

HO CHI MINH NATIONAL ACADEMY OF POLITICS

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**VIETNAM'S AGRICULTURAL EXPORTS TO THE
EURASIAN ECONOMIC UNION MARKET UNDER THE
VIETNAM-EURASIAN ECONOMIC UNION FREE
TRADE AGREEMENT**

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INTRODUCTION

1. The urgency of the thesis

In the context of increasingly vigorous and profound international economic integration, economic alliances, acting as a "common economic entity" of their member states, have been negotiating and signing Free Trade Agreements (FTAs) with countries outside the alliance to promote trade activities among the parties. FTAs have opened broader access for agricultural products from a country to the markets of economic alliances through preferential tax commitments. However, FTAs also impose stringent requirements on agricultural products regarding origin, production processes, processing, and transportation. These issues directly impact a country's agricultural export activities. Therefore, studying theoretical issues related to agricultural exports under FTA conditions is essential to provide governments with a basis for planning, issuing, and implementing timely and effective policies to support and encourage agricultural production and exports.

In this context, Vietnam signed an FTA with the Eurasian Economic Union (EAEU) in 2015, aiming to foster comprehensive cooperation between Vietnam and EAEU countries in general and to promote Vietnam's agricultural exports to this market in particular. The VN-EAEU FTA came into effect on October 5, 2016, with over 90% of tariff lines reduced or eliminated (including the immediate removal of 59.3% of tariff lines upon the agreement's entry into force), which is considered a significant advantage for Vietnam in competing with other countries when exporting agricultural products to this market.

With a population of over 183 million people, the EAEU market annually imports approximately over \$100 billion worth of agricultural products from countries worldwide. The categories of agricultural goods with relatively high demand in the EAEU include vegetables, fruits, tea, coffee, rubber, seafood, grains, and others—all of which are products Vietnam has a comparative advantage in producing and exporting, with the potential to meet the EAEU market's demand. However, based on calculations from the International Trade Centre (ITC) database (Trademap.org), since 2016, the export value of Vietnamese agricultural products to the EAEU has been very small, meeting less than 1% of the total agricultural product demand in the market. Particularly in 2022 and 2023, the export turnover of Vietnamese agricultural products to the EAEU market decreased significantly due to the impact of the military conflict between Russia and Ukraine.

From this, it is evident that although the VN-EAEU FTA has provided more favorable conditions, Vietnam's exported agricultural products have only

accessed a small portion of the EAEU market, leaving significant room for expansion. Therefore, it can be affirmed that the EAEU represents a promising market for Vietnam's agricultural export activities in the future.

All of the above theoretical and practical analyses have been urging me to devote time and effort to deeply study the topic: "*Vietnam's Agricultural Exports to the Eurasian Economic Union Market under the Vietnam-Eurasian Economic Union Free Trade Agreement*" for my doctoral thesis.

2. Research objectives and research tasks

2.1. Research objectives

By analyzing and evaluating the current state of Vietnam's agricultural exports to the Eurasian Economic Union market in the context of implementing the Vietnam-Eurasian Economic Union Free Trade Agreement, the thesis proposes viewpoints and major solutions to promote Vietnam's agricultural exports to the EAEU market by 2030.

2.2. Research tasks

To achieve the above research objectives, the following key research tasks need to be fulfilled:

- Identifying the research gaps and directions by reviewing related research literature on agricultural exports of a country to the market of an economic union in the context of implementing a free trade agreement.
- Defining the fundamental theories relates to the situation when a country's agricultural products are exported to the market of an economic union.
- Identifying the factors affecting Vietnam's agricultural export outcomes to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement.
- Developing a model to assess the impacts of variables on Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement.
- Analyzing and evaluating the current state of Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement, then exploiting the research results to propose major solutions to promote Vietnam's agricultural exports to the EAEU market by 2030.

*** Research questions**

To address all research tasks, the thesis focuses on answering the following questions:

1. What are the characteristics of a nation's agricultural exports to the market of an economic alliance under the implementation of an FTA?

2. Which factors influence the outcomes of Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement according to the gravity model theory?

3. What are the impact trends of each factor affecting Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement?

4. How can Vietnam promote agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement?

3. Research subjects and scope

3.1. Research subjects

Theoretical and practical aspects of a country's agricultural exports to an economic union market in the context of implementing a free trade agreement.

3.2. Research scope

- *Scope of contents:*

The thesis studies the following matters:

+ Focusing on export performance of all Vietnamese agricultural products that have been exported to the EAEU market under the VN-EAEU FTA.

+ Focusing on the impact of various factors on Vietnam's agricultural exports to the EAEU market under the VN-EAEU FTA, based on the theoretical foundation of the gravity model.

+ Proposing major solutions to promote Vietnam's agricultural exports to the EAEU market for the following entities: the government, agricultural export enterprises, and agricultural producers (farmers).

- *Geographical scope:* Vietnam's agricultural exports to the five country - members of the EAEU.

- *Temporal scope:* The status of Vietnam's agricultural exports to the EAEU market from 2010 to 2023 and solutions to promote Vietnam's agricultural exports to the EAEU market by 2030.

4. Methodology and research methods

4.1. Methodology

The thesis is imbued by the scientific methodology of Marxism-Leninism, particularly the dialectical materialism and historical materialism.

4.2. Research methods

The thesis applies the combination of qualitative and quantitative methods in research.

Qualitative methods are used to review theoretical literature on the agricultural exports of a country to the market of an economic union in the context of implementing a free trade agreement to build the research model.

The thesis also uses secondary statistical data in analyzing, comparing, and comparing the results of Vietnam's agricultural exports to the EAEU market to determine the differences between the periods of before and after the Vietnam-EAEU Free Trade Agreement took effect.

