

BUSINESS HANDBOOK

EXPLOITING THE **E V F T A**
TO IMPORT AND EXPORT GOODS BETWEEN
VIETNAM AND GERMANY

RESEARCH TEAM:



Nguyen Thi Thu Trang
Phung Thi Lan Phuong
Tran Minh Thu
Nguyen Thi Thuy Dung
Nguyen Thanh Tra

CENTER FOR WTO AND INTERNATIONAL TRADE
VIETNAM CHAMBER OF COMMERCE AND INDUSTRY

The information in this Handbook is for reference purposes only. For the exact contents of commitments, it is better to look up the official texts of the EVFTA Agreement. All the views and opinions expressed in this Handbook are of the authors and do not represent the views of VCCI or the Friedrich Naumann Foundation for Freedom.

BUSINESS HANDBOOK

EXPLOITING THE

E V F T A

TO IMPORT AND EXPORT GOODS BETWEEN
VIETNAM AND GERMANY

Preamble

The EU-Vietnam Free Trade Agreement (EVFTA) is a new generation free trade agreement (FTA) between Vietnam and the 27 member states of the European Union (EU). EVFTA was signed on June 30, 2019 and took effect from August 1, 2020. With a wide range of commitments and a deep degree of liberalization, the implementation of the EVFTA will bring special opportunities to strengthen trade relations between Vietnam and EU member states, especially Germany - one of the most important markets of Vietnam's import and export in the EU.

Currently, Germany is one of Vietnam's leading trade partners. From an export perspective, Germany is the second largest export market in the EU and the seventh in the world of Vietnam. Regarding imports, Germany is the second largest source of goods in the EU and the fourteenth in the world of Vietnam. Vietnam and Germany have a complementary product structure, with less direct competition. Vietnam has strengths in light industrial products, consumer products, food and agricultural products, and has a high demand for many raw materials and machinery for production. Meanwhile, Germany is a powerhouse of heavy industry, exports a lot of raw materials and machinery and equipment, and also imports many consumer products, food and agricultural products.

In such a context, with commitments on tariff elimination, trade facilitation, and on limiting non-tariff barriers, etc., the EVFTA is expected to be a highway to strongly promote trade activities between Vietnam and Germany in the near future.

To assist businesses of the two sides (i) to learn specifically about the commitments on trade in goods of Vietnam and Germany in the EVFTA, thereby identifying specific opportunities from this Agreement; (ii) to be equipped with sufficient information on market characteristics, import regulations and procedures of Germany and Vietnam; (iii) to identify opportunities and find solutions to maximize the benefits that the EVFTA can bring to Germany - Vietnam trade relationship, the Vietnam Chamber of Commerce and Industry (VCCI) compiled and published **A Business Handbook on "Exploiting the EVFTA to Import and Export Goods between Vietnam and Germany"**.



We hope that this Handbook can serve as a useful long-term reference for Vietnamese and German businesses to take full advantage of the EVFTA to exploit Vietnamese and German markets.

We would like to express our sincere thanks for the support of The Friedrich Naumann Foundation for Freedom (Germany) for the compilation and dissemination of this Handbook.

The Vietnam Chamber of Commerce and Industry

Table of Contents

PART I

EVFTA COMMITMENTS ON TRADE IN GOODS BETWEEN VIETNAM AND GERMANY

1. Where are the tariff commitments of Vietnam and Germany stated in the EVFTA full text?	10
2. Tariff commitments of Germany for Vietnamese goods?	12
3. Tariff commitments of Vietnam for German goods?	18
4. EVFTA commitments on remanufactured goods?	25
5. Rules of origin to be eligible for EVFTA tariff preferences?	27
6. Types of Rules of Origin specified in the EVFTA?	29
7. What is special about the procedure for certification of origin in the EVFTA?.....	31
8. EVFTA commitments on Customs and Trade Facilitation?	33
9. EVFTA commitments on Technical barriers to trade (TBT)?	36
10. EVFTA commitments on Sanitary and Phytosanitary Measures (SPS)?	39
11. EVFTA commitments on trade remedies (anti-dumping, anti-subsidy and safeguard)?	42
12. Key EVFTA commitments on Intellectual Property?	45
13. Key EVFTA commitments on Geographical Indications?	46
14. EVFTA commitments on Copyrights, Trademarks, Industrial Designs and Patents?	49
15. EVFTA commitments on the enforcement of Intellectual Property Rights?	51
16. EVFTA commitments on Government Procurement of goods?	53
17. Specific EVFTA commitments for Pharmaceutical products and medical devices?	55
18. Specific EVFTA commitments for automobiles, motorcycles and components?	58



PART II

TAKING ADVANTAGE OF THE EVFTA TO IMPORT GOODS FROM GERMANY TO VIETNAM

19. What are notable characteristics of the German market for Vietnamese exporters?	62
20. Characteristics of German consumers?.....	66
21. What are the characteristics of the German distribution system?	69
22. Procedures for importing goods into Germany?	73
23. Current status of Vietnam's goods exports to Germany?	81
24. Main competitors of Vietnamese goods in Germany?	85
25. Advantages and disadvantages of Vietnamese exports in the German market?	88
26. Opportunities from EVFTA for exporting Vietnamese goods to the German market?	90
27. Challenges from the EVFTA for Vietnam's exports to the German market?	100
28. How to take advantage of the EVFTA to increase exports of Vietnamese goods to Germany?.....	102

PART III

TAKING OPPORTUNITIES FROM THE EVFTA TO IMPORT GOODS FROM GERMANY INTO VIETNAM

29. Characteristics of Vietnam's commodity market?	106
30. Vietnam's importing channels and their characteristics?	108
31. Characteristics of Vietnamese consumers?	110
32. Procedures for importing goods into Vietnam?.....	112
33. Current status of Germany's goods exports?	118
34. Current status of German goods exports to Vietnam?	121
35. What are the main competitors of German goods in Vietnam?	124
36. What are the advantages and disadvantages of German goods in Vietnam?	128
37. Opportunities from the EVFTA for importing goods from Germany into Vietnam?	131
38. How to take advantage of the EVFTA to effectively import goods from Germany?.....	138

USEFUL INFORMATION

39. Where can information and data about the German and Vietnamese markets be found?.....	142
40. Where can businesses find support on the EVFTA and German and Vietnamese markets?	144



Table of Figures and Tables

Table 1: Germany's preferential tariff commitments for the top 10 key export product groups of Vietnam in the EVFTA	14
Table 2: Vietnam's preferential tariff commitments for key export products of Germany in the EVFTA	19
Table 3: Vietnam's preferential tariff commitments for key agricultural export products of Germany under EVFTA	22
Table 4: Summary of goods procurements that Vietnam opens to German contractors in the EVFTA*	54
Table 5: Main imported products of Germany in 2020	64
Table 6: Popular consumer products and services of German consumers	67
Table 7: German distribution system	69
Table 8: Top 10 products that Germany imported the most from Vietnam in 2020	83
Table 9: Top 10 importing countries of Germany in 2020	85
Table 10: EU's FTAs and FTA Partners	86
Table 11: Top 10 products that Vietnam imported the most in 2020	107
Table 12: Top 10 biggest export products of Germany in 2020	119
Table 13: Top 10 largest imported products from Germany of Vietnam in 2020	123
Table 14: Vietnam's FTAs and FTA Partners	124
Table 15: The biggest competitors of German goods in Vietnam	126
<hr/>	
Figure 1: Germany's GDP in the period of 2011-2020	62
Figure 2: Vietnam's exports to Germany in the period of 2010-2020	81
Figure 3: Vietnam's import turnover of German goods in the period of 2010 – 2020	122

List of abbreviations

ASEAN	Association of Southeast Asian Nations
C/O	Certificates of Origin
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
EU	European Union
EORI	Economic Operators Registration and Identification system
EVFTA	EU-Vietnam Free Trade Agreement
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
HS	Harmonized System
MFN	Most Favoured Nation
NTM	Non-Tariff Barriers
OECD	Organisation for Economic Co-operation and Development
PSR	Product Specific Rule
REX	Registered Exporter System
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TRIPS	Trade Related Aspects of Intellectual Property Rights
VNACCS	Vietnam Automated Cargo Clearance System
WCO	World Customs Organization
WTO	World Trade Organization

PART I

EVFTA COMMITMENTS ON TRADE IN GOODS BETWEEN VIETNAM AND GERMANY

As a new-generation, high-standard Free Trade Agreement (FTA), the EVFTA has a wide scope of regulation, with commitments in many fields. This Part introduces EVFTA commitments related to or affecting the export and import of goods between Vietnam and the EU, including Germany. These commitments include a group of direct commitments on trade in goods (mentioned in Chapters 2 to 7 of the EVFTA) and a number of commitments on other areas such as intellectual property, government procurement, trade in services, investment, sustainable development... that have indirect impacts on manufacturing and import-export activities between the two Parties.

Note that in the EVFTA, the EU with 27 member countries is a unified party. Therefore, except for a few cases where there are separate commitments for each EU member (e.g. geographical indications, opening of the government procurement market, opening of investment, services market of the EU), all other commitments of the EU in the EVFTA are unified commitments of all EU member states, including Germany. Therefore, in the EVFTA, except for the cases that are specified, all commitments of the EU to Vietnam are also commitments of Germany to Vietnam, and vice versa, Vietnam's commitments to the EU are also commitments to Germany. In this Handbook, except for specified cases, "commitments of Germany in the EVFTA" are also understood as the commitment of the EU in the EVFTA, and "Commitment of Vietnam to Germany in the EVFTA" are the commitments of Vietnam to the EU in this Agreement.

Where are the tariff commitments of Vietnam and Germany stated in the EVFTA full text?

Tariff commitments are stated in Chapter 2 – “National Treatment and Market Access for Goods” of the EVFTA full text, including 2 parts:

- The text of Chapter 2 - National Treatment and Market Access for Goods
This section includes general rules related to tariffs, applicable to both the EU (including Germany) and Vietnam (but there are also some specific contents that only apply to Vietnam or the EU);
- Annex 2-A – Reduction or Elimination of Customs Duties
This Annex includes 05 Appendixes, of which 03 Appendixes are related to tariff commitments, including:
 - Appendix 2-A-1: Tariff Schedule of the Union (including Germany) for Vietnamese goods
 - Appendix 2-A-2: Tariff Schedule of Vietnam for EU’s goods (including Germany)
 - Appendix 2-A-3: Export Duty Schedule of Vietnam for Vietnamese goods exported to the EU (including Germany)

These Tariff Schedules list specific tariff reduction commitments (schedule) for specific products (according to HS code).



NOTE TO BUSINESSES

To know the preferential tariff commitments of Vietnam or the EU (including Germany) for a specific product, businesses need to:

- 1 Determine the correct HS code of the product (according to the HS System of the import market)
- 2 Look up the tariff for that product in Appendixes of Annex 2-A of the import market
Note: It is necessary to read the General provisions of Annex 2-A to understand each symbol used in the Tariff Schedule, then look up the Tariff Schedule (search by HS code)
- 3 If you have concerns about other tariff issues, read the rules of tariff reduction in the text of Chapter 2 of the EVFTA.

Tariff commitments of Germany for Vietnamese goods?

Commitments on import tariffs

In the EVFTA, the EU (including Germany) committed to eliminate import tariffs for most Vietnamese products right after the Agreement came into force (August 1, 2020), the remaining products will be liberalised over a transitional period or imposed tariff quotas.

Specifically, EVFTA preferential tariffs of Germany for products imported from Vietnam are as follows:

- On August 1, 2020 when the EVFTA came into effect: Germany eliminated tariffs for 85.6% of tariff lines;
- By January 1, 2027, Germany will eliminate tariffs for a total of 99.2% of tariff lines;
- For about 0.8% of the remaining tariff lines, Germany will impose tariff rate quotas (TRQs) with the import tariff within the quota of 0%. The products of Vietnam imposed the tariff quotas in the EVFTA are: Birds' eggs and egg yolks; Garlic; Sweetcorn; Husked rice; Milled rice; Manioc (cassava) starch; Tuna; Surimi; Sugar and other products containing high levels of sugar; Speciality sugar; Mushrooms; Ethanol; and Mannitol, Sorbitol, Dextrins and other modified starches.

Note that the quota allocation mechanism for Vietnam under the EVFTA will be regulated by the EU for the whole EU territory for each specific product/product group. Therefore, there will be no separate quota of the German market for any product.

Before the EVFTA, the EU had no FTA with Vietnam. Therefore, in principle, Vietnamese goods imported into Germany - an EU member must be subject to the MFN tariff rate that the EU applies to WTO member countries. However, currently, the EU (including Germany) has been maintaining the Generalised Scheme of Preferences (GSP) for developing and least-developed countries, including Vietnam. Under this mechanism, many export products, especially key export products of Vietnam such as textiles and garments, footwear, seafood, etc., are enjoying GSP preferential tariff rates significantly lower than the MFN tariff rates when imported into the German market (in 2021, the EU's average MFN tariff rate was 4.71%, and the average GSP tariff rate was 2.35%). However, the EU sets a "maturity threshold" for countries/products eligible for GSP. This regulation simply means that when Vietnam's total national income or export turnover of a certain type of goods reaches a certain threshold, they are no longer eligible for GSP.



Up to now, the GSP tariff rates that the EU unilaterally granted Vietnam are relatively low. In the comparison at the early stage of EVFTA implementation, some export products have a long tariff elimination schedule (5-7 years), so the EVFTA tariff rates applied to these products may be higher than the current GSP tariff rates. However, overall, in the EVFTA, the EU commits to eliminate up to 85.6% of tariff lines right after the Agreement came into effect and 99.2% of tariff lines will be eliminated after 7 years. Thus, by the end of the schedule, almost all of Vietnam's exports to the EU (including Germany) will be completely eliminated tariffs, while GSP only applies to some product groups and GSP tariff rates are not always 0%. Therefore, in the long run, compared to the GSP tariff rates, the EVFTA tariff rates are more beneficial for businesses.

NOTE TO BUSINESSES

According to the EU's regulations on GSP, Vietnam can continue to enjoy the GSP mechanism of the EU in parallel with the EVFTA for a period of 2 years from the date of entry into force of the EVFTA (until the end of July 31, 2022).

At the same time, according to the EVFTA, the EVFTA preferential tariff rates applied to Vietnamese goods will not be higher than the tariff rates that the EU applied to those goods at entry into force of the EVFTA. This means:

- *During the period from August 1, 2020 to July 31, 2022:* Businesses can choose to use the EVFTA or GSP depending on which preferential tariff rate is more beneficial to businesses. In case of choosing GSP preferential rate, the products must meet rules and procedures for certification of origin of the GSP; In case of choosing EVFTA preferential tariff rate, the product must meet rules and procedures for certification of origin of the EVFTA.
- *From August 1, 2022:* The GSP mechanism will automatically end, businesses will use the preferential tariff under the EVFTA. However, in case the EVFTA tariff rate is higher than the GSP tariff rate, the EVFTA allows that the product will still be eligible for GSP tariff rate. No matter which preferential tariff rate is chosen, the product must meet the rules and procedures for certification of origin of the EVFTA.

