percent. Additionally,

“The direct and indirect costs associated with such procedures are estimated to represent 7–10 percent of the value of global trade” (Nga et al., 2021, p. 234).

The World Bank report (Go, 2018) introduced a comprehensive literature review about the contribution and effectiveness of Trade Facilitation Measures which highlights the significance of electronic systems for filing, transferring, processing, and exchanging customs information, which have become vital tools for managing information flows in complex trading environments. In a comprehensive review of over 50 studies, Go (2018) underscored the enhancements in trade regulations, procedures, and documentation result in augmented trade flows. This is manifested not only in the reduction of corruption but also an increase in customs revenue. This suggests a direct correlation between the refinement of trade procedures and economic growth indicators.

Regarding Vietnam APs' impact on trade liberalization, the available study now focuses on the entrance into force of the World Trade Organization's Trade Facilitation Agreement (TFA) in 2016 but less on FTAs. The implementation provided additional impetus to move Vietnam's trade facilitation agenda forward more rationally and systematically (Nga et al., 2021). According to the OECD report (Portugal-Perez & Wilson, 2012), implementing the WTO TFA alone may lower trade costs in Vietnam by 18.3 percent. Hammar and colleagues (2009) also aligned that Vietnam has implemented several trade facilitation measures, which have had a favorable impact on trade development but obstacles to future commerce development exist. Nga and colleagues (2021) suggested that streamlining procedures reducing non-tariff barriers and regulatory harmonization maximize the benefits of the trade agreement. However, since Vietnam is a unique country with the domination of a single party, the effect and reaction of country to trade liberalization will be different from field to field. Evidently, Vu Thanh study on SOE in 2017 suggested that.

“International trade agreements can serve as a source of external pressure and credible commitment to overcome opposition and to lock in domestic economic reforms. This belief, however, underestimates the ability of politicians not only to circumvent these pressures, but to leverage international trade agreements to advance their own policy preferences – preferences that may be highly anti-reformist.” (Vu Thanh, 2017, p. 85)

Regarding the literature on Vietnam FTA, Nguyen Trinh Thanh Nguyen (2018) shared that EVFTA would eliminate tariffs for Vietnam, expand its market, improve the legality of trade, and increase the quality of produce but Vietnam may not seize its full potential due to its lower capacity, weak competition, and slow reform of its economic system.

In conclusion, studies in the past decade have underscored the role of APs in facilitating trade liberalization. Reports suggest that improvements in APs can lead to increased trade flows, reduced corruption, and increased customs revenue, indicating a direct correlation with economic growth indicators. In the context of Vietnam, scholars have used TFA to investigate the impact of APs on trading and proved that it has advanced the country's trade facilitation agenda but concerns about capacity and competition remain. Despite

these challenges, simplifying APs for FTAs can maximize their benefits. However, there is a literature gap on APs across the border in Vietnam and their impact on FTA. Nevertheless, since the effects of regulations are context-specific (Parker & Kirkpatrick, 2012) which is the case for such a unique country like Vietnam (Vu Thanh, 2017), the author will use the context of EVFTA implementation to see the cross-border APs movement.

To sum up Chapter 2, the literature review of trade liberalization, its impact on economic growth, and the role of APs in facilitating trade liberalization has shown the significant role of FTA and APs in economic growth and the correlation and dependence between those factors. However, the review also highlights that there are still gaps in knowledge to see how Vietnam APs have been impacted by FTA. Particularly, Vietnam APs adjustment following EVFTA which the author shall shed light on by using the empirical data in the next chapters. Regarding the methodology, most reports used regression or the second stage method to measure the correlation, however, due to the data limitation, the author will use multiple methods to examine this topic.

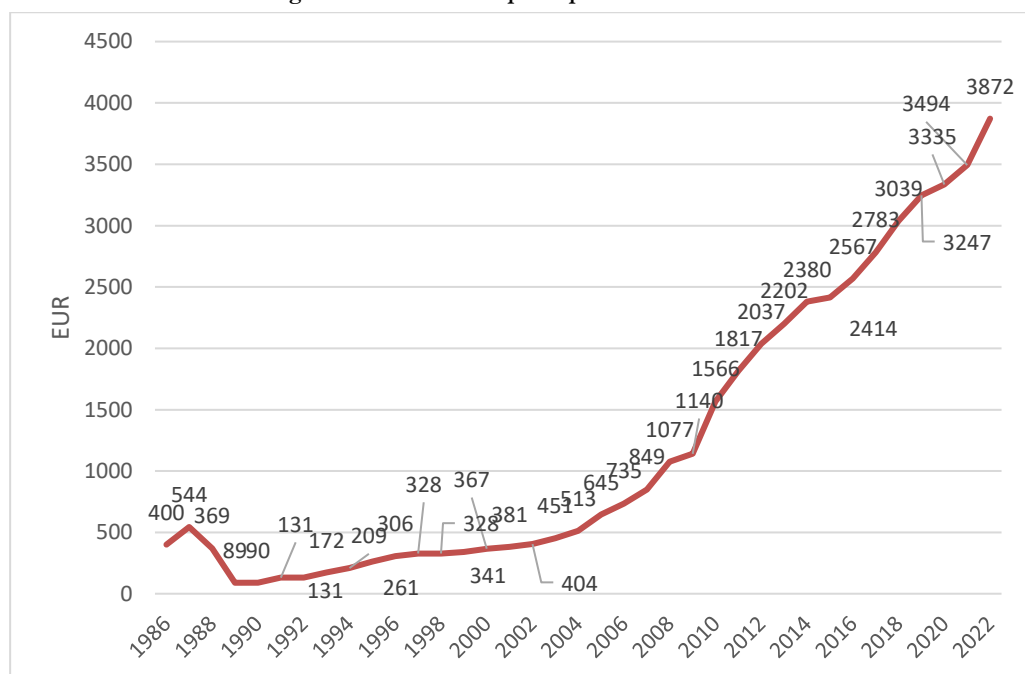
Chapter 3 Evolution of European and Vietnam Trading

This chapter is designed to present the context of the Vietnam and European and Vietnam relationship. Following, the exploration of the terminology EVFTA related to research question will help to framing the answer.

3.1 Vietnam's economy and politics

Vietnam has a remarkable development record over the last 3 decades with economic and political reforms transforming the country from one of the poorest in the world into a low-middle income country. According to the World Bank (Figure 3), since the Doi Moi reforms of 1986 till now, the average GDP per capita growth rate has been 10 percent and since Vietnam joined WTO in 2007 till now, GDP per capita has increased 4,6 times. Vietnam's economy is now one of the world's fastest-growing, and it has the second-highest growth rate in the area, behind China (European Chamber of Commerce in Vietnam, 2022). Like other countries, Vietnam also suffered from COVID-19 which slows down the growth GDP per capita from 7 percent in 2019 to only 3 percent in 2020. However, the government's swift and effective handling of the pandemic, despite its ongoing impact on global trade and investment, led to Vietnam being one of only three countries in the region to achieve economic growth in 2021 (General Statistics Office of Vietnam, 2021). This has helped Vietnam to able to quickly recover from COVID-19, recording a growth GDP per capita of 5 percent in 2021 and 11 percent in 2022.

Figure 3 Vietnam GDP per capita from 1986 – 2022



Source: World Bank, 2023. Other calculation made by the author with exchange rate USD/EUR (09/08/2023) = 0.93

In recent years, the country has emerged as one of the most promising destinations for manufacturers in the East and Southeast Asia region (Nguyen, 2023). Particularly, according to the EuroCham report (2022), a large population size with almost 60 percent of Vietnamese people under the age of 35 creates attractive business opportunities and a large consumer base. The anticipated growth of the urban population, from 33 million in 2016 to an estimated 54 million by 2035, which constitutes more than half of the total popula-

tion, is projected to significantly stimulate Vietnam's employment sector in the forthcoming years (European Chamber of Commerce in Vietnam, 2022). In terms of its comparative advantage, Vietnam's strategic geographical positioning within the Southeast Asian manufacturing nexus is underpinned by a highly skilled, abundant labor force and competitive labor costs (Nguyen, 2023). Furthermore, the nation presents numerous strategic benefits for enterprises, including a relatively stable political climate, a diverse economy, and expanding connections with regional and global supply chains (FMO, 2022).

Regarding politics, according to Vietnam's constitution (Vietnam Embassy USA, 2023), Vietnam is a one-party state with the Communist Party of Vietnam (CPV) as its official political party. The CPV is firmly rooted in the ideologies of Marxism-Leninism and Ho Chi Minh. These ideologies provide a robust ideological bedrock for the leadership and inform the policy recommendations of the National Assembly (Tan, 2012). The Socialist Republic of Vietnam's state functions on behalf of the citizens, assuming responsibility for the administration of all aspects of social life, as well as domestic and international affairs. The CPV, specifically its Central Committee, convenes at Congress every five years to contemplate the nation's developmental trajectory and to establish the policy's objectives and guiding principles (Tan, 2012; Vietnam Embassy USA, 2023).

In conclusion, Vietnam is a country with stable GDP growth, a young and growing population, a strategic location, and stable politics. It is striving to develop and willing to open its market with international standards. A Dutch development bank (FMO) and other EU businesses show high hopes for Vietnam and shared that it will remain one of the world's most attractive emerging markets in the medium term (FMO, 2022). This is supported by solid domestic demand, rapid growth in manufacturing exports, and strong FDI linked to new FTAs (FMO, 2022).

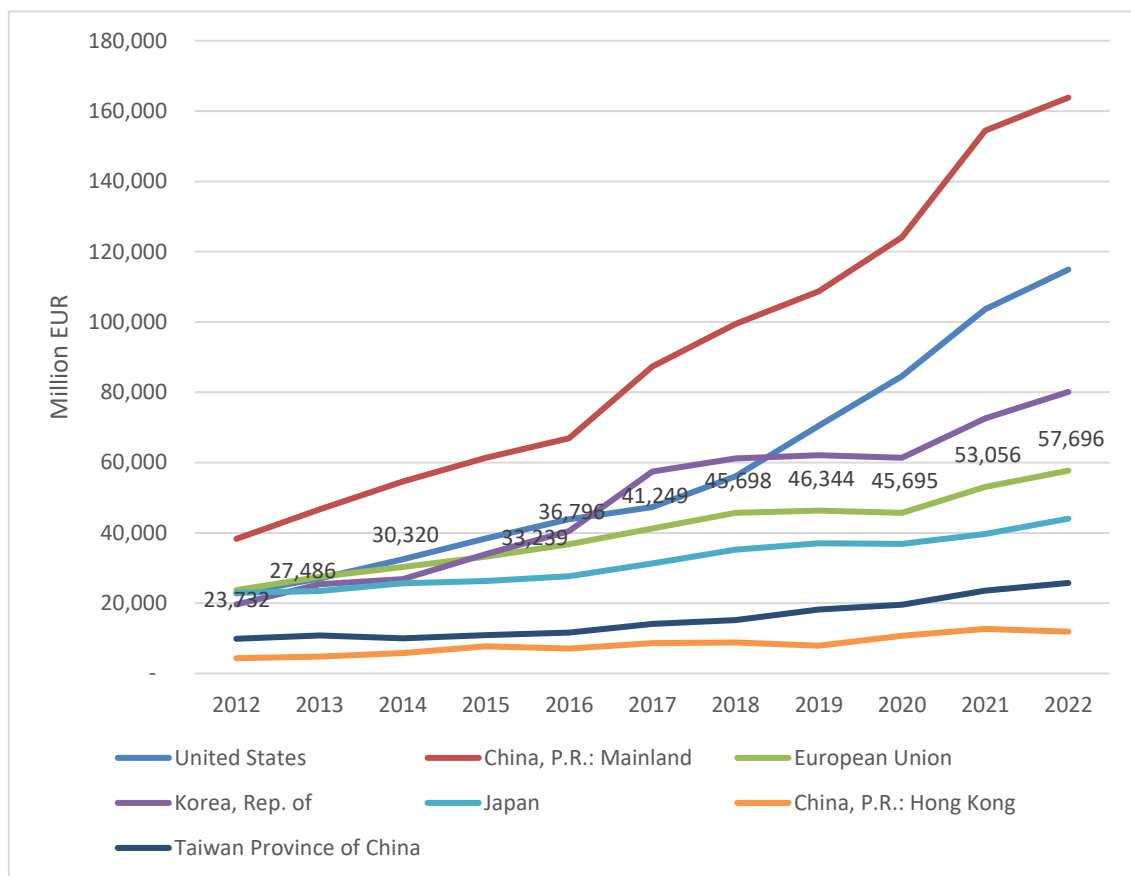
3.2 Relationship between Vietnam and the European Union

Since 1990, the EU has established diplomatic relations with Vietnam and has become one of its main partners in Southeast Asia. Vietnam has the highest number of agreements with the EU compared to other countries in the region, covering different aspects such as peace and security, political issues, trade, and development (European External Action Service, 2023). The EU-Vietnam Framework Cooperation Agreement was signed in 1995 and entered into force on June 1, 1996, broadening the EU's relationship with Vietnam beyond the humanitarian dimension of the early years and defining the terms of cooperation between the two entities (European External Action Service, 2023). In 2012, the EU-Vietnam Framework Agreement on Comprehensive Partnership and Cooperation was signed and entered effect in 2016, broadening EU-Vietnam cooperation scope in the areas of trade, environment, energy, science and technology, good governance, human rights, as well as tourism, culture, migration, and the fight against corruption and organized crime (European External Action Service, 2023).

Regarding trading, understanding the difficulty in negotiating border terms through WTO, the EU started to go through the FTA. At first the EU approached the Asian Market in 2007 for the EU-Asian FTA but it was not able to go through the agreement (European Commission, 2023). Then, the EU finds a different approach and initiates the bilateral FTA between the EU and each Asian country. EVFTA is among the most comprehensive trade agreements the EU has ever ratified with a developing nation in Asia and is considered a cornerstone for upgrading the relationship between Vietnam and the EU in the future (Central Institute for Economic Management, 2017) which then makes Vietnam a key partner in the region of EU (Vietnam News, 2023).

From Vietnam’s point of view, the EU has consistently ranked among its key partners over the past decade. The total trade value with the EU has consistently placed them within the top five largest trading partners (VietnamPlus, 2023). According to Figure 4, compared to other top trading partners with Vietnam where average growth in trading is 18 percent with the US, 16 percent with China, Korea 16 percent, and 7 percent with Japan, trading between Vietnam and the EU growth is very stable with average +9 percent growth in trade value over the past decade and there is not much fluctuation or decrease throughout the time. This has shown that the EU is a reliable partner where the value of trade increases almost every year and trade has doubled in value over a period of 10 years. The highest growth in the past decade was recorded at 16 percent in 2021, regardless of the impact of COVID-19 where most countries experienced a drop-in or slow increase in trade activity in 2020 during the peak pandemic but rebounded the following year, showing evidence of heterogeneous resilience.