Quantitative methods are used to estimate and test the impact of factors on Vietnam's agricultural export outcomes to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement based on the theoretical framework of the gravity model.

5. Contributions of the thesis

5.1. Theoretical contributions

- The thesis defines the concept and clarifies the features of agricultural exports from a nation to the market of an economic union in the context of implementing a free trade agreement.

- The thesis proposes a research framework to evaluate the impact of factors on Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-EAEU Free Trade Agreement, synchronize two new factors into the model: the COVID-19 pandemic and the armed conflict between Russia and Ukraine.

5.2. Practical contributions

- The thesis provides evidences proving the appropriateness of Vietnam to participate other free trade agreements to expand the international agricultural export market.

- The thesis provides scientific background for developing campaigns, plans, and solutions to promote Vietnam's agricultural exports to the EAEU market in the coming period.

6. Structure of the thesis

In addition to the introduction and conclusion, the thesis is structured into 5 chapters:

Chapter 1: Overview of the research literature on the topic.

Chapter 2: Theoretical basis for agricultural exports of a nation to the market of an economic union under the conditions of a free trade agreement.

Chapter 3: Research methodology.

Chapter 4: The current state of Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement.

Chapter 5: Viewpoints and solutions to promote Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement.

Chapter 1

OVERVIEW OF RESEARCH LITERATURE ON THE TOPIC

1.1. Published research related to the thesis

1.1.1. *Research on agricultural exports under free trade agreements*

** Studies on the concept of agricultural exports*

Agricultural exports have garnered significant attention from scholars and researchers both domestically and internationally. Various definitions have been proposed by Nguyen Thi Duong (2012), Do Thi Hoa Nha (2016), Ngo Thi My (2016), Dinh Van Son (2022), and Nguyen Thi Quynh Anh (2022), clarifying the general concept of agricultural exports from different perspectives. Even though, these definitions have not yet fully captured the nature of the nowadays agricultural exports - characterized by trade liberalization and growing international economic linkages.

** Studies on the role of agricultural exports*

Agricultural exports are essential since they bring considerable benefits to countries, businesses, and people through foreign trade activities, such as increasing income and foreign currency reserves for a country (Bruce F. Johnston & John Mellor, 1961). They allow national economies to accumulate foreign exchange reserves, provide new jobs, create linkages, and ultimately raise living standards (Czinkota et al., 1992). Agricultural exports also offer businesses a competitive advantages, improve financial conditions, and enhance technological capacity (Terpstra & Sarathy, 1994).

For Vietnam, agricultural exports significantly contribute to the country's socio-economic development by driving agricultural and related sector growth, creating jobs, raising farmer's incomes, and providing foreign currency for economic development (Ngo Thi Tuyet Mai, 2007). They also promote economic restructuring and production efficiency, making better use of national resources and advantages (Nguyen Minh Son, 2010; Do Thi Hoa Nha, 2016), help stabilize the economy, and enhance international trade integration (Ngo Thi My, 2016).

** Studies on the characteristics of agricultural exports*

Under the terms and conditions of free trade agreements, agricultural exports must meet strict regulations on the certification of origins, quality

standards, packaging, and safety requirements set by importing countries, which can be barriers to exports (Liu P., 2007).

Agricultural exports are highly season-dependent, must comply with stringent food safety standards, and their prices are typically unstable, depending heavily on technology used in production and processing (Nguyen Thi Duong, 2012).

** Studies on criteria for evaluating agricultural exports*

Various criteria have been used to evaluate agricultural exports, including export turnover, growth rates, export product structure, and market structure (Le Thi Anh Van, 2003; Ngo Thi Tuyet Mai, 2007; Nguyen Minh Son, 2010; Nguyen Thi Duong, 2012; Ngo Thi My, 2016; Do Thi Hoa Nha, 2016; Tran Lan Huong, 2019). Other factors like pricing, trade indices, forms of export, and free trade agreement advantages are also considered.

** Studies on factors affecting agricultural exports*

Numerous studies have examined the impact of free trade agreements on agricultural exports, employing gravity models to analyze these factors (Malhotra & Stoyanov, 2008; Sun & Reed, 2010; Parra et al., 2016; Ngo Thi My, 2016; Lateef et al., 2017; Braha et al., 2017; Aguirre González et al., 2018; Nguyen Thi Thanh Huyen, 2019; Sugiharti et al., 2020; Jagdambe & Kannan, 2020). These models have proven optimal for analyzing the effects of both quantitative and qualitative factors on agricultural exports.

** Studies on forecasting agricultural exports*

Forecasting provides valuable insights for policymakers to make informed decisions. Studies by Paul et al. (2013), Jacek Strojny (2018), Senthamarai Kannan & Karuppasamy (2020), Kiran M. Sabu & T. K. Manoj Kumar (2020), Dmitry Devyatkin & Yulia Otmakhova (2021), Goyal et al. (2021), and Abdullahi et al. (2023) have emphasized the importance of forecasting agricultural production for resource planning and agricultural management.

1.1.2. Research on Vietnam's Agricultural Exports to the Eurasian Economic Union Market under the Vietnam-Eurasian Economic Union Free Trade Agreement

Studies on Vietnam's agricultural exports to the EAEU under the Vietnam-EAEU Free Trade Agreement (FTA) include those by Nadezhda

Volovik (2016), Hoang Thi Van Anh (2016), Vu Thuy Trang & Nguyen Thanh Huong (2017), Do Huong Lan (2017, 2021), and Bui Quy Thuan (2021). However, these works merely focus on general trade relations between Vietnam and the region, rather than specifically on agricultural exports to the EAEU.

