

VIETNAM AND THE “NEW GENERATION” FTAs: TRENDS AND SOLUTIONS

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Abstract: In recent years, Vietnam has joined a number of “new generation” FTAs, especially the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the FTA between Vietnam and the European Union (EVFTA), the FTA between Vietnam and the United Kingdom (UKVFTA), and The Regional Comprehensive Economic Partnership (RCEP). This brings great opportunities for Vietnam’s trade and investment, as well as positively impacts Vietnam's economy through the expansion of export markets and the attraction of FDI. However, participating in the “new generation” FTAs also means that Vietnam has entered the big playing field, accepting to cope with new difficulties and challenges. This article analyzes the trends of “new generation” FTAs, opportunities and challenges for Vietnam's trade and investment, thereby proposing some solutions for Vietnamese enterprises to take advantages of the opportunities and limit the challenges in implementing the commitments of the new generation FTAs in the coming time.

Keywords: Vietnam, “new generation”, FTAs, trends, situation, solutions

ВЬЕТНАМ И ССТ «НОВОГО ПОКОЛЕНИЯ»: ТЕНДЕНЦИИ И РЕШЕНИЯ

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Аннотация: В последние годы Вьетнам присоединился к ряду соглашений о свободной торговле «нового поколения», особенно к Всеобъемлющему и прогрессивному соглашению о Транстихоокеанском партнерстве (СРТПП), ЗСТ между Вьетнамом и Европейским союзом (EVFTA), ЗСТ между Вьетнамом и Соединенное Королевство (UKVFTA) и Всеобъемлющее региональное экономическое партнерство (RCEP). Это открывает большие возможности для торговли и инвестиций Вьетнама, а также положительно влияет на экономику Вьетнама за счет расширения экспортных рынков и привлечения ПИИ. Однако участие в соглашениях о свободной торговле «нового поколения» также означает, что Вьетнам вышел на большое игровое поле, соглашаясь справляться с новыми трудностями и вызовами. В этой статье рассматриваются тенденции соглашений о свободной торговле «нового поколения», возможности и проблемы для торговли и инвестиций Вьетнама, тем самым предлагая некоторые решения для вьетнамских предприятий, чтобы воспользоваться возможностями и ограничить проблемы при выполнении обязательств по соглашениям о свободной торговле нового поколения. в ближайшее время.

Ключевые слова: Вьетнам, «новое поколение», ЗСТ, тенденции, ситуация, решения.

1. OVERVIEW OF FTAs AND “THE NEW GENERATION” FTAs

1.1. The concept of the FTAs

FTA is an abbreviation of the word Free Trade Area or Free Trade Agreement. An FTA is the formal purpose of a negotiation process between two or more signatory countries to reduce or eliminate trade barriers. An FTA usually includes elements of import duties, quotas and fees on goods and services traded between FTA signatory members to allow countries to expand access to each other's markets.

Up to now, many different organizations and countries have come up with their own definitions of FTAs. This reflects the different concepts of FTAs as well as the diverse growth of countries. According to the traditional view, *“FTA is an economic cooperation agreement signed between at least two countries, aimed at reducing trade*

barriers, namely tariffs, import quotas and non-tariff barriers. and at the same time promote trade in goods and services between these countries” [1]. One of the important features of the traditional FTA is that the members of the FTA do not have a common tariff in their trade relations with countries outside the FTA. Typical FTAs under this concept are the FTA among ASEAN member countries (AFTA) and the FTA among 3 Northern American countries (NAFTA).

1.2. The concept of the “new generation” FTAs

The term "New Generation Free Trade Agreement (FTA)" is used to refer to FTAs with extensive and comprehensive commitments, including commitments on free trade in goods and services as in Traditional FTAs. The “new generation” FTAs usually offer the deepest commitment level (cutting taxes almost to 0%, possible roadmap), and a strict enforcement mechanism. Moreover, “new generation” FTAs also cover areas that are considered "non-traditional" such as: Labor, environment, state-owned enterprises, government procurement, transparency, and mechanisms for investment dispute resolution... [5].

1.3. Main content of FTAs

The scope and issues mentioned in each FTA are different, depending on the selection and agreement between the members participating in the FTA. However, with the general nature of aiming to eliminate barriers to most trade activities between member economies, an FTA usually includes the following main elements: [8]

(i) A group of commitments related to freedom by goods (trade in goods)

This heading includes commitments relating to the removal of barriers to trade in goods between Members, in particular:

- Preferential tariffs (export duties, import duties): Usually a list of tariff lines to be eliminated and a roadmap for tax elimination (immediately or after a number of years)
- Rules of origin: Includes commitments on origin to enjoy preferential tariff treatment and procedures regarding the certificate of origin
- Elimination or reduction of non-tariff barriers: Includes binding commitments, restrictions on import and export restrictions/prohibitions, export permits, technical

barriers, food safety, anti-dumping, anti-subsidy, safeguard...

In addition, some FTAs in the later stages have additional commitments on issues of promoting and supporting trade in goods, for example: Customs and trade facilitation including commitments on processes, procedures, information transparency... in the process of importing and exporting goods; Principles in the treatment of imported goods circulating in the domestic market

(ii) Group of commitments related to freedom of services (trade in services)

Not all FTAs have commitments on trade service trade. Often, FTAs that are negotiated and signed at a later stage have commitments on this issue, which will usually include:

- Service market opening: Usually an Open List of committed services and specific opening conditions

- Principles related to the treatment of foreign service suppliers when they provide services to Vietnam or to Vietnamese organizations and individuals

(iii) Group of related commitments related to other issues

The FTAs in the later stages often have additional commitments in one or a number of other areas that are not related to trade in goods and services, but play an important role in trade and investment between the Members, such as: Investment (can be an independent investment commitment or an investment commitment associated with service market opening); Intellectual property; Competition; Transparency; anti-corruption; Labor market environment and so on. The number of sectors and the level of detail of the commitments in each area vary between FTAs, depending on the interests of the Members and the negotiating context.