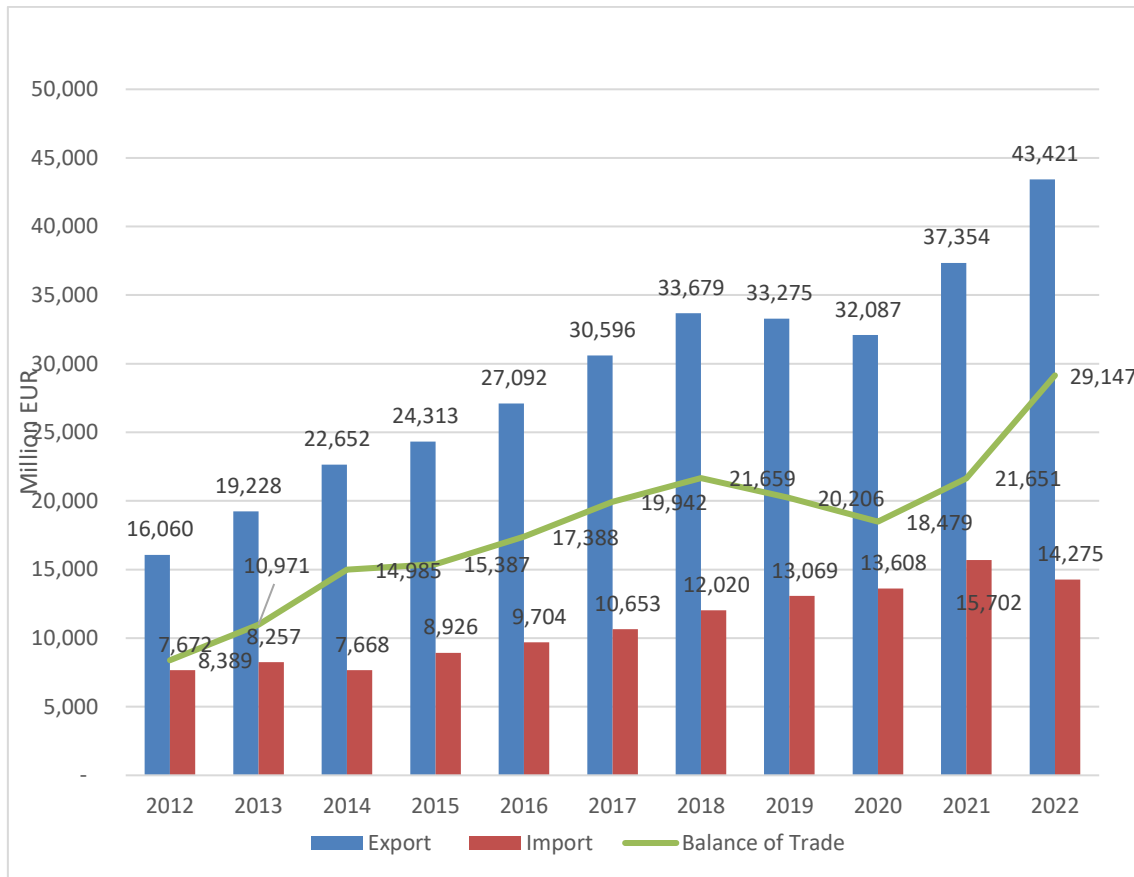
Figure 4 Trading value between Vietnam and big traders, 2012-2022



Source: IMF, 2023. Other calculation made by the author with an exchange rate from USD/EUR (09/08/2023) = 0.93

According to Figure 5, trading between Vietnam and the EU has resulted in a trade surplus, which has positively contributed to the country’s economic growth. Over the past decade, exports to the EU have increased 2.6 times, while imports have only increased roughly 1.7 times. It is worth noting that the trade balance triples in value within 10 years. The trade balance increased until 2018 and recorded a slight decrease until 2020 due to COVID-19 and changes in policy and politics. However, despite the tremendous impact of COVID-19 on trading between the two nations, it quickly recovered in the following year thanks to the implementation of the EVFTA and reached a new peak in 2022 with a 35 percent increase in the balance of trade.

Figure 5 Vietnam trade in goods with EU, 2012-2022



Source: IMF, 2023. Other calculation by the author with an exchange rate average from USD/EUR (09/08/2023) = 0.93

3.3 Cross-border administrative procedure requirement in EVFTA

Among other FTAs that Vietnam signed, EVFTA and The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are two of the largest new-generation FTAs that Vietnam ever negotiated (World Bank, 2020). New-generation FTAs differ from traditional FTAs in three ways (Minh Truong, 2023). Firstly, they include “non-commercial” content that was previously removed from WTO negotiations due to the difficulty in alignment which include requirement on labor, environment, sustainable development, good governance (Minh Truong, 2023). Secondly, new-generation FTAs include newer content such as investment, competition, public procurement, e-commerce, encouragement of small and medium enterprises, etc. Finally, it deals more deeply with traditional trade issues such as trade in goods, trade in services, intellectual property rights, rules of origin, and more (Minh Truong, 2023). Compared with WTO and traditional FTAs, new-generation FTAs have broader and deeper commitments, including committing to cutting import taxes almost to 0% for almost all goods and services without exclusions (Minh Truong, 2023).

The EVFTA is a new-generation FTA that has been in effect since August 2020. Over the following ten years after the EVFTA implementation, it will remove 99% of the tariffs between the EU and Vietnam (European Commission, 2023). In addition to tariff cuts, EVFTA contains provisions on customs and trade facilitation, standards and technical trade barriers, investment, services, intellectual property, e-commerce, procurement, labor, environmental issues, regulatory coherence, etc. Related to the cross-border APs require-

ment, below are the two important terminologies that are used in EVFTA to facilitate cross-border trading administration and shall be used as a frame to discuss the findings of this paper.

3.3.1 Certificate of Origin

The EVFTA allows an ‘approved exporter’ to make origin declarations in addition to the conventional mechanism. This requirement is expected to be the most innovative clause that helps to make the procedure easier, cutting costs, and allowing the exporters to manage the process more efficiently as exporters need to self-declare for Certificate of Origin (COO) of their products and do not need to submit paper to competent authorities like previously (Central Institute for Economic Management, 2017). According to Protocol 1 of the EVFTA, there are two types of origin certification, including (i) issuance of a certificate of origin: a competent official of the trading nation issues a COO for merchandise based on the archives displayed by the exporter; and (ii) self-certification: an origin declaration shall be made out by the exporter, rather than applying for a COO from competent officials (VCCI-WTO center, 2022).

Regarding goods exported from the EU, an origin declaration mechanism for export goods has been introduced by the EU, which is generally applied throughout the EU Registered Exporter (REX) System. Each exporter registered and certified by this System will be provided with a unique number which can be seen as a REX number. This mechanism is used under several FTAs (including the EVFTA) and therefore, EU exporters will uniformly use this REX number to self-certify the origin of their shipments to meet the EVFTA's COO when exporting to Vietnam (VCCI-WTO center, 2022).

Vietnam applies two mechanisms for the issuance of a COO declaration for goods exported from the country. Specifically, (i) any Vietnamese exporter may self-certify the origin for shipments whose total value does not exceed 6,000 euros; and (ii) Vietnam retains the right to use its customary procedure for shipments worth more than 6,000 euros, in which exporters are required to apply for a Certificate of Origin (EUR.1 form) at the appropriate offices, which include the Ministry of Industry and Trade and units authorized by the Ministry of Industry and Trade, such as VCCI (VCCI-WTO center, 2022). Vietnam may choose to use the self-certification procedure when it thinks it is suitable and will notify the EU before doing so.

3.3.2 Trade facilitation

The EVFTA includes a chapter on Customs and Trade Facilitation (Chapter 4) and a Protocol (Protocol 2) on Administrative Cooperation between Vietnam and the EU in the field of customs. The main contents of these documents focus on simplifying and facilitating import and export procedures, as well as various obligations on specific customs procedures applicable to all imported and exported commodities. These obligations include: (i) minimizing costs and promoting predictability, (ii) using a single administrative document (paper or electronic) to complete the formalities required for placing the goods under customs procedure, (iii) using current customs methodologies (risk assessment and post-clearance audit methods), and (iv) promoting the creation and use of systems for electronic data interchange between enterprises, customs administrations, and other connected agencies (VCCI-WTO center, 2022).

To sum up Chapter 3, the author emphasizes the strategic relationship that both sides have built up, where trading between both parties have proved positively increased, and the Vietnamese government has shown a high focus on this political partnership. The EVFTA is the milestone of this strong relationship, where both sides allow the highest level of

openness to partners. Furthermore, by summarizing EVFTA, the author sheds light on the critical role of EVFTA in promoting economic growth and resolving the APs burden which further solidifies the critical of the research paper. The legal explanation in part 3 plays a crucial role in narrowing down the APs in EVFTA that are necessary for trading across the border and contributes to the hypothesis that the author will present in the next chapter.

Chapter 4 Methodology

In this chapter, a comprehensive examination of the methodology and data collection procedures will be undertaken to address the research questions.

Based on the empirical evidence and an extensive literature review, the author hypothesizes that the implementation of the EVFTA will necessitate corresponding adjustments in domestic legal and regulatory frameworks related to cross-border trading APs. The scope of this research paper is confined to Vietnam's commitments within the EVFTA, with a specific focus on the requirements for cross-border APs (including the trade facilitation agreement and the COO, as presented in Chapter 3). While other trade agreements may also impact cross-border trading APs, their assessment lies beyond the scope of this paper. Furthermore, the author acknowledges that in order to have a broad view of EVFTA, it is crucial also to see its impact to society to have balance viewpoint. However, since such an agreement is newly entered into force, explicit data has not been developed and due to time constraint, the author will only focus on its effect to trade solely.

The author, as a Vietnamese who has actively advocated for Vietnam's alignment with international standards and the promotion of the EVFTA, possesses understanding and passion for this subject matter. With a professional background in law and business administration, the author is well-versed in Vietnam's legislative and political landscape. This expertise facilitates the framing and in-depth exploration of the research topic. However, it is essential to acknowledge potential biases stemming from the author's work experience in Vietnam such as the limited pool of interviewees which only focus on certain sectors, and therefore, lack of different viewpoints. Additionally, the newness of this topic in academia also triggers the significance of the data and requires the author to use multiple methods to draw the answer and triangulate the findings to make sure the answer to the research question is solid, comprehensive, and valid.

4.1 Ethnographic Observations

The author employed ethnographic observations as their first method. In this approach, the author participates in the conferences and facilitates meetings related to trading between the EU and Vietnam and works as an intern at the FMO. During the investment promotion conference organized by the People's Committee of Ha Nam Province in the Netherlands, Vietnamese officials—from customs authorities to investment bodies—engaged in open discussions with Dutch enterprises regarding investment concerns in Ha Nam Province. Notably, aside from tax incentives, the bureaucratic challenges arising from the implementation of the EVFTA garnered significant attention from enterprises seeking to invest in Vietnam. Furthermore, the author's experience in facilitating trade between the EU and Vietnam, coupled with diligent monitoring of EVFTA implementation progress, provided valuable insights. Lastly, observations made during the author's internship at FMO offered an inside viewpoint of Vietnam's major trading partners within the EU on the impact of Vietnam APs on their decision to invest in the context of development.

It is imperative to note that while ethnographic observations provide rich qualitative insights, they come with their own set of limitations, especially when conducted on a limited scale. The insights derived from my few visits offer a snapshot of EU-VN trading and should not be able to be interpreted within the broader context of other data sources or literature. Furthermore, as I could not observe inside the Vietnamese or European competency authorities, the author cannot triangulate the observation with EU and Vietnam offi-

cials. Eventually, the investigation through other methods to check the findings is important to ensure the comprehensive of the outcomes.

4.2 Document Analysis

A descriptive, comparative analysis is carried out following the list of documents below. The main purpose was to explore the progress of EVFTA and administrative in Vietnam through the lens of all enterprises doing business in Vietnam and government and NGO stances.

Table 2 List of documents used to collect data

Document	Description	Source:
Official government documents/data	To provide unbiased data, trends, and government stances on the trading across border administrative reform and EVFTA, government reports, statistics and official releases were used. The author will especially focus on data about the Procedure Cost Index Vietnam.	(Advisory Council for Administrative Procedure Reform, 2018) (Advisory Council for Administrative Procedure Reform, 2020) (Advisory Council for Administrative Procedure Reform, 2021) (Advisory Council for Administrative Procedure Reform, 2022) (Eurostat, 2023)
Institutional research	Detailed research and publications by organizations such as the World Bank (data on compliance cost), VCCI, and other reputable bodies were also analyzed. These reports were built on extensive ground research, and collaborations, offering a comprehensive understanding of the administrative reform of Vietnam compared to the region.	(Dau <i>et al.</i> , 2019) (Dau <i>et al.</i> , 2020) (Dau <i>et al.</i> , 2022) (Trade Map, 2023) (World Bank, 2019) (World Bank, 2020) (World Bank, 2023) (UNCTAD, 2023) (VCCI-WTO Center, 2022) (Nguyễn <i>et al.</i> , 2022)

Source: Consolidated by author

It is imperative to acknowledge that while these two methods provide valuable insights, there remains a gap that requires further bridge. Documents and ethnographic observations alone cannot fully capture the complexity of the situation, particularly when the data fails to highlight specific issues from the perspectives of both EU businesses and the EU itself. Notably, the current data aggregates enterprises as a whole, overlooking the nuanced dynamics of EU-Vietnam trade within the context of EVFTA implementation. Consequently, conducting interviews with EU stakeholders becomes essential to gain an in-depth understanding of Vietnam's compliance with EVFTA, specifically regarding the simplification and modernization of APs to facilitate cross-border trading. Such qualitative investigations will not only triangulate and validate existing quantitative analyses but also shed light on additional determinants and benefits associated with EVFTA.

4.2 Semi-structured interview

Based on the above analysis, the author further built-up questions and a consent form (details in [Appendix 1](#)). As it could be foreseen that the list of interviewees is ambitious, a research assistant was employed to support. The research assistant was chosen due to her intention, availability to go through the entire process, and knowledge about trading products abroad. Before the day of the data collection, several online meetings with the research assistants were organized to discuss in detail the objectives of the research, questionnaire, as well as consensus. She helped to set up the online meeting, make sure that everyone was connected, and help to take notes. During the interview, the questions were adjusted to fit the background and knowledge of the informants. Semi-structured interviews with people from different backgrounds and industries and key highlights for such sector interviews will be presented in the table below.

Table 3 Informant profile with a key highlight⁵

Interview code	Sector	Role	Summarize discussion	Date of discussion	Key highlight
1	Public	Trade counselor of Vietnam/ Ministry of Industry and Trade	Introduce/ Update documents and share few unofficial news about APs	21/08/2023	It was extremely challenging to talk to the public sector. Both of the conversations were unofficial talk and due to the sensitivity of the topic, they did not share much and tried to help by sharing the public speech on the media, reports, and ministry website, and draft reform resolutions to understand government
2	Public	Ministry of Planning and Investment	Texting to introduce/update documents and regulations	05/09/2023 17/08/2023	
3	NGO/Private	Coordinator of Vietnam-The Netherlands organization with significant years of experience and now opened a company to import products from Vietnam to the Netherlands	Openly discussed his experience facilitating projects in Vietnam and facilitating Vietnam business sale products in the Netherlands.	22/08/2023	The author conducts three interviews with NGOs that closely follow up on the EVFTA movement from the negotiation stage till now. Since they have backgrounds or close connections with either the public or private sector which makes their viewpoints are even more insightful and have high representative to answer the reasearch questions.
4	NGO	VCCI, Legal Department	Learn about their report insights, business stances, have history of EVFTA and view from the Government side	01/09/2023	
5	NGO	Former head of trade of the EU delegation to Vietnam, who negotiated EVFTA and is now Vice chairman in charge of advocacy of the European Chamber of Commerce	Learn about the history process of negotiating EVFTA and his opinion after the EVFTA was implemented and knowledge from the EU delegation, EVFTA negotiator, and political trends	24/08/2023 28/08/2023 10/10/2023	
6	Private	CEO of e-com company in Netherlands, tax consultant	In depth interview to have view of importer products from Vietnam	01/09/2023	
7	Private	Worked in wine and spirit sector in Vietnam	Texting to have viewpoint from the industry and introduce/update documents and regulations	23/08/2023	
8	Private	Consultant in Vietnam with many years facilitating EU agriculture businesses set up in Vietnam.	Texting to have viewpoint from the industry and introduce/update documents and regulations	28/08/2023	The author conducted nine interviews with people from different industries and levels from top CEOs to staff. and received very open discussions with many great insights from different businesses from agriculture, wine and spirits, food, logistics, and consultant industries who import and export products from/to the EU
9	Private	Food and beverage, import, expert in customs	In depth interview to have view of importer products from EU and customs leadership, political trends	16/08/2023	
10	Private	Logistics, Vietnam company import textile from EU	In depth interview to have view of importer products from EU and customs procedure	09/07/2023	
11	Private	Account manager of EU Logistics company	In depth interview to have view of exporter products from Vietnam and customs procedure	28/08/2023	
12	Private	Promotion trade between countries	In depth interview to have view of EU business trying to do business in Vietnam	03/07/2023	
13	Private	CEO of logistics company, leader of Transportation and Logistics Sector Committee of EuroCham	In depth interview to have view of EU logistics company and customs procedure in Vietnam	05/09/2023	
14	Private	Country manager of Netherlands agriculture company doing business in Vietnam	Discussion on the import export products in Vietnam and potential of Vietnam	29/05/2023	
Total interviews: 14					

Source: Consolidated by author

The interview results from the above informants are analyzed by using the application, Atlas. TI. The first step after finishing all the interviews is to read through all the transcription to find the most related codes that will help solve the research question. In [Appendix 2](#), the author manually creates open codes and groups them into axial codes. Following the coding, the findings will be elaborated with the order as presented in chapter 5.