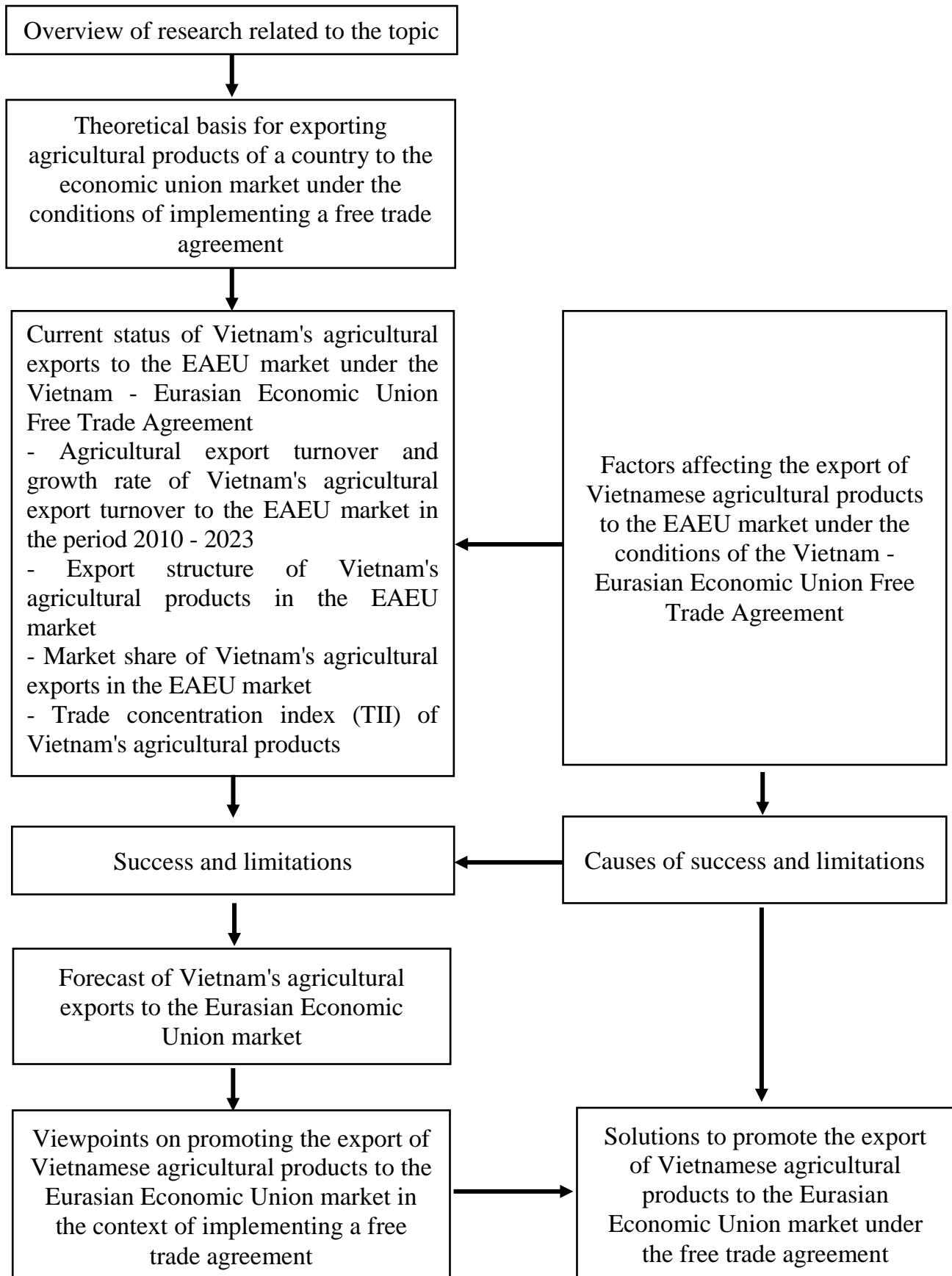
1.2. General evaluation and issues for future research

Published works and articles mentioned above, both domestically and internationally, have directly or indirectly addressed various theoretical and practical issues relates to a nation's agricultural exports to the market of an economic union. However, in terms of theoretical foundation, no work has established a framework for analyzing the impact of factors on Vietnam's agricultural exports to the EAEU market in the context of implementing the Vietnam-Eurasian Economic Union Free Trade Agreement (VN-EAEU FTA). In practice, no research has directly addressed the issue of Vietnam's agricultural exports to the EAEU market under the conditions of the VN-EAEU FTA.

Research direction of the thesis

From the identified theoretical and practical gaps, the research direction is: to establish a theoretical framework for studying a nation's agricultural exports to the market of an economic union under the conditions of a free trade agreement; to develop an analytical framework for assessing the impact of factors on Vietnam's agricultural exports to the EAEU market under the VN-EAEU FTA; to analyze and evaluate the current situation of Vietnam's agricultural exports to the EAEU market during 2010-2023; and to analyze the impact of various factors on Vietnam's agricultural export performance to the EAEU market under the VN-EAEU FTA. From there, the thesis proposes perspectives and solutions to promote Vietnam's agricultural exports to the EAEU market in the coming period. The thesis follows the research framework outlined below:

Figure 1.1. Research framework for exporting Vietnamese agricultural products to the EAEU market in the context of implementing the Vietnam - Eurasian Economic Union Free Trade Agreement



Chapter 2

THEORETICAL FRAMEWORK FOR AGRICULTURAL EXPORTS OF A NATION TO THE MARKET OF AN ECONOMIC UNION UNDER THE CONDITIONS OF A FREE TRADE AGREEMENT

2.1. Overview about economic unions and free trade agreements

2.1.1. Overview of economic unions

An economic union is the highest form of international economic integration, requiring members not only to adopt common policies on trade, movement of production factors, and monetary policy but also to coordinate comprehensive economic policies. Thus, an economic union is a "common economic entity" of the member countries, implementing all unified financial, monetary, and trade policies instead of separate policies for each country.