Currently, there are several types of FTAs that Vietnam participates in as follows: Regional FTA, Bilateral FTA, Multilateral FTA, and FTAs signed between an organization and a country.

Table 1: Summary of Vietnam's FTAs as of January 2023 [7]

No.	FTA	Status	of Partnership
FTAs in effect			
1	AFTA	Effective since 1993	ASEAN
2	ACFTA	Effective from 2005	ASEAN, China
3	AKFTA	Yes Effective from 2007	ASEAN, Korea

4	AJCEP	Effective from 2008	ASEAN, Japan
5	VJEPА	Effective from 2009	Vietnam, Japan
6	AIFTA	Effective from 2010	ASEAN, India
7	AANZFTA	Effective from 2010	ASEAN, Australia, New Zealand
8	VCFTA	Effective from 2014	Vietnam, Chile
9	VKFTA	Effective from 2015	Vietnam, Korea
10	VN – EAEU FTA	Effective from 2016	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan
11	CPTPP (Formerly TPP)	Effective from December 30, 2018, effective in Vietnam from January 14, 2019	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, Malaysia
12	AHKFTA	Effective in Hong Kong (China), Laos, Myanmar, Thailand, Singapore and Vietnam from 11/06/2019	ASEAN, Hong Kong (China)
13	EVFTA	Effective from August 1st, 2020	Vietnam, EU (27 members)
14	UKVFTA	Temporarily effective from 01/01/2021, officially effective from 01/05/2021	Vietnam, UK
FTA not yet ratified, coming into effect			
15	RCEP	Signed on 15/11/2020	ASEAN, China, Korea, Japan, Australia, New Zealand
FTA under negotiation			
16	Vietnam – EFTA FTA	Negotiations started in May 2012	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
17	Vietnam – Israel FTA	Negotiations started in December 2015	Vietnam, Israel

Source: WTO and Integration Center, VCCI

1.4. The role of FTAs in the context of globalization

With high requirements and its comprehensive nature, the FTAs play an important role in promoting free trade in both quantity and quality, which is reflected in the following aspects:

First, new generation FTAs are a possible solution to promote trade and investment liberalization, to compete and improve standards on the protection of intellectual property rights, environment and labor standards, which are not covered by existing World Trade Organization agreements. When an FTA is signed, there will be impacts on the interests of countries, changing the policies of member countries as well as countries that are not members of a certain FTA.

Second, besides the role of strongly promoting economic integration and linkage, the new generation FTAs have an important role in raising the standards of trade liberalization. The general role of FTAs is to promote trade, in the context of global trade liberalization through multilateral channels facing difficulties.

Nowadays, the issue of ensuring the rights of workers is increasingly important on the basis that workers are the people who directly produce, so they must first be guaranteed rights, benefits and basic working conditions. This is the approach of new generation FTAs and is becoming a trend in recent years around the world. The inclusion of labor content in FTAs also aims to ensure a fair competitive environment among trade relations.

Third, joining new generation FTAs opens up new development space for member countries. With new generation FTAs, the development space of countries has changed in quality, development opportunities are opened up both horizontally and vertically. As a result, member countries have many options in the new development space. This is an opportunity for startups, for creative development in new fields, industries and business lines. This is especially meaningful for members who are late in the process of socio-economic development. The vision and production space of enterprises, as well as the development strategies of countries in terms of implementing FTAs, especially the new generation FTAs, are not limited to the borders of each country. The new development space itself also poses new requirements in designing and shaping a new and effective national development strategy in the context of implementing new generation FTAs.

Fourth, the effective implementation of new-generation FTAs will contribute to strengthening, ensuring economic security and enhancing the position of member countries. Strengthening linkages among member countries is an effective solution to prevent and combat cyclical or structural crises, ensure economic security and sustainable growth.

When participating in the new generation FTA through regional linkages, the position of small countries is also improved through the common position of the bloc. On the other hand, the formation of FTAs with high standards, led by major economies, is also an opportunity for member countries to assert their role in building and establishing regional order, influencing the development and the competition for the major country title in the international arena.

2. CURRENT SITUATION OF VIETNAM TRADE AND INVESTMENT ACTIVITIES IN THE CONTEXT OF CURRENT FTAs

2.1. The current state of Vietnam's international trade and investment environment

Aware of opportunities and challenges when international economic integration affects other fields, joining a new generation FTA will help Vietnam expand trade relations with countries that Vietnam has never committed to, provide opportunities to link with foreign enterprises, and promote the development of the domestic economy. This is an opportunity for Vietnam to improve the business environment in order to increase international trade and investment activities. The international business environment includes the political, legal, economic, and cultural environments.

- Political and legal

The political environment refers to government, the relationship between government and business, and the level of political risk in a country. Doing business internationally means dealing with different models of government, relationships and levels of risk. In Vietnam, the political environment is considered to be quite stable, creating favorable conditions for businesses to do business.

In addition, creating a stable and solid legal environment and encouraging entrepreneurship is an important policy that has been and is being encouraged to be implemented in Vietnam. The specific activities of the Government to improve the quality of the investment and business environment are on the right track, they are supporting businesses more and more substantively, which is a push for the birth, existence and step-by-step growth of enterprises in general and foreign-invested enterprises in the coming time.