These interviews serve multiple purposes (i) allow for a deeper exploration of the topic, uncovering perspectives not yet addressed in the reports (Table 2); (ii) focus on addressing the research questions; and (iii) provide in-depth insights and reveal new knowledge

⁵ To protect the informant's privacy, the name used on this research paper coded to number rather than the informant's true name.

from both the EU perspective and NGOs, areas that were not covered in the existing reports (Table 2).

However, it is essential to acknowledge the limitations of this methodology. Firstly, conducting interviews during the summer holidays and their busy schedule presents challenges in maintaining consistent communication and scheduling appointments with interviewees. Secondly, internet service interruptions during interviews can lead to prolonged discussions and frustration for both the interviewer and interviewees. To mitigate these issues, the author reviews transcripts carefully and seeks clarification from interviewees through follow-up meetings to ensure accurate capture. Thirdly, given the technical nature of the research topic, understanding the nuances can be challenging, especially for an outsider whose native language is not English. Consequently, the author occasionally seeks clarification from interviewees to ensure precise understanding. Despite these challenges, the author expresses gratitude for the patient interviewees who have contributed significantly to the successful completion of this paper. Fourthly, to prepare the questions in advance, several interviewees asked to send the questions in advance. Even though the questions have been checked in advance by the author's supervisor, they still need to be customized following the perspective of the interviewees. To address such issues, the author attempts to avoid overwhelming interviewees by customizing questions based on their unique perspectives, rather than providing them all at once. Fifthly, Vietnamese officials and several low-level staffs are hesitant to make any official talks. Even though the talk was not official, they refuse to share their opinions and only advice to look for answer in the public documents and regulations. These insights are very helpful for the author to understand the most update viewpoint of the government which is difficult for author since regulations in Vietnam is quite scatter. Sixthly, due to the shortage of time and cost, the author could not interview before and after the implementation of EVFTA but instead approached the interviewees who had significant knowledge about this milestone. Lastly, due to time constraint and connection, the pool of interviews is limited and can only have one to two person per main industry/sector. Therefore, samples cannot be considered statistically representative and can therefore not be generalized taking into consideration the uniqueness of this agreement, culture, time context, the Vietnamese politics.

In conclusion, even though there are several challenges and limitations, using multiple methods and triangulating outcomes shall be able to answer the research question while ensuring the credibility, timeliness, and relevance of these resources.

Chapter 5 Results and Discussion

Upon conducting data collection, comprehensive data analysis together with findings and recommendations will be presented in this chapter to resolve the research questions.

5.1 Domestic regulation following EVFTA

“The EVFTA legal gap assessment shows that Vietnam’s domestic laws are mostly in compliance with its obligations under the EVFTA and that the country is ready to implement the agreement ... as most of the EVFTA provisions are compatible with those of the CPTPP. However, some commitment levels are wider and higher than any other FTAs that Vietnam has signed, including with the World Trade Organization and the Association of Southeast Asian Nations (ASEAN)” (World Bank, 2020, p. 11).

“Chapter 4 provides measures for the management of import, export, and transit of goods between Vietnam and the EU. Apart from this chapter, commitments on customs and trade facilitation are regulated in Protocol 2 on Mutual Administrative Assistance in Customs Matters. Protocol 2 does not, however, deal with substantive rights and obligations of the Party concerning customs and trade facilitation subjects, but with assistance in customs matters. In general, the Law on Customs of 2014 is compatible with Chapter 4 of the EVFTA.”(World Bank, 2020, p.43).

World Bank report in 2020 claimed that domestic regulation on cross border APs mostly compliance with EVFTA. After 2 years of EVFTA implementation (2022), Nguyen and her colleague conduct assessment and argue that there is no domestic regulation changed due to the implementation or needs to be changed in the future to align with the commitment. In other words, documents showed that Vietnam is well prepared for the implementation of EVFTA and therefore after the EVFTA implementation, it is not necessary for the domestic regulation adjustment.

Regarding data collected by interviewing, the author grouped codes under the group “domestic legal and regulatory preparation for EVFTA” to demonstrate findings for this section. Data shows that all interviewees who follow the EVFTA movement have a positive impression of the agreement and observed that it boosted external regulation change and trading value increased.

“EVFTA is a tool to put pressure on developing to adopt a certain norm and it has successfully made it in certain aspects” interview (Interview 5);

“Wine and spirit benefit a lot from EVFTA and EVFTA has helped it easier to export products to Vietnam” (Interview 7);

“Administrative procedure changes significantly” (Interview 10);

“Export to EU increased” (Interview 11).

However, interviewee 11, who works with factories that usually export products to the EU highlighted that she did see the benefit of EVFTA to trading but did not notice much change in terms of for cross border trading administration procedure:

“I talked to a few factories, and they said that, before 2020, they use form A, but now they will use EUR1. So, all these factories see that it hasn't changed much compared to the previous job of doing form A.” (Interview 11).

Explaining for such observation, the author triangulates the input from the business sector with other groups. Policymakers (interviewees 4 and 5) bring significant insight:

“For the EU there was no issue because first, the self-certification was already in force in the EU. And the issue was only to get accepted by Vietnamese authorities. So that's why it was foreseen in the free trade agreement, and there is a clear reference to EUR1 forms, By that time, Vietnam had not adopted the form, so they could not refer to it” ... “It takes 10 years, so there's many things that happen in between 10 years of negotiating from 2010 to implementation” “Because at the time we negotiated, it did not exist. But if they change their mind and join the trade facilitation in 2015, it means by the time the FTA had entered into force and you remember that. It was ratified in 2019, four years later. In the meantime, Vietnam had changed its legislation. And that's why, when the free trade agreement entered into force Vietnam adopted its own certification and that's why they were able to say we don't need to adopt a specific implementing legislation because between 2015 and 2020 they had modified and adopted the self-certification formula. But unfortunately, it is not referenced in the free trade agreement because it was not existing in 2015” (Interview 5);

“customs chapter in EVFTA was the earliest chapter completed drafting” ... “And since we adjust the custom law following TFA we also adjust it to align with EVFTA” “This means that almost everything we committed to in the EVFTA has been internalized since it was not yet signed. So, in terms of legal documents, according to the customs authorities' assessment, they do not need to amend anything legally to implement EVFTA.” (Interview 4).

Based on input from interviews 4 and 5, it is essential to create a timeline of the EVFTA movement in conjunction with other relevant events. This will help connect crucial dots and provide insight into how the EVFTA was influenced by external factors (as indicated in Table 4). Notably, the customs chapter within the EVFTA was the first finished drafting. During the drafting period, Vietnam was also undergoing the ratification process for the TFA, and its customs law underwent revision in 2014, garnering political and policy support. In other words, while amending the Customs Law in 2014, Vietnamese authorities proactively considered the necessary adjustments to align with international agreements. Consequently, most of the EVFTA requirements related to cross-border trading APs were already met before the formal ratification of the EVFTA. Subsequently, after the official implementation of the EVFTA, minor adjustments were made, such as renaming the form from ‘A’ to ‘EUR1’ (interview 11) to align with the agreement’s terminology. However, the core content remained unchanged, leading businesses to perceive these adjustments as insignificant.

Table 4 Timeline of EVFTA events in conjunction with other relevant events from 2007-2023

Prime Ministership	Year	EVFTA events	Other events
Nguyen Tan Dung	2007		Vietnam joins WTO
			Resolution No. 08-NQ/TW, dated February 5, 2007 of the Fourth Conference of the 10th Party Central Committee on a number of major guidelines and policies for the economy to develop quickly and sustainably when Vietnam Nam is a member of the World Trade Organization
			Wave 1 AP reform: Decision No. 30/QD-TTg dated January 10, 2007 of the Prime Minister approving the 2007-2010 scheme on simplification of administrative procedures in the state management domains
	2010	Vietnam's Prime Minister and the EU President agreed to launch EVFTA negotiations.	Vietnam join CPTPP
	2011		Decision No. 448/QD-TTg dated March 25, 2011 of the Prime Minister approving the Strategy for Customs development through 2020
	2012	Vietnam's Minister of Industry and Trade and the EU Trade Commissioner announced the launch of EVFTA negotiations.	
2014			In 2014, the Vietnam National Assembly passed a revised Customs Law and implemented in 2015
		Agreement on broad lines of EVFTA	Vietnam has notified the WTO of its acceptance of the Trade Facilitation Agreement
2015	Negotiations conclude legal review starts/ End of negotiations, and the start of legal review to prepare for the agreement signing.		
Nguyen Xuan Phuc	2016	The final draft was made public	Wave 2 of APs reform: Resolution 19, Resolution 02 every year, and Decree 61/2018/ND-CP on public administrative reform
	2017	ECJ ruling with implications for the EVFTA	Viet Nam has actively taken action to realize the TFA since it took effect on February 22, 2017 and since 2022, Viet Nam has realized 21 among the 24 Articles of the World Trade Organization's TFA, reported the General Department of Customs at a meeting on December 7 2022
		Completion of legal review at the technical level.	
		The EU officially asked Vietnam to separate the content of investment protection and the dispute settlement mechanism (investor-state dispute solutions) between the state and investors from the EVFTA. Under this proposal, the EVFTA will be separated into two agreements: (a) the Free Trade Agreement, which covers all of the current EVFTA; and (b) the Investment Protection Agreement (IPA), which covers investment protection and investment dispute settlement. This IPA must be ratified by both the European Parliament and Member States' Parliament before it can be implemented.	
	2018	Vietnam and the EU officially agreed to separate the EVFTA into two agreements: the Vietnam-European Union Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA).	
		Legal review of the EVIPA completed	
		European Commission adopts EVFTA	
	2019	European Council approves signing	The CPTPP officially came into force in Vietnam on 14 January 2019
		EVFTA officially signed in Hanoi	
	2020	The International Trade Commission of the European Parliament voted in favor of ratifying the EVFTA.	Wave 3 AP reform: Resolution 68/NQ-CP (Resolution 68) and Decree 45/2020/ND-CP issued about administrative reform
European Parliament gives its consent			
EVFTA concluded by Council			
Ratified by the National Assembly of Vietnam			
		EVFTA enters into force	
Pham Minh Chinh	2021		
	2022		
	2023		

Source: Consolidated by author

Furthermore, the author's observation while working to promote Vietnam and EU trading also supports the argument above. In 2020, the Prime Minister chaired the meeting

to unlock Vietnam's potential by trading products (Figure 6). In the dialogue, the Prime Minister directed relevant Ministers to address the AP issues. Noticeable, the list of the APs issues discussed during the dialogue was long but none of its critics on the Vietnam compliance to EVFTA but rather compliment on efforts that Vietnam authorities made to ensure the smooth transaction in terms of tax incentives and APs reform to facilitate EVFTA implementation. The Vietnamese authorities proactively discussed and directly solved the administrative backlog that EU businesses encountered. The dialogue broadcasted on national TV emphasized the strong commitment of Vietnam to remove APs backlog for EU.

Figure 6 Administrative Reform: A Key Role in EVFTA Implementation, co-organized by the Prime Minister's Advisory Council for Administrative Procedure (ACAPR) and EuroCham in 2020



Source: Taken by Author

At the province level, the chairman of the province organizes a visit to call for investment (Figure 7). In the meeting, they understood the bureaucracy that businesses were concerned about and tried to find alternative solutions to facilitate trading between countries. The dynamic of the dialogue is positive where leaders proactively answer and try to keep close contact with businesses to solve any concern. Finally, the forum of trade and industrial cooperation with the EU event organized annually (Figure 8) also highlighted the

strong relationship and openness to a discussion of the Vietnam government to the EU side.

Therefore, it is argued that Vietnam might use domestic regulation to protect SOE against WTO (Vu Thanh, 2017) but this is not the case for cross-border trading aspects since the government direction is to export products, so, it will comply and facilitate trade, especially to an important partner like EU.

Figure 7 Investment promotion conference of the People's Committee of Ha Nam province in the Netherlands in 2023



Source: Taken by author

Figure 8 Forum of trade and industrial cooperation with the EU event in 2020



Source: Taken by author

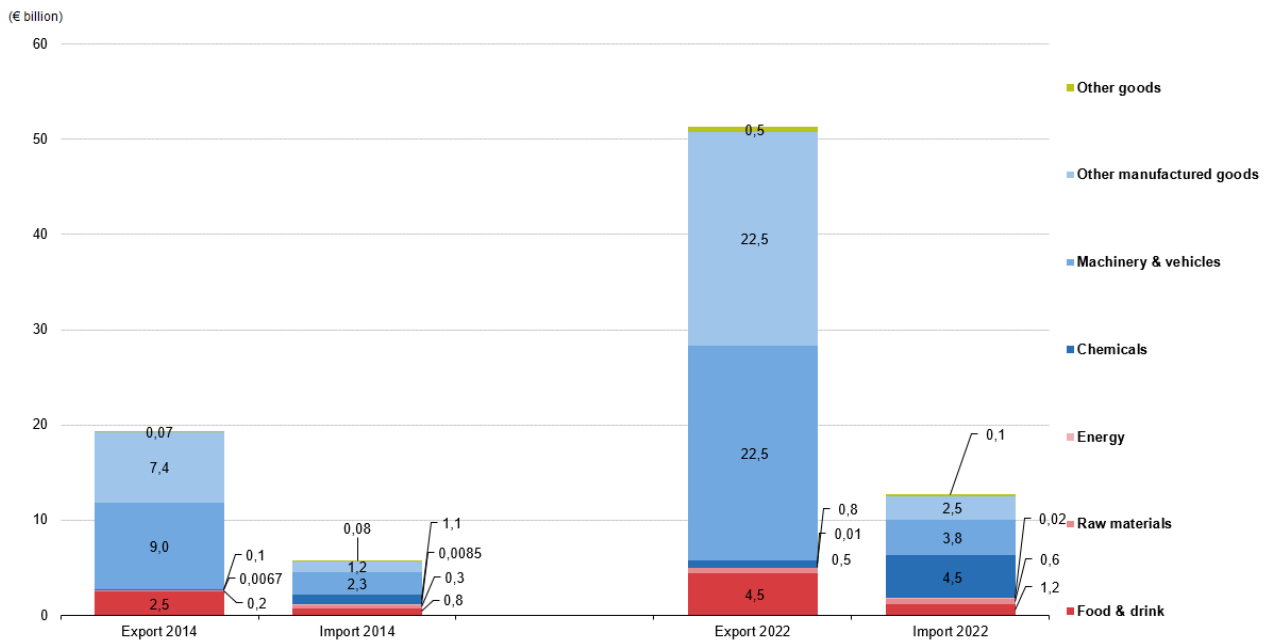
By triangulating data from interviews, documents, and ethnographic observation, the paper concludes that by early aligning the requirement of APs in EVFTA with the domestic regulation, it is observed that only minor adjustments after the implementation need to be made to comply with EVFTA which answer the main research questions - Has simplifying and modernizing the administration of cross-border trading procedures taken place following EVFTA implementation?” and partly answer what has been done and not yet done in current practice? Therefore, the EU sees the positive effect of EVFTA on APs reform in Vietnam, but it is not significant after the implementation.

Moving forward, since it is identified that the domestic regulation had been adjusted before the EVFTA (particularly in 2014 when the Customs law was amended) implementation, the author will use data from 2014 to 2022 to analyze and answer the remaining research question in the next part.