2.1.2. Overview of free trade agreements

2.1.2.1. Concept of free trade agreements

An FTA is an agreement between two or more countries (or territories) aimed at promoting trade liberalization for one or more groups of goods through tariff reductions and the implementation of regulations regarding the exchange of goods, services, and capital movement among member countries. Outside of the FTA, each country may still apply tariff and non-tariff measures to non-member countries.

2.1.2.2. Impact of free trade agreements

FTAs are signed by trade partners with commitments to eliminate trade barriers to achieve free trade between members. An FTA creates two types of impacts: trade creation effects and trade diversion effects on the export activities of a country participating in the agreement. Trade creation occurs when domestically produced goods are replaced by imports from an FTA partner. Trade diversion refers to a shift in trade relations from traditional trading partners to those within the FTA.

2.2. Agricultural exports of a nation to the market of an economic union under the conditions of a free trade agreement

2.2.1. Concept of Agricultural Exports to the Market of an Economic Union under a Free Trade Agreement

Agricultural exports to the market of an economic union under a free trade agreement refer to a nation's sale of agricultural products to the countries

within an economic union through market relations, generating benefits for the exporting country under the conditions of the commitments outlined in the signed FTA.

2.2.2. Characteristics of agricultural exports to the market of an economic union under a free trade agreement

First, the trade partner for agricultural exports is an economic union acting as a "common economic entity."

Second, agricultural exports benefit from preferential tax provisions.

Third, agricultural exports must strictly comply with technical regulations for exported agricultural products.

2.2.3. Role of agricultural exports to the market of an economic union under a free trade agreement

First, it contributes to promoting economic growth for the exporting nation.

Second, it helps shift the economic structure toward more progressive and modern directions.

Third, it contributes to solving unemployment and labor shifts.

Fourth, it promotes the improvement of the national management mechanism and international trade policies in line with international law and practices.

2.2.4. Criteria for evaluating agricultural exports

- Agricultural export turnover and growth rate.
- Structure of agricultural export products and markets.
- Agricultural export market share.
- Trade Intensity Index (TII).

2.2.5. Factors affecting agricultural exports to the market of an economic union under a free trade agreement

Agricultural exports to the market of an economic union under a free trade agreement treat the economic union as a "common economic entity" of its member countries. Therefore, the economic union is regarded as a large agricultural importing entity, consisting of member countries, and the measurement of variables for the importing country is adjusted accordingly to

reduce differences between member states in the union. Factors influencing agricultural exports include:

- The economic size of the exporting country positively correlates with export outcomes.

- The market size of the exporting country positively correlates with export outcomes.

- The economic size of the importing country positively correlates with export outcomes.

- The market size of the importing country positively correlates with export outcomes.

- Geographic distance negatively correlates with export outcomes.

- Exchange rates positively correlate with export outcomes.

- Market differences negatively correlate with export outcomes.

- Global demand for agricultural products negatively correlates with export outcomes.

- Labor/capital productivity differences negatively correlate with export outcomes.

- Differences in capital/land use productivity positively correlate with export outcomes.

- Differences in per capita output positively correlate with export outcomes.

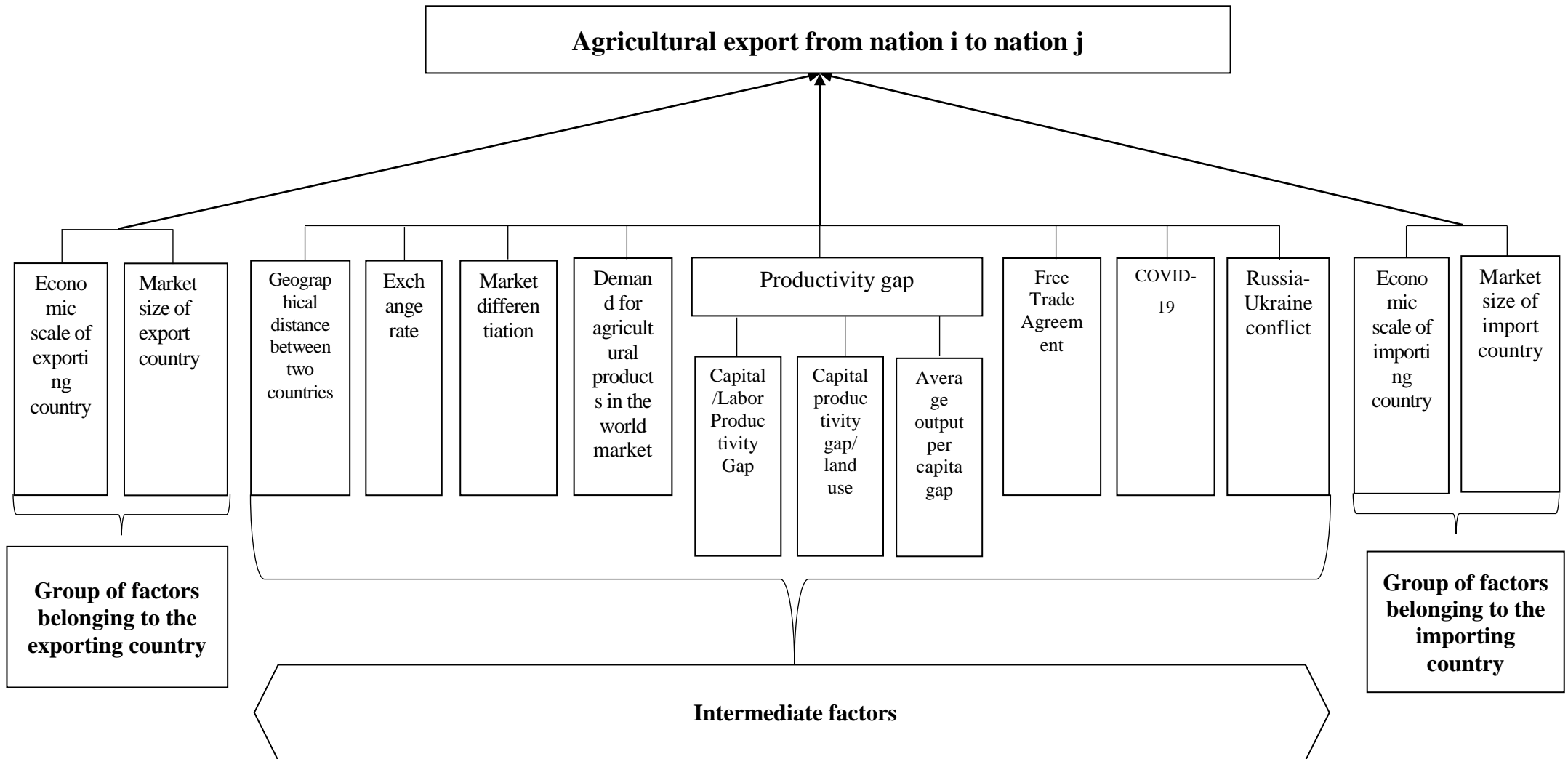
- FTAs positively correlate with export outcomes.