- Economic environment

Vietnam's GDP in 2017 reached 220 billion USD, 8 times higher than in 1997. The macroeconomy is stable, inflation rate is controlled below 4%. The economic growth rate is projected to achieve higher than the set target of 6.7%; and it is estimated that there are over 130,000 newly established enterprises.

Besides, enterprises that have foreign direct investment (FDI) have made important contributions. Up to now, there have been 128 countries and territories with investment

projects in Vietnam, there are about 26,000 FDI projects with a total registered capital of 326 billion USD and the total realized capital of over 180 billion USD. The FDI sector has been increasing rapidly, affirming its important role in Vietnam's economy, contributing to 25% of total social investment capital and 20% of GDP. In which, 58% of FDI capital is concentrated in processing and manufacturing industries and creates 50% of industrial production value, accounting for 72.6% of total export turnover, creating work opportunities for 3.6 million direct workers and 5 to 6 million indirect workers. Vietnam's economy is developing quite stably and sustainably.

- Cultural environment

For foreign investors, Vietnam has always been evaluated as a country that has a friendly culture, the people are sociable and willing to help others. This is a good cultural feature of the Vietnamese people.

However, Vietnam has not been appreciated for its work ethics and needs to improve labor discipline in the future.

Although the situation in the world and in the region has changed rapidly and complicatedly, greatly affecting the Vietnamese economy in general, with the efforts of the entire political system along with the motto "discipline, integrity, action, creativity and efficiency", the Government has directed and administered drastically at all levels and sectors to effectively implement the proposed tasks and solutions, focus on solving difficulties, and steadfastly achieve the goal to stabilize the macro-economy, create positive changes in the economic restructuring, renew the growth model, accelerate administrative reform, and improve the business investment environment in order to achieve comprehensive results in all areas.

2.2. Assessing the advantages of international trade and investment activities in Vietnam

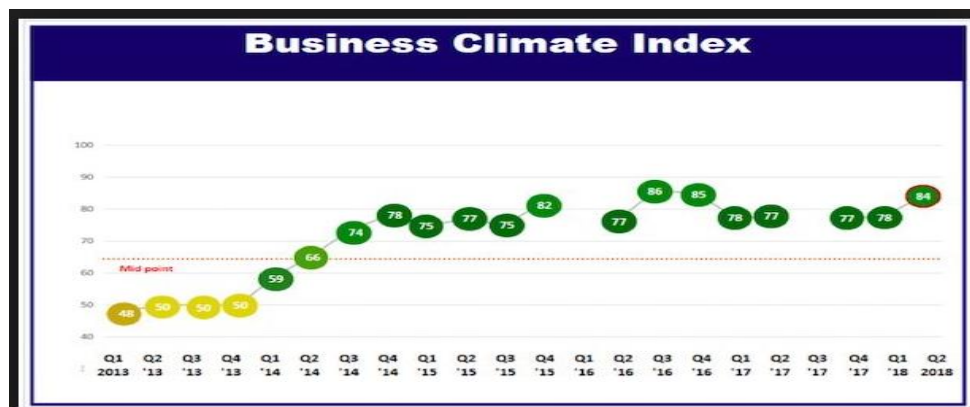
In order to fulfill the socio-economic development goals in the 2016-2030 period, Vietnam must accelerate the economic restructuring, improve the quality of growth, and take enterprises as the driving force to improve the competitiveness and autonomy of the economy. Therefore, since 2014 until now, the Government has made important

efforts to bring Vietnam's business environment into the group of four leading countries in the ASEAN region (ASEAN-4).

In the past 5 years, the Government has made efforts to implement many solutions, in which they have focused on implementing Resolution No. 19/NQ-CP on improving business environment reform and enhancing competitiveness which is published annually from 2014 to present, and Resolution No. 35/NQ-CP in 2016 on supporting business development until 2020. As a result, the reform of Vietnam's business environment has made remarkable improvements. Market entry procedures have been simplified, thus, businesses have saved time and operating costs compared to before. Besides, thousands of unreasonable conditions have been abolished; specialized inspection of import and export goods has been fundamentally renewed according to the principle of risk assessment, changing from pre-inspection to post-inspection for many types of goods; The number of online public services at levels 3 and 4 has increased rapidly...

In recent years, Vietnam's business environment index in the world has improved, thereby creating favorable conditions to attract foreign investment.

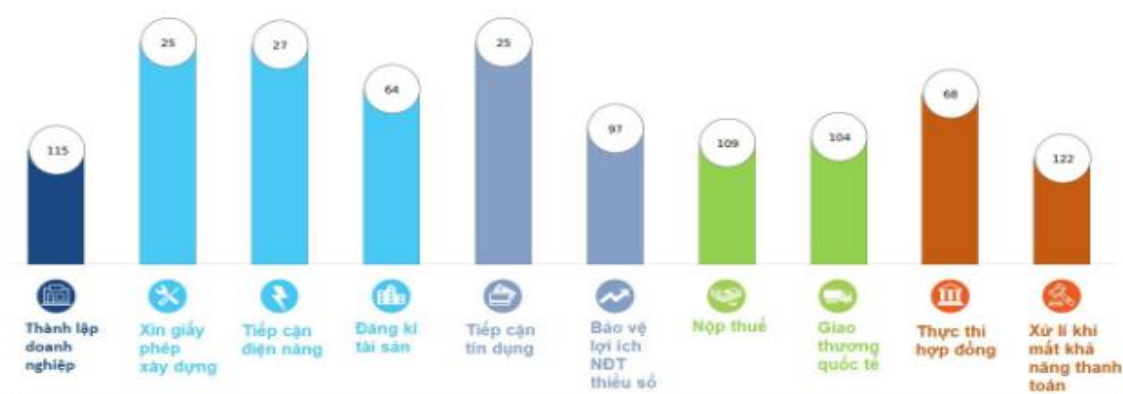
Figure 2.1: Vietnam's Doing Business Index



Source: Financial Review 2018

According to the Doing Business 2020 Report conducted by the World Bank, Vietnam is classified as a middle income country and ranks 70th out of 190 countries surveyed. In Southeast Asia, Vietnam's business environment ranking is below Singapore (2nd), Malaysia (12th), Thailand (21st) and Brunei (66th).