5.2 Heterogeneous Participation EVFTA

What sectors and products are impacted by EVFTA?

Figure 9 VN trade with EU by product group the Standard international trade classification (SITC), 2014 and 2022, EUR Billion



Source: Eurostat, 2023. Other calculations made by the author.

The grouping of SITC in figure 9 as follows food & drinks include Sections 0 and 1 SITC; raw materials include Sections 2 and 4 SITC; energy group is Section 3 SITC; chemicals are Section 5 SITC; machinery and vehicles are Section 7 SITC; other manufactured goods include Sections 6 and 8 SITC; and other goods is section 9 SITC. In 2014, machinery & vehicles accounted for the highest exports and imports value with 9 billion EUR and 2.3 billion EUR respectively. Other manufactured goods followed closely with 7.4 billion EUR in exports to the EU and 1.2 billion EUR in imports from the EU. Food and drink export value came third with 2.5 billion EUR. In terms of imports, chemicals secured the third position with 1.1 billion EUR. The heterogeneous sector participating in EVFTA is because Vietnam built a comparative advantage in export and specialization in the manufacturing sector (secondary) and food & drink product (primary) (Jayadi and Aziz, 2017).

It is noticeable that both exports and imports doubled in value in 2022 compared to its value in 2014. In 2022, EVFTA has proved to be an effective tool to encourage further

specialization in comparative advantage that was set in 2014. Particularly, Vietnam had trade surpluses in other manufacturer goods with 20.06 billion EUR, machinery and vehicles with 18.69 billion EUR, food and drink with 3.28 billion EUR, and other goods with 0.39 billion EUR. Trade deficits for chemicals with 3.7 billion EUR, raw materials with 0.06 billion EUR, and energy with 0.01 billion EUR. The percentage of different increases across sectors shows the heterogeneity of the effects of sectors participation in EVFTA which is evident in the systematic productivity and demand differences between sectors. Furthermore, other manufacturers tripled in value compared to 2014 and became one of the top export products together with machinery and vehicles (both accounted for 22.5 billion EUR). Following is the food and drink sector with exports almost double in value. Interestingly, comparing 2014 with 2022, EVFTA not only acts as an effective tool to encourage trading, but it also helps to concentrate on the industry that Vietnam is focusing on and improves productivity.

Zooming the table below presents the top 20 most exported goods at the SITC from Vietnam. These top 20 goods covered 74 percent of total export goods in 2022. Eight belonged to machinery and vehicles (electronic products and components), ten to other manufactured goods (textile and furniture), and two to food and drink (coffee, fruit, and nuts). What stands out here is that Vietnam's primary products account for a high percentage of the export value, however, it is still in raw form and then mixed with other products from other countries (interview 6). Hence, Vietnamese farmers will not enjoy the high profit and drive high job creation from their products. Additionally, Vietnamese products will not be well known on the world trade map which is the case for coffee where Vietnam is the top country exporting coffee, but it not well known (interview 8). Furthermore, food and drink products in Vietnam have tremendous export potential, however, it is challenging to meet quality standards in the EU in terms of environmental and human rights (interviews 3 and 8).

Table 5 Top 20 most exported goods at SITC-3 level export products to EU in 2022

No	Products	Value in Euros	Section
1	764-Telecommunications equipment, n.e.s., and parts, n.e.s., and accessories of apparatus falling within division 76	11,860,261,795	7
2	851-Footwear	6,067,462,930	8
3	776-Thermionic, cold cathode or photo-cathode valves and tubes (e.g, vacuum or vapour or gas-filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes); diodes, transistors and similar semiconductor devices;	2,128,070,599	7
4	071-Coffee and coffee substitutes	1,588,337,985	0
5	845-Articles of apparel, of textile fabrics, whether or not knitted or crocheted, n.e.s.	1,500,674,655	8
6	751-Office machines	1,379,651,794	7
7	821-Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	1,326,495,906	8
8	674-Flat-rolled products of iron or non-alloy steel, clad, plated or coated	1,125,913,209	6
9	752-Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	1,121,369,525	7
10	778-Electrical machinery and apparatus, n.e.s.	1,079,413,778	7
11	841-Men's or boys' coats, capes, jackets, suits, blazers, trousers, shorts, shirts, underwear, nightwear and similar articles of textile fabrics, not knitted or crocheted (other than those of subgroup 845.2)	1,056,694,715	8
12	831-Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling bags, insulated food or beverages bags, toilet b	999,737,820	8
13	871-Optical instruments and apparatus, n.e.s.	952,591,687	8
14	894-Baby carriages, toys, games and sporting goods	894,662,220	8
15	842-Women's or girls' coats, capes, jackets, suits, trousers, shorts, shirts, dresses and skirts, underwear, nightwear and similar articles of textile fabrics, not knitted or crocheted (other than those of subgroup 845.2)	882,516,558	8
16	761-Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	854,316,728	7
17	057-Fruit and nuts (not including oil nuts), fresh or dried	805,383,172	0
18	785-Motor cycles (including mopeds) and cycles, motorized and non-motorized; invalid carriages	803,949,034	7
19	893-Articles, n.e.s., of plastics	742,352,414	8
20	759-Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines falling withing groups 751 and 752	641,572,342	7

Source: European Commission, 2023.

Table 6 shows the top 20 most exported goods at the SITC-3 level from EU. 10 belonged to machinery and vehicles (aircraft, auto, electrical machinery and apparatus, machinery) four to other manufactured goods (leather, stone, and pearl), and five to chemicals (medicine and perfume). The most traded group of goods at this level is medicaments which showed that Vietnam heavily depended on medicine products from the EU and materials and machinery to produce and assembly products and aircraft and auto.

Table 6 Top 20 most exported goods at SITC-3 level export products to Vietnam in 2022

No.	Products	Values in Euro	Section
1	542-Medicaments (including veterinary medicaments)	2,330,562,926	5
2	541-Medicinal and pharmaceutical products, other than medicaments of group 542	754,583,342	5
3	776-Thermionic, cold cathode or photo-cathode valves and tubes (e.g., vacuum or vapour or gas-filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes); diodes, transistors and similar semiconductor devices;	422,424,551	7
4	792-Aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; parts thereof	354,671,815	7
5	081-Feeding stuff for animals (not including unmilled cereals)	263,807,895	0
6	728-Other machinery and equipment specialized for particular industries; parts thereof, n.e.s.	259,598,501	7
7	874-Measuring, checking, analysing and controlling instruments and apparatus, n.e.s.	250,123,763	8
8	667-Pearls and precious or semiprecious stones, unworked or worked	222,648,680	6
9	598-Miscellaneous chemical products, n.e.s.	215,186,048	5
10	714-Engines and motors, non-electric (other than those of groups 712, 713 and 718); parts, n.e.s., of these engines and motors	179,599,126	7
11	522-Inorganic chemical elements, oxides and halogen salts	174,949,068	5
12	611-Leather	172,923,483	6
13	784-Parts and accessories of the motor vehicles of groups 722, 781, 782 and 783	169,488,363	7
14	778-Electrical machinery and apparatus, n.e.s.	167,753,545	7
15	553-Perfumery, cosmetic or toilet preparations (excluding soaps)	165,731,595	5
16	772-Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (e.g., switches, relays, fuses, lightning arresters, voltage limiters, surge suppressors, plugs and sockets, lamp-holders and junct	164,197,367	7
17	741-Heating and cooling equipment and parts thereof, n.e.s.	162,847,803	7
18	781-Motor cars and other motor vehicles principally designed for the transport of persons (other than motor vehicles for the transport of ten or more persons, including the driver), including station-wagons and racing cars	161,527,100	7
19	899-Miscellaneous manufactured articles, n.e.s.	153,056,941	8
20	724-Textile and leather machinery and parts thereof, n.e.s.	139,927,043	7

Source: European Commission, 2023.

The empirical analysis reveals the strong degree of sectoral heterogeneity in the trade performance following EVFTA. The major exports of Vietnam to the EU include electrical equipment, footwear, machinery, and coffee, fruit nuts. Regarding imports to Vietnam, the main imported goods are electrical machinery and pharmaceuticals, aircraft, and automotive. Evidence shows that Vietnam's trade surplus while trading with the EU and the trade between the two parties is complementary rather than competitive. The results also indicate that EVFTA has served as an effective tool to continue to foster export manufacturing, and food products in which Vietnam concentrates and improve productivity and eventually increase the comparative advantage of the country. However, the profit of products that Vietnam exports is relatively low with low technical involvement and the raw form of export goods remains major compared to products EU imports from Vietnam. Following the above literature review, it is expected the input of labor may also heterogeneously concerning the skills required for such production, however, due to the time constraints and limitation of such data to explicit EVFTA, it will not be feasible to analyze in this paper.

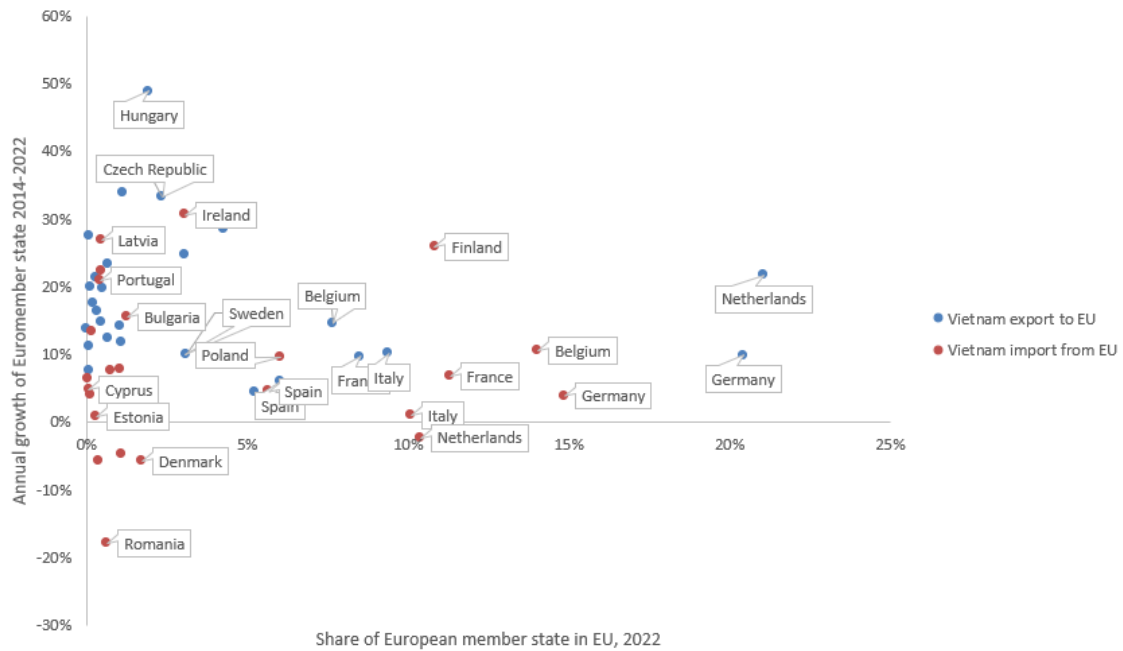
What EU member states benefit from EVFTA?

In Figure 10, the Netherlands and Germany are the dominant countries that import most products from Vietnam, accounting for roughly 20 percent. Following are Italy, France, Belgium, and Austria, Spain, each contributing 8 percent, while and the remaining EU member states, each contribute below 3 percent which highlights the heterogeneous participation of EU member states following EVFTA.

Vietnam imports from the EU, Belgium, Germany, France, Netherlands, Italy, and Finland hold the highest percentage share. Annual trade growth of each EU member states varies significantly both exports and imports. A closer inspection of the figure shows that EVFTA boosts exporting growth products to the EU faster than importing from the EU

and most of the southern and western EU actively trade products with Vietnam rather than the rest EU member states.

Figure 10 Trade growth between Vietnam and EU 2011-2022 (%)



Source: European Commission, 2023. Other calculations made by the author.

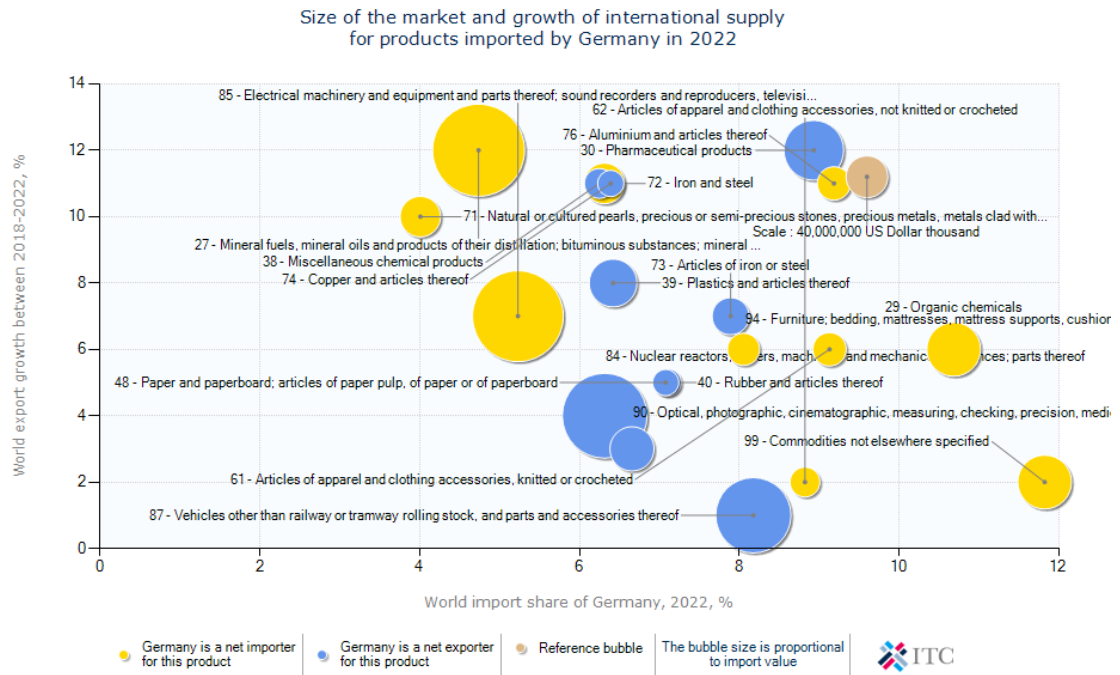
Next, since Germany is the biggest trader in EU member states doing business with Vietnam, accounting for 22% (Figure 10) in 2022, it will be interesting to further investigate what motivates Germany to stand out in trading using EVFTA. Based on the findings, the author will suggest further policy implications.

How did Germany successfully take advantage of EVFTA?

“Germany is poor in natural resources but rich in skilled labor and capital. Thus, in line with the augmented Heckscher-Ohlin theorem, Germany should specialize in the production of export goods and services that are relatively intensive in these factors and should import those goods and services that are relatively intensive in the use of low-skilled labor” (Ludwig & Brautzsch, 2014, p. 102).

Indeed, data from the ITC trade map (Figure 11) evident that Germany is a net importer of raw materials or part machinery and a net exporter of products that require skilled labor. A report from the Center for WTO and International Trade of VCCI (2022) also aligned that German companies have a high demand for imported goods such as machinery and equipment, raw materials, fuel, and other consumer goods as input to make automation and digitization products and export those products.