This is a flexible commitment, which is very beneficial for Vietnamese businesses to export to the EU because it is guaranteed that the EVFTA tariff rates applied will always be lower or at least equal to the GSP tariff rate on 01/08/2020.



Below is a summary of Germany's commitments in the EVFTA for a number of product groups which Vietnam has export strengths. It can be seen that product groups with low MFN or GSP tariff rates were liberalised by Germany right after the EVFTA came into effect (for all or most product lines). For the product groups that are still maintained high MFN and GSP tariff rates, Germany commits to eliminated tariffs for about half of them at entry into force, the rest will be duty free according to schedules (especially for some fruits under Chapter 08, the tariff elimination is applied to the ad valorem duty only, keeping the absolute duty).

Thus, in comparison with the MFN and GSP tariffs that Germany is applying, the EVFTA tariffs will bring great advantages to the following export product groups of Vietnam: Footwear (Chapter 64), Clothing (Chapter 61,62), Seafood (Chapter 3), Plastics (Chapter 39), Fruit (Chapter 08).

Table 1 Germany's preferential tariff commitments for the top 10 key export product groups of Vietnam in the EVFTA

HS Code (Chapter)	Products	EU's MFN tariff rate in 2021	EU's GSP tariff rate in 2021	EU's preferential tariff commitments for Vietnam
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	From: 0% to 14% Average: 2.08%	From: 0% to 9.8% Average: 0.29%	<ul style="list-style-type: none"> • 450/500 tariff lines were liberalised at entry into effect • 35/500 tariff lines shall be liberalised over 04 equal annual stages • 15/500 tariff lines shall be liberalised over 06 equal annual stages
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	From: 0% to 9,7% Average: 1.85%	From: 0% to 2.2% Average: 0%	<ul style="list-style-type: none"> • 873/873 tariff lines were liberalised at entry into effect



HS Code (Chapter)	Products	EU's MFN tariff rate in 2021	EU's GSP tariff rate in 2021	EU's preferential tariff commitments for Vietnam
64	Footwear, gaiters and the like; parts of such articles	From: 3% to 17% Average: 9.95%	From: 0% to 11,9% Average: 5.99%	<ul style="list-style-type: none"> • 37/86 tariff were liberalised at entry into effect • 13/86 tariff lines shall be liberalised over 04 equal annual stages • 10/86 tariff lines shall be liberalised over 06 equal annual stages • 26/86 tariff lines shall be liberalised over 08 equal annual stages
61	Articles of apparel and clothing accessories, knitted or crocheted	From: 8% to 12% Average: 11.60%	From: 6.4% to 9.6% Average: 9.28%	<ul style="list-style-type: none"> • 91/147 tariff lines were liberalised at entry into effect • 21/147 tariff lines shall be liberalised over 04 equal annual stages • 35/147 tariff lines shall be liberalised over 06 equal annual stages
62	Articles of apparel and clothing accessories, not knitted or crocheted	From: 6.3% to 12% Average: 11.56%	From: 5% to 9.6% Average: 9.25%	<ul style="list-style-type: none"> • 56/194 tariff lines were liberalised at entry into effect • 21/194 tariff lines shall be liberalised over 04 equal annual stages • 73/194 tariff lines shall be liberalised over 06 equal annual stages • 44/194 tariff lines shall be liberalised over 08 equal annual stages



HS Code (Chapter)	Products	EU's MFN tariff rate in 2021	EU's GSP tariff rate in 2021	EU's preferential tariff commitments for Vietnam
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; . . .	From: 0% to 5.7% Average: 2.46%	From: 0% to 2.2% Average: 0.16%	<ul style="list-style-type: none"> • 77/77 tariff lines were liberalised at entry into effect
03	Fish and crustaceans, molluscs and other aquatic invertebrates	From: 0% to 23% Average: 10.85%	From: 0% to 19.5% Average: 6.64%	<ul style="list-style-type: none"> • 220/425 tariff lines were liberalised at entry into effect • 108/425 tariff lines shall be liberalised over 04 equal annual stages • 78/425 tariff lines shall be liberalised over 06 equal annual stages • 19/425 tariff lines shall be liberalised over 08 equal annual stages
72	Iron and steel	From: 0% to 7% Average: 0.23%	From: 0% to 3.5% Average: 0.08%	<ul style="list-style-type: none"> • 341/344 tariff lines were liberalised at entry into effect • 3/344 tariff lines shall be liberalised over 08 equal annual stages (Ferrochromium containing by weight no more than 4% of carbon)
39	Plastics and articles thereof	From: 0% to 6,5% Average: 5.46%	From: 0% to 3% Average: 0.90%	<ul style="list-style-type: none"> • 205/205 tariff were liberalised at entry into effect



HS Code (Chapter)	Products	EU's MFN tariff rate in 2021	EU's GSP tariff rate in 2021	EU's preferential tariff commitments for Vietnam
08	Edible fruit and nuts; peel of citrus fruit or melons	From: 0% to 20.8% Average: 7,14%	From: 0% to 20.8% Average: 4.49%	<ul style="list-style-type: none">• 107/124 tariff lines were eliminated at entry into effect• 16/124 tariff lines shall be eliminated the ad valorem duty at entry into effect, the absolute duty (A+EP) is still maintained• 01 tariff lines (HS Code: 0803.90.10: Bananas excluding plantains) shall be reduced tariffs as specified in Appendix 2-A and to 75 EUR/ton from 2025 onwards

Commitments on export tariffs

The EU committed to completely eliminating export tariffs on all goods exported to Vietnam. Therefore, no goods exported from Germany to Vietnam will be subject to any export tariff under the EVFTA.

NOTE TO BUSINESSES

Businesses can look up the tariff rates that the EU (including Germany) applies each year to each product (MFN, GSP, FTA preferential tariffs) from any country (including Vietnam) at the EU's Market Access Database (Access2Market) at the following link:

 <https://trade.ec.europa.eu/access-to-markets/en/content>

Tariff commitments of Vietnam for German goods?

Vietnam's tariff commitments in the EVFTA include (i) commitments on import tariffs (applied to goods imported from the EU into Vietnam), and (ii) commitments on export tariffs (applied to goods exported from Vietnam to EU countries).

Commitments on import tariffs

In the EVFTA, Vietnam made commitments on preferential import tariffs for each product line in the HS system. For each product, a preferential tariff rate is applied uniformly to all EU member states, including Germany.

Specifically, the EVFTA preferential tariffs that Vietnam grants to products imported from Germany are as follows:

- 48.5% of tariff lines shall be fully liberalized at entry into force of the Agreement (August 1, 2020);
- 91.8% of tariff lines will be duty free after 07 years (after December 31, 2026),
- 98.3% of tariff lines will be duty free after 10 years (after December 31, 2029),
- For 1.7% of the remaining tariff lines (sugar, salt, poultry eggs, tobacco...), Vietnam applies tariff quotas or does not commit to eliminate tariffs (some automobiles).

Before the EVFTA took effect, Vietnam and the EU did not have any other mutual FTA. Therefore, German goods imported into Vietnam before the EVFTA are subject to MFN tariffs which are applied to WTO member countries. The average MFN import tariff rate of Vietnam in 2020 was 11.93%. The specific MFN tariff rate for each item was relatively high, even some items were imposed tariffs up to 135%. With tariff commitments in the EVFTA, German goods imported into Vietnam will benefit significantly.

Below is a summary of Vietnam's tariff commitments under the EVFTA for the top 10 German export products, all of which are industrial products. It can be seen that more than half of these German products could enjoy duty free at entry into force of the EVFTA, the rest will be eliminated tariffs over a transitional period - except for some products in Chapter 87 that do not have tariff commitments. Compared with the current MFN tariff rates that Vietnam are applying, it can be seen that German commodity groups that benefit significantly from Vietnam's commitments on tariff reduction in the EVFTA are: Vehicles (Chapter 87), Electrical machinery and equipment (Chapter 85), Plastics (Chapter 39), Iron and steel (Chapter 73), Mineral fuels (Chapter 27).



Table
2 Vietnam's preferential tariff commitments for key export products of Germany in the EVFTA

HS Code (Chapter)	Products	Vietnam's MFN tariff rate in 2021	Vietnam's preferential tariff commitments for the EU
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	From: 0% to 50% Average: 4.85%	<ul style="list-style-type: none">• 841/1269 tariff lines were liberalised at entry into effect• 5/1269 tariff lines will be liberalised over 04 equal annual stages (parts of pump, parts of liquid pusher)• 256/1269 tariff lines will be liberalised over 06 equal annual stages• 160/1269 tariff lines will be liberalised over 08 equal annual stages• 7/1269 tariff lines will be liberalised over 11 equal annual stages (Marine propulsion engines of a power not exceeding 22.38 kW...)
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	From: 0% to 75% Average: 36.72%	<ul style="list-style-type: none">• 28/468 tariff lines were liberalised at entry into force• 156/468 tariff lines will be liberalised over 08 equal annual stages• 18/468 tariff lines will be liberalised over 10 equal annual stages• 179/468 tariff lines will be liberalised over 11 equal annual stages• 87/468 tariff lines of this Chapter are not subject to tariff commitments



HS Code (Chapter)	Products	Vietnam's MFN tariff rate in 2021	Vietnam's preferential tariff commitments for the EU
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	From: 0% to 35% Average: 8.74%	<ul style="list-style-type: none">• 309/798 tariff lines were liberalised at entry into effect• 18/798 tariff lines will be liberalised over 04 equal annual stages• 454/798 tariff lines will be liberalised over 06 equal annual stages• 17/798 tariff lines will be liberalised over 08 equal annual stages
30	Pharmaceutical products	From: 0% to 14% Average: 2.19%	<ul style="list-style-type: none">• 62/99 tariff lines were liberalised at entry into force• 1/99 tariff lines (3004.50.21 - Of a kind taken orally) will be liberalised over 06 equal annual stages• 34/99 tariff lines will be liberalised over 08 equal annual stages• 2/99 tariff lines (3006.92.10, 3006.92.90 - Waste pharmaceuticals) will be liberalised over 11 equal annual stages
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	From: 0% to 25% Average: 1.83%	<ul style="list-style-type: none">• 230/253 tariff lines were liberalised at entry into force• 23/253 tariff lines will be liberalised over 04 equal annual stages



HS Code (Chapter)	Products	Vietnam's MFN tariff rate in 2021	Vietnam's preferential tariff commitments for the EU
39	Plastics and articles thereof	From: 0% to 27% Average: 8.51%	<ul style="list-style-type: none"> • 126/271 tariff lines were liberalised at entry into force • 95/271 tariff lines will be liberalised over 04 equal annual stages • 49/271 tariff lines will be liberalised over 06 equal annual stages • 1/271 tariff lines (3926.30.00 - Fittings for furniture, coachwork or the like) will be liberalised over 08 equal annual stages
73	Articles of iron or steel	From: 0% to 35% Average: 11.07%	<ul style="list-style-type: none"> • 41/223 tariff lines were liberalised at entry into force • 6/223 tariff lines (Anchor; some kind of spring...) will be liberalised over 04 equal annual stages • 147/223 tariff lines will be liberalised over 06 equal annual stages • 5/223 tariff lines will be liberalised over 08 equal annual stages • 24/223 tariff lines will be liberalised over 11 equal annual stages
88	Aircraft, spacecraft, and parts thereof	0%	<ul style="list-style-type: none"> • 22/22 tariff lines were liberalised at entry into force
38	Miscellaneous chemical products	From: 0% to 20% Average: 3.40%	<ul style="list-style-type: none"> • 112/131 tariff lines were liberalised at entry into force • 1/131 tariff lines (3816.00.10 - Refractory cements) will be liberalised over 04 equal annual stages • 8/131 tariff lines (Softening agents, Tall oil fatty acids, Prepared additives for cements, mortars or concretes...) will be liberalised over 06 equal annual stages • 10/131 tariff lines (3825: Residual products of the chemical or allied industries) will be liberalised over 11 equal annual stages



HS Code (Chapter)	Products	Vietnam's MFN tariff rate in 2021	Vietnam's preferential tariff commitment for for the EU
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	From: 0% to 20% Average: 7.09%	<ul style="list-style-type: none"> • 42/81 tariff lines were liberalised at entry into force • 6/81 tariff lines (Liquefied petroleum gases) will be liberalised over 08 equal annual stages • 10/81 tariff lines (Petroleum oils excluding light oils and preparation) will be liberalised over 11 equal annual stages • 23/81 tariff lines will be liberalised over 11 years (B10**) as specified in Appendix 2-A

Although foods and agricultural products are not in the list of top export products of Germany in terms of export turnover, they are also the products which Germany has export strengths. Currently, Vietnam is maintaining relatively high MFN tariff rates on these products. In the EVFTA, Vietnam also makes commitments to eliminate tariffs for many foods and agricultural products from Germany such as animal meat (swine, cow, goat, etc.), poultry meat (chicken, geese, etc.), sausages, milk and dairy products (Table 3).

Table 3 Vietnam's preferential tariff commitments for key agricultural export products of Germany under EVFTA

Products	HS Code	Vietnam's average MFN tariff rate in 2021	Vietnam's preferential tariff commitments for the EU
MEAT OF SWINE, FRESH, CHILLED OR FROZEN AND PREPARATIONS OF MEAT			
Meat of bovine animals	0201-0202	From: 14% to 30% Average: 19.67%	<ul style="list-style-type: none"> • 6/6 tariff lines will be liberalised over 04 equal annual stages
Meat of swine	0203	From: 15% to 25% Average: 20%	<ul style="list-style-type: none"> • 3/6 tariff lines will be liberalised over 08 equal annual stages (frozen) • 3/6 tariff lines will be liberalised over 10 equal annual stages (fresh, chilled)



Products	HS Code	Vietnam's average MFN tariff rate in 2021	Vietnam's preferential tariff commitments for the EU
MEAT OF SWINE, FRESH, CHILLED OR FROZEN AND PREPARATIONS OF MEAT			
Meat of the poultry	0207	From: 15% to 40% Average: 28.08%	<ul style="list-style-type: none"> 26/26 tariff lines will be liberalised over 11 equal annual stages
Meat of sheep or goats	0204	7% for all tariff lines	<ul style="list-style-type: none"> 9/9 tariff lines will be liberalised over 04 equal annual stages
Meat and edible meat offal, dried or smoked (excluding meat of whales, dolphins...)	0210	From: 10% to 20% Average: 15%	<ul style="list-style-type: none"> 5/9 tariff lines will be liberalised over 08 equal annual stages (from meat of bovine animals and chicken) 4/9 tariff lines will be liberalised over 10 equal annual stages (from meat of swine)
Sausages and similar products, of meat	1601	22% for all tariff lines	<ul style="list-style-type: none"> 2/2 tariff lines will be liberalised over 11 equal annual stages
DAIRY AND DAIRY PRODUCTS			
Dairy and Dairy products	0401 to 0406	From: 0% to 20% Average: 9.96%	<ul style="list-style-type: none"> 2/38 tariff lines (Whey) were liberalized at entry into force 15/38 tariff lines (Milk in liquid form/in frozen form, Buttermilk...) will be liberalised over 04 equal annual stages 21/38 tariff lines (Butter, Cheese...) will be liberalised over 06 equal annual stages



Commitments on export tariffs

In the WTO, despite its commitments to eliminate export tariffs, Vietnam still reserved the right to continue to impose export tariffs on a list of 603 items.