Figure 2.2. World Bank ranking on Vietnam's 2020 business environment criteria



Source: World Bank [9]

2.3. Assessing difficulties in Vietnam's international business

In addition to achievements, there remain some limitations of the investment and trade business environment in Vietnam that have not been resolved, which are barriers to production and business activities of enterprises, specifically as: (i) According to VCCI's survey, businesses still face many difficulties in applying for conditional business licenses and 42% of them said that they have problems with business licensing and only 13% of business registration procedures are conducted online, 68 specialized inspection procedures can be performed on the national single-window portal. (ii) Regulatory status lacks clarity on tax, causing inconsistency in understanding between enterprises and tax authorities and even among tax authorities. This problem is still prominent and there is slow progress in overcoming it. (iii) Administrative procedure reform in many localities has made progress, but the implementation of online procedures is still sluggish and has many problems.

3. OPPORTUNITIES AND CHALLENGES FOR VIETNAM TRADE AND INVESTMENT IN THE CONTEXT OF THE “NEW GENERATION” FTAs

3.1. Opportunities of FTAs with Vietnam's trade and investment in the context of the “new generation” FTAs

3.1.1. Attracting many investors from abroad

After the signing, Vietnam will attract more large and potential corporations and

investors from European countries to invest in the country, contributing to the boost of the economy, shifting from production and export of mainly rudimentary and handmade products to high-tech processing and fine processing with higher added value. In the long run, it will change the export structure of Vietnam. The survey results show that, provided other factors are favorable, the CPTPP and EVFTA can help Vietnam's GDP increase by 23.5 billion USD in 2020 and 33.5 billion USD in 2025. Exports will increase by \$68 billion by 2025. According to this study, Vietnam could be the biggest beneficiary among the countries participating in the agreement. For the CPTPP, according to the World Bank's forecast, it will increase GDP by 1.1% by 2030; In terms of productivity stimulation, Vietnam's economic growth by 2030 could increase to 3.5%. Compared to the economic scenario without EVFTA, the simulation results show that the benefits for Vietnam will be 3.2 billion USD in 2020 and 7.2 billion USD in 2030; In terms of national income, Vietnam's economy is expected to grow by 2.5% in 2020 and 4.6% in 2030 [3].

3.1.2. Price competition opportunities for exporters

FTA eliminates most of the tariffs on goods between Vietnam and other countries, bringing about price competition opportunities for Vietnamese exporters with competitors (mainly in Asian countries) in the global market. For example: In the EVFTA, Vietnam and the EU commit to eliminate 99% of tariff lines; In which, the EU commits to eliminate 85.6%, Vietnam commits to eliminate 65% of tariff lines as soon as the EVFTA comes into effect. This is extremely important when the partners in the new generation FTA are European countries, a potential market that brings high profits for exporters compared to Asian countries. According to a World Bank study, when implementing the CPTPP, Vietnam's economic growth in 2030 is expected to increase to 3.5%, exports will increase by 6.9%, imports will increase by 7.6% [6].

Table 2: Average tax rates of tariff lines committed to cut in 11 FTAs in the period of 2019 – 2022 [4]

FTA	2019	2020	2021	2022
1. ASEAN	0.07%	0.06%	0.05%	0.04%
2. ASEAN – China	3.6%	2.98%	2.98%	2.98%

3. ASEAN – South Korea	5.9%	5.9%	4.6%	4.6%
4. ASEAN – Australia – New Zealand	3%	3%	3%	2%
5. ASEAN – India	3.2%	2.9%	2.8%	1.9%
6. Vietnam – Chile	6.8%	6.1%	5.1%	4.4%
7. Vietnam – South Korea	4.39%	4.36%	3.78%	3.75%
8. Vietnam – EAEU	2.8%	1.8%	1.42%	1.1%
9. CPTPP	9.1%	7.7%	6.3%	4.8%

FTA	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022
	– 31/03/2019	– 31/03/2020	– 31/03/2021	– 31/03/2022	– 31/03/2023
10. ASEAN – Japan	4.2%	3.7%	3.3%	2.7%	2.1%
11. Vietnam – Japan	3.69%	2.35%	2.16%	1.99%	1.91%

Source: Financial Review

3.1.3. Increasing export opportunities

FTAs will help Vietnamese enterprises gain more opportunities to export to many different markets, reduce dependence on a specific market, and commercial business risks when diversifying markets. Vietnam has better market access, with lower tax rates than countries such as Canada, Mexico, Chile and Peru - countries with which Vietnam has not yet signed an FTA or bilateral trade agreement. In particular, the CPTPP will contribute to promoting the export of goods to major markets such as Japan, Australia, Canada, and Mexico; at the same time, attracting foreign investment in industries and fields that Vietnam is in need of development. The CPTPP is also open to other countries and territories to join, such as: Korea, Taiwan, Indonesia, Thailand and the Philippines. This helps Vietnam access a large market and supports growth. The impact of the EVFTA can be seen on the main sub-sectors and a number of industries that Vietnam directly benefits, such as: food processing, rice, vegetables, textiles, footwear, electronics, machinery, equipment and some service sub-sector (information, transportation and so on).