- The COVID-19 pandemic positively correlates with export outcomes.

- The Russia-Ukraine conflict positively correlates with export outcomes.

The thesis proposes a research framework for the impact of these factors on Vietnam's agricultural exports to the EAEU market under the conditions of the VN-EAEU FTA:

Figure 2.1. Framework for analyzing the impact of factors on Vietnam's agricultural exports to the Eurasian Economic Union market under the Vietnam - Eurasian Economic Union Free Trade Agreement



Source: Author's synthesis

Chapter 3

RESEARCH METHODOLOGY

3.1. Qualitative method

The qualitative method is used to collect data, analyze information, and summarize the evaluation of the research subject.

- The qualitative method addresses the following questions: What are the characteristics of Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement (FTA)? What factors influence the export results of Vietnam's agricultural products to the EAEU market under the FTA, based on the gravity model theory? How can Vietnam's agricultural exports to the EAEU market be promoted under the FTA?

- The thesis gathers the following primary qualitative data:

- + Data related to Vietnam's agricultural exports to the EAEU market under the FTA, sourced from the International Trade Centre (ITC) database (Trademap.org).

- + Data on the factors affecting Vietnam's agricultural exports to the EAEU market under the FTA, collected from relevant published research.

- + Data on the perceptions of the government, businesses, and farmers regarding Vietnam's agricultural exports to the EAEU market under the FTA, gathered from the press, the internet, and the Vietnam WTO Centre.

3.2. Quantitative method

The quantitative method is used to estimate and test the effects of various factors on the results of Vietnam's agricultural exports to the EAEU market under the FTA, based on the gravity model theory.

- The research uses secondary data that has been previously published.

- The thesis employs Stata 17.0 software with panel data to conduct:

- + Statistical analysis, correlation matrix, and regression models.

- + Regression analysis to analyze the impact of factors on Vietnam's agricultural exports to the EAEU market.

- The research builds a model to analyze the impact of factors on Vietnam's agricultural exports to the EAEU market under the FTA, based on the gravity model of Tinbergen (1962).

- Variables are calculated following the methodology of Natalia Wilczewski (2022).

Table 3.1: Variable description and measurement

N ^o	Variable	Measurement	Source
I. Dependent variable			
Agricultural export from nation i to nation j	LEX	Logarithm of Vietnam's agricultural exports to EAEU countries	Trademap.org
II. Independent variable			
Economic scale of exporting country	LGDP_VN	Logarithm of GDP of Vietnam	GSO, IMF
Economic scale of importing country	LGDP	Logarithm of GDP of EAEU	IMF
Geographical distance	LDistance	Logarithm of distance from Vietnam to EAEU countries	Google Maps
III. Control variables (Mediating factors)			
Exchange rate	REER	Vietnam's exchange rate against EAEU countries	
Market size	Scale	$Scale = \log(POP_i * POP_j)$	Author calculated from FAO data
Population of exporting country	LPOP_VN	Logarithm of Vietnam's population	GSO, IMF
Population of importing country	LPOP	Logarithm of EAEU's population	IMF
Demand for agricultural products in the world market	Remote	$Remote_{ij} = \sum_{i,j}^N \frac{Distance_{ij}}{GDP_j / GDP_w}$	Author calculated from FAO data
Market differentiation between two countries	GDP_distance	$GDP_distance_{ij} = \log(\max(GDP_i; GDP_j) - \min(GDP_i; GDP_j))$	Author calculated from FAO data
Capital/Labor Productivity Gap	Labor_end	$Labor_endowment_{ij} = \log\left(\frac{\max(Cap_Labor_i; Cap_Labor_j)}{\min(Cap_Labor_i; Cap_Labor_j)}\right)$	Author calculated from FAO data

N°	Variable	Measurement	Source
Capital productivity gap/land use	Land_end	$Land_endowment_{ij} = \log\left(\frac{\max(Cap_Land_i; Cap_Land_j)}{\min(Cap_Land_i; Cap_Land_j)}\right)$	Author calculated from FAO data
Average output per capita gap	Output_end	$Output_endowment_{ij} = \log\left(\frac{\max(Output_pop_i; Output_pop_j)}{\min(Output_pop_i; Output_pop_j)}\right)$	Author calculated from FAO data
Free trade agreement	FTA	VN-EAEU FTA is a dummy variable, taken as 1 from 2016 and equal to 0 before 2016.	Author calculated
Covid-19	Covid-19	Covid-19 pandemic is a dummy variable, taken as 1 from 2020 and 0 before 2020	Author calculated
Russia-Ukraine conflict	Xungdot	Russia-Ukraine conflict, is a dummy variable, taken as 1 from 2022 and 0 before 2022	Author calculated

- The thesis uses forecasting methods to predict Vietnam's agricultural exports to the EAEU market by 2030.