In the EVFTA, Vietnam committed to further reduce tariffs for this list of 603 export tariff lines reserved under the WTO. Specifically, Vietnam committed to:

- Maintaining the current tariff rate of 0% for 134 tariff lines;
- Eliminating export tariffs for 412 tariff lines after a period of time (schedule of 5, 7, 10, 12 or 15 years depending on the tariff lines);
- Reserving export tariffs for 57 tariff lines, including products such as sand, shale, granite, some types of ores and concentrates, crude oil, coal, coke, gold, etc. Of which, export tariff is limited at 20% for 56 tariff lines after 5 years, especially for manganese ore, export tariff is limited at 10%.

NOTE TO BUSINESSES

The level of commitment in the Import Tariff Schedule of Vietnam is only the minimum reduction. In fact, Vietnam can reduce and eliminate tariffs greater and sooner for EU goods. Similarly, with commitments on export tariffs, Vietnam has the right to apply reservations in the Agreement, but in fact, Vietnam can choose not to impose export tariffs or impose a lower tariff rate.

Therefore, in order to know the preferential tariff rates of the EVFTA applied by Vietnam in practice, businesses need to look up the Decree on Vietnam's special preferential import and export tariff schedule under the EVFTA in a particular period of time.

When the EVFTA came into effect, Vietnam issued a special preferential import and export tariff schedule for the implementation of the EVFTA Agreement for the period of 2020 - 2022 in Decree No. 111/2020/ND-CP dated September 18, 2020 of the Government. Businesses can look up the EVFTA tariff rates applicable to import and export products in this document.

EVFTA commitments on remanufactured goods?

The commitments on remanufactured goods in the EVFTA only applies to products in Chapters 84, 85, 87, 90 and 9402 that have a part or all of the parts from used products but having similar performance and working conditions, life expectancy and warranty compared to the original new goods.

Currently, Vietnam is considering remanufactured goods as second-hand goods, and therefore it prohibits the import of these goods (only a few types of second-hand/refurbished goods such as machinery, equipment, and technology are allowed).

In the EVFTA, Vietnam and the EU have commitments on remanufactured goods as follows:

- Commitment to accord to remanufactured goods the same treatment as that accorded to new like goods (allowed to import, enjoy preferential tariffs if there is a certificate of origin under the EVFTA, etc.)
- Each Party has the right to require specific labeling of remanufactured goods in order to prevent deception of consumers;
- The time to start implementing the commitments on remanufactured goods mentioned above is no later than 03 years from the effective date of the EVFTA (no later than August 1, 2023).

However, the commitments on remanufactured goods mentioned above will not apply to certain types of goods listed in Appendix 2-A-5 Chapter 2, for example:

- Chapter 84: Certain types of fans, air conditioners, refrigerators, freezers, printers, washing machines, industrial ovens, etc.;
- Chapter 85: Certain types of household electromechanical equipment, shavers, trimmers, electric kettles, electric plugs, telephones (fixed or mobile), microphones, recording equipment, radio broadcasting equipment television lines, television cameras etc.;
- Chapter 87: Cars with 10 seats or more, racing cars, passenger cars including station wagons, cars for the transport of goods etc.;



With commitments accord to remanufactured goods the same treatment as that accorded to new like goods in the EVFTA, many technological products such as modern medical equipment, cars, phones, etc. after being remanufactured will be able to export to Vietnam/EU as normal goods. With the development of science and technology, and the increasing demand for environmental protection and resource-saving, the use of remanufactured goods will be more and more popular. The EVFTA commitments on remanufactured goods will therefore create more favorable conditions for trade exchanges of this special product group between the two Parties.

Note: CPTPP also has commitments on remanufactured goods, but the content of the commitments is different from that of the EVFTA on the same issue (type of goods, mechanism applicable to goods etc.). Thus, when implementing both Agreements, it is expected that Vietnam will draft separate regulations for the import of remanufactured goods under the EVFTA and CPTPP.

Rules of origin to be eligible for EVFTA tariff preferences?

In order to enjoy EVFTA tariff preferences when exporting to Germany or importing from Germany into Vietnam, products must meet the EVFTA's rules of origin (ROO) and procedures for certification of origin.

Commitments on origin in the EVFTA are stipulated in Protocol 1 - Concerning the Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation. This Protocol includes two main contents:

- *Text*: includes general principles of ROO and procedures for certification of origin, and
- *08 Annexes*: include detailed commitments or specific instructions on some related contents in the Text (Certificate of Origin form, additional explanations...). In which, Annex II - List of required working or processing – is a List of specific ROO for each product group (also known as the PSR List - Product Specific Rules) applicable to both Vietnamese and EU goods.

Note: When reading Annex II, it is necessary to read Annex I – Introductory Notes to understand terms and provisions in Annex II. The ROO of the EVFTA are essentially the same as those of Vietnam's existing FTAs, but the language and some contents are new or different from the existing FTAs.

Vietnam already issued a regulation guiding the implementation of the ROO of goods in the EVFTA - Circular No. 11/2020/TT-BCT dated June 15, 2020 of the Ministry of Industry and Trade.



NOTE TO BUSINESSES

In the EVFTA, ROO are used for the purpose of determining whether goods are eligible for preferential tariff treatment of the EVFTA or not. Therefore, businesses that want to enjoy tariff preferences of the EVFTA when exporting goods to Germany or importing goods from Germany to Vietnam need to know and understand EVFTA' ROO and origin certification procedures.

Basically, the ROO in the EVFTA have many similarities with the ROO in the GSP of the EU. However, the EVFTA's ROO still have some differences which are more flexible in application, so businesses need to carefully study each rule applied to their specific product in order to properly and fully meet it.

It is noted that to meet the ROO of the EVFTA, companies need to prepare from the beginning of the production process, for example, from selecting the source of raw materials, collecting certificates of origin of raw materials, storing supporting documents, etc.). Thus, it is necessary to pay attention to these issues to arrange the supply, the production process early, and do not wait until the time of import/export.

Types of Rules of Origin specified in the EVFTA?

According to the EVFTA, goods shall be considered as originating in one of the two cases:

Case 1 Wholly Obtained Products

This case includes products that are naturally formed within the territory of Vietnam or EU member states (e.g. minerals, naturally formed animals, plants and products of these plant and animal species).

Goods considered as wholly obtained are specified in Article 4 in the Protocol 1 of the EVFTA. For example: minerals extracted in the territory of Vietnam/EU, fruits and vegetables grown and harvested or gathered in the territory of Vietnam/EU, live animals born and raised in Vietnam/EU...



Case 2 Materials have undergone sufficient working or processing

This case includes products that are formed from materials originating in whole or in part from the EU/Vietnam and worked or processed in Vietnam/EU, and fulfill conditions specified in Annex II in the Protocol 1 of the EVFTA.

There are 3 basic types of origin criteria in the EVFTA for this case, specifically:

- *Change in Tariff Classification (CTC)*: This is the criterion that requires that the HS code of final product be different from the HS code of the non-originating materials at the 2-digit level (CC - Change in Chapter), 4-digit (CTH - Change in Tariff Heading), or 6-digit (CTSH - Change in Tariff Sub-Heading).

In the EVFTA, there is only 1 case having the rule of CC (HS 7306 – Tubes, pipes and hollow profiles, of iron or steel), the rest is CTH or CTSH.

- *Value limit of non-originating materials (VL)*: This criterion limits the value (set maximum percentage) of non-originating material used in the working and processing. In other words, Regional Value content (RVC) of originating materials must meet a certain minimum percentage.

Similar to other FTAs, the EVFTA allows the cumulation of materials originating in the EU and Vietnam. However, unlike other FTAs, the EVFTA also allows the cumulation of materials originating in Korea and ASEAN for some products.

In addition, it should be noted that unlike many other FTAs, the VL calculation in the EVFTA uses the ex-work price for the product instead of the transaction price in the CPTPP or the FOB price in other FTAs.

- *Specific Production Process*: This criterion requires that non-originating materials undergo specific working or processing in the country of origin; or the product must be worked or processed from certain wholly obtained materials.

In the EVFTA, the ROO for each product can be one of the above criteria or a combination of some above criteria, it is specified for each product group in *Annex II- List of required working or processing of for each specific product group* in Protocol 1 of the EVFTA.

What is special about the procedure for certification of origin in the EVFTA?

Regulations on origin certification procedures in the EVFTA are applied to all types of goods. The EVFTA allows two types of origin certification, including:

- *Issuance of a certificate of origin:* A competent authority of the exporting country issues a Certificate of Origin for goods based on the documents presented by the exporter.
- *Self-Certification:* An origin declaration shall be made out by the exporter on the invoice, the delivery notes or any other commercial documents, instead of applying for a certificate of origin from a competent authority.

In comparison with the CPTPP, the scope of procedures for origin declaration in the EVFTA is more limited (the CPTPP also allows procedures for origin declaration). Specifically, the EVFTA allows origin declaration by only exporters, while the CPTPP allows *exporters, manufacturers and importers*.

In practice, specific procedures for a certification of origin of each Party (including Procedures for issuance of a certificate of origin and origin declaration) will be determined by that Party, in accordance with commitments in the Agreement. Specifically:

i For goods exported from Germany

The EU has developed a mechanism of origin declaration for exported goods, which is generally applied throughout the EU. Therefore, goods exported from Germany will also apply the EU's mechanism of origin declaration.

Specifically, the EU is using the Registered Exporter System (REX System) for EU exporters to register, thereby being able to self-certify the origin of goods under a number of FTAs (including the EVFTA). Each exporter registered and certified by this System will be provided with a unique number (referred to as a REX number). Therefore, German exporters will uniformly use this REX number to self-certify origin of their shipments to meet the EVFTA's ROO when exporting to Vietnam.



ii For goods exported from Vietnam

Vietnam applies both Mechanism of issuance of Certificate of Origin and Origin declaration, specifically:

- For consignments with the total value not exceeding 6.000 euros, any Vietnamese exporter can self-certify origin;
- For consignments with the total value over 6.000 euros, Vietnam reserves the right to continue applying its traditional mechanism whereby exporters must apply for a Certificate of Origin (EUR.1 form) at competent agencies (the Ministry of Industry and Trade and units authorized by the Ministry of Industry and Trade). Vietnam can choose to apply the self-certification mechanism when it deems appropriate and will notify the EU before implementing this mechanism.

Guidance on the Process of issuance of a Certificate of Origin in the EVFTA for Vietnamese goods exported to the EU

The Ministry of Industry and Trade issued Circular No. 11/2020/TT-BCT dated June 15, 2020 stipulating the Rules of Origin in the EVFTA, and providing guidance on certificates of origin in the EVFTA as follows:

- 1 Declaring on www.ecosys.gov.vn for the case of C/O issued by agencies or organizations authorized by the Ministry of Industry and Trade: Pursuant to Point a, Clause 2, Article 19 of Circular 11/2020/TT-BCT, for consignments with the total value over 6.000 euros, the C/O shall be made out by agencies and organizations authorized by the Ministry of Industry and Trade. The procedure for declaring and certifying EUR.1 C/O form is similar to the other C/O forms.
- 2 Declaring on www.ecosys.gov.vn in case of self-certification of origin by enterprises: Pursuant to Point b, Clause 2, Article 19 of Circular 11/2020/TT-BCT, for consignments with total value not exceeding 6.000 euros, any exporter is allowed to self-certify the origin. The reporting and posting of documents of self-certification of origin and documents related to export shipments by enterprises who self-certify the origin shall comply with Clause 6, Article 25 of Circular 11/2020/TT-BCT.

EVFTA commitments on Customs and Trade Facilitation?

The EVFTA has a Chapter on Customs and Trade Facilitation (Chapter 4) and a Protocol (Protocol 2) on Administrative Cooperation between Vietnam and the EU in the field of customs. Commitments on Customs in the EVFTA apply to both Vietnam and the EU (including Germany), with the main contents on simplification and facilitation of import and export procedures, and a number of commitments on specific customs procedures, applicable to all imported and exported goods.

These commitments will help facilitate trade between Vietnam and Germany, and are especially beneficial for small and medium-sized enterprises that often face difficulties in understanding and meeting the customs regulations. Below is a summary of some notable commitments on customs and trade facilitation under the EVFTA:

i General commitments

Regarding import and export procedures and customs, according to the requirements of the EVFTA, Vietnam and Germany shall have to ensure the following general principles:

The customs legislation and procedures of the Parties shall:

- Aim at the protection of legitimate trade and prevention of fraud, illegal or harmful practices;
- Avoid unnecessary or discriminatory burdens on economic operators;
- Provide for further facilitation for operators with high levels of compliance;
- Ensure measures against customs violations: (i) corresponding to the violation; (ii) non-discriminatory and (iii) not unduly delay the release of goods;
- Make sure to review procedures and regulations when possible to speed up the release and clearance of goods;
- Simplify and standardize data and documentation.

General requirements for simplification of customs procedures:

- Simplified customs procedures must be transparent and efficient in order to reduce costs and increase predictability;
- A single administrative document (paper or electronic) shall be used for the purposes of completing the formalities required for placing the goods under a customs procedure;
- Apply modern customs techniques (risk assessment and post-clearance audit methods);
- Promote the development and use of systems for electronic exchange of data between businesses, customs administrations and other related agencies.

ii **Commitments on some specific issues**

Advance Rulings

Upon written request from traders on tariff classification or on any other matter before the goods are imported, the Customs Authorities of the importing country must issue written advance rulings according to the request of traders. Advance rulings must be published (subject to any confidentiality requirements in each Party's laws and regulations), for example on the official website.

Risk management

The Risk management approach is designed based on risk level (focusing on control of high-risk goods only, not all shipments) must be applied:

- In the procedures for inspection and release of goods, post-clearance audit;
- In regards to all requirements and procedures to control import, export, transit and transshipment.