3.1.4. Opportunities for workers

FTAs not only create job opportunities, but also have the potential to increase workers' wages through more efficient labor market operations and wage spillovers from FDI enterprises. The salary of FDI enterprises will be about 1% higher than that of domestic enterprises. Besides, when there is an FTA, worker benefits are also

increased.

The signing of additional labor agreements helps Vietnamese workers to always be protected in terms of rights, improve standards and conditions for preferential support in the working environment for employees and increase income at the same time (an estimated 4 to 5%).

3.1.5. Opportunities to improve the natural environment

Environmental issues are also committed in new generation FTAs, in order to ensure socio-economic development coupled with environmental protection, conservation and balance of natural resources, responses to climate change, and solutions to environmental pollution problems. Accordingly, the countries participating in the FTA are forced to expedite solutions in order to achieve the committed environmental standards in export products. In line with international regulations and sustainable development, the National Assembly promulgated the Law on Environmental Protection No. 55/2014/QH13; considered to approve amendments and supplementing a number of articles on planning of the Law on Land, the Law on Minerals, the Law on Water Resources, the Law on Biodiversity, the Law on Hydrometeorology, the Law on Natural Resources and Marine Environment and Currently, in Vietnam, GDP has grown faster than the rate of efficiency in the use of important resources (land, water, energy), specifically, data recorded until April/ 2018 shows that the area and quality of forests have been reduced, although, the forest coverage rate still reaches more than 41%; only 75% of industrial parks and export processing zones have a centralized environmental pollution treatment system and only 62% of wastewater from these industrial parks and export processing zones can be treated; 36% of industrial parks and export processing zones have not complied with legal regulations on hazardous solid waste treatment.

3.1.6. Opportunity to improve the State management apparatus and the legal system

With very high standards of transparent governance and fair behavior, the "new generation" FTAs will help Vietnam consolidate and further improve the state management machine in the direction of promoting administrative reform,

strengthening responsibility, discipline and discipline of state employees, thereby supporting the process of renewing the growth model and restructuring the economy of Vietnam. In particular, the completion and strengthening of IPR protection will open up opportunities to attract investment in areas with high knowledge content.

Commitment to perfecting the legal system will help members to improve the legal and business environment, specifically: Protecting domestic and foreign investors from illegal interference; Create a fair playing field for state-owned enterprises and private enterprises; Simplify administrative procedures in business; Facilitating the recognition of product standards; Open the public procurement market for enterprises with investment capital from FTA members; Transparency of activities of state agencies; IPR protection of Vietnamese and foreign individuals and enterprises.

3.2. Challenges for Vietnam's trade and investment in the context of “new generation” FTAs

Besides the advantages that FTAs bring, the big difficulty from FTAs is increasing competitive pressure for the entire international economy. FTAs have many potential consequences that are important not only to the legal systems of the members but also to the social, cultural and economic policies of these countries. Specifically:

3.2.1. Challenges from trade barriers

In the new generation FTAs, there are many institutions set up for participating countries, which require Vietnam to comply. The commitments in the new generation FTAs mainly require member countries to adjust, amend and supplement their domestic laws in related fields to be consistent with their common commitments, and at the same time to improve their capacity. Competitiveness is not only in terms of capacity but also in terms of implementation resources. In fact, it is difficult to amend and adjust existing institutions according to the new requirements on procedures and order in the commitments of the new generation FTAs. In addition to the traditional commitments, there are also normative commitments that bind the policy behavior of the parties to a great extent, spanning many fields related to trade, business and finance. Most of these commitments must be implemented immediately upon entry into force of the FTA or shortly thereafter. In addition, the establishment of a mechanism to

ensure the synchronous implementation of specific obligations under commitments in the new generation FTAs for Vietnam still faces many difficulties.

After 15 years of implementation of the Commercial Law and practice in the integration process, Vietnam's trade policy has appeared many shortcomings, becoming barriers to participating in new generation FTAs [2]. Outstanding issues such as: Traders and their presence; Commodity trade and technical barriers.

In addition, there are regulations on the time of transfer of ownership of goods (Article 62 of the Commercial Law): Ownership of goods is transferred from the seller to the buyer from the time the goods are transferred, which can be understood. When the goods arrive at the port, it is automatically considered as the transfer of ownership to the buyer, which is extremely disadvantageous for the buyer and not in accordance with international practices. International practice provides for the transfer of title to the buyer from the moment he receives the documents of disposition of the goods. Especially, the implementation of CPTPP and EVFTA Agreements contributes to removing tariff barriers between our country and EU member states and 10 CPTPP economic community countries, including key franchise markets such as Canada, Australia, Japan. However, the Commercial Law 2005 has not yet responded to these changes, as the two concepts of "franchising" and "commercial rights" are not yet fully regulated and in some cases still regulated inconsistencies between texts.

Time to implement and enforce commitments in FTAs is also a big obstacle for Vietnam. With normal FTAs, the total implementation time of all commitments is 10 years. With new generation FTAs, Vietnam will have to fulfill its commitments in only 5-7 years; in which, many provisions will have to be implemented immediately after the agreement takes effect, many agreements will have to be implemented after 2-3 years.

3.2.2. Challenges in the field of labor

Joining the FTA, member countries must commit to comply with labor standards and regulations and recognize the relationship between workers' rights and trade; the right to freedom of association and the right to collective bargaining of employees and employers; abolition of forced and compulsory labor; ban the use of child labor;

eliminating all forms of discrimination in employment and occupation.