Chapter 4

THE CURRENT STATE OF VIETNAM'S AGRICULTURAL EXPORTS TO THE EAEU MARKET UNDER THE VIETNAM-EAEU FREE TRADE AGREEMENT

4.1. Overview of Vietnam's agriculture and agricultural exports

4.1.1. Overview of Vietnam's agricultural sector

Agriculture is a key economic sector, playing a crucial role in Vietnam's socio-economic development. After nearly 40 years of renovation, Vietnam has leveraged its natural advantages for growth, meeting both domestic and international demand. From a country once threatened by famine, Vietnam now ranks 2nd in Southeast Asia and 15th globally in agricultural exports.

4.1.2. Situation of Vietnam's agricultural exports since 2010

In recent years, agricultural exports have become a vital sector for Vietnam, contributing significantly to the country's total export revenue. Vietnamese agricultural products are present in nearly 200 countries and

territories, providing substantial foreign exchange earnings. Key export products include rice, coffee, pepper, tea, cashews, rubber, cassava, seafood, and furniture. The structure of Vietnam's agricultural exports has shifted from quantity to quality, better meeting market demands and enhancing competitiveness. The main export markets are China, Europe, the U.S., ASEAN, Japan, and South Korea.

4.2. Overview of the EAEU market

The EAEU is a regional economic bloc comprising Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan, with a total population of over 183 million. The EAEU has a significant demand for agricultural products, valued at over USD 100 billion per year. The member countries of the EAEU apply common tariff policies, trade regulations, and unified standards for food safety and hygiene concerning Vietnam's agricultural products. Hence, if Vietnam's agricultural products meet these standards, they will have growth opportunities in the EAEU market.

4.3. Commitments regarding agricultural products in the Vietnam-EAEU Free Trade Agreement

4.3.1. Tariff commitments

The EAEU committed to immediately eliminating import tariffs on approximately 53% of total tariff lines, focusing on agricultural, forestry, and fishery products during 2016-2017. Over the next 10 years, starting from 2018, tariff elimination will increase to 90%. Specifically, for seafood and processed seafood products, the EAEU will gradually open the market, with up to 95% of tariff lines phased out over 10 years, of which more than 71% of tariffs were completely eliminated upon the agreement's effective date.

4.3.2. Non-tariff commitments

The Vietnam-EAEU FTA establishes a close cooperation mechanism to ensure the implementation of non-tariff measures such as technical barriers to trade (TBT), food safety, and phytosanitary measures (SPS). This facilitates the export of agricultural products from Vietnam to the EAEU market.

4.3.3. Rules of origin

The rules of origin under the Vietnam-EAEU FTA allow the parties to choose applicable origin criteria when exporting goods to each other. The agreement introduces alternative rules of origin, including value-added content, tariff classification changes, and processing methods, detailing the goods

eligible for tariff preferences. This flexibility enables goods to meet the conditions for tariff preferences more easily.

4.3.4. Trade and customs facilitation

In the agreement, the parties agree to apply customs laws and regulations consistently and transparently. Cooperation activities related to facilitating and simplifying customs procedures must be exchanged through timely communication channels to reduce time and costs for inspecting and assessing imported and exported goods.

4.4. Current status of Vietnam's agricultural exports to the Eurasian Economic Union market in the period 2010 - 2023

4.4.1. Export value and growth rate of Vietnam's agricultural exports to the EAEU market from 2010 to 2023

Agricultural products are one of Vietnam's key export items to the Eurasian Economic Union (EAEU) market. During the 2010 - 2023 period, Vietnam's agricultural export value to the EAEU market fluctuated year by year, indicating an unstable trend. However, when considering the criterion of export growth rate, the average growth rate of Vietnam's agricultural exports to the EAEU market in the 2016 - 2023 period reached 3.96%, significantly higher than the average growth rate during 2010 - 2015, which was -0.99%.

4.4.2. The structure of Vietnam's agricultural exports to the EAEU market

4.4.2.1. Structure of Vietnam's agricultural export products to the EAEU market

Vietnam's agricultural export products to the EAEU market include seafood, rice, tea, pepper, fruits and vegetables, coffee, etc. Among these, coffee has the largest share throughout the study period. Vietnam maintains its position as the leading country, being the largest coffee exporter to the EAEU market in general and Russia in particular. Next, seafood is the second major export item of Vietnam to the EAEU market. The VN-EAEU FTA has created a golden opportunity for Vietnam's seafood exporters to boost exports and capture the EAEU market. Although Vietnam's rice, tea, and pepper have appeared in the EAEU market, their share is very low.

4.4.2.2. Market structure of agricultural exports in the EAEU

Of the five EAEU markets, Vietnam's agricultural products have mostly only accessed the Russian market (accounting for over 90%). Kazakhstan is the

second largest market, but its share is still very low, peaking at 4.87% in 2014. The Armenian and Belarusian markets account for a negligible proportion (2%-3%). Notably, Vietnam's agricultural products have yet to enter the Kyrgyzstan market. Thus, it can be seen that the market structure of Vietnam's agricultural exports within the EAEU before and after the VN-EAEU FTA took effect has remained almost unchanged, with Vietnamese agricultural products only penetrating the Russian market.