The use of customs brokers is not required

Vietnam and Germany will not require in their respective customs legislation and procedures the mandatory use of customs brokers. However, the two countries will apply transparent, non-discriminatory and proportionate rules when licensing customs brokers.

Appeal Procedures

Vietnam and Germany will provide effective, prompt, non-discriminatory and easily accessible procedures to guarantee the right of appeal against decisions of Customs and other agencies related to the import, export or transit of goods.



NOTE TO BUSINESSES

In recent years, Vietnam's customs has been reformed and has made significant progress to facilitate import and export activities for enterprises. However, compared to other countries, Vietnam's import and export procedures are still not really convenient for businesses. According to the assessment of Doing Business 2020, the Trading across Borders Index of Vietnam only scored 70.8/100 points and ranked 104/190. As for Germany, its Trading across Borders Index is 91.8/100 points, much higher than Vietnam but still lower than the average point of 94.3/100 of other OECD countries, and ranked 42/190.

Therefore, the commitments on customs and trade facilitation in the EVFTA Agreement are expected to create more favorable conditions for import-export activities of Vietnamese and German businesses.

EVFTA commitments on Technical barriers to trade (TBT)?

Technical barriers to trade (TBT) are standards and technical regulations that a country applies to imported goods and/or conformity assessment procedures of imported goods to ensure the compliance with the standards or technical regulations.

Each country has its own TBT system which is developed for many different management purposes (for example, to protect the safety and health of users, and protect the environment...). Requirements such as labeling, packaging, minimum/maximum standards of product quality... are TBT measures. The WTO has a separate agreement on TBT, with provisions to ensure that countries maintain a transparent and reasonable TBT system that does not create disguised barriers.

The EVFTA also has a separate Chapter on TBT (Chapter 5), with commitments to bind Vietnam and the EU (including Germany) in promulgating and implementing TBT measures for goods. The TBT Chapter of the EVFTA emphasizes compliance with the TBT Agreement of the WTO, and also adds some additional principles on how Vietnam or the EU (including Germany) issues and maintains TBTs to limit the abuse of TBT measures to protect domestic production, notably:

More specific requirements for the promulgation and implementation of technical regulations in general

Technical regulations are compulsory technical requirements promulgated by the Government for products (normally in the form of maximum and minimum technical standards allowed for each specific product, specific production process, etc.).

Regarding technical regulations, the EVFTA has its own requirements in comparison to the WTO as follows:

- *Before promulgating technical regulations, the EU/Vietnam must ensure a number of requirements: (i) Considering different management methods, not just legal regulations, endeavoring to assess the impact of regulations, (ii) Using international standards such as ISO, IEC, ITU, Codex when appropriate, in case the application of standards is different from international standards, it is necessary to clarify the difference and explain the reasons why those international standards are inappropriate for its country, (iii) Notifying the Government of the other Party of the proposed regulation and allowing at least 60 days for the other Party to comment;*



- *In the process of implementing technical regulations, the EU/Vietnam must ensure a number of requirements: (i) Reviewing technical regulations when necessary to ensure convergence with relevant international standards, (ii) Regular reviewing standards that are not based on international standards with the aim of increasing compatibility with international standards, (iii) Considering equivalence recognition of technical regulations of the other Party upon request.*

Requirements for technical regulations on Marking and Labeling

Marking and labeling requirements are the most common technical regulations. The EVFTA has a number of specific commitments on TBT related to marking and labeling of goods, notably:

- Mandatory information on labels and marks of goods will only includes information that is relevant to consumers/users; or information about the product's conformity with mandatory technical regulations;
- Except for the public interest, if the goods have met the relevant mandatory standards, it is not required to register or apply for approval of the labels or marks before being circulated on the market;
- It is permissible to attach or supplement labels, in authorised premises in the territory of importing country (for example, in the customs or bonded licensed warehouse at the point of import), but may require keeping (not removing) the original label on products;
- Permitting information in other language in addition to the language required by the importing country, or internationally accepted nomenclatures, pictograms, symbols or graphics, and other information;
- Encouraging the approval of non-permanent labels that are not fixed, can be detached/peeled off from goods or marking or labeling in the accompanying documentation rather than physically attached to the product.

In addition, for non-agricultural goods (except pharmaceuticals), although Vietnam law requires to have information about specific countries of origin, Vietnam committed to allow product labeling "Made in EU" for goods from any EU member state. Therefore, non-agricultural goods imported from Germany can be labeled as above without violating Vietnam's regulations.



Specific requirements on the conformity assessment procedures and market surveillance.

- *Regarding the conformity assessment procedures:* The EVFTA encourages the Parties to recognize the results of conformity assessment conducted by bodies in the other Party and limit inadequacies in conformity assessment procedures.
- *Regarding market surveillance:* The commitment of the EVFTA on market surveillance in the implementation of TBT regulations emphasizes the need to ensure that there are no conflicts of interest between market surveillance bodies and the economic operators subject to control or supervision, between the market surveillance function and the conformity assessment function.

EVFTA commitments on Sanitary and Phytosanitary Measures (SPS)?

Sanitary and Phytosanitary Measures (SPS) are all regulations, conditions and mandatory requirements for imported goods in order to protect the lives and health of people, animals and plants, through ensuring food safety and/or preventing the entry of diseases of plant and animal origin.

As developed countries, EU members (including Germany) pay high attention to SPS measures and set very high standards for imported goods. This is one of the most difficult barriers for Vietnamese goods, especially agricultural products to access the EU market.

The EVFTA has a separate Chapter on SPS (Chapter 6). In addition to emphasizing the responsibility of Parties to fully comply with SPS obligations under the WTO, the SPS Chapter of the EVFTA also adds a number of new commitments, notably:

Uniform application of SPS Measures to goods imported from Vietnam or the EU

The SPS measures shall be applied uniformly to the entire territory of the exporting Party (except for goods from high-risk areas). For Vietnam, this obligation is understood as Vietnam's SPS control procedures for EU imports must be applied uniformly, whether the goods come from the territory of Germany or any other EU member.

However, in case of disease and pest risk, Vietnam or the EU has the right to apply separate SPS measures geographically partitioned according to the level of risk (high risk, low risk, no risk). For example, if the disease is of high risk in France but not in Germany, then Vietnam will only apply restrictive measures to French products but not to products imported from Germany.

Defining competent authorities to manage SPS of Vietnam and the EU

The existence of too many agencies to manage SPS matters leads to overlapping, difficulties in SPS management and making it difficult and costly for businesses. In order to partially solve this situation, the EVFTA has a number of commitments that clearly define the decentralization of SPS management for each Party.



- *SPS Management Agencies of Vietnam*

The Ministry of Agriculture and Rural Development is responsible for the following SPS measures: (i) For imported goods: monitoring, controlling and preventing diseases and pests that negatively affect human, plants and animals and the economy; (ii) For export goods: inspecting, quarantining and issuing a certificate to ensure compliance with SPS of the EU;

The Ministry of Health, the Ministry of Agriculture and Rural Development, the Ministry of Industry and Trade, depending on their functions, are responsible for food safety for human consumption.

- *SPS Management Agencies of the EU and EU Member States*

- ① *For products exported to Vietnam:* Each EU member country will be responsible for monitoring and ensuring that the production process complies with relevant requirements, inspecting and issuing certificates of conformity attesting to compliance with Vietnam's SPS requirements;

- ② *For products imported from Vietnam:* Each EU member country is responsible for checking the SPS conformity of imported goods with the EU's general SPS conditions, while the European Commission is responsible for the overall coordination, inspection/audits of the control systems and related legal systems of the countries in order to ensure the uniform application of the SPS within the EU internal market.

Thus, Vietnamese goods exported to the German market have to comply with the regulations on SPS issued by the EU (uniformly applied in all member countries, including Germany). However, checking the conformity of Vietnamese goods to those regulations will be responsible by the German competent authority.

Exempting from pre-inspection on SPS for export production establishments

A number of agricultural products of Vietnam (eg. Products of animal origin) when exporting to the EU will have to go through a two-step process: (i) the production establishments must be inspected by the EU for SPS purposes and approved for inclusion in the List of production establishments permitted to manufacture products for export to the EU; (ii) each consignment exported to the EU by these establishments will be subject to veterinary controls according to EU regulations.

The EVFTA has a commitment to exempt the inspection procedures by the importing Party for qualified establishments that have been certified by the competent authority of the exporting Party (with specific commitments on the process to be certified), i.e. reducing above step (i).



This commitment will be very beneficial for Vietnamese businesses because if the business is eligible and is on the list of qualified establishments recognized by the competent authority of Vietnam, they will be exempted from the pre-inspection procedures of the EU.

Process for equivalence of SPS measures

Recognition of equivalence is understood as the importing country's recognition that the exporting country's SPS measures are as equivalent as its SPS measures. If a SPS measure is recognized as equivalent, the imported goods will only have to go through the SPS control procedure in the exporting country without having to go through this procedure again when they arrive at the port of import. Thus, equivalence can create great convenience for importers and exporters.

However, in practice, each country/tariff area has great autonomy in deciding its SPS measures, so SPS measures for the same product may be different between countries/regions. Therefore, this recognition of equivalence is often not easy. The EVFTA also does not have any specific commitments to compel this recognition of equivalence, it only mentions a mechanism to facilitate the recognition of equivalence, if any.

Right to apply emergency SPS measures

Under the WTO, importing countries have the right to apply emergency SPS measures to imported foreign goods if necessary.

To avoid the abuse of emergency SPS measures, the EVFTA requires that when a Party has serious concerns about an SPS matter such as a risk to human, animal or plant life or health, it should request consultations with the other Party as soon as possible and provide the necessary information to avoid causing disruption to trade.

However, if necessary, each Party still has the right to apply emergency SPS measures to goods imported from the other Party to protect human health, animals and plants without prior notification. However, the imposition of these urgent measures must be considered to minimize the impact on trade, and the importing Party must notify the exporting country of the measure within 24 hours. Upon request of the exporting Party, the importing Party shall hold consultations regarding the situation within 10 working days of the notification.

EVFTA commitments on trade remedies (anti-dumping, anti-subsidy and safeguard)?

Trade remedies (including anti-dumping, anti-subsidy and safeguard measures) allow an importing country to protect its domestic industry against unfair competition (dumping, subsidized) or massive imports of foreign goods that cause significant or serious injury to the domestic industry. These measures are usually expressed in the form of the imposition of additional duties on the imported goods.

According to WTO regulations, in order to apply trade remedy measures, the importing country must conduct an investigation according to strict process and procedures, in accordance with the principles set out in the WTO Agreements on Anti-Dumping (ADA), Subsidies and Countervailing Measures (CVA), and Safeguards (SG).

In the EVFTA, the Chapter on Trade Remedies (Chapter 3) emphasizes compliance with WTO principles and requirements regarding these measures, and adds a number of new and notable commitments such as: (i) Some specific requirements on procedures, application conditions and applicable tariff rates for anti-dumping and anti-dumping measures; (ii) New regulations on bilateral safeguard measures, some additional requirements for global safeguard measures.

Anti-dumping, anti-subsidy

- *Commitments on process and procedures for conducting anti-dumping and anti-subsidy cases:* Competent agencies of the EU and Vietnam must disclose in writing all information and data used to draw conclusions in cases related to the other Party's products; must allow interested parties sufficient time to make their comments; use English language in exchanging information...
- *New commitments on anti-dumping and anti-subsidy tariff rates:* According to the WTO, the highest applicable anti-dumping and anti-subsidy tariff rates are equal to the dumping/subsidy margin, but the WTO recommends that countries "should not be rigid" and "should" apply a lower tariff rate if it is adequate to remove the injury to the domestic industry (commonly referred to as the "lesser duty" rule). This requirement in the EVFTA is not different from that in the WTO, but emphasizes the obligation to consider the application of "lesser duty". Specifically, instead of just encouraging like the WTO, the EVFTA requires Vietnam and the EU to "make effort to ensure" the application of this rule.



- *Commitments on conditions for application of anti-dumping and anti-subsidy measures:* According to the WTO, in order to apply anti-dumping/anti-subsidy measures, the importing country needs to demonstrate the simultaneous existence of all three conditions: (i) Goods imports are dumped/subsidized by a margin above the minimum; (ii) There is serious injury or threat of serious injury to the domestic industry of the importing country and (iii) There is a causal link between the dumping/subsidy of the imported goods and the injury to the domestic industry. However, according to the EVFTA commitments, even if the above three conditions are demonstrated, Vietnam and the EU shall not impose anti-dumping/anti-subsidy measures if available information from the investigation concludes that the application of such measures is not in the "public interest".

Currently, Vietnam laws on anti-dumping and anti-subsidy do not have regulations about this "public interest" condition. Therefore, in order to fulfill this commitment, after the EVFTA comes into effect, for anti-dumping and anti-subsidy investigations against EU imports, Vietnam has to ensure that the "public interest" is taken into account before applying relevant measures; for the investigation cases against goods imported from other markets, Vietnam does not need to consider "public interest". On the EU side, its related laws already require that "public interest" must be considered when applying anti-dumping and anti-subsidy measures.

The condition of "public interest" in the EVFTA is expected to benefit EU exporters (including Germany) in the event that Vietnam conducts anti-dumping or anti-subsidy investigations because this Article makes the application of anti-dumping/anti-subsidy measures more difficult. Likewise, the interests of Vietnam's importing businesses and groups using imported products will be more considered.

Safeguard

In addition to the global safeguard measures under the WTO, the EVFTA has a new commitment on bilateral safeguard measures which can be used for the first 10 years from the entry into force of the Agreement. Bilateral safeguard measures are only allowed to be applied if imports increase under the effect of tariff reduction of the EVFTA and must ensure compliance with strict requirements as follows:

- *Conditions of Application:* Increased imports from the other Party due to the tariff reduction under the Agreement cause serious injury to the domestic industry;
- *Procedures of Investigation:* In addition to the provisions of the WTO on safeguard investigation, the EVFTA adds the following requirements: (i) Bilateral consultations with the other Party must be made before initiating an investigation; (ii) The investigation period is 01 year; (iii) In special cases, a provisional safeguard measure may be applied during the investigation but not for more than 200 days.



- *Form of safeguard:* Safeguard measures can only be under the following forms (i) temporarily suspending tariff reduction as committed in the Agreement, or (ii) increasing tariff to a level which does not exceed the lesser of: MFN tariff rate at the time of application of the safeguard measure, or the base rate in the Tariff Schedule of the Importing Party.
- *Method of application:* The application period is not more than 02 years, can be extended up to 02 more years; The Party applying the bilateral safeguard measure shall consult with the other Party regarding the compensation within 30 days from the date of application. If, after 30 days of consultations, no agreement on compensation has been reached, the Party against which a safeguard measure has been applied may take a retaliatory measure by suspending tariff concessions but not later than 24 months from the date of the measure being taken.