Currently, Vietnamese workers face many disadvantages due to the opening of markets and goods from other countries, especially consumer goods. Using imported goods in an increasingly large and diverse amount, with many advantages in quality, price and the Vietnamese people's preference for foreign goods. It will be easy for foreign goods to dominate the domestic market, making domestic enterprises in the country face difficulties in all aspects, forced to restructure, arrange and reduce production, and workers losing their jobs.

Up to now, basically, Vietnamese law has specific regulations on minimum wages, working time and occupational safety and health, child labor, environmental protection... but in fact these standards are being violated in many enterprises. This leads to the fact that we will not be entitled to import duties (0%) from member countries if the required standards are not met.

In fact, violations of enterprises on labor still take place regularly, in many places, in many fields. Working time, especially the problem of excessive overtime in textile enterprises and in the agricultural sector still occurs. The assurance of occupational safety and health in many enterprises has not been done well; Lack of safety equipment and tools, environmental violations; The State's sanctions against enterprises violating labor and environmental regulations are not enough to deter and prevent. In fact, it is very difficult for workers today to find a job. In many enterprises, workers have the need to work more hours or shift shifts to increase their income. One day of overtime, the product is paid by 2 normal working days, this easily leads to the employee disregarding his own health, only seeing immediate benefits but not seeing the consequences later.

On the other hand, due to the limited awareness of the provisions of the law, they do not know or fully grasp their labor rights, unable to propose or recommend to the employer to ensure the right to labor. benefit yourself. In many enterprises, employees, although knowing the provisions of the law, agree to an agreement with the employer and voluntarily work overtime beyond their ability to regenerate labor, in order to have more income and more benefits. opportunity to work at enterprises...

3.2.3. Political and legal challenges

FTAs require participating members to review the entire legal system of their countries, first of all, in the fields of trade, investment, competition of SOEs, bidding, e-commerce, environment, dispute settlement, and labor.

FTAs also require members to carry out a review of their country's entire system of socio-economic and cultural policies to implement policy transparency, administrative reform, and judicial reform. It is for dealing with the relationship between international trade and issues that are considered "non-commercial" - "social values". For examples, trade and human rights, protecting workers in international trade, trade and environment, trade and culture, trade and security, food safety, sustainable development and good governance, the right of foreign investors to sue the Government of the host country, policy transparency, internet freedom, and so on.

The high standards of transparent governance and fair conduct of the state apparatus will pose great challenges to state agencies. Governments of FTA members will have to implement a difficult policy when they have to balance international trade with issues that are considered "non-commercial".

Besides, FTAs can pose dangerous opportunities to derail socialism. In the market mechanism, the development of a multi-sector economy, in addition to distribution according to labor, distribution according to capital contribution and economic efficiency. This leads to the fact that social division is increasing. Inequality is still taking place in many different forms, causing tension and social conflicts and pushing social relations away from the essence of justice, democracy, and good humanity- the beauty of socialism.

3.2.4. Challenges from limited competitiveness of domestic enterprises

With a deeper degree of liberalization, Vietnam's missing and weak areas such as transportation, IPR, and human resource training. It will be difficult to meet the practical requirements when diversifying investment flows from abroad with strong capital inflows into the country, high competition will put pressure on enterprises. The pressure of import tax cuts will affect many industries that are protected in the country (automobiles, sugar cane, petrol, etc); many traditional Vietnamese products have not

been registered under the International Intellectual Property Law, leading to the risk of brand loss and weak competition in foreign markets; The level of human resources in enterprises has not yet met the requirements to perform operations on high-tech machinery, and there is a shortage of skilled workers in foreign languages.

Policy dialogue report 2016 titled "Potential warnings for Vietnam when joining the Trans-Pacific Partnership (TPP)" by the University of Economics pointed out that when implementing commitments in the FTA, Vietnam will face a big challenge in terms of competitiveness. The report has shown a number of institutional factors, including "the ownership regime, especially property rights attached to land, the ineffectiveness of contract law and contract enforcement", which has made many businesses difficult to operate. Therefore, private enterprises cannot compete with FDI enterprises.

The report also shows that the ability to penetrate and defend domestic enterprises compared to FDI enterprises is also limited due to various reasons such as: (i) Domestic enterprises are slow to change their strategies, cutting costs, ensuring delivery schedules, and implementing international commitments; (ii) Domestic enterprises face difficulties in participating in the global supply chain as well as in the development of supporting industries, due to the lack of ability to meet the requirements of the chain, especially in terms of product quality.

3.2.5. The challenge of connectivity between countries

The multilateral trading system is under pressure to adjust due to conflicts between major countries. Some views have in fact taken shape at the WTO and are led by different groups of countries. The reform of the WTO will have a significant impact on bilateral and multilateral FTAs in general and the connection and cooperation between countries in particular.

The connection and influence between countries is not only obtained from cooperation, but even if the trend of protectionism increases, trade tensions between major countries appear will also have a certain impact on countries. This shows that the interaction and interdependence between markets and between countries is already at a high level. This process of dependence was basically strongly formed in the

previous period, when countries expanded their markets and sought investment, forming production chains of transnational companies and corporations. Some countries that previously supported free trade have now become factors affecting the multilateral trading system and the process of global trade liberalization. This will also have a significant impact on the overall economic prospects of countries, regions and the world. In fact, integration and cooperation forums have witnessed these views and trends, however, they have not prevented the search and formation of new free trade areas, in which, the CPTPP and the EU agreements are typical examples.

Vietnam in particular and East Asian countries in general gradually become the center of cooperation initiatives such as CPTPP, RCEP and other regional connectivity initiatives. The challenge is how to ensure harmony and unity among these connections. Many countries have realized the importance of connecting cooperation initiatives in different fields and in each period. This connectivity is not only limited to Asia, but also influenced by other connectivity plans such as between Asia and Africa, Asia and Europe...