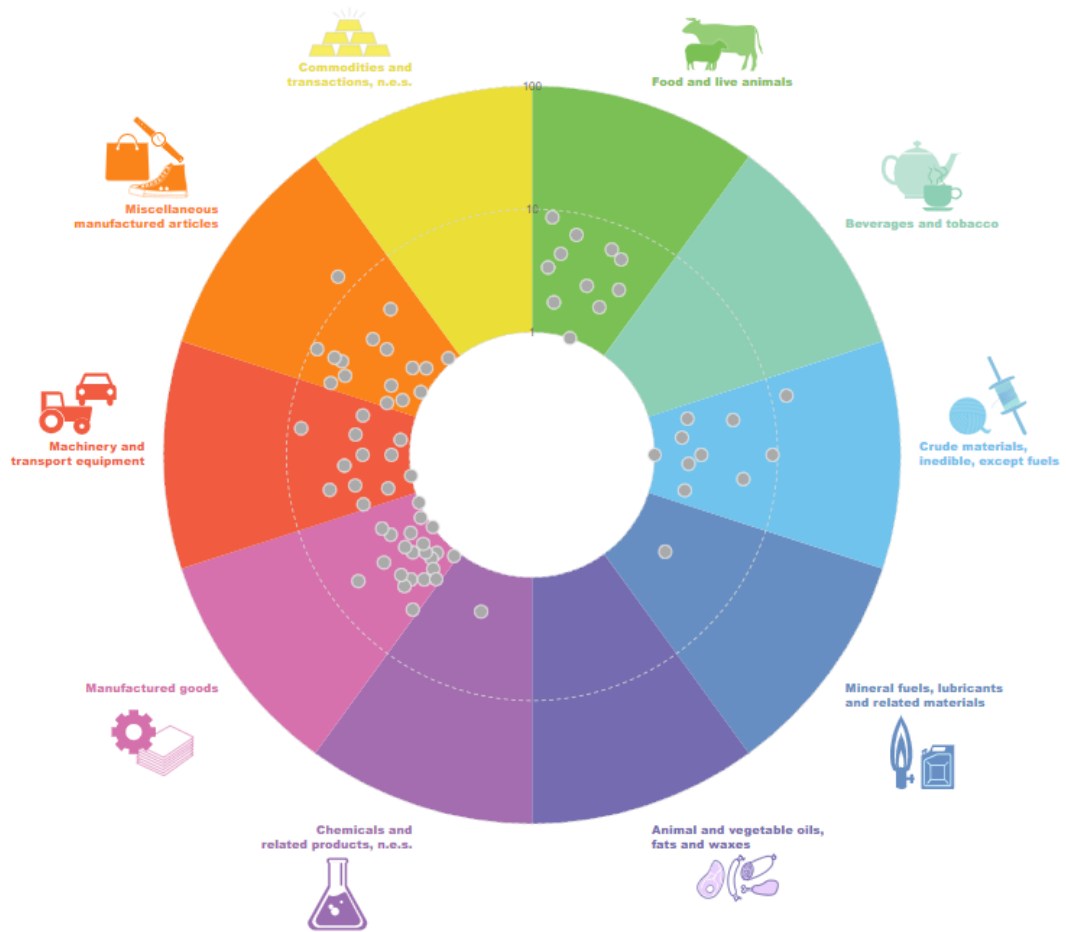
Figure 11 Size of the market and growth of international supply for products imported by Germany in 2022



Source: Trade Map, 2023.

Next, the Revealed Comparative Advantage (RCA) index introduced by Balassa (1965) is the most extensively used method for finding areas in which a country has relative competitive strength (Liu and Gao, 2022). The RCA index is calculated by dividing a country's proportion of global exports of a certain product by its share of global exports of all products and the country that has $RCA > 1$ is considered to have a comparative advantage in such a sector (UNCTAD, 2023). Figure 12 reports that Vietnam has a high comparative advantage in miscellaneous manufactured articles, machinery, transport equipment, and manufactured goods with a high density of dots in these sectors compared to others. Food and live animals, crude material, inedible, and chemicals also have certain comparative advantages but the dot frequency is low and less crowded.

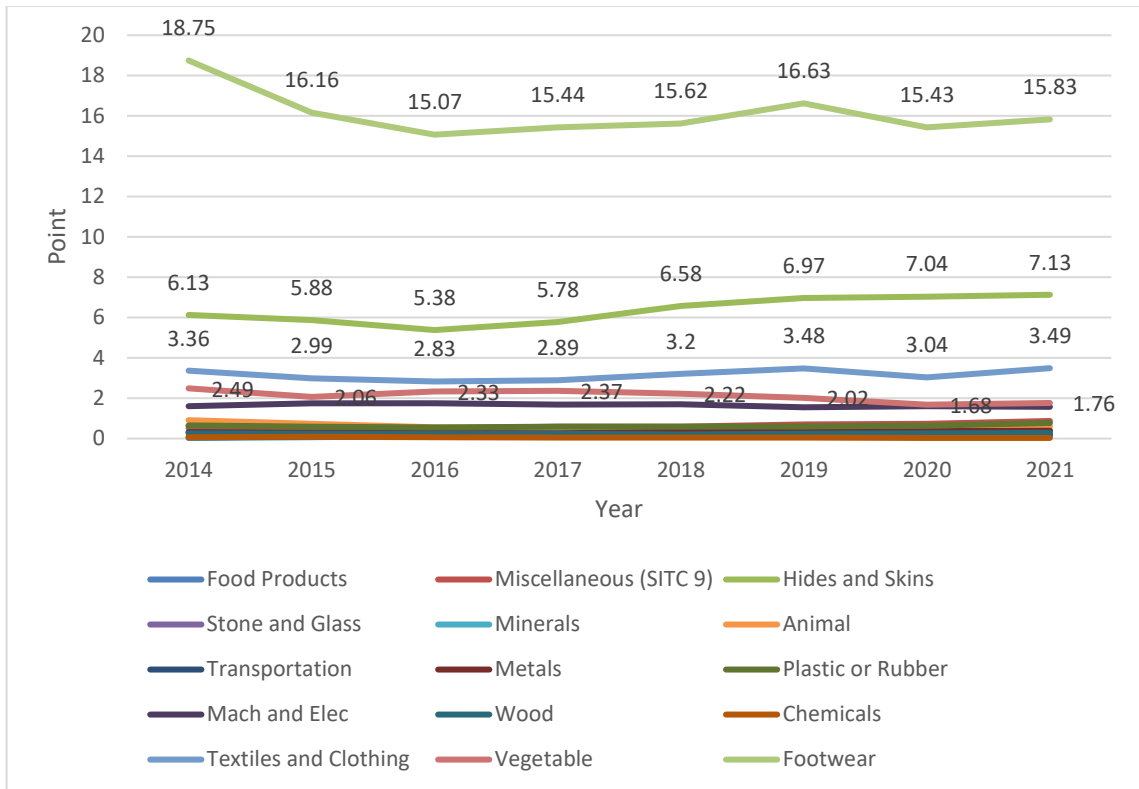
Figure 12 RCA of Vietnam in 2022



Source: United Nations Conference on Trade and Development (UNCTAD), 2023.

Moving forward, this paper investigates the RCA of Vietnam to Germany throughout the time that EVFTA made an impact on trading between the 2 nations. In terms of sector, it is noticeable that in 2022 the highest comparative advantage is footwear (15.83); and following are hides and skins (7.13); textile and clothing (3.49); vegetable (1.76); and machinery and electric (1.58) (Figure 13). Even though these sectors have a high comparative advantage to export to Germany, this is not the case when observing the comparative advantage growth over the 8 years. The footwear and vegetable sector seems to have lost its comparative advantage over 8 years with a growth rate decrease of 2% and 4% respectively. While machinery and electric and textile and clothing remain its position over the period. Of interest here is the increase in the comparative advantage of hides and skins by 2%.

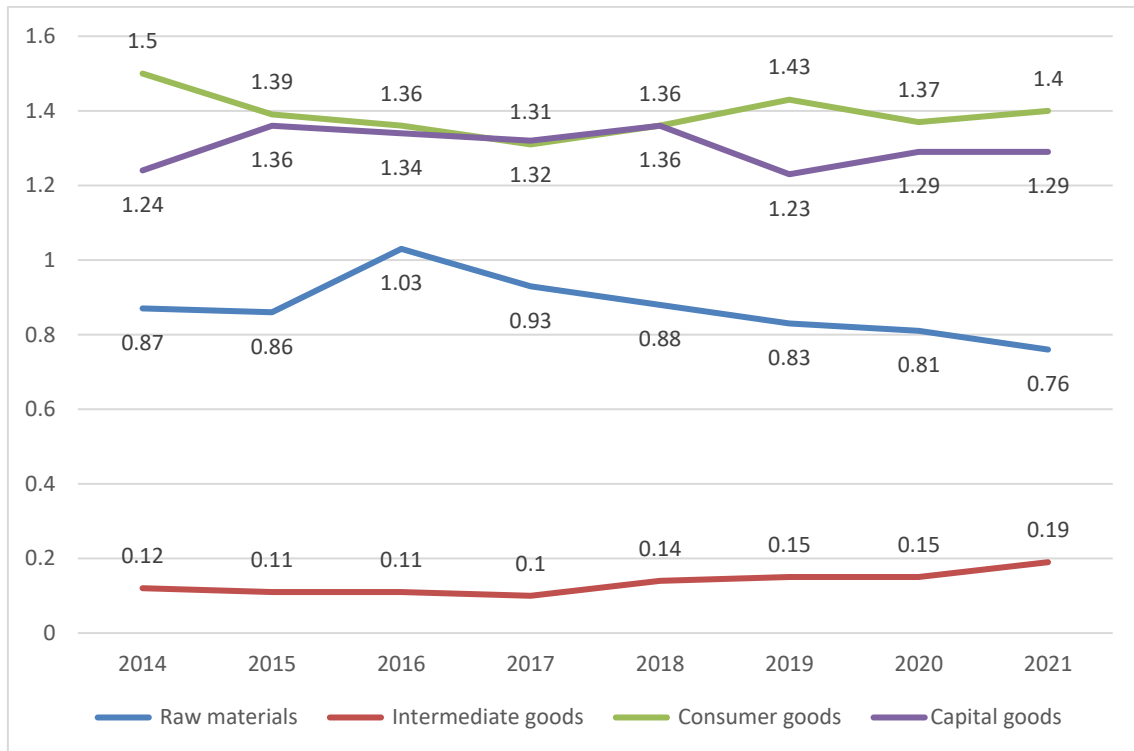
Figure 13 RCA of Vietnam to Germany by sectors from 2014-2021



Source: World Bank, 2023. Other calculations made by the author

Looking at the RCA from the view of the stage of the process (Figure 14), Vietnam has a comparative advantage for consumer goods. However, the growth rate over the 8 years proves that Vietnam lost its comparative advantage by 1%. Similarly, raw materials remain its third position; however, it also loses its comparative advantage by decreasing 2%. Conversely, Vietnam gains more comparative advantage for intermediate goods-comprised of semi-finished goods that are used in the production of other products (Investopia, 2023) and remains its advantage for capital goods -manufacturing goods such as machinery that are intended to be used in the production of consumer goods and other goods (Investopia, 2023). Therefore, even though the order of RCA over the year does not change significantly, Vietnam is losing its comparative advantage for final products but maintaining its position on capital goods, and is more likely to gain more of an advantage in intermediate products (6%)

Figure 14 RCA of Vietnam to Germany by stage process from 2014-2021



Source: World Bank, 2023. Other calculations made by the author

Figures 11, 12, 13, and 14 define that by far the greatest demand for imported goods in Germany includes machinery and equipment, raw materials, fuel, and other consumer goods and Vietnam has a comparative advantage in such sector. The impact of the EVFTA on Germany proved to be vary from sector to sector depending on its demand, the resources, their specific trade policies, and their target which highlight that Germany's contribution to the EVFTA is heterogeneous. Furthermore, while deep dive the RCA of Vietnam to Germany, during the period EVFTA made an impact on trade on both sides, Vietnam lost its comparative advantage for final products but retained its position on capital goods and is more likely to gain more advantage in intermediate products. In terms of sector, Vietnam retains its advantage in exporting textiles & clothing and machinery & electricity but loses its advantage to Germany in the footwear and vegetable sector which needs to be closely monitored by the government since Vietnam building its comparative advantage largely in footwear and food (Jayadi and Aziz, 2017).

To sum up Part 2 chapter 5, the results indicate that EVFTA has served as an effective tool (i) to increase trade significantly for both sides; (ii) to create Vietnam's trade surplus; (iii) to present a strong degree of sectoral and country heterogeneity in the trade performance; (iv) to continue to foster export manufacturing, and food products in which Vietnam concentrates in by liberalizing these sectors in EVFTA; (v) to boost exporting growth products to EU faster than importing from the EU; and (vi) to encourage for strong dependence of southern and western EU in trading with Vietnam, which answers the sub-research question on how trade value respond to the EVFTA. These findings also contribute to the theory of comparative advantage of David Ricardo and support the findings of Baier and colleagues. Investigating trade between Vietnam and Germany, which has the highest trading value to Vietnam, will pave the way for the author to drive policy suggestions. Depending on the demand, the resources, trade policies, the target, and the trading, the requirement to use EVFTA to trade will be different. Hence, it is necessary to have a broad look at the target countries and see if they match Vietnam's objective to further promote trading with specific countries. Moreover, Vietnam faces the risk of losing its

comparative advantage in both the footwear and vegetable sectors, which are key areas of focus for export. Additionally, interviews also share concern of Vietnam in taking advantage EVFTA in the era where competitive and favorable condition is good but not enough. “Green label” and labor right is increasing its important and seems to effect the treaty. Consequently, it is critical to closely monitor the implementation of the treaty to ensure that it meet the goal of signing the treaty. Furthermore, literature review and interviews have shown that while it is expected the input of labor may heterogeneously concern the skills required for such production. Due to the time constraints and limitation of such data to explicit EVFTA, it will not be feasible to discuss in this paper.

5.3 Assess current practice of cross-border administrative procedure

5.3.1 COO Procedure

For goods exported from Vietnam to the EU, businesses can either apply the self-certification or request for issuance of a COO as presented in Chapter 3. In general, according to the business satisfaction on the single window (Dau *et al.*, 2022), the process of granting a COO is reported to go online and, in the National Single Window (NSW). The single window infrastructure allows trade and transport-related entities to submit or receive information and standardize documents through a single point when they carry out APs. The report (Dau *et al.*, 2022) explores that granting COO through NSW reduces costs for the business to 81% which is the highest among all the APs assessed in the report. According to the report (Dau *et al.*, 2020), it takes 1 day to process following Decree 31/2018/ND-CP and Circular 05/2018/TT-BCT. The median process time when using NSW is 1 day, which is relatively fast compared to other APs assessed in the report.

For new processes like Self-certification of COO, all interviewees aligned that the Ministry of Industry and Trade (MOIT) and Customs department have organized several training courses to help businesses get used to the new system. After more than 2 years of implementation, interviewee 13 confident that businesses work well with the new system. Every year, Ho Chi Minh City customs organize dialogues for EU businesses to update regulations and directly solve issues. The author can observe the proactive support of the customs authority in facilitating business in trading products across borders. Regarding the issuance of a COO, despite the fundamental content of the document remaining unchanged, insights from interviews with representatives from the business and NGO sectors revealed an initial challenge. Specifically, Vietnamese authorities issued the EUR1 form in green, whereas it should have been in blue. Fortunately, this issue was promptly addressed, attributed to a translation error, and the process is now proceeding smoothly. According to interview 11, the duration for declaring HS code products by the COO varies, typically taking a few days.

In conclusion, the document analysis (Dau *et al.*, 2022; Dau *et al.*, 2020), insight from interviews, and author observation concluded that even though there was a bit of trouble from the beginning when the treaty was newly introduced, the Vietnamese government handles the implementation of the EVFTA well. Interviewees highlighted that it is common practice that issues usually occur when new regulations are introduced which delay the process significantly. However, for EVFTA since it received lots of government support, the issue is quickly solved and even quicker than other new generation FTA. The idea of allowing two procedures to work together is a great initiative in the transition time as not all businesses in Vietnam have the capability in terms of finance and human resources to conduct self-certified COO which helps to reduce the administrative burden on the busi-

nesses. However, the government should introduce a timeline soon to shift the procedure to self-certificated completely due to the following reasons.

- (i) Following the EVFTA timeline

“Vietnam can choose to apply the self-certification mechanism when it deems appropriate and will notify the EU before implementing this mechanism” (VCCI-WTO, 2022, p. 32)

- (ii) Support authorities' work, limit their responsibility and reduce corruption.