It should be noted that from the EU's perspective, trade remedy investigations and measures that the EU applies to Vietnamese exports will be implemented throughout the EU territory, regardless of the import of Vietnamese goods into Germany or any EU member state. Likewise, in case Vietnam applies a trade remedy measure to an EU product, the measure will be applied to this kind of product imported from all EU member states, including Germany.

The application of trade remedies by EU and Vietnam

The EU is a frequent user of trade remedies. According to the WTO statistics, from January 1, 1995 (the time the WTO was established) to the end of 2020, the EU initiated a total of 533 anti-dumping cases, 89 anti-subsidy cases and 6 safeguard cases. For Vietnam, the EU initiated 4 anti-dumping cases, 1 anti-subsidy case, and 6 safeguard cases against products such as leather shoes, bicycles, steel pipes, stainless steel fasteners, fiber products... Up to now, the EU has terminated most of the trade remedy measures applied to Vietnamese goods, and is only imposing safeguard duties on some steel products.

On the Vietnamese side, in recent years, trade remedies have been used more frequently. As of October 2021, Vietnam has initiated a total of 16 anti-dumping cases, 1 anti-subsidy case and 6 safeguard cases against imported goods. However, Vietnam has never investigated any products from the EU.

Key EVFTA commitments on Intellectual Property?

The EVFTA has a separate Chapter (Chapter 12) on Intellectual Property (IP). Compared with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the WTO, the EVFTA has a broader scope of regulations and higher standards of protection in some aspects of IP.

Commitments on IP in the EVFTA are divided into 3 main groups, including:

- *Group of general principles:* This group includes principles on (i) Conformity with the WTO: the EVFTA reemphasizes obligations on IP of Vietnam and the EU under the TRIPS Agreement, (ii) Most-Favoured-Nation Treatment (MFN): Vietnam and the EU commit to granting to each other's nationals a level of IPR protection not less than that afforded to nationals of any other third country, with the exceptions as provided in Articles 4 and 5 of the TRIPS Agreement, (iii) Exhaustion: Vietnam and the EU shall be free to establish its own regime for the exhaustion of IPR as long as it is consistent with TRIPS Agreement.

Basically, these principles do not make any major changes to Vietnam's obligations other than the MFN principle, according to which if Vietnam has a higher commitment on IP protection for any other partners in any current FTAs (e.g. the CPTPP) or future FTAs, it also has to extend the commitment to EU partners.

- *Group of commitments on protection standards for each specific object of IP rights:* This group includes commitments on specific protection standards for each of the 08 categories of IP rights (copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit, trade secrets and plant varieties). Many of these commitments basically reiterate the respective contents of the TRIPS Agreement. However, the EVFTA also adds a number of new, specific protection standards for each category of IP rights.
- *Group of commitments related to measures to enforce IP rights:* Basically, the EVFTA requires for stricter enforcement of IPR, specifically: (i) Giving higher authority to enforcement agencies (especially customs and other competent authorities at the border) and to proprietors, (ii) Raising the level of liability and sanctions for those who infringe IPR.

Some of these commitments have a higher standard than Vietnam's current IP regulations, and therefore relevant legal provisions will have to be revised accordingly, thereby affecting related activities of enterprises (both from the perspective of right holders and users of intellectual products).

From the perspective of import and export of goods between Vietnam and Germany, groups of commitments on geographical indications, trademarks, copyright and related rights and measures to enforce IPR protection at the border are assessed to have the biggest impacts that businesses need to pay attention to.

Key EVFTA commitments on Geographical Indications?

Geographical Indication (GI) is a category of IP that the EU has particular interest as it has a lot of products protected in the form of GI. Therefore, the EVFTA has lots of specific commitments on GI which are different from those in other Agreements on Intellectual Property. In addition, GI commitments in the EVFTA also have a specific scope of application, while other IP-related commitments in the EVFTA are applied to all subjects.

The following are key GI commitments of the EVFTA:

- *Regarding the objects of protection:* the commitments on GI in the EVFTA apply only to 03 groups of products originating from the territory of Vietnam or the EU, including: wine, spirits; agricultural products; foodstuffs.
- *Regarding the protection mechanism:* although not mentioning directly, the EVFTA requires the protection of GI under a separate mechanism that is independent of the "trademark" protection mechanism.
- *Regarding the relationship with trademarks:* EVFTA recognizes the right to protect trademarks, even when their names are similar to GI but they had been legally registered and protected before the effective date of the EVFTA or before the date of an application for the protection of such GI submitted to the competent authority.
- *Regarding automatically protected cases:* Annex 12-A, Chapter 12 of the EVFTA lists 169 GIs of the EU and 39 GIs of Vietnam that are committed to protect automatically by the two sides, without going through the procedures for appraisal, notification, complaint, etc.

The EVFTA provides specific rules of protection for these GIs that are protected automatically, for example, Vietnam and the EU must take legal measures for the right holders to:

- Prohibit the use of these GIs for products that do not originate from the geographical area of the listed country of origin, or which originate from the country of origin but are not produced or manufactured in accordance with applicable laws and regulations of the country of origin; Vietnam reserved this obligation for "Champagne" for 10 years from the date of entry into force of the EVFTA;
- Prevent the use of labeling or presentation in a way that confuses consumers about the origin of the product;
- Prevent acts of unfair competition related to GI.



GIS of Vietnam are automatically protected under the EVFTA

- | | |
|---------------------------------|---|
| 1 Phu Quoc - Extract of fish | 21 Trung Khanh – Chestnut |
| 2 Moc Chau - Tea | 22 Ba Den - Custard apple |
| 3 Buon Ma Thuot - Coffee beans | 23 Nga Son - Dried sedge |
| 4 Doan Hung - Pomelo | 24 Tra My - Cinnamon bark |
| 5 Binh Thuan - Dragon fruit | 25 Ninh Thuan – Grape |
| 6 Lang Son - Star aniseed | 26 Tan Trieu – Pomelo |
| 7 Thanh Ha - Lychee | 27 Bao Lam - Seedless persimmon |
| 8 Phan Thiet - Extract of fish | 28 Bac Kan – Mandarin |
| 9 Hai Hau - Rice | 29 Yen Chau – Mango |
| 10 Vinh - Orange | 30 Meo Vac - Peppermint honey |
| 11 Tan Cuong - Tea | 31 Binh Minh – Pomelo |
| 12 Hong Dan – Rice | 32 Ha Long - Grilled chopped cuttlefish |
| 13 Luc Ngan – Lychee | 33 Bac Lieu - Marine salt |
| 14 Hoa Loc – Mango | 34 Luan Van – Pomelo |
| 15 Dai Hoang – Banana | 35 Yen Tu - Yellow Apricot Blossom |
| 16 Van Yen - Cinnamon bark | 36 Quang Ninh – Clam |
| 17 Hau Loc - Shrimp paste | 37 Dien Bien – Rice |
| 18 Bac Kan - Seedless persimmon | 38 Vinh Kim - Star apple |
| 19 Phuc Trach – Pomelo | 39 Cao Phong - Orange |
| 20 Bay Nui – Rice | |



GIS of Germany are automatically protected under the EVFTA

- 1 Bayerisches Bier – Beer
- 2 Lübecker Marzipan – Marzipan
- 3 Nürnberger Bratwürste; Nürnberger Rostbratwürste - Sausage
- 4 Münchener Bier – Beer
- 5 Schwarzwälder Schinken – Ham
- 6 Korn/Kornbrand - Spirit
- 7 Franken – Wine
- 8 Mittelrhein – Wine
- 9 Mosel – Wine
- 10 Rheingau – Wine
- 11 Rheinhessen - Wine
- 12 Genièvre/Jenever/Genever - Spirit

EVFTA commitments on Copyrights, Trademarks, Industrial Designs and Patents?

In comparison with TRIPS and Vietnamese law, the commitments on Copyrights, Trademarks, Industrial Designs and Patents in the EVFTA have some notable new points as follows:

Copyright and related rights

- Within **03** years from the date of entry into force of the EVFTA, Vietnam must accede to **02** WIPO treaties: WIPO Copyright Treaty (WCT) and Performances and Phonograms Treaty (WPPT). In other words, Vietnam will have to meet the standards of protection in these **02** treaties;
- Some detailed regulations on copyright and related rights that are not clearly defined by current law;
- More detailed definition and expanded scope of acts considered to infringe protection of technical measures (PTMs) and Rights Management Information (RMI) than the current regulations of Vietnam;
- Artists' Resale Right in Works of Art may be provided.

Trademarks

- *Regarding the Registration of Trademarks Procedure:* If the registration is refused, the refusal by the competent authority shall be communicated in writing and be duly reasoned;
- *Regarding the trademark database system:* Vietnam will have to build a publicly available electronic database of published trademark applications and trademark registrations;
- *Revocation of a Registered Trademark:* A registered trademark shall be liable to revocation if it has not been put to "genuine" use within a continuous period of five years from the date of registration;
- *Exceptions to the right to use descriptive terms in a trademark registered by anyone else as long as the use is fair and consistent with commercial practice.*



Industrial Designs

- Vietnam must accede to and ensure the implementation of the Hague Agreement Concerning the International Registration of Industrial Designs;
- Objects protected with Industrial designs include not only the overall design of the finished product, but also the design of the component or part of the product if the component or part remains visible during normal use of the latter;
- An industrial design shall also be eligible for protection under copyright;
- Industrial design protection shall not extend to designs dictated essentially by technical or functional considerations.

Patents

- The right to apply the DOHA Declaration to access pharmaceutical inventions for the public interest;
- Obligation to "compensate" an extension of patent protection in case of delays in marketing authorisation procedures for pharmaceutical products.

New commitments in these aspects will increase the level of IPR protection for businesses with IP products, so it is expected to create a safer legal corridor, which helps German manufacturers and exporters feel more secure when doing business with Vietnam. However, for Vietnamese enterprises using IP products, the implementation of such commitments may increase compliance costs.

EVFTA commitments on the enforcement of Intellectual Property Rights?

The EVFTA includes many commitments to enforce IPR which give higher enforcement rights to right holders and enforcement agencies, and increase the level of responsibility and sanctions for those who infringe IPR. In particular, regarding the implementation of civil measures, compared with Vietnamese law, the EVFTA has some notable new commitments as follows:

- *Regarding Provisional Measures applied to prevent an infringement promptly:* Right holders have the right to request the Court to apply provisional measures at any time, even in serious cases, such measures could be applied without notifying the party subject to the measures; The EVFTA also expands the circumstances/cases where provisional measures may be requested;
- *Regarding the obligation to provide evidence of infringement:* the EVFTA specifically defines the cases where the Court is entitled to request the defendant to provide infringing evidences under its control; Even with infringements committed on a commercial scale, the Court may, at the request of one party, require the other party to provide banking, financial or commercial transaction documents under its control.
- *Regarding the right to request information:* The Court has the right to ask the infringer, the alleged infringer or any other person, to provide information that they possess related to the infringer, the means of production and distribution of infringing goods and services;
- *Regarding the Court's rights to infringements after judicial decision:* The Court is empowered to issue an injunction against the infringer and the infringer's service provider to prohibit the continuation of the infringement;
- *Regarding alternative measures:* The EVFTA recommends that Vietnam should allow the application of pecuniary compensation to replace other sanctions, if the infringement is unintentional, negligent and the pecuniary compensation is reasonably satisfactory;
- *Regarding the determination of damage as a basis for compensation:* The EVFTA encourages the distinction of the way of determining the amount of damages between the case where the infringer knows or has reasonable grounds to know that he is infringing and the case where the infringer does not know that he is infringing; may set the damages as a lump sum if appropriate;



- *Regarding the principle of presumption of authorship or ownership:* The EVFTA sets forth rules on presumption of rights, according to which, unless there is evidence to the contrary, the person named on the work will be assumed to be the author.
- *Regarding the participation of customs authorities in the enforcement of IPR at the border:* The EVFTA requires customs authorities to (i) actively participate in preventing IPR infringement, (ii) coordinate with rights holders to enforce IPR at the border.

Although the IPR protection standards in Vietnamese law in recent years have basically been consistent with the TRIPS Agreement of the WTO (and therefore quite similar to the general level of IPR protection in the world), the enforcement of IPR in practice is still limited. This may be due to enforcement mechanisms which are not strong enough to prevent and detect violations, or compensation measures are not big enough, or the infringement management is not strict enough... These facts lead to the dissemination of IPR infringement, and the infringers pay little attention to the consequences of infringing acts. When the EVFTA came into effect, together with the CPTPP, Vietnam's IP enforcement legal system will be forced to change according to its commitments under these two FTAs, with many detailed and specific requirements in the implementation process.

With EVFTA commitments to increase the severity and effectiveness of these IPR enforcement measures, businesses that own IPR will be better protected. At the same time, enterprises carrying out import and export activities between Vietnam and Germany related to goods that are subject to IPR protection will have to pay attention to ensure the full compliance with relevant regulations.

EVFTA commitments on Government Procurement of goods?

In the EVFTA, Vietnam has commitments to open its government procurement market for the EU. Therefore, German companies will be able to access public procurement (goods, services, construction) of Vietnam's entities at central level, and of Hanoi and Ho Chi Minh City.

As of January 2022, Vietnam has only allowed contractors from the EU (including Germany), the UK and CPTPP member countries to access its government procurement packages under the EVFTA, UKVFTA and CPTPP Agreements without depending on the source of capital, only based on the threshold value and the procuring entities.

Regarding the goods procurement, Vietnam committed to allowing German contractors to participate in almost all goods procurement, except for a few sensitive goods that are clearly listed.

In addition, the procurements that are opened to German contractors must also meet many high-level commitments on transparency in bidding procedures and handling complaints, if any. These commitments will create many opportunities for German contractors to be able to access Vietnam's commodity procurement market.



Table
4

Summary of goods procurements that Vietnam opens to German contractors in the EVFTA*

Procuring entities	Procurement type	Minimum procuring value threshold
Listed agencies of 20 central ministries of Vietnam	<ul style="list-style-type: none"> All goods except for some listed ones (such as rice, oil, books, maps, transceivers, etc.) Pharmaceutical products have specific commitments*** 	<p>Until July 31, 2025: 1.5 million SDR (about 48.1 billion VND**)</p> <p>Until July 31, 2030: 1 million SDR (about 32.1 billion VND)</p> <p>Until July 31, 2035: 500,000 SDR (about 16 billion VND)</p> <p>From August 1, 2036: 130,000 SDR (about 4.2 billion VND)</p>
Listed agencies of Hanoi and Ho Chi Minh City 34 Hospitals 02 Corporations 05 Schools, Research Institutes Vietnam News Agency	<ul style="list-style-type: none"> All goods except for some listed ones (such as rice, oil, books, maps, transceivers, etc.) Pharmaceutical products have specific commitments*** 	<p>Until July 31, 2025: 3 million SDR (about 96.2 billion VND)</p> <p>Until July 31, 2030: SDR 2 million (about VND 64.1 billion)</p> <p>Until July 31, 2035: 1.5 million SDR (about 48.1 VND)</p> <p>From August 1, 2036: 1 million SDR (about 32.1 billion VND)</p>

* This table does not include exceptions

** The conversion value from SDR to VND was calculated according to the exchange rate as of October 2021

*** See also Question 17

Specific EVFTA commitments for Pharmaceutical products and medical devices?