The connectivity between countries becomes more complex. when there are different provisions interwoven between the frameworks of the agreement, between the relationship of the two partners with each other in many aspects, the cooperation framework. Countries participating in FTAs also have different standards and face challenges in the implementation process.

3.2.6. Challenges from the absorption of the Vietnamese economy before foreign investment flows

It is forecasted that after the FTAs take effect, Vietnam will be able to attract large FDI capital. However, lessons from attracting foreign investment after Vietnam joined the World Trade Organization (WTO) show that the economy's ability to absorb foreign investment flows massively “May pose many challenges for Vietnam in maintaining macroeconomic stability”.

Specifically, in the face of a sharp increase in foreign direct and indirect investment capital, the State Bank must provide a large amount of dong to buy foreign currencies, as well as ensure economic stability when devaluation is slightly to support.

Export support has become one of the main reasons for the high inflation rate of Vietnam after 2006. Therefore, this is something that Vietnam needs to pay special attention to. In 2019, there were also signs that the flow of foreign investment capital into Vietnam increased dramatically.

It can be argued that Vietnam has experiences in dealing with this problem, however, with new developments in the world economy, especially the impact of the US-China trade war, foreign capital Inflows into Vietnam will continue to increase. If Vietnam does not prepare carefully, the scenario of the post-WTO period may repeat.

4. SOLUTIONS TO PROMOTE TRADE AND INVESTMENT ACTIVITIES IN VIETNAM IN THE CONTEXT OF “NEW GENERATION” FTAs

Economic integration and linkage in the new era continues to be an inevitable trend in the current context. However, this trend is and will be affected by trade wars between major powers, disruption of supply chains of large companies and economic groups. To take advantage of opportunities, overcome challenges in the integration environment, Vietnam needs solutions to promote economic linkages in the region and the world, effectively taking advantage of advantages, especially advantages from trade agreements. The new generation of free trade brings to Vietnam's economy. Specifically:

4.1. Solutions to trade barriers

First, it is necessary to strengthen communication and dissemination of information through various forms about the new generation FTAs that Vietnam is participating in, especially small and medium enterprises. Vietnamese government also needs to organize training for officials of state management agencies at all levels and the business community on relevant specific commitments, ensuring a clear and correct understanding, thereby implementing the new generation FTAs completely and effectively.

Second, Vietnam needs to complete investment policies in order to develop the import-export market of goods, as well as promote and innovate trade and investment promotion.

Third, in order to adapt and improve the efficiency of implementation of FTAs commitments, there is a need for drastic, unified and specific direction of the Central Government, through a national action program, and concretized by detailed plans at all government's levels, ministries, branches, localities, and each business community. Accordingly, it is necessary to review the requirements in the FTAs as well as the recent integration practices, to establish a list of institutional issues that need to be handled (including the law and the management apparatus) should develop overall solutions to develop human resources as well as promote trade promotion activities to explore and expand opportunities to access the EU market.

4.2. Labor solutions

Firstly, Vietnam needs to enhance institutions for trade unions and workers' organizations at enterprises. In addition, Vietnam needs to continue to improve the legal system to adjust labor relations and labor standards in accordance with international standards, commitments and conventions to which Vietnam has joined.

Secondly, enterprises need to change their thinking, be forced to comply with the law to avoid being investigated, sued, or sanctioned. They also need to invest in improving requirements on occupational safety, salary, occupational hygiene, etc. along with other monitoring and sanctioning mechanisms. It is necessary to build and develop corporate culture to participate in regional and international export supply chains. Enterprises must truly realize that employees are "invaluable assets and resources", voluntarily comply with regulations. Thus, it is important to ensure the lives of employees so that they can trust, dedicate efforts, and improve productivity, product quality, have a stable income, and stick with the business, in order to help businesses develop sustainably.

Thirdly, Vietnam also needs to improve the role of mass organizations in the field of labor and social life, create conditions for a truly independent representative organization of employers, not dependent on the State, to operate effectively for the business community to develop sustainably. In addition, grassroots trade unions and industry trade unions need to operate independently and effectively, independent of the employer. They need to perform the function of protecting and representing the

legitimate rights and interests of employees- It is the right to inspect and supervise the operation of the enterprise. Unions also need to educate and encourage employees to understand and strictly abide by the provisions of the law, as well as help them self-improve in all aspects in order to protect themselves against violations of the employers. In addition, they also need to promptly prevent violations of enterprises.

4.3. Legal and political solutions

First, Vietnam needs to continue to improve the legal system to meet the requirements of the modern market economy, integrate into the world and join in new generation FTAs with the spirit of comprehensive and synchronous innovation, both economically and politically. In particular, it is necessary to quickly review, amend and supplement the legal framework to suit the current application conditions, as well as not compatible with the commitments in the new generation FTA. Accordingly, Vietnam needs to study and carefully review the requirements in the new generation FTAs, to establish a list of institutional issues that need to be dealt with... In particular, it is necessary to review, amend and improve Commercial Law in line with international practices and commitments of new generation FTAs. It is necessary to establish a common and unified mechanism such as: review the legal system, synchronously adjust the law, control the progress, and effectively adjust the law according to commitments. All should be properly designed to ensure uniform guidance in practice.

Second, Vietnam needs to continue to accelerate economic restructuring, innovate the growth model, and enhance the socialist-oriented market economy institution. This is in order to meet the commitments and show Vietnam's determination when accepting international "rules of the game", especially in foreign markets of developed countries.