“This is what happened already 10,15 years ago. Back with the Rex system. The EU doesn't want thousands of companies to come asking for a document where you physically have to check the goods and explain the content of your goods to qualify for a country-of-origin certificate, because therefore you always need the physical presence of cargo in Vietnam as well as in you” ... “With the introduction of the EVFTA rule of origin, they transferred the responsibility and therefore the liability over to the importer and we see that in many other mechanisms already and the governments intend that they don't take the step in between to check if your product qualifies for a preferential tax anymore. They would rather challenge the importer in a tax audit 2 years later and say why did you apply a preferential tax for your product? So now show me proof that you acted correctly. Right now, what is happening, and particularly in Vietnam and this is, for the EU the bigger concern that there's still a high level of corruption” (Interview 13).

Insights shared by interview 4 and observations made by the author reveal some officials faced legal consequences due to inaccurate information being provided by Vietnamese businesses. As a result, officials are now being more cautious in their scrutiny of businesses, which could lead to delays in processes.

- (iii) New regulation from the EU will challenge the current COO process.

Interviews 3, 5, 6, 8, 13, and 14 have raised concerns regarding the EU's increased focus on promoting human justice and environmental standards in consuming products. Specifically, products destined for export to the EU must not only meet quality criteria but also adhere to labor and environment standards which include compliance with proper working conditions, the presence of labor unions for worker protection, the absence of child labor, the environmental impact of each product's transportation to the EU.

“The Vietnamese Government should continue to implement commitments, especially in improving the legal framework for foreign businesses... Meanwhile, it remains to be seen how the Supply Chain Act, which has now taken effect from Germany and a similar law coming from the EU, will have an impact on the supply chain from Vietnam” (Vna, 2023).

This Supply Chain Act will challenge the innovation of international trade theory in the 1950s which recognizes the importance of transportation costs and encourages firms to start to decompose the production process into parts to assign those parts to different countries and increase the network of the air industry's connectivity (Bergeijk, 2023). This theory promotes international trade by minimizing the overall cost but not taking into consideration the cost of climate and the human rights to this supply chain. Given the strong commitment among EU member states and citizens regarding solving climate and human rights issue, the international value chain now shows its weakness and challenges the policy. The comparative advantage that countries try to advance is challenged by the cost of carbon footprint and human rights. This requires the competent authorities to find

an alternative solution and raise an alarm from the local businesses to have holistic looks not only focusing on the quality, the productivity of the products but also the climate and labor right perspective otherwise they will further demolish the work of EVFTA (interview 5). Therefore, by shifting to a self-certified COO, exporters will take full responsibility for their products' quality and prepare for soon able accountable to declare product footprint and labor use.

5.3.2 Trade facilitation

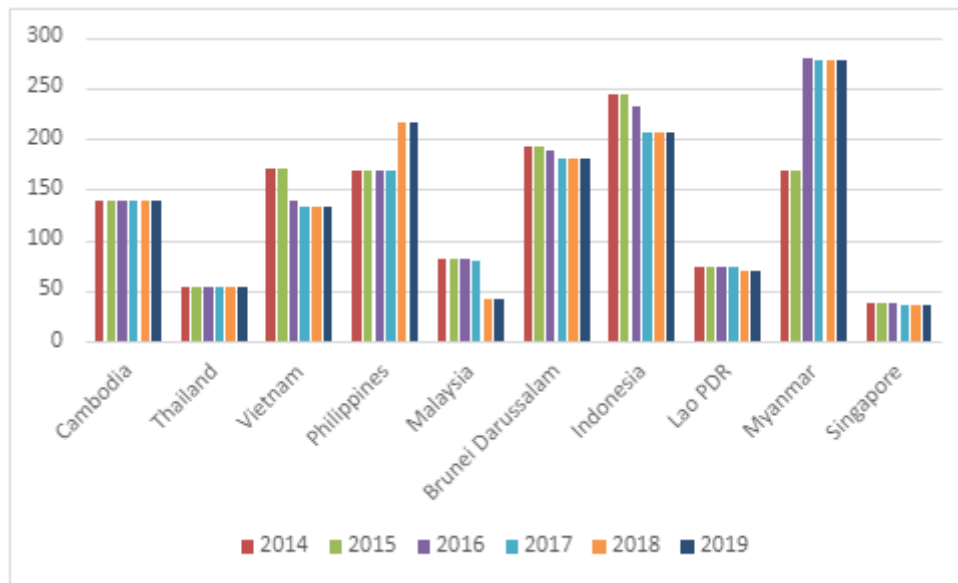
How is Vietnam's administrative procedure for cross-border trade in comparison with neighboring countries?

Until 2019, annually, the World Bank conducted research to measure economic and social improvements in 190 countries which was known as the Doing Business Report with specific methodology⁶. This report measures the time and cost associated with these procedures—documentary compliance, and border compliance—within the overall process of exporting or importing a shipment of goods.

Figures 15 and 16 present detailed total time required for both export and import processes, including time for documentary compliance and cross border compliance. Notably, the year 2016 marked a significant milestone for Vietnam, as it witnessed a substantial reduction in import and export times. This is because of the 2nd wave of the administrative procedure from 2016-2019 and many other regulations coming into effect (Table 4) which saved nearly 18 million man-days, equivalent to about 6,300 billion VND (Nguyen, 2023). Specifically, Vietnam managed to mostly reduce 38 hours within 5 years in terms of the required time for administrative compliance related to both import and export activities. Vietnam is member of Association of Southeast Asian Nations (ASEAN) where Vietnam not only share the same region geography but also history, cultural, economic cooperation with other members (ASEAN, 2020). Comparing Vietnam with other ASEAN members, interestingly, this reduction is comparable to the achievements of Malaysia and Indonesia in import-related time reduction. Regarding export time, Vietnam achieved the most significant reduction in hours compared to other ASEAN countries. However, this reduction is not enough as Vietnam's time for export and import was comparatively high from the beginning. Consequently, Vietnam's import and export time is higher than the average time to export of ASEAN (80.2 hours) and import (91.7 hours).

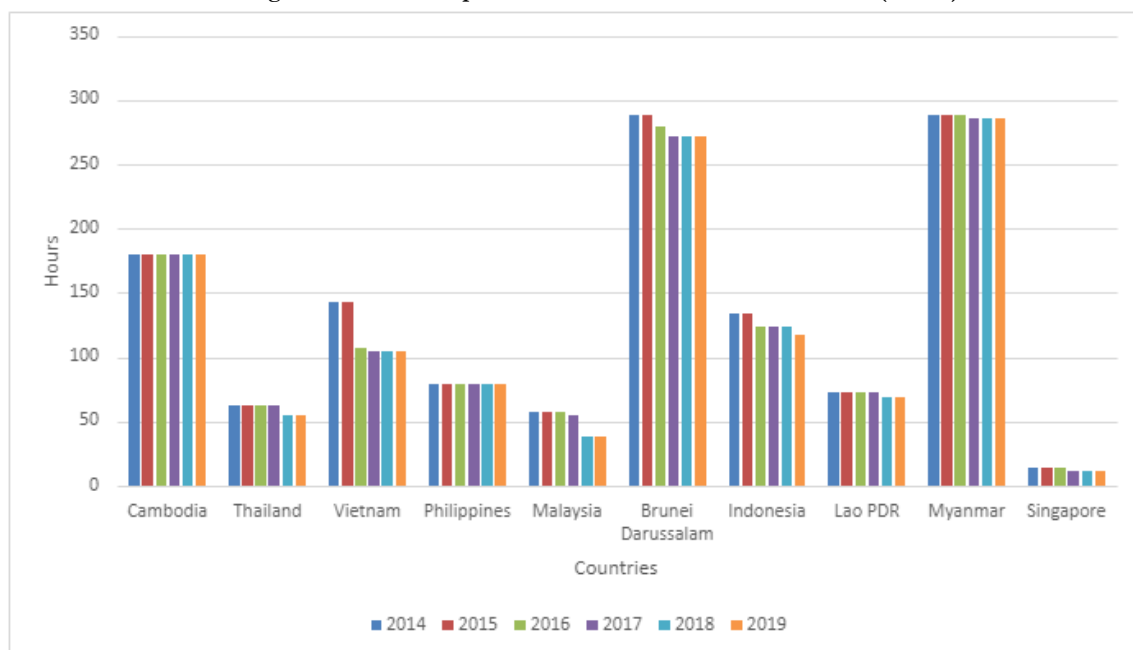
⁶ “It is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy; It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000; The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing; A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy, etc.” (World Bank, 2019, p.45)

Figure 15 Time to import in ASEAN countries from 2014-2019 (Hours)



Source: World Bank, 2019. Other calculations made by the author.

Figure 16 Time to Export in ASEAN countries from 2014-2019 (Hours)



Source: World Bank, 2019. Other calculations made by the author.

Indeed, according to the report about the enterprises' satisfaction with the implementation of APs through the NSW mechanism and specialized management and inspection procedures (Dau *et al.*, 2020) and interviews with private and NGO sector, Vietnam now comply to facilitate trade since it is using (i) risk assessment and (ii) post-clearance audit methods, (iii) using NSW to complete the formalities required for placing the goods under customs procedure (iv) use of NSW for electronic data interchange between enterprises, customs administrations, and other connected agencies. The NSW and risk management have helped reduce time and efficiently manage customs procedures. However, there is still significant room to improve Vietnam's score. From interview with staff in an EU company doing business in Vietnam, it is evident that the integration of technology is uneven from region to region. There are a lot of big ports already integrated into NSW, but this is not the case for all. The facilities differ from city to province triggering the businesses while

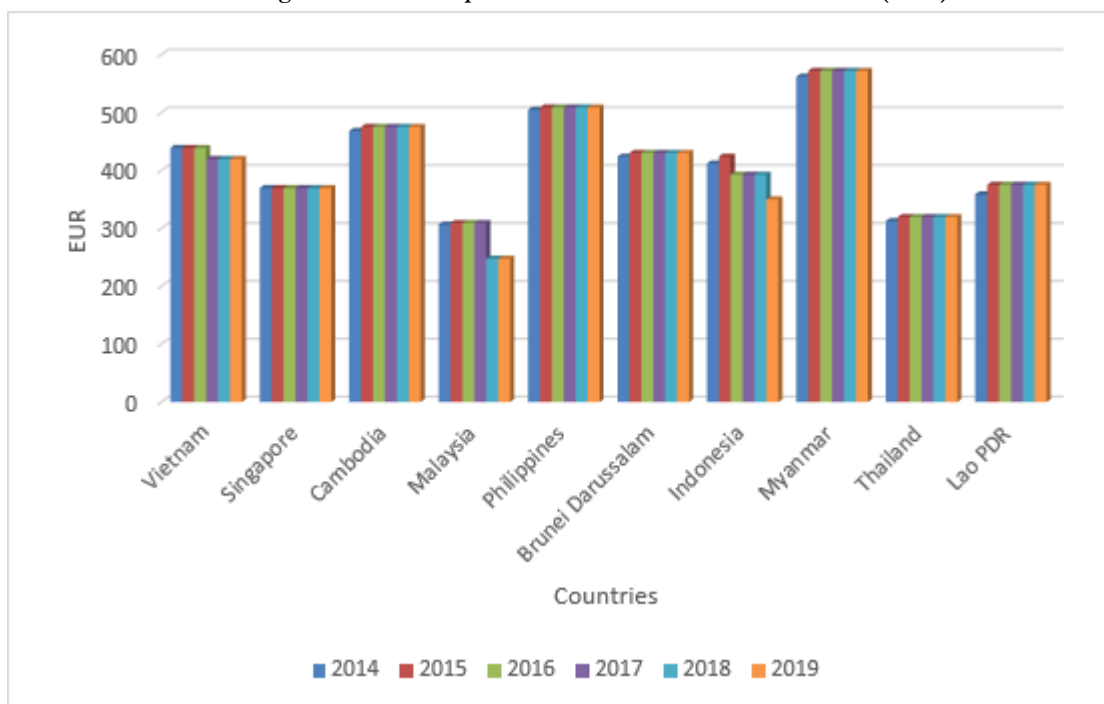
processing the administrative documents into the system. Regarding risk management, customs is the first ministry to use this system according to interviews 4,9,11.

"To date, the risk management system has conducted a risk analysis and assessment applied more than 1 million indicators of all kinds a year, classified compliance levels, and assigned risk ratings to importers and exporters. As of March 15, 2022, the system monitored and assessed more than 182,000 importers and exporters and ensured the smooth channeling of nearly 100 million export and import declarations" (VCCI, 2022).

Risk management has helped to reduce the workload of the customs authorities and businesses and helped to improve the transparency of the system. However, interviews with businesses and NGOs reveal that despite the system's apparent fairness and intelligence in utilizing transparent indicators for measurement, analysis, and categorization, a loophole persists. The system can still allow customs officials to manually adjust risk statuses, influencing cargo lanes. Consequently, this practice enables 'local customs'—where businesses need to provide unofficial fees to local authorities—to make the cargo clearance. Furthermore, the inconsistent implementation and document requirements of different provinces are also hindering businesses.

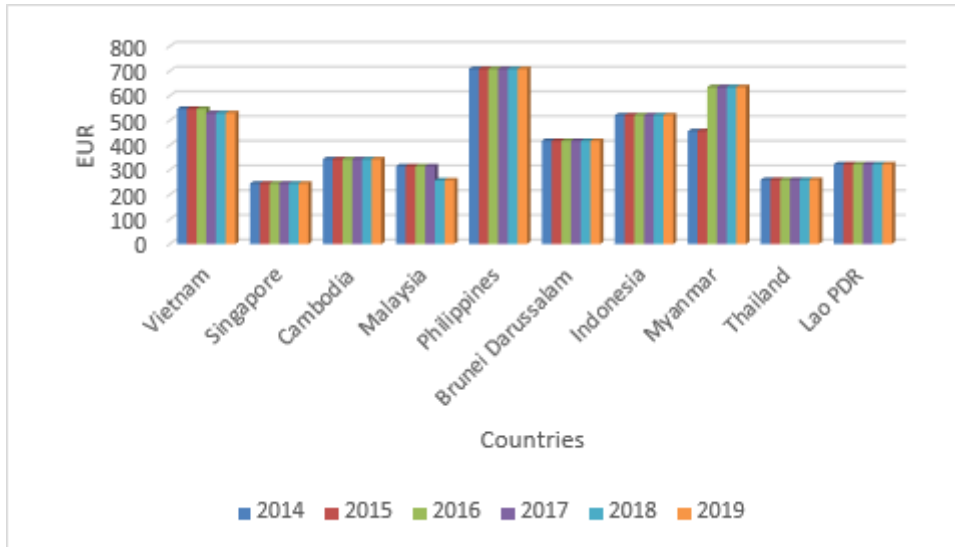
Unlike the time required to process paperwork for goods clearance, associated documentary compliance and border compliance costs are still very expensive regardless of the effort of EVFTA and other regulation adjustments – the reduction of cost is roughly 18 EUR. The highlight of Figures 17 and 18 is that Vietnam ranked the 4th highest export cost and 3rd highest import cost in the region. Vietnam's costs (529.39 EUR) for import and (419.485 EUR) exceed the average ASEAN cost for both import (423.838 EUR) and export (406.585 EUR)

Figure 17 Cost to Export in ASEAN countries from 2014-2019 (EUR)



Source: World Bank, 2019. Other calculations made by the author with the exchange rate of USD/EUR (09/08/2023) = 0.93