Pharmaceutical products and medical devices are a group of goods that the EU in general and Germany in particular have advantages in producing, while Vietnam has strict mechanisms to control the import and circulation of these products. Therefore, the EVFTA has a number of specific commitments (besides tariffs) that only apply to pharmaceutical products and medical devices, specifically:

Technical standards

Vietnam and the EU committed to developing technical regulations for pharmaceutical products and medical devices based on relevant international standards, practices and guidelines, unless it is scientifically proven that these standards, practices, and guidelines are inappropriate or ineffective for the fulfilment of the legitimate objectives pursued.

Marketing authorization procedure

Vietnam committed to abolishing the requirement of a minimum period of existing authorization in the EU, prior to the submission of a request for marketing approval in Vietnam, and abolishing any additional requirements relating to clinical studies going beyond those stipulated in international practices (in particular the practice of The International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use - ICH).

Transparency

Vietnam and the EU committed to transparency in legal documents, regulations, criteria and procedures related to pricing, price listing, reimbursement or management of pharmaceutical products and medical devices.



Business rights

Vietnam committed to allowing foreign-invested enterprises to import pharmaceutical products that have been licensed for circulation in Vietnam. However, these enterprises are not allowed to engage in wholesale or retail of imported pharmaceutical products, but may only resell them to distributors or wholesalers authorized to distribute pharmaceutical products in Vietnam. These enterprises are also allowed to build warehouses to store imported pharmaceutical products, to conduct clinical/testing studies to ensure that the pharmaceutical products are suitable for domestic consumption in Vietnam in accordance with the regulations of the Ministry of Health of Vietnam, to introduce information about imported pharmaceutical products to medical staff in accordance with regulations of the Ministry of Health or other competent authorities of Vietnam.

Intellectual property

- *Commitment to compensating for delay in marketing authorisation:* The EVFTA recognizes that a patented pharmaceutical product before being put on the market is generally subject to an administrative authorisation procedure. The EVFTA requires that in case the marketing authorisation is unreasonably delayed (more than 2 years from the date of application for the marketing authorisation), making the normal commercial exploitation period of the patented pharmaceutical product shortened (due to the expiration of the patent protection period), the patent owner will get a compensation in the form of an extension of the duration of the patent protection right in one of the two ways: (i) The reasonable time for granting a marketing authorization is 02 years, if it takes more than 02 years, then the excess time will be compensated but not more than 2 years; or (ii) the extension period is equal to the period from the date of application to the date of the first marketing authorization minus 05 years, but the duration of extension shall not exceed 05 years, and may be extended for another 6 months in specific cases;
- *Commitment to protecting exclusive data:* Commitment not to disclosing and protecting confidential information and data submitted to competent authorities for a pharmaceutical marketing authorization within at least 05 years, no other applicant for the same pharmaceutical product can rely on that information and data to apply for a marketing authorization unless permitted by the person who submitted the information and data before.

Note that EVFTA commitments on IP in general and related to pharmaceutical products in particular will be generally applied to pharmaceutical products from all sources, not just from the EU or Vietnam.



Government procurement

Vietnam committed to allowing German contractors to participate in pharmaceutical product procurement of 34 hospitals and a number of agencies at the central level and in 02 cities (Hanoi and Ho Chi Minh City) of Vietnam. However, Vietnam also has some reservations as follows:

- Set aside a certain share of public procurements of pharmaceutical products for domestic pharmaceutical enterprises, this share will gradually decrease over a transitional period (from 100% for the first two years of entry into force, 65% for year 3-9, 60% for year 10-15, 50% from year 16 onwards);
- Exclude public procurements that purchase only one type of pharmaceutical product with a value of less than 130,000 SDR (about 4.2 billion VND);
- Reserve public procurements associated with distribution rights (EU contractors, after winning the procurement, must select enterprises with the right to distribute pharmaceutical products in Vietnam to deliver medicines to hospitals).

Compared with previous FTAs, the EVFTA is the FTA that Vietnam has the most specific commitments related to pharmaceutical products towards creating favorable conditions for the import, distribution and protection of pharmaceutical products. As a major pharmaceutical supplier of the EU as well as of the world, German pharmaceutical manufacturers as well as Vietnamese enterprises importing pharmaceuticals from Germany are expected to benefit from these commitments.

Specific EVFTA commitments for automobiles, motorcycles and components?

The EVFTA also has some specific commitments (besides tariffs) for means of transport (automobiles, motorcycles and components). Specifically, Annex 2-B - Motor Vehicles and Motor Vehicles Parts and Equipment under Chapter 2 of the EVFTA sets out a number of provisions on specific non-tariff measures for motor vehicles and motor vehicles parts and equipment, most of which are commitments on TBT.

Specifically, according to Annex 2-B under Chapter 2, Vietnam and the EU committed to:

- Recognizing that the UNECE regulations are international standards sufficient to ensure safety, or protection of the environment and human health in the area of motor vehicles and motor vehicles parts and equipment;
- Refraining from introducing new domestic TBT regulations different from UNECE standards unless it can be demonstrated from a scientific and technical perspective that the UNECE standards are inappropriate or ineffective – and in this case must ensure the obligation of notification, justification and periodical review of the different standards;
- Vietnam committed to recognizing certifications made according to the principles of the UNECE Agreement 1958 (a system of standards adopted by the United Nations Economic Commission for Europe) issued by the EU for certain types of motor vehicles and motor vehicles parts and equipment. The EU also committed the same to the certification issued by Vietnam after Vietnam joined UNECE 1958.

Vietnam has not been a member of the UNECE Agreement 1958, so Annex 2-B contains a number of commitments that apply only to Vietnam, for example:

- Encourage Vietnam become a Contracting Party to the UNECE 1958 Agreement;
- Vietnam committed to accepting whole motor vehicles of category M11 (according to UNECE's definition) that have a valid UNECE International Whole Vehicle Type Approval certificate issued by the EU as compliant with Vietnam's domestic technical regulations (without further testing requirements). The importer of that type of vehicle will have to submit the above Certificate for the first time of import into Vietnam;
- From the 5th to the 12th year, Vietnam committed to accepting the valid whole vehicle EC Certificate of Conformity, etc.



Germany is one of the world's leading automobile manufacturers and exporters with many famous brands such as Mercedes, BMW, Audi, Porsche... Vietnam's TBT commitments for automobiles in the EVFTA will make it easier for German automobiles to access the Vietnamese market. Therefore, together with the EVFTA commitments on tariff reduction for German automobiles entering Vietnam, these TBT commitments will open up great opportunities for Germany to increase exports of this key product to the Vietnamese market in the near future.



PART II

TAKING ADVANTAGE OF THE EVFTA TO
IMPORT GOODS FROM GERMANY TO VIETNAM



02

What are notable characteristics of the German market for Vietnamese exporters?



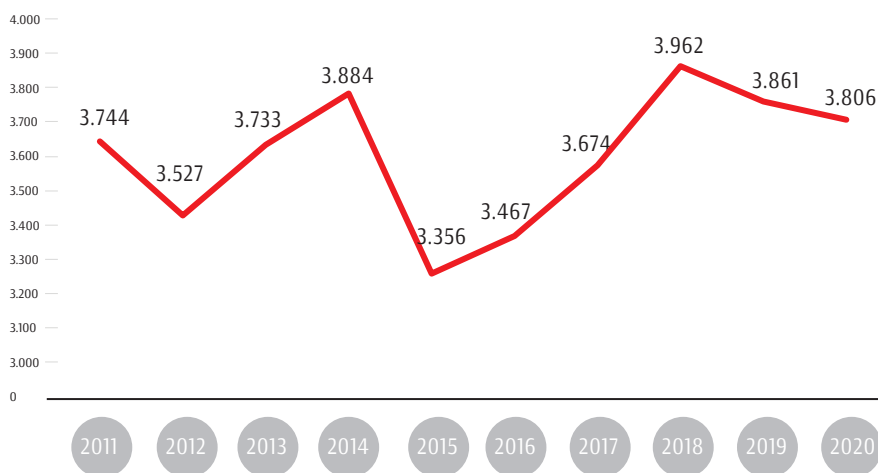
Market size

Germany is the largest economy in Europe and the 4th largest in the world. According to the World Bank, in 2020, Germany's GDP reached USD 3.806 billion (only after the US with GDP of USD 20,937 billion, China with USD 14,723 billion, Japan with USD 5.065 billion). GDP also represents the purchasing power of an economy, and so it's not surprising that Germany is one of the most attractive markets for any exporters.

Figure 1 Germany's GDP in the period of 2011-2020

1

Unit: USD billion



Source: The World Bank, 2021

Over the past decade, Germany's GDP fluctuated unevenly and increased slightly from USD 3.744 billion in 2011 to USD 3.806 billion in 2020. In the past two years, the GDP of this economy decreased due to many reasons, including the impact of trade tensions between major economies (EU - US, US - China...), the influence from the UK's departure from the EU, and especially the outbreak of the COVID-19 pandemic since 2020. In the period of 2011-2020, the average annual growth rate of Germany's GDP was 1.39%, higher than that of the EU's GDP in the same period (0.72%).



Germany's economy is quite stable and has major macroeconomic indicators such as inflation rate, unemployment rate remain at low levels. During the period of 2011-2020, the average inflation rate of Germany was 1.64% and the average unemployment rate was 4.47%.

Germany is one of the developed countries with a relatively large population - about 83.2 million people – ranking 19th in the world and 2nd in Europe in 2020 (World Bank). Germany is also a high-income country in the world with GDP per capita reaching USD 45,724/year in 2020, ranking 16th in the world (Statisticstimes.com). As a result, German consumers have a high level of affordability for consumer goods.

Import and Export

Germany is a country located in Central Europe sharing borders with 9 countries, stretching from the Alps, across the North European Plain to the North Sea and the Baltic Sea, with an area of 349,380 km² (ranking 7th in Europe). With such a favorable geographical position, Germany's trade is well developed, accounting for 81.1% of the country's GDP (World Bank, 2021).

In Germany, people speak many different languages, besides their mother tongue, up to 56% of the German population uses English, in addition to French, Russian, Turkish, etc. This has also created favorable conditions for Germany in international trade.

For many years, Germany has maintained its position as the world's 3rd largest exporter and importer of goods (after the US and China). According to ITC Trademap, in 2020, Germany's total import and export turnover reached USD 2,550 billion (accounting for about 67% of Germany's GDP), of which exports reached USD 1.378 billion and imports reached USD 1.172 billion.

Germany has a leading manufacturing industry of the world, and although Germany can self-supply a part, it still has a high demand for imports of manufacturing products such as machinery and equipment, raw materials, fuel... besides the demand for importing consumer goods. Below is a summary of the main imported products of Germany in 2020.



Table
5 Main imported products of Germany in 2020

No	Main import products of Germany	Import turnover in 2020 (USD billion)	Proportion in import turnover
1	Chapter 84: Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	149.87	12.79%
2	Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	149.32	12.74%
3	Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	123.18	10.51%
4	Chapter 27: Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	77.80	6.64%
5	Chapter 30: Pharmaceutical products	65.80	5.62%
6	Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	42.73	3.65%
7	Chapter 39: Plastics and articles thereof	41.96	3.58%
8	Chapter 29: Organic chemicals	37.81	3.23%
9	Chapter 71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	29.23	2.50%
10	Chapter 73: Articles of iron or steel	21.94	1.87%

Source: ITC Trademap, 2021



For agricultural products, although not in the top 10 of Germany's most imported products, their import value of Germany is still significant. In 2020, Germany is the EU country that imports the most fresh and processed fruits and vegetables (USD 23.1 billion), tea - coffee - spices (USD 4 billion), processed seafood (USD 1.65 billion), honey (USD 274 million USD), etc. (Trademap ITC).

Characteristics of German consumers?

According to Eurostat, Germany's population in the age group with high consumption needs (15 to 65 years old) accounts for about 65% ~ 54 million people in 2020. This is the group that determines consumption trends in Germany. 77,4% of the population lives in urban areas, and the cities of Berlin, Hamburg, Munich and Cologne are the most populated.

The average monthly gross income of households in Germany amounted to EUR 4,846, and Germans have an average per capita purchasing power of EUR 23,766 in 2020 (gfk.com, 2021). German consumers have diverse shopping habits and high demands for essential goods (such as food, clothing, footwear, cosmetics, sports equipment) as well as leisure and luxury products (such as jewelry, vehicles...).

Main consumer products

According to Santandertrade, German consumers spend up to 23.6% of their total spending on housing, water, electricity, gas and other fuels, 14.7% on transport, 10.7% on food and non-alcoholic drinks, 6.8% on furnishings, household equipment, 4.8% on clothing and shoes... Thus, the majority of spending on goods by German consumers is for essential products such as food - clothing - accommodation. Although the consumption structure is not too different from the general situation in the world, consumers in Germany tend to consume goods of higher quality and price than many other markets.

Table 6 Popular consumer products and services of German consumers

Sector	Percentage
Housing, water, electricity, gas and other fuels	23.6%
Transport	14.7%
Food and non-alcoholic drinks	10.7%
Culture and leisure	9.2%
Furnishings, household equipment, everyday maintenance of the house	6.8%
Hotels and restaurants	5.5%
Health	5.2%
Clothing and shoes	4.8%
Alcoholic beverages, tobacco and narcotics	3.2%
Communication	2.9%
Education	0.9%
Various goods and other services	12.7%

Nguồn: Santandertrade, 2021

Shopping methods

German consumers are still shopping both in-store (at supermarkets, grocery stores, discounter...) and online (on online stores, e-commerce platforms...). In particular, online shopping has become more and more popular in this country, especially since the COVID-19 epidemic appeared, consumers have tended to switch from in-store shopping to online shopping in order to reduce face-to-face interaction. In fact, Germany is currently one of the largest and the most dynamic online shopping markets in Europe and in the world with 80% of German consumers purchasing online (gtai.de). In addition, in Germany, there is a trend of ROPO (Research Online, Purchase Offline) - consumers research products online and then go to a brick-and-mortar store to buy those products.