4.4.3. Vietnam's agricultural export market share in the EAEU market

The export value of Vietnam's agricultural products to the EAEU market since 2012 has always accounted for a very small proportion compared to the import demand of this market. The value of Vietnam's agricultural exports to the EAEU market has only met less than 3% of the agricultural import demand of these countries. This suggests that the EAEU market still has considerable room for Vietnam's agricultural products to access and penetrate further.

4.4.4. Trade intensity index (TII) of Vietnam's agricultural exports

According to calculations, the trade intensity index of Vietnam's agricultural products in the EAEU region is less than 1. This means that the export value of Vietnam's agricultural products to this economic union has not yet matched the trade potential between the two parties. This indicates that Vietnam has not fully exploited the potential of the EAEU market.

4.4.5. Analysis of factors affecting Vietnam's agricultural exports to the EAEU market under the conditions of the Vietnam-EAEU Free Trade Agreement

An analysis of the factors affecting Vietnam's agricultural exports to the EAEU market under the conditions of the free trade agreement, using a gravity model, shows the following:

1) The lag of the export variable has a positive impact on current export performance. This means that maintaining and expanding exports from previous periods can create favorable conditions for future export growth.

2) Vietnam's economic growth may reduce agricultural exports from Vietnam to the EAEU countries.

3) The better the economic growth of EAEU countries, the higher Vietnam's exports to these countries.

4) The geographical distance between EAEU countries and Vietnam may be a limiting factor for Vietnam's agricultural exports to these countries.

5) The exchange rate has a positive impact on Vietnam's agricultural exports to the EAEU countries.

6) Population growth in Vietnam may reduce agricultural exports from Vietnam to the EAEU countries.

7) Relative increases in production factors such as labor productivity, capital productivity, and output differences between Vietnam and EAEU countries affect Vietnam's agricultural exports to the EAEU. Specifically, if Vietnam's capital productivity and output gaps grow faster than those of the EAEU countries, Vietnam's exports to the EAEU will increase.

8) The Vietnam-EAEU Free Trade Agreement has a positive impact on Vietnam's agricultural exports to the EAEU countries.

9) The Covid-19 pandemic and the Russia-Ukraine conflict negatively affected Vietnam's agricultural exports to the EAEU countries.

4.5. Overall assessment of Vietnam's agricultural exports to the Eurasian Economic Union market under the Vietnam-Eaeu Free Trade Agreement

4.5.1. Achievements in Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement

4.5.1.1. Achievements

Vietnam's agricultural exports to the EAEU market under the conditions of the bilateral free trade agreement have achieved certain results, such as: Vietnam's agricultural products have penetrated and deepened into the EAEU market; the VN-EAEU FTA has provided significant opportunities for Vietnam to increase exports of agricultural products, especially coffee and seafood, to the EAEU market; Vietnamese agricultural products have become fairly common in the Russian market, laying the foundation for further penetration into the larger EAEU market.

4.5.1.2. Causes

First, the Vietnam-EAEU FTA has facilitated deeper access for Vietnam's agricultural exports to the EAEU market through the realization of preferential tax regulations for Vietnam's agricultural products.

Second, maintaining Vietnam's agricultural exports to EAEU countries in the previous period has created more favorable conditions for current and future exports.

Third, economic growth in EAEU countries has led to increased demand for agricultural products, making Vietnamese agricultural products more popular in the EAEU market.

Fourth, the EAEU market has a large demand for agricultural products in which Vietnam has strong export advantages, driven by the needs of the Vietnamese diaspora living and working in EAEU countries and local citizens after being exposed to and experiencing Vietnamese cuisine.

Fifth, the State Bank of Vietnam has effectively managed exchange rates, maintaining exchange rate stability, thus facilitating trade in general and specifically the export of Vietnamese agricultural products to the EAEU market.

Sixth, the governments of Vietnam and the EAEU countries have focused on resolving challenges for businesses, allowing Vietnam's agricultural exporters to be more proactive in producing and supplying agricultural products to this market.

Seventh, businesses have been active and proactive in seeking out and entering the EAEU market.

4.5.2. Limitations and causes

4.5.2.1. Limitations

The Vietnam-EAEU Free Trade Agreement has not been effective in redirecting trade and creating trade. After the agreement came into effect, Vietnam's agricultural products have still not accessed the Armenian and Kyrgyzstan markets, and their presence in Belarus and Kazakhstan remains very limited, with no wider coverage compared to before the agreement's implementation. Even in Russia, Vietnam's largest market in the EAEU, the country still imports many types of agricultural products from other countries rather than from Vietnam.

4.5.2.2. Causes

The causes of these limitations are: (1) Vietnam's economic growth and population increase may reduce the export of Vietnamese agricultural products to the EAEU; (2) the competitiveness of Vietnam's agricultural products still has many limitations; (3) the geographical distance between Vietnam and the EAEU member countries limits the export of Vietnamese agricultural products to the EAEU market; (4) the implementation of the free trade agreement faces challenges, as the non-tariff barriers applied by the EAEU on Vietnam's

agricultural products are relatively strict, sometimes inconsistent with international standards and practices, making it difficult for goods to penetrate the market; (5) payment procedures still face many difficulties; (6) Vietnam's agricultural exports to the EAEU market were negatively impacted by the Covid-19 pandemic and the Russia-Ukraine conflict; and (7) consumers in the five EAEU countries still have little awareness of Vietnamese goods in general and Vietnamese agricultural products in particular.