4.4. Solutions to increase competitiveness for Vietnamese enterprises

First, Vietnamese enterprises need to strengthen linkages with each other, creating investment opportunities to increase competitive strength. They also need to actively build production and business capacity, improve product quality and design to enhance competitiveness and build brand. Furthermore, they need to increase investment in

supporting industry development, invest in material growing areas to reduce dependence on foreign suppliers for raw materials and accessories.

Second, Vietnamese enterprises need to innovate corporate governance and information technology activities, improving product quality, enhancing brand promotion. Along with that, they need to actively improve their own business strategies, develop production to be able to compete with goods from other countries in the region even in the domestic market and export markets, as well as do researches to meet the needs of customers and criteria on rules of origin to enjoy tariff preferences. In addition, businesses need to closely monitor the information and commitment roadmap... from there, give the right direction, and build a reasonable business strategy. More importantly, the business community must have a roadmap to adapt and change accordingly. Because, if the tariff barrier is completely removed and there are great economic benefits, then the rule of origin emerges as a new barrier.

Third, it is necessary to have an early human resource investment mechanism, a satisfactory material and spiritual treatment policy for employees, especially highly skilled workers. This is an investment in human resources to create a competitive advantage when integrating. In addition, businesses need to innovate the salary management mechanism associated with labor productivity and business efficiency, encouraging employees to automatically improve their professional skills.

Fourth, Vietnam needs to develop supporting industries to ensure satisfaction of origin requirements. The State needs to identify key export industries and plan the development of supporting industries. With limited resources, Vietnam cannot disperse its forces, but must focus on developing the key supporting industries that it is capable of, such as textiles, footwear, etc. and assembly (such as cars and motorbikes, electrical and electronic equipment).

Fifth, it is necessary to have preferential policies to attract enterprises to invest in the development of production clusters to develop supporting industries, especially SMEs as well as FDI enterprises. Vietnam also needs to develop a favorable mechanism to attract FDI from foreign investors involved in the production process as well as export support activities in Vietnam.

Sixth, Vietnamese enterprises need to develop technology and quality management capabilities to ensure technical and safety standards. It is necessary to well implement policies to encourage scientists inside and outside the industry to transfer research results into production practice, contributing to promoting productive, quality and efficient production. Vietnam also needs to attracts all economic sectors to participate in research and transfer of technical advances, as well as exploit advantages in investment commitments from FTAs to strengthen technological cooperation to absorb advanced science and technology in production. In addition, they need to strongly develop the form of financial leasing in the procurement of machinery, equipment and technology for export enterprises in order to improve the development ability and competitiveness of enterprises. Finally, enterprises need to increase investment in technology to serve the inspection and management of food quality, safety and hygiene and other technical standards.

4.5. Solutions for associations

Firstly, Vietnamese government needs to continue to provide and advise businesses on business law, knowledge about international economic integration, as well as experience in dealing with international lawsuits and trade barriers of export markets. They need to organize many trade-investment promotion programs according to specific markets, industries and business areas to improve access to domestic and foreign markets.

Secondly, the government also need to continue to promote the role of a bridge between enterprises and management agencies, creating conditions for connection and exchange between member enterprises. It is also essential to strengthen the dissemination of information on integration about the laws of other countries, intellectual property, industrial property, quality management, rules of origin, etc. for member enterprises, and support enterprises to build strong trade brands.

Conclusion

The trend of globalization and “new generation” FTAs has become a common trend in the world and is the solution chosen by many countries when agreements are reached within the framework of the World Trade Organization (WTO) has not yet

"satisfied" countries with the level of commitment. In particular, the number of FTAs in the world has increased rapidly. According to WTO statistics, as of January 17, 2020, a total of 303 Agreements have come into effect out of 483 Agreements notified to the WTO by countries.

Vietnam's negotiation, signing and accession to FTAs have basically complied with the provisions of the law on international treaties: the 1998 Ordinance on the signing and implementation of international treaties; Chapters II and III of the 2005 Law on Signing, Accessing and Implementing International Treaties; and Chapter II Law on International Treaties 2016.

The participation in FTAs has created more impetus and brought many positive impacts to Vietnam's economy. In 2019, in the context of global economic and trade growth decelerating due to the impact of global trade tensions and competition between major economies, Vietnam continued to maintain its import and export growth momentum in the region with high level. In 2019, Vietnam's total import-export turnover exceeded 500 billion USD; in which export turnover reached 263.45 billion USD, up 8.1% compared to 2018; and import turnover in 2019 reached 253.5 billion USD, up 7% compared to 2018. The implementation of FTAs has contributed to boosting Vietnam's GDP by more than 300%, import and export turnover by 350%. However, international economic integration in general and participation in FTAs in particular, especially new generation, high standard and comprehensive FTAs such as CPTPP and EVFTA not only bring opportunities but also risks and challenges.

In short, economic integration and linkage in the new era is an inevitable trend. Vietnam is considered as one of the active countries in international economic integration and linkage. The results of Vietnam's integration process are recorded through economic growth, investment, production, and export indicators. To take advantage of the opportunities that new-generation FTAs bring, Vietnam needs to maintain economic integration and linkages in the region and the world, improve competitiveness, strengthen national governance and governance capacity in the context of deep integration, and handle the integration well. Vietnam also need to build an autonomous economy to create and consolidate a favorable position in the network

of economic forces. “New-generation” FTAs help Vietnam create a new impetus to make significant reforms in management and governance policies towards transparency of information and facilitation of the free movement of goods and service. Especially, the CPTPP, EVFTA, and UKVFTA, when implemented, will bring enormous opportunities for Vietnam to expand its market and diversify markets, creating favourable conditions for Vietnamese enterprises to deeply participate in the global supply chain, especially in high-tech products.

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