Consumer trends

Germany is known as one of the most demanding markets in the world. German consumers are often very selective, conservative and loyal to familiar brands. About 60% of consumers are willing to buy the same brand several times (Santandertrade, 2021). Therefore, Germans often prefer to use local and national products or products originated in the European region. However, German consumers are becoming more open to international goods as e-commerce makes cross-border purchase easier.

When shopping, especially for consumer durable goods, German consumers often research features, origin of goods, and similar products instead of just caring about the price. They are willing to pay a higher price to get a product with higher quality. For these types of products, consumers will prefer to go to the store to check the products, rather than shopping online. In contrast, for everyday products, Germans are likely to care more about price, and they often purchase online because it is easier to compare prices... In addition, Germans are paying more attention to sustainable consumption. They tend to use more humanistic products (such as products made by the disabled, social enterprises...), or organic products, products made from natural ingredients, using less energy quantity...

Factors affecting consumption habits

Advertising media and social media have increasingly influenced consumption trends. Germans use social media as a useful tool to learn about products, and comments on social networks can significantly influence the purchasing decisions of German consumers. According to Eurostat, in 2020, 95% of Germany's population used the Internet, and 87% of them purchased goods and services online.

Another factor that also affects the general consumption trend in Germany is immigrants in Germany that are currently making up 14.3% of Germany's population. According to data from Statista.com, in 2020, there were about 2.46 million Asians living in this country (accounting for 22% of the total number of foreigners in Germany), of which the Vietnamese community in Germany is about 103,620 people. This population also has a certain influence on German consumption habits, because for this population, imported goods are considered more attractive than domestic goods.

What are the characteristics of the German distribution system?

Goods distribution channels

In Germany, goods are retailed through many different channels, from grocery stores, department stores, discount stores, to markets, supermarkets, hypermarkets, shopping malls, etc., - the current largest retail channels are: discount stores, supermarkets and department stores. According to the German Retail Business Federation, in 2019, German discount stores recorded the highest net turnover with EUR 74.5 billion, followed by supermarkets with EUR 51.2 billion, department stores with EUR 18.5 billion, and hypermarkets with EUR 17 billion.

Table 7 German distribution system

Type	Features	Popular brands
Department stores	Non specialized department stores Located in the city center.	Kaufland, Karstadt, Kaufland
Shopping malls	Located in the city center Bringing stores together on areas of 10.000m ² to 50.000m ² .	Arcaden, Passagen, Carré
Textile department stores	Large stores specialized in textiles.	Peek&Cloppenburg, H&M, C&A
Specialized department stores	Specialized department stores: for example electronics, DIY (Baumarkt)	Saturn, Media-Markt, Conrad Electronic, Bauhaus, Obi, Hellweg
Supermarkets	Located in the city center Specialized in foodstuffs.	Kaiser, Edeka, Rewe



Loại hình	Đặc điểm	Các thương hiệu phổ biến
Beverage market	Located in the city center Specialized in beverages	Fristo, Hol'ab
Organic supermarkets	Located in the city center Specialized in organic products	LPG-Biomarkt, Bio-Company, Naturkostladen
Markets	Fruit and vegetable markets, in the city center Open air or covered markets.	Markthalle, frische Märkte
Small local shops, grocery stores	Located in the city center Often selling regional specialties (Turkish, Italian, Greek).	Verdi
Discounter	Located in the city center and on the outskirts.	Lidl, Aldi, Netto
Cash & Carry	Hypermarkets and fresh produce markets reserved for professionals.	Métro, Frische Paradies, Beussel Market

Source: Santandertrade, 2021

The system of distribution stores in Germany usually exists in both forms: traditional stores and online stores, in which the online form has increasingly developed.

Especially since the appearance of the COVID-19 pandemic, the trend of online consumption has also increased, which is reflected in the increasing number of online shopping orders and email orders. As a result, more and more retailers are turning to omni-channel sales strategy - both maintaining direct retail channels and developing e-commerce channels. Almost 40% of retail businesses in Germany now have an online shop on e-commerce platforms (Centurionlgplus.com). In 2020, e-commerce sales in Germany reached EUR 73 billion, increased by nearly 23% compared to 2019.



Currently, the largest e-commerce platforms of Germany are: Amazon, eBay, eBay Kleinanzeigen, Otto, Zalando, Notebooksbilliger, Cyberport, Bonprix, Idealo, MediaMarkt, Lidl, Thomann and Saturn... Foreign suppliers can access these channels to sell directly to German consumers (cross-border sales). The data shows that cross-border online shopping has become increasingly popular in Germany in recent years. According to a 2019 PwC study, around 70% of online shoppers in Germany ordered from abroad.

Goods import channels

Imported goods can reach the German market through a variety of channels depending on the type of product, financial considerations as well as other factors such as market size, demand and sales potential in the long-term...

Below are some popular channels for importing foreign goods into Germany:

- *Through a commercial presence in Germany:*

Foreign companies establishing commercial presences (establishing foreign-invested enterprises, business cooperation contracts, establishing branches, representative offices, etc.) in Germany to carry out the importation, distribute to agents/stores, or sell directly to consumers. This is an effective way to access a market, but it is only suitable for companies that export in large quantities and want to develop in the long-term in the German market. The reason is that the establishment of a commercial presence requires more capital investment than other forms, the establishment procedure also takes more time and costs.

- *Through import partners in Germany:*

Importing partners can be purchasers for their own use (industrial equipment; raw materials for production...) or commercial importers.

German importers are mainly wholesalers, distributors, or intermediaries who import goods for redistribution (e.g. to stores, shops, supermarkets). Goods imported through these importers are usually small machinery and equipment, common industrial supplies and consumer goods). This is the main form of import to the German market.

- *Through online shopping channels:*

Foreign suppliers can also sell goods directly to buyers in Germany through e-commerce platforms such as Amazon, eBay, etc. This form has become more and more popular in Germany to purchase international goods, however, this form is only applicable to consumer products.



In summary, German import and distribution channels are quite diverse with many options. Therefore, when exporting goods to the German market, Vietnamese exporters should consider carefully all relevant factors to choose the most appropriate import and distribution channels for their products.

Procedures for importing goods into Germany?

As a member of the EU, Germany basically applies the same processes and procedures for importing goods as the EU.

The process of importing goods into the EU is detailed at the **European Commission's Access2Markets Portal** (<https://trade.ec.europa.eu/access-to-markets/en>), with the specific link address: <https://trade.ec.europa.eu/access-to-markets/en/content/guide-import-goods>.

In addition, the website of the German Customs (<https://www.zoll.de/EN>) at: https://www.zoll.de/EN/Businesses/Movement-of-goods/Import/import_node.html also regulates the import process.

(It should be noted that the links mentioned in this section are for reference only and may be changed. In any case, businesses can directly access the Access2Markets Portal and the website of the German Customs to find information).

Below is a summary of the steps for importing goods from non-EU countries into Germany:

Step 1 Preparation for import

Registering EORI Number - Economic Operators Registration and Identification number

In order to import and export goods into and out of the EU, individuals/enterprises of the EU are required to use the EORI number as an identification number in all customs procedures when exchanging information with the EU's Customs administrations. Each economic operator only has an EORI number, valid throughout the EU territory. Thus, in order to import goods from Vietnam into Germany, the importer must register an EORI number and must declare the EORI number on all customs declarations.

The EORI number is assigned upon request and free of charge by the General Directorate of Customs' Master Data Management office in Dresden (GZD - DO Dresden - Stammdatenmanagement). However, from October 1, 2019, importers can register or change recorded data via the Portal for citizens and corporate customers at www.zoll-portal.de.

For detailed information on the procedure for requesting an EORI number, see the link: https://www.zoll.de/EN/Businesses/Movement-of-goods/Import/Duties-and-taxes/EORI-number/eori-number_node.html.



Determining the import category of goods

Not all goods are allowed to be imported into Germany, and not all goods imported into Germany have the same import mechanism. In fact, for a number of reasons, Germany may impose import bans/restriction regulations on certain countries, individuals/organizations and goods.

Therefore, before importing goods into the German market, importers need to determine the import category of their goods to determine the corresponding procedures. Some goods are banned/restricted from import, or subject to special control, so Vietnamese exporters and German importers need to pay special attention.

What goods are imported into Germany subject to import restrictions or special controls?

Goods banned from import

Similar to other countries, the EU/Germany also bans the import of some goods that are likely to affect national security, human life and health, environment, culture... List of goods banned from import to Germany can be found at: <https://crossborder.fedex.com/us/assets/prohibited-restricted/germany/index.shtml>. Goods on this list will not be allowed to be imported into the German market.

Prohibited/restricted imports from certain countries or specific organizations/individuals

For a number of reasons such as foreign or security policies, Germany may implement measures that prohibit or restrict the import of goods from certain countries (commonly known as embargoes), or from certain organizations/specific individuals (often called sanctions).

The list of embargoed countries is detailed at:

https://www.zoll.de/SharedDocs/Boxen/EN/Hintergrund/0016_list_of_embargoed_countries.html?nn=204780&faqCalledDoc=204780. Vietnam is not on this list.

The list of organizations/individuals subject to sanctions is detailed at:

https://www.zoll.de/SharedDocs/Boxen/EN/Hintergrund/0017_list_of_individuals_and_organisations.html?nn=205762&faqCalledDoc=205762. Currently, there are no Vietnamese organizations/individuals on this list.



Goods subject to special control (specialized inspection, import license, etc.)

Goods imported into Germany, depending on different types, can be controlled in different forms, for example:

- *Fruits and vegetables:* Need to comply with the limit level of pesticide residues, microorganisms and impurities, have the Phytosanitary certificate, comply with labeling requirements...
- *Seafood:* Need to comply with the limit level of antibiotic residues, pesticide residues, and contaminant residues for seafood, meet labeling requirements, have Sanitary Certificate, must be caught legally...
- *Textiles and Garments:* need to meet the General Product Safety Directive (GPSD), comply with regulations on chemicals restricted from use in the textiles, comply with labeling requirements... and some specific products (children's clothing, protective clothing...) need to comply with additional regulations.

Vietnamese exporters need to carefully learn about the specific import regulations and requirements on their goods to meet and obtain relevant certificates when exporting to Germany, through which the importer can complete the relevant import procedures.

Step 2 Classification of goods

Determining the classification of goods (HS code) is a very important step in determining the import tariff on that good. It should be noted that, World Customs Organization (WCO) developed the 6-digit HS code and it is harmonised across most countries in the world. Countries can further classify goods by adding longer codes to the first 6 digits. Therefore, national HS codes may vary from country to country. Most countries add 2 or 4 numbers (forming an 8-digit, 10-digit HS code).

Vietnam currently uses 8-digit HS code under the ASEAN Harmonized Tariff Nomenclature (AHTN). Meanwhile, Germany applies the EU's combined nomenclature (CN) (8-digit) for the purpose of imposing import tariffs, and the 11-digit code for the purpose of imposing VAT and some other measures.

Therefore, when exporting goods to Germany, Vietnamese exporters need to determine the HS code of the goods according to the German HS system (11 digits) which is different from the Vietnamese HS code (08 digits). Thus, it should be based on the description of the goods to determine the accurate classification. If businesses are unsure of their classification, they can contact German Customs for assistance in pre-determining the HS code of their goods.



Structure of Germany's HS System

Germany uses the HS System detailed up to 11 digits as follows:

- **The first 6 digits:** Based on WCO's Harmonized System (HS). The WCO's HS system is used uniformly by 183 countries and territories that are members of this Organization, including Vietnam and the EU.
- **The 7th and 8th digits:** Based on the EU's HS System, called the Combined Nomenclature (CN), published in the EU's Official Journal in October every year. This is an 8-digit HS system, which is applied uniformly throughout the EU for members to use as a basis for building their national HS System (more detailed up to 10-11 numbers). The EU also uses this CN System in international trade negotiations on tariffs.
- **The 9th and 10th digits:** These two numbers are prescribed under the Integrated Tariff of the European Communities (TARIC) for the purpose of coding goods for the EU's import management measures such as anti-dumping measures, duty suspensions, tariff quotas, etc.
- **The 11th digit:** The 11th number is used for classification of goods for national purposes, such as used for determining VAT or German import bans or restrictions.

Example about the structure of Germany's HS System for Children's books with HS code 4901 9900 00 9:

Code number	Formal structure
49	Chapter - harmonised system
4901	Heading - harmonised system
4901 99	Subheading - harmonised system
4901 9900	Subheading - combined nomenclature
4901 9900 00	Subheading - TARIC/Community use
4901 9900 00 9	Code number - Electronic customs tariff/national use

Businesses can learn more about the German HS System at the website of German Customs (https://www.zoll.de/EN/Businesses/Movement-of-goods/Import/Duties-and-taxes/Normal-customs-clearance/Customs-Tariff/customs-tariff_node.html) by following the link: https://www.zoll.de/EN/Businesses/Movement-of-goods/Import/Duties-and-taxes/Normal-customs-clearance/Customs-Tariff/customs-tariff_node.html



It is noted that, although the Germany's HS System details up to 11 numbers, the determination of tariffs for goods imported into Germany only needs to be based on the first 8 numbers. The reason is that the EU applies a uniform tariff system across the EU and this system is detailed to only 8 numbers (according to CN). Tariff commitments of the EU in the EVFTA are also based on the 8-digit HS code. The detailing of HS to 10 digits according to TARIC or 11 digits is not for tariff classification but for other purposes. Therefore, on import declaration, German importers still have to declare up to 11 digits, but determine the import tariff according to the first 8 numbers.

In addition, for certificates of origin (in case goods are subject to EVFTA tariff preferences), only the first 06 numbers of the HS code of the goods need to be provided because the ROO in the EVFTA are only detailed up to 06 numbers. Currently, because Vietnam has not yet applied the origin self-certification mechanism in the EVFTA, the Vietnamese exporter needs to apply for a Certificate of Origin (EUR.1 form) at a competent authorities of Vietnam for goods exported to Germany and send it to the German importer to enjoy the EVFTA tariff preference.



Step 3 Determining tariffs, duties and fees

Import tariffs

After determining the HS code of a product according to the Combination Nomenclature – CN of the EU (8 digits), the importer can identify the import tariff rate applicable to that product.

For Vietnamese goods imported into Germany, there are 03 tariff options, each corresponding to a specific tariff rate and condition, specifically:

- *MFN tariff*: This is the tariff rate that Germany applies to goods from WTO member countries. This tariff rate is decided by the EU in compliance with its commitments in the WTO. Vietnam is a WTO member, so its goods can be applied MFN tariff when importing into Germany without having to meet any conditions (such as Certificate of Origin);
- *GSP tariff*: This is the preferential tariff rate that the EU (including Germany) unilaterally grants to some developing and less developed countries (including Vietnam). Not all Vietnamese goods are eligible for the EU's GSP preferential tariff. At the same time, goods that want to enjoy GSP tariff must meet the GSP ROO prescribed by the EU. However, it should be noted that the GSP tariff mechanism will only be applied within 2 years from the effective date of the EVFTA, that is, from August 1, 2022 onwards, Vietnamese goods will not be subject to the GSP tariff of the EU;
- *EVFTA preferential tariff*: This is the preferential tariff rate of EU member countries for goods originating from Vietnam (since the EVFTA took effect from August 1, 2020). The preferential tariff rate is determined by the EU, but in no case should be higher than the level committed in the EVFTA. To enjoy the preferential tariff rate under the EVFTA Agreement, Vietnamese goods must meet the EVFTA's rules of origin and origin procedures.