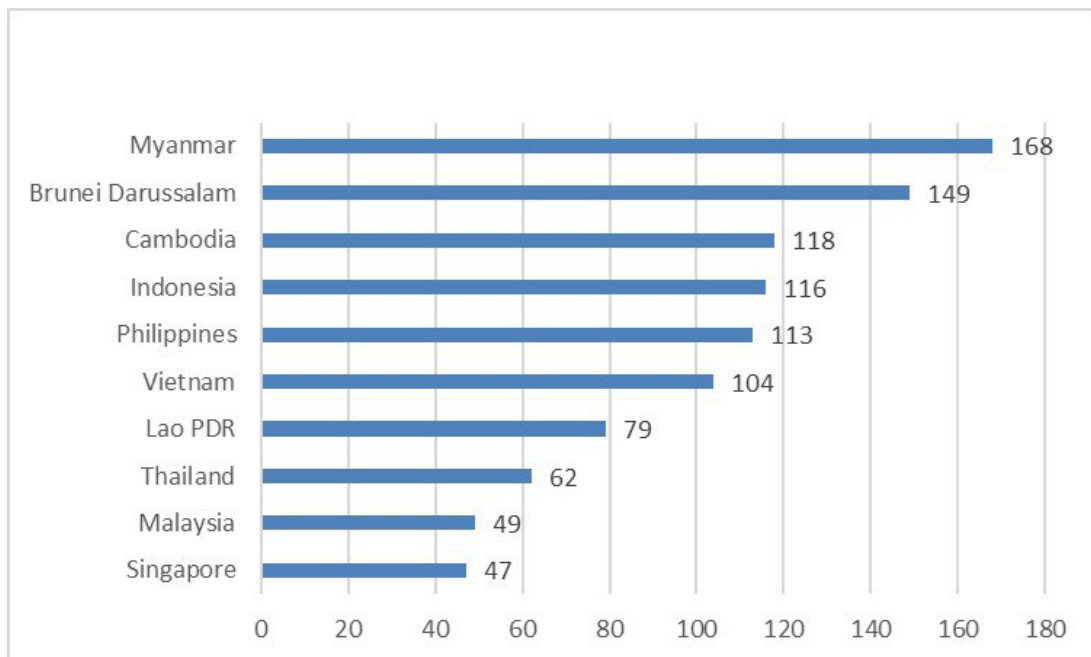
Figure 18 Cost to import in ASEAN countries from 2014-2019 (EUR)



Source: World Bank, 2019. Other calculations made by the author with the exchange rate of USD/EUR (09/08/2023) = 0.93

In conclusion, it is evident that since 2016, the time and cost required for exporting and importing products in Vietnam have improved significantly thanks to the APs reform. Still, the time and cost when trading across borders is still very high compared to the average cost and time of the region which makes Vietnam's ranking and score lower than the average score of the ASEAN region (Figure 19). Since Vietnam's target is to boost economic growth mostly by cross-border trading, become promising destination for the EU to trade through EVFTA, this reduction seems to be not enough in view that Vietnam's time and cost to import and export from the beginning is significantly higher than other countries in the region. Therefore, it is advised that the government should improve the facilitation to be consistent from province to city and improve a systematic risk assessment to be transparent.

Figure 19 Score of trading across Borders of ASEAN in 2019 (with 1=most business-friendly regulations)

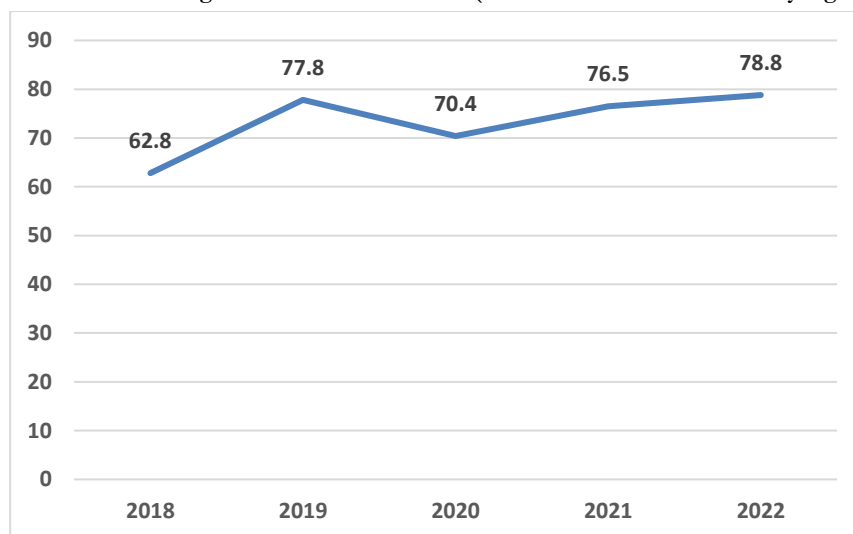


Source: World Bank, 2019.

How is the internal evaluation of the administrative procedure for cross-border trade?

Even though Doing Business report was discontinued in 2019, this measurement is an important advocacy tool for Vietnam to further introduce the Administrative Procedure Cost Index (APCI) to internally measure the simplification and modernization of APs in Vietnam (Advisory Council for Administrative Procedure Reform, 2018). The APCI report was first introduced in 2018 following the 2nd wave of APs reform (Resolution 19, Resolution 02 every year, and Decree 61/2018/ND-CP) during the tenure of Nguyen Xuan Phuc with Mai Tien Dung hold the position of Minister and Chairman of the Office of the Government of Vietnam leading in this reform (2016-2021). APCI quantifies the cost that individuals and firms must bear to comply with APs as per current regulations (Advisory Council for Administrative Procedure Reform, 2018). Cost includes both financial as well as time spent to complete the procedures.

Figure 20 APCI of trading across borders 2018-2022 (with 1= worst business-friendly regulations)



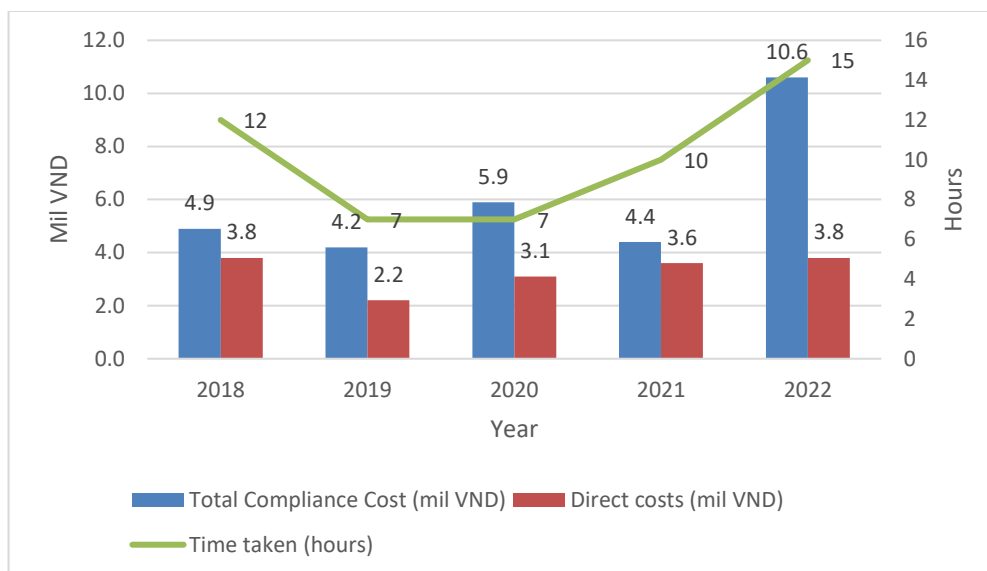
Source: Advisory Council for Administrative Procedure Reform, 2018, 2020, 2021, 2022). Consolidation made by the author.

What stands out in the Figure 20 is a substantial improvement of 15 points in 2019. However, in 2020, the score dropped to 70.4. The subsequent years, 2021 and 2022, witnessed a modest increase. To delve into the underlying factors shaping this trend, insights gleaned from interviews reveal the pivotal role of leadership and national mood in the policy-making process and policy effectiveness. In this case, Mai Tien Dung is committed to drive more effective and efficient reforms which was confirmed in the meeting with EuroCham (Figure 6). His emphasis on cost reduction for businesses and the need for quantifiable, measurable APs underscores this commitment. Due to his direction and strong action, the year 2019 stands out as a period of significant point improvement, marking by the success of wave 2 of APs reform. 2020 was an exceptional drop for several reasons: it marked the conclusion of a political tenure in Vietnam, the transition from old to new resolutions (from wave 2 to wave 3), and the outbreak of the COVID-19 pandemic. Consequently, a precipitous 17-point decline during this pivotal year can be observed.

After this year it is expected to increase but the improvement seems very slow. Interviews with several businesses reveal interesting observations that the APs in wave 3 in practice are even more bureaucratic than what the 2nd wave accomplished. Interviewees who usually work with government officials share that new leadership will have different approaches and different priorities and APs reform to facilitate businesses is not in its top priority now. Responding to how the point still improves, interviewee shared that each ministries have a way to make sure that the quantity of documents reduced is met but in practice, it does not practically help businesses reduce the burden. Particularly, every year

the officials following the government request to cut and reduce cross-border APs, but they will try to limit the reduction on APs by reducing or eliminating the APs that haven't been used for a long time. In fact, Figure 21 highlighted the time taken, total compliance cost, and direct cost decreased in 2019 and go up in 2021 and 2022. In another word, in principle, the APCI score improves but in practice time and cost the business must use to comply with regulation have tendency to go up high and mark new peak.

Figure 21 Composition indexes over the years of the group of administrative procedures Cross-border trade transactions



Source: Advisory Council for Administrative Procedure Reform, 2018, 2020, 2021, 2022. Consolidation made by the author.

To sum up the trade facilitation part, trade facilitation in EVFTA together with other policy events has made an enormous impact on the APs in Vietnam. Vietnam is required to implement trade facilitation requirements which helps the time and cost required to comply with cross border Vietnam regulation has decreased significantly. 2016 started to see great improvement and its effect by shortening the time taken and compliance cost, and this lasted till 2019. However, this improvement is still low compared to other countries in the region and leaves room for development by improving the facilitation to be consistent from province to city and improving a systematic risk assessment to be transparent. From 2020, it was expected the 3 wave of business AP reform and EVFTA implementation will make another hit to APs performance. However, this is not the case due to many factors such as the new leadership with a new goal which made this topic cool down. In order to promote transparency of AP, the government should activate this policy and continue to make Vietnam a leading destination attracting businesses from the EU.

Part 3 chapter 5 aims to answer in depth the 1st and 3rd sub-research questions. Even though there was a bit of trouble from the beginning when the treaty was newly introduced, the Vietnamese government handling very well in implementing EVFTA in terms of COO and trade facilitation. The implementation of EVFTA has a positive effect on the time and cost required to comply with Vietnamese cross-border regulations. However, it is advised that Vietnam should introduce a timeline soon to shift the procedure to self-certified completely, improve the facilitation to be consistent from province to city, and improve a systematic risk assessment. The paper also highlighted the new factor of climate, and human rights which will challenge businesses to leverage the EVFTA in the future and require huge support from the government to have a smooth upgrade. Additionally, the government should also consistently improve customs facilitation to be transparent and modern and reactivate the APs reform scheme.

Chapter 6 Conclusion and Discussion

This study set out to examine the status of simplifying and modernizing APs in Vietnam following EVFTA commitment. According to empirical findings, crucial findings will be presented below, along with some suggestions for policymakers and businesses in forecasting the future trading trend. Additionally, limitations of this study and potential future research will also discuss.

6.1 Main findings

Studies about trade liberalization including FTAs and its positive impact on society have been a recurring theme in academic research. Like FTA, the study about APs and their correlation to the country's economic growth is noticeably clear. However, the study about the correlation between FTA and APs is still limited, especially in the context of Vietnam. This study aims to address this gap by examining how EVFTA can serve as instruments to enhance country transparency and contribute to country economic growth. By using multiple methods including document analysis, interviews, and ethnographic observation, this study investigates the cross-border trading procedures following the EVFTA implementation impact on Vietnam.

The paper argues that the EU and Vietnam see each other as important strategic partners and EVFTA is a milestone for such a relationship. EVFTA is a new generation FTA that not only removes tariffs but also lifts several non-tariff barriers including cross-border APs which are presented in Chapter 4 and Protocol 1 of EVFTA. Interestingly, this study has identified that Vietnam's regulation has domestic adjustments following EVFTA requirements on COO and trade facilitation before the EVFTA was implemented. This major finding emphasizes the correlation of EVFTA and other contextual factors that have helped the domestic regulation comply with EVFTA earlier than implementation time, 2020. Additionally, the analyzation also contributes EVFTA as a case study of FTA smooth implementation. Overall, the finding strengthens the idea that international agreements will have an impact on domestic regulation.

The second major finding is that, despite initial challenges, the Vietnamese government handled the implementation of the EVFTA very well in terms of COO and trade facilitation. The implementation of EVFTA has a positive effect on the time and cost required to comply cross cross-border Vietnam regulations. The current data highlight the multifaceted nature of EVFTA, significantly expanding bilateral trade volumes, creating a trade surplus for Vietnam, and demonstrating sectoral and country-specific variability, Vietnam's exports to the EU surpassing imports. These findings align with classical theories of comparative advantage and underscore the role of trade liberalization in overall economic growth. Therefore, the EVFTA represents a pivotal milestone in Vietnam-EU relations, fostering economic growth, transparency, and cross-border cooperation.

Next, the research has also highlight that regardless the huge support from leaders, the effect now has signed of cooling down which explained the negative observation of Euro-Cham now (Figure 1). Evidently, the APs reform now does not have effect to reduce compliance cost and time for cross border, the lack of consistent of risk assessment and modernization facilitation of customs.

In this investigation, unexpectedly, evidence also highlights the factor of climate and human justice. Study emphasizes that this will be a huge challenge for businesses and gov-

ernment to leverage the international trade and trigger the trade liberalization, and globalization theory.

6.2 Policy Implications

The findings of this study have several practical implications. The result of this study indicates that in terms of COO, Vietnam should promptly introduce a well-defined timeline to transition toward complete self-certification procedures. Regarding trade facilitation, a consistent customs system across provinces and cities should be implemented. Additionally, a systematic risk assessment framework should be established to address potential challenges. It is advised that Vietnam should reactivate the APs reform scheme to able to attract more businesses and trading. Furthermore, the effective utilization of the EVFTA hinges on various factors, including demand, available resources, trade policies, and specific trading partners. Therefore, a comprehensive assessment of target countries is essential to align with Vietnam's strategic objectives for promoting trade. Another important practical implication is government should continue the effort to support businesses and the whole country to improve its "green label" and "human justice" in every product to continue enjoying the advantage of this treaty.

6.3 Limitations of the study and potential future research

This study, while shedding light on critical aspects of the EVFTA, faces several limitations. Firstly, the dataset exhibits inconsistency, posing challenges to robust conclusions. Secondly, although other trade agreements may also influence cross-border trading, their assessment lies beyond the scope of this paper. Thirdly, due to the data limitation, the study does not account for environmental impact, local wage dynamics, and other socio-economic factors, limiting a comprehensive understanding of development implications. Fourthly, the findings, not being representative of the entire population, therefore, cannot be extrapolated universally. Fifthly, restricted access to internal observations from Vietnamese or European competency authorities hinders a deeper analysis. Lastly, due to time and cost constraints, interviews before and after EVFTA implementation were unfeasible.

Although the current study is based on a small sample of participants, the findings suggest that a comprehensive investigation to address the aforementioned limitations would significantly contribute to the existing body of knowledge. Furthermore, further exploration of environmental factors, human justice and APs should be explored in the context of EVFTA to see whether the environment and society stand to benefit from reform APs following EVFTA.

Additionally, a regression model, once the data becomes more robust, would allow us to discover a clearer correlation between each contributing factor. Notably, the influence of politics on the treaty's success is evident from the findings. Therefore, a greater focus on politics on the correlation with international trade could produce interesting findings that account for a more success case study for FTA implementation.

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Appendix 1 Interview Questions

[Brief introduction to the research project and ask for verbal consent from participants for use of the interview. Their information will be kept confidential, and this research will replace their name with numbers to ensure anonymity and create a more comfortable space to share perspectives]

Figure 22: Consent form



Information and consent form

Interview on simplifying and modernizing the administrative procedure following EU-Vietnam Free Trade Agreement

Introduction
Salut! I am Hang Nguyen and I do research for Erasmus University Rotterdam. I am conducting research on Simplifying and modernizing the administrative procedure: Practice and Upgrading to facilitate trading in regard to EU-Vietnam Free Trade Agreement. We are conducting this research independently; the financial contribution has no influence on the outcomes of this study.