Chapter 5

VIEWPOINTS AND SOLUTIONS TO PROMOTE VIETNAM'S AGRICULTURAL EXPORTS TO THE EAEU MARKET UNDER THE VIETNAM-EAEU FREE TRADE AGREEMENT

5.1. Forecast for Vietnam's agricultural exports to the EAEU market

5.1.1. The context of Vietnam's agricultural exports in the coming period

In the coming years, global demand for agricultural products is expected to increase due to the impact of global climate change, and economic and political fluctuations worldwide. International agricultural markets are shifting toward clean, environmentally friendly products with clear origins. Additionally, events like the Covid-19 pandemic, the Russia-Ukraine conflict, and the US-China trade war will likely lead to changes in trade policies and a resurgence of trade protectionism in more sophisticated forms. In this context, Vietnam's participation in numerous free trade agreements provides favorable conditions for boosting its agricultural exports. However, Vietnam needs to establish appropriate orientations and strategies for its export products to capitalize on opportunities and boost agricultural exports in the near future.

5.1.2. The context of agricultural imports by EAEU countries

To ensure food security, EAEU countries are prioritizing reducing their dependence on food imports. Forecasts suggest that by 2030, there could be a decrease in imports of certain agricultural products into the Union's territory. In this context, Vietnam's agricultural exports to the EAEU market will face both new opportunities and challenges.

5.1.3. Supply-demand forecast for Vietnam's agricultural products in the EAEU market

In the coming years, demand for Vietnamese agricultural products in the EAEU market is expected to grow at an average rate of about 14%. This

indicates that the EAEU represents a relatively large potential market for Vietnam's agricultural exports. Vietnam is expected to maintain its advantage in producing and supplying agricultural products to the EAEU market, as the potential for export growth remains considerable. Hence, solutions are needed to exploit the untapped market segments within the EAEU.

5.2. Perspectives on promoting Vietnamese agricultural exports to the EAEU market under the Free Trade Agreement

Several perspectives for promoting Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement include:

First, prioritize leveraging favorable commitments in the Vietnam-EAEU Free Trade Agreement to access untapped segments of the EAEU market.

Second, prioritize policies that promote Vietnam's agricultural exports to EAEU countries by 2030.

Third, ensure the enhancement of national competitiveness and the development of Vietnamese agricultural export businesses.

Fourth, focus on agricultural producers and exporters as the central players and create conditions for collaboration with EAEU enterprises.

5.3. Solutions to promote Vietnam's agricultural exports to the EAEU market under the Free Trade Agreement

5.3.1. Government-related solutions

5.3.1.1. Developing sustainable agriculture

The development of sustainable agriculture is the primary solution for boosting agricultural exports. The sustainable development of agriculture ensures a stable supply of high-quality agricultural products. Therefore, the government, ministries, and local authorities should carry out several tasks:

First, the government should centrally manage and coordinate sustainable agricultural production programs.

Second, the government should instruct ministries and local authorities to raise awareness among farmers and agricultural enterprises about the importance of sustainable production methods tailored to local strengths and market demands.

Third, the government should continue to improve regulations related to land and rural infrastructure, and enhance transportation connections between agricultural production areas and logistics centers.

5.3.1.2. Supporting agricultural export businesses in leveraging the Vietnam-EAEU Free Trade Agreement

First, the Ministry of Industry and Trade should continue supporting businesses in understanding trade defense laws and collaborating with relevant bodies to ensure compliance with rules of origin in the Agreement to maximize tariff benefits.

Second, the Ministry of Agriculture and Rural Development should reorganize agricultural production according to regional potentials and collaborate with the Ministry of Science and Technology to assist farmers and enterprises in meeting international standards and technical regulations of the EAEU market.

Third, the government should strengthen the management of agricultural production and exports, especially ensuring that products meet technical standards to overcome non-tariff barriers in the EAEU market.

Fourth, other macroeconomic policies related to population, exchange rates, trade promotion, and risk prevention for agricultural export businesses should be effectively implemented.

5.3.2. Solutions for agricultural export businesses

To enhance Vietnamese agricultural exports to the EAEU market, businesses need to:

First, improving the competitiveness of Vietnamese agricultural products.

Second, actively utilizing the provisions of the Vietnam-EAEU Free Trade Agreement.

Third, strengthening links between enterprises and other stakeholders to form a supply chain that meets both quality and quantity demands.

Fourth, diversifying products and improve their quality.

Fifth, investing in modern machinery, infrastructure, and technology for agricultural production.

Sixth, promoting export activities, affirm the brand of Vietnamese agricultural products and enterprises.

Seventh, fostering collaboration between domestic agricultural businesses.

Eighth, proactively responding to trade defense measures.

5.3.3. Solutions for farmers involved in agricultural exports

Farmers involved in agricultural exports to the EAEU market should:

First, improving their understanding of agricultural production that meets export market demands.

Second, participating in the export supply chain to meet TBT and SPS measures.

Third, complying with technical regulations and guidelines to meet EAEU standards.

Fourth, actively applying high-tech agricultural production models.

CONCLUSION

The study of Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement is essential for proposing solutions to promote these exports in the future. The thesis has addressed the following:

- It systematized and clarified the theoretical basis of agricultural exports from a nation to an economic union under a signed free trade agreement.

- The thesis outlined three characteristics of Vietnam's agricultural exports to the EAEU market under the Vietnam-EAEU Free Trade Agreement: (1) the trading partner is an economic union acting as a "common economic nation"; (2) more favorable export conditions due to preferential tax terms; (3) compliance with strict technical regulations on agricultural exports.

- Based on the analysis of factors impacting export results and supply-demand forecasts, the thesis proposes four orientations and three groups of solutions for the government, farmers, and businesses to promote Vietnam's agricultural exports to the EAEU market in the coming years.

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