I will explain the study below. If you have any questions, please ask me. While reading, you can mark parts of the text that are unclear to you.

If you want to participate in the study, you can indicate this at the end of this form.

What is the research about?
The main objective of this research is to access the current status of simplifying and modernizing administrative procedures in Vietnam following EVFTA commitment to see how it supported trading across borders. The author provides the evidence base for this analysis with data collected from business feedback, government report, and EU opinion to see the improvement after the EVFTA implementation. Based on this analysis, the author also intends to provide some policy suggestions for better regulation and eventually promote trading, especially trading via EVFTA in the future. Explain the purpose of the research. Try to keep the description short and simple.

Why are we asking you to participate?
We ask you to participate because of your experience in trading through EVFTA and public administrative reform which helps us learn about how Publics administrative procedures improve in light with EVFTA implementation.

An interview:
I would like to conduct an interview which will expect to take 30 mins. If you do not want to answer a question during the interview, you are not required to do so.
I will make an audio recording of the conversation.

At the end of the interview/discussion, you will have the opportunity to comment on your answers. If you disagree with my notes or if I misunderstood you, you can ask to have parts of them amended or deleted.

You decide whether to participate
Participation in this study is completely voluntary. You can stop at any time and would not need to provide any explanation.

What are the potential risks and discomforts?
I do not anticipate any risks or discomforts while participating in this study.

What do you get for participating?
Your participation is very much appreciated for the development of countries and academia. However, I do not have the financial support to send you for this interview.

What data will I ask you to provide?
During the interview, the following personal data will be collected from you: Name, age, gender, ..., audio or visual recordings, occupation, sentiments about / feelings about / opinions about.

Who can see your data?

- I store all your data securely.
- Recordings are transcribed. Your name is replaced with a number/made-up name
- Data such as your name, address...and recordings (direct personal data) will be stored by me and shall not public.
- I will write an article about the results of the study which will be published (publicly share the results) in (academic) journals and/or books. The results will be accessible to anyone.
- I may use your specific answers in the article. If your answer can be traced to you or we would like to mention your name, we will ask your permission first.

How long will your personal data be stored?
According to the EUR Research Data Management Policy, your data will be retained for a minimum of 10 years. We retain the data so that other researchers have the opportunity to verify that the research was conducted correctly.

Using your data for new research
(Part of) the data we collect may be useful in pseudonymized form, for example for educational purposes and future research, including in very different research areas. Therefore, in the consent form we ask you to give us permission to use your (personal) data [excluding name, mail address] (not directly traceable to you) for follow-up or other scientific research.

What happens with the results of the study?
You may indicate if you would like to receive the results.

Do you have questions about the study?
If you have any questions about the study or your privacy rights, such as accessing, changing, deleting, or updating your data, please contact me.

Name: Hang Nguyen
Phone number: (+31) 0620842534
Email: 658258tn@eur.nl/hangnguyen697hcm@gmail.com

Do you have a complaint or concerns about your privacy? Please email the Data Protection Officer (fg@eur.nl) or visit www.autoriteitpersoonsgegevens.nl. (T: 088 - 1805250)

Do you regret your participation?
Until you submit the survey, you can still decide not to take part in the research. [If you stop, your data will not be stored.] After you click 'send', we cannot trace what data you have shared with us anymore.

Ethics approval
This research has been reviewed and approved by an internal review committee of Erasmus University Rotterdam. This committee ensures that research participants are protected. If you would like to know more about this RERC/IRB, please contact <https://www.eur.nl/en/research/research-services/research-quality-integrity/ethical-review/informed-consent>

Declaration of Consent

1

2

I have read the information letter. I understand what the study is about and what data will be collected from me. I was able to ask questions as well. My questions were adequately answered. I know that I am allowed to stop at any time.

By signing this form, I

1. consent to participate in this research.
2. consent to the use of my personal data;
3. confirm that I am at least 18 years old¹.
4. understand that participating in this research is completely voluntary and that I can stop at any time; and
5. understand that my data will be anonymized for publication, educational purposes and further research.

Check the boxes below if you consent to this.

Required for research participation,

Data

I consent to the researcher's collection, use and retention of the following data: *[political opinions ideological beliefs].*

Audio recording

I consent to the interview being audio recorded.

Optional

My answers in the article

I give permission for my answers to be used in papers, such as an article in a journal or book. My name will not be included.

My answers in the article with my name

I give permission for my name to be used with my answers in an article.

New research

I give permission to be contacted again for new research.

Name of participant:

Participant's signature:

Date:

¹ GDPR permits 16 years old in the EEA to consent. From an ethics perspective, holding on to the age people become an adult may be preferable. Different countries may handle a different age for becoming an adult.

Source: Consolidated by author

[Depending on the role of the interviewees, the author will dive deeper into their expertise. Ex: if the interviewee is a policy maker, the author will ask about policy and regulation, politics, etc.]

Table 7 Interview Questions

Research question	Detail of the question
Personal background/ Identify their background and their lens to see this topic	I know that you work in this... how long have you been working in this field? What is your education and career background?
What needs to be changed following EVFTA from a regulatory and legal perspective?	What do you think about EVFTA? With your experience, do you feel it helpful? Following EVFTA, do you know what policy the Vietnam government changed to meet the requirement? Do you think that change is a helpful/positive development for trading across borders?
What has been done and not yet done in current practice?	What is the administrative procedure before and after the EVFTA implementation? Do you think Administrative procedures are more simplified and modernized after EVFTA implementation and why? What are the APs before and after the EVFTA implementation?

	<p>Do you know that the Vietnam government (Customs), VCCI, and USAID conduct a report about APs business satisfaction on APs reforms, customs services, etc? According to that report, AP reform in Vietnam improved very well and constantly, do you think that's the case? If not, why?</p> <p>Do you know the reasons why there still exist some APs that are costly but still need to be maintained?</p> <p>Do you know what tools the Vietnam government improved following the EVFTA? Do you think that is helpful/positive development?</p> <p>How has the technology been used before and after the EVFTA implementation? What do you think about it?</p> <p>Do you know what the Vietnam government (Customs), VCCI, and USAID make? According to that report, the Single window has been used very well and seems to improve every year, do you think that's the case? If not, why?</p>
<p>What are the policy suggestions to promote trading, especially trading via EVFTA in the future based on the assessment of the current result of RP reforms?</p>	<p>Do you have any recommendations to further simplify the APs? What is it? Why should the government simplify that area?</p> <p>Do you have any recommendations to engage more technology to facilitate APs?</p> <p>From a business perspective, what government can do to improve the quality of APs, and how business can support this?</p>

Source: Consolidated by author

[Express appreciation for their help]

Appendix 2 Coding Interview

Table 8 Code group interview

Document Group	Codes	Code	Result present- ed
Recommendation	28	the custom agency needs an advisor for business Recommendation_ Build Vietnam's product reputation recommendation_ faster the information transfer Recommendation_ Improve technology facility Recommendation_ Monitor the law Recommendation_ more flexible/supportive administrative procedure Recommendation_ More interaction with the government directly Recommendation_ need to have a risk assessment Recommendation_ Priority sell processed rather than raw Recommendation_ requires all officials to follow the apply the regulation Recommendation_ understand the law Recommendation_ Centralize information Recommendation_ Clear regulation in English Recommendation_ Clearer process Recommendation_ coherent and consistent recommendation_ Fully go online Recommendation_ Have a clear goal and purpose for every year Recommendation_ Intensive support SME on the procedure Recommendation_ need to constantly update the EU rule Recommendation_ need to declare clear responsibility, scope Recommendation_ needs to have collaboration between industries Recommendation_ need to have policies like facilitating the export of raw material Recommendation_ need to open the market more Recommendation_ reduce bribery Recommendation_ Reduce cost for business The recommendation_ requires more support from the Gov recommendation_ should centralize procedure on customs Recommendation_ Transparency and coherent	Chapter 5 Results and Discussion and 6.2 Policy Implications

Trade facilitation	83	<p>AP Current issue_ change official change policy AP Current issue_ difficult after COVID-19 AP Current issue_ need more motivation to adjust AP Current issue_ not a big topic AP Current issue_ not investor friendly AP Current issue_ not support business AP Current issue_ Not yet centralized AP Current issue_ official use a special trick AP Current issue_ reluctant to let expats in AP Current issue_ costly AP current issue_ slowly transfer, improve AP's current issue_ is not as positive as in the report APs Current issue_ overlap regulation AP customs in Vietnam are not good compared to the world APs improvement will help to boost SME development Corruption the current system does not match the reality customs clearance is nicely worked through customs clearance_ easy to export customs issue too much regulation which can only be case by case customs officer_ upgrade and understand more business Customs regulations are the most advanced and update Customs_ businesses usually hire experts to do this Customs_ 2020-2022_ Vietnam still submitted the paper Customs_ mostly go online depend on the data supplier for customs EU business feedback_ process gets better EU business feedback_ The VN government quickly solved the issue EU business requirement_ credibility and transparency EU business requirement_ predictable EU_ must push for Vietnam to upgrade the system to follow the advanced requirement EU_ still requires the old system EVFTA could be a wasted Exporters don't know who to ask about the paper the government improved significantly in capability Improvements depends on the politics, competition, etc. liability and responsibility transfer to business Netherlands Customs Management by risk Netherlands customs products by code the new procedure costs time and money reluctant of the Vietnam government no real checking process still has human involvement regulation _change too much Regulation change without justification regulation lack of update regulation quality is not good regulation_ examination of the product without clear purpose/guidance regulation_ have a clear indicator Regulation_ Improve and complete the procedure Regulation_ lengthy Regulation_ long procedure Regulation_ more lengthy and difficult Regulation_ not clear regulation for the bottom Regulation_ not good quality Regulation_ not sufficient draft/forecast</p>	5.3.2 Trade facilitation
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		<p>Regulation_ not yet clear Regulation_ Official has a lack of knowledge regulation_ overlap regulation Regulation_ significant legislation Regulation_ stricter Regulation_ takes time for business Regulation_ Technology_ customs is the most advanced Regulation_ Technology_ no place to store big data Regulation_ too complex Regulation_ transparent and clear from the top regulation_unpredictable Regulation_not significant slow information in the customs platform still lots of burdens and long procedures for business still need a hardcopy document Technology_ customs still involve humans so not accurate and transparent Technology_big data and centralization Technology_Change procedure to online Technology_modernized Technology_not centralize the information Technology_not fully autonomy Technology_slowly move to online Technology_still very basic Technology_Upgrade usually gets updated from the association Vietnam did well in fighting COVID Vietnam is promising for business who got the information first will win</p>	
Definition	5	<p>Definition_CO Definition_Custom process Definition_import procedure EVFTA focuses on trade EVFTA_EU wants to Export fruit and meat</p>	Used to develop the idea of the research paper

<p>Domestic legal and regulatory preparation for EVFTA</p>	<p>31</p>	<p>10 years from the time negotiated to signed many things change AP Current issue_ Allow business self-declaration AP Current issue_ no change APs since 2019 AP has not changed much at the time negotiated_VN don't know what form so not specific in EVFTA Before EVFTA_Vietnam customs fighting to not change business feedback_AP in customs is the most compliance and progressive Business_does not feel any difficult Business_does do not feel much different By the time signing_vn has not yet adopted the form EU business feedback_ process gets better EU business requirement_credibility and transparency EU delegation_ costly for signing FTA EU form 1_ Some businesses get used to using it EU-Good reputation EU-Rex system but Vietnam has not changed yet EVFTA is a tool to put pressure on developing to adopt certain norms EVFTA_not change APs EVFTA_not supporting business EVFTA_support the trading EVFTA-The fastest negotiation agreement ever FTA with Thailand Singapore and Vietnam history Government officials are very compliance Government_organize and invite Viet kieu home to sell Vietnam products history of EVFTA and EU-Asian free trade agreement Partnership between EU and Vietnam-general terms Regulation_ well prepared for ratification regulation_ align with other regulation Regulation_ compliance before it goes into effect regulation_ follow international regulation regulation_ form change but the content and procedure are the same</p>	<p>5.1 Domestic legal and regulatory</p>
<p>COO</p>	<p>54</p>	<p>afraid the EU not accept Vietnam's product AP Current issue_ bad culture AP Current issue_ bureaucracy AP Current issue_ conflict between ministry in scope AP Current issue_ make up data AP Current issue_ official try to take more tax rather than missing one to avoid being put in jail AP Current issue_ Try to take as much tax as possible AP Current issue_ 1 Business doing wrong will make the whole system change AP procedure_ COO gets better AP_ struggles in the beginning APs Current issue_ bribery Color issue_ revised in December 2020 COO_ government doesn't take a step in between to check COO_ Lack of guidance from authority COO_ does not take much time Corruption customs issue too much regulation which can only be case by case Customs paper_ blue and green Easily get paper from authorities in Vietnam EU delegation_ not a response to the issue of GSP</p>	<p>5.3.1 COO Procedure</p>

		<p>EU experience EU form 1_ Some businesses get used to using it EU regulation is significant in that is so difficult for SMEs in Vietnam to follow EU-concern about Supply Chain Due Diligence Act EU-Rex system but Vietnam has not changed yet EVFTA could be a wasted EVFTA_old system must be terminated French case on the clean using car energy The initial issue was solved and went smooth the integrity of Vietnam exporters International trade needs to cope with/advance Issue_ Agri and environmental cannot keep up with the demand less work for the government local practice Netherlands customs_ management by risk Netherlands customs_ products by code New challenge_ environment, human right new challenge_ reducing plastic Official don't intensively compare and check paper with real quality regulation_ unpredictable Self-certificate_ concerns the EU side Self declare categorization by the value of Cargo_ goes well in the procedure Self-declare categorization by the value of Cargo_ went smoothly Self-declaration_ Shifting to this will not be a government issue Self-certificate_ concern businesses cannot handle this Self-certificate_ concern businesses don't have the capacity Self-certificate_ doing step by step Self-certificate_ good for building a reputation for Vietnam Self-certificate_ Government financial burden Self-certificate_ was forced to comply training from customs trust in Vietnam's prospect Vietnam was unable to declare the Rex system completely with the rex system, it will require certain points about the environment as well</p>	
EVFTA_Heterogeneous participation	10	<p>Economy growth_ outside effect EU business requirement_ predictable EU requirement_ high standard impact_ job creation Improve depends on politics, competition, etc. Issue_ Agri and environmental cannot keep up with the demand New challenge_ environment, human right processed food export of Vietnam is good think about EVFTA_ think about export VN wants to export its brand</p>	5.2 Heterogeneous Participation EVFTA

Source: Consolidated by author

Table 9 Details code by interviews

	1 Gr= 1	3 Gr= 24	4 Gr= 49	5 Gr= 50	6 Gr= 17	7 Gr= 2	8 Gr= 8	9 Gr= 6	10 Gr =15	11 Gr= 39	12 Gr= 36	13 Gr= 22	14 Gr= 1	Totals
COO Gr=98; GS=55	1	13	18	23	3	1	2	1	5	10	3	17	1	98
Definition Gr=5; GS=5	0	0	0	0	0	0	0	0	3	1	0	1	0	5
Domestic legal and regulatory preparation for EVFTA Gr=60; GS=31	1	1	11	24	2	1	3	2	0	9	4	1	1	60
EVFTA_Hetero geneous partici- pation Gr=22; GS=10	0	3	1	6	4	0	0	0	0	3	4	1	0	22
Recommendation Gr=31; GS=28	0	6	3	0	7	0	2	1	1	5	6	0	0	31
Trade facilitation Gr=115; GS=81	1	13	27	5	7	1	6	4	6	16	22	7	0	115
Totals	3	36	60	58	23	3	13	8	15	44	39	27	2	331

Source: Generated by Atlas.TI

Note: Gr: Quotation, Gs: Member