Businesses can look up the tariffs applicable to their goods on the website of the European Commission's Access2Markets Portal at: <https://trade.ec.europa.eu/access-to-markets/en/home>

Other taxes and duties

Goods imported into Germany are also subject to other taxes such as:

- *Excise tax*: Certain types of goods are subject to excise tax when imported into the German market, for example cigarettes, alcoholic beverages (spirits, beer, sparkling wine), mineral oil, energy products... This is the tax that applies only to goods imported into Germany, not a general EU tax;



- *Value Added Tax (VAT)*: Goods imported into Germany are subject to VAT, standard VAT is 19%, some goods are subject to a reduced VAT of 7%, for example agricultural products, food, pharmaceuticals, etc. This is the tax that applies exclusively to goods imported into Germany, not a general EU tax;
- *Anti-dumping, anti-subsidy and safeguard duties*: Some imported goods are investigated by the EU and imposed anti-dumping, anti-subsidy or safeguard duties. This is an unified tax of the EU, goods that are subject to such measures whether imported into Germany or any EU market will be applied these taxes.

Step 4 Transportation, Customs declaration and clearance for the shipment

All commercial goods transported from non-EU countries, including Vietnam, to Germany will have to make a declaration to the German Customs - the competent authority on release of goods imported into the EU at the first border gate in the territory of Germany.

Customs procedures for importing into Germany include the following steps:

- *Declaring the Entry Summary Declaration (ENS)*: The ENS must be lodged at the first customs office of entry to the EU. The deadline for lodging ENS based on the mode of transport, for example at least 01 hour before arrival for transport by road, at least 24 hours before loading commences in the foreign port for transport by maritime containers, at least 4 hours before the goods arrive at the first airport in the customs territory of the EU for long haul flight of 4 hours or more, etc.;
- *Declaring Import Declaration*: After the goods arrive, the importer must declare the Import Declaration, also known as the Single Administrative Document (SAD) – which is used uniformly by all member states of the EU. The SAD can be presented by: (i) Using an approved computerised system linked to Customs authorities; or (ii) Lodging it with the designated Customs Office premises. When carrying out customs procedures, the importers must use their EORI number;
- *Checking import documents*: German Customs will check whether the required import documents are sufficient and valid (see details below);
- Physical inspection of means of transport and goods, if necessary;
- Collecting import tariffs, taxes and other fees.



Mandatory import documents

For normal goods, documents that an importer must present to the German customs office include:

- Commercial invoice;
- Packing List;
- Bill of Lading (sea waybill – B/L, air waybill – AWB...);
- Certificate of Origin (C/O): to enjoy GSP or EVFTA tariff preferences, the corresponding C/O must be submitted.

For goods subject to special control, in addition to the above documents, businesses will have to submit to German Customs a number of mandatory documents depending on each type of goods, such as:

- CE-marking certification for some goods such as toys for children under 14 years old; household refrigerators and freezers; gas fuel burning equipment; machines; medical equipment; measuring tool; electrical equipment...;
- CITES certification for the import of animal samples (live or not), samples of plants and other parts thereof, or samples of products of animal or plant origin;
- Certificate of fumigation, issued by the phytosanitary agency of the exporting country, applies to a number of goods with high risk of containing harmful germs (termites, molds, etc.) such as wooden products (rattan products, handicrafts...), some organic products (coffee, pepper, cashew ...) or goods packages derived from wood (pallets)...;
- Health, Sanitary and Phytosanitary certificates for a number of products such as vegetables, fruits, seafood...

After the importers submit all the required documents for their consignments, pay all tariffs, taxes and fees and the goods are checked without problems (if the goods are physically inspected), goods shall be released and cleared by German Customs. During the process of customs clearance, imported goods will be stored in Temporary storage under Customs supervision (no more than 90 days) until the goods are cleared.

After being cleared and released, imported goods will be freely circulated in Germany and all EU member territories.

Current status of Vietnam's goods exports to Germany?

Export turnover

For many years, Germany has maintained as one of the most important export partners of Vietnam in the EU market in particular and in the world in general. In 2020, Germany was the 2nd largest export market in the EU and 7th in the world of Vietnam. According to the General Department of Vietnam Customs, Vietnam's exports to Germany grew strongly in the period of 2010-2020 with export turnover nearly tripling, from USD 2.37 billion in 2010 to USD 6.64 billion in 2020 (Figure 2). The average growth rate of Vietnam's exports to Germany in the 2010-2020 period is 12.8%. However, compared with the average growth rate of Vietnam's exports to the world during this period of 21.8%, the growth rate of Vietnam's exports to Germany is still quite low.

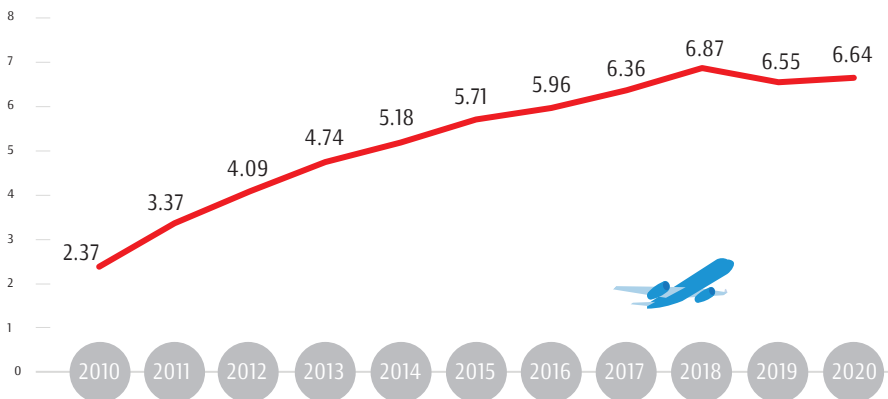
In the EU region, Germany is Vietnam's largest export market, accounting for nearly 20% of Vietnam's export turnover to this bloc. This is partly due to the great purchasing power of the German market, and partly because Germany is the gateway for Vietnamese goods to other markets in Europe.

Figure

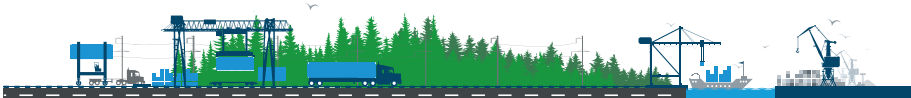
2

Vietnam's exports to Germany in the period of 2010-2020

Unit: USD billion



Source: General Department of Vietnam Customs





For Vietnam, in terms of ranking, Germany was the 7th largest export market of Vietnam, but in terms of market share, exports to Germany only accounted for 2.4% of the total export turnover to the world of Vietnam in 2020. The main export partners accounting for large market shares in Vietnam's export turnover are still the US, China, Japan, and South Korea.

For Germany, Vietnam ranked 23rd in the list of Germany's importing countries in 2020, and Germany's import turnover of goods from Vietnam accounted for only 1% of the total import value of this country. The main reason is that Germany currently imports mostly from EU member states, China, the US, and Japan. Despite having a low share of Germany's total imports, Vietnam still held the 4th position among Asian countries (after China, Japan, and South Korea) that Germany imports the most in 2020.

Main export products and market share

The main export products of Vietnam to the German market (in 2020) were electrical/mechanical machinery, footwear, clothing, coffee, fruit, and furniture (see Table 8 for details).

Among the products mentioned above, Vietnam was in the top 5 largest exporters to Germany for 4/10 products. However, for each of these products, the import proportion of Vietnam is still relatively small in Germany's total import from the world (only footwear and coffee account for a relative share of German imports).

Vietnam's main competitors for the above products in the German market are EU countries, Turkey, the US, China, and some other developing countries such as India, Indonesia, Bangladesh, Cambodia.



Table
8 Top 10 products that Germany imported the most from Vietnam in 2020

No	Vietnam's Products	Germany's Import Value in 2020 (USD million)	The proportion in Germany's total imports of the product from the world	Top 5 import countries of Germany for the product
1	Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	3,505.33	2.35%	China, Poland, Hungary, Czech Republic, The US
2	Chapter 64: Footwear, gaiters and the like; parts of such articles	2,131.07	17.08%	China, Vietnam, Italy, Indonesia, Netherlands
3	Chapter 84: Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	1,207.02	0.81%	China, The US, Czech Republic, Italy, Poland
4	Chapter 62: Articles of apparel and clothing accessories, not knitted or crocheted	922.50	5.08%	China, Bangladesh, Turkey, Vietnam, Italy
5	Chapter 61: Articles of apparel and clothing: accessories, knitted or crocheted	572.05	3.02%	China, Bangladesh, Turkey, Italy, Cambodia
6	Chapter 09: Coffee, tea, maté and spices	429.51	9.68%	Brazil, Vietnam, Honduras, Italy, Switzerland
7	Chapter 42: Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	320.83	7.69%	China, Italy, India, Vietnam, France



TAKING ADVANTAGE OF THE EVFTA TO IMPORT GOODS FROM GERMANY TO VIETNAM
Current status of Vietnam's goods exports to Germany?

No	Vietnam's Products	Germany's Import Value in 2020 (USD million)	The proportion in Germany's total imports of the product from the world	Top 5 import countries of Germany for the product
8	Chapter 08: Edible fruit and nuts; peel of citrus fruit or melons	304.28	2.42%	Spain, Italy, The US, Turkey, Netherlands
9	Chapter 94: Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	274.94	1.31%	China, Poland, Czech Republic, Italy, Austria
10	Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	247.15	0.58%	The US, China, Switzerland, Japan, France

Source: ITC Trademap, 2021

Main competitors of Vietnamese goods in Germany?

Germany's largest import partners

EU member states: Because Germany is an EU member, the exchange of goods between this country and other EU members has always remained high. In 2020, EU members made up 8 of Germany's top 10 import partners (Table 9) - this is also because 7/8 of those members (except Italy) share borders with Germany. Currently, Germany's import value from these 7 neighboring countries accounts for 34.7% of the country's total imports.

China, the US: Apart from EU member countries, these are the only two non-EU countries listed in the top 10 of Germany's largest import sources in 2020. In which, import value from China was USD 133.15 billion (accounting for 11.36%) and from the US was USD 77.34 billion (accounting for 6.6%).

Germany's largest import partners currently dominate this country's import market for the majority of goods. These are the main competitors of Vietnam when exporting to the German market.

Table
9 Top 10 importing countries of Germany in 2020

No	Import partners	Import value (USD billion)	Proportion in Germany's total imports
1	China	133.15	11.36%
2	Netherlands	89.83	7.67%
3	The US	77.34	6.60%
4	Poland	66.73	5.70%
5	France	64.51	5.51%
6	Italy	61.67	5.26%
7	Switzerland	52.36	4.47%
8	Czech Republic	49.80	4.25%
9	Austria	44.31	3.78%
10	Belgium	39.33	3.36%

Source: ITC TradeMap, 2021

Partners enjoying Germany's tariff preferences

Besides Vietnam, the EU is currently applying the GSP mechanism and/or having FTAs with many other countries and regions in the world. Those partners also receive incentives when exporting to the EU like Vietnam although the incentives may vary among partners. Thus, their goods can create more competitive pressure for Vietnamese goods than other partners that are not subject to any EU's tariff preferences when accessing the German market.

FTA partners

By the end of 2021, the EU had a total of 42 FTAs in force, 2 signed FTAs waiting for approval, and 5 FTAs under negotiation. In terms of partners, there are 79 countries and territories that have FTAs in force with the EU. Thus, goods from these 79 partners when exported to the German market will enjoy preferential tariffs under the FTA with the EU.

However, it should be noted that these FTA partners are mainly in Europe and the Americas. For the Asian region, the EU has only 12 FTA partners, of which there are only 2 countries in Southeast Asia including Vietnam and Singapore.

Table 10 EU's FTAs and FTA Partners

No	FTAs	Partners
1	42 FTAs in force	<ul style="list-style-type: none"> • 12 partners in Asia (Japan, Korea, Singapore, Vietnam...) of which only 2 partners in ASEAN - Singapore and Vietnam • 18 non-EU partners in Europe (Iceland, Norway, Switzerland, Turkey, Ukraine, Liechtenstein, UK...) • 18 partners in Africa (Algeria, Botswana, Eswatini, Mozambique, South Africa, Zimbabwe...) • 27 partners in the Americas (Mexico, Colombia, Ecuador and Peru, Chile, Canada...) • 4 partners in Oceania (including: Solomon Islands, Samoa, Papua New Guinea, Fiji)
2	2 signed FTAs waiting for approval	14 partners in West Africa



No	FTAs	Partners
3	5 FTAs under negotiation FTA Australia – EU FTA China – EU FTA Indonesia - EU FTA New Zealand – EU FTA Philippines - EU	Australia, New Zealand, China, Indonesia, Philippines

GSP Partners

GSP is a preferential tariff mechanism that the EU unilaterally grants to developing and least-developed countries. The EU currently applies 03 different GSP mechanisms to a total of 67 economies, including:

- i EBA (Everything But Arms) for least developed countries (LDCs) which can benefit from duty-free (0% duties) or quota-free when accessing the EU market for all products except arms and ammunition;
- ii Standard GSP for low and lower-middle income countries which are granted a partial or full removal of customs duties on two thirds of tariff lines. Vietnam is currently enjoying this GSP mechanism and will end from August 1, 2022 due to the coming into force of the EVFTA;
- iii GSP+, the special incentive arrangement for sustainable development and good governance which will reduce tariffs to 0% for the same tariff lines as in the case of Standard GSP for beneficiaries accepting additional sustainability requirements (it is based on application).

Unlike FTAs, GSP is a unilateral preferential mechanism of the EU, so the EU can change the beneficiaries and conditions to enjoy GSP at any time, depending on its policies in each period. Furthermore, the preferential tariffs in the case of the standard GSP are usually lower than the preferential tariffs under the FTA. However, tariff reduction under the GSP mechanism could still create certain advantages for products of beneficiary countries when accessing the EU market in general and the German market in particular.

Currently in ASEAN, Cambodia, Laos, and Myanmar are enjoying EBA of the EU, while Vietnam (until July 31, 2022) and Indonesia are subject to the standard GSP of this region. The remaining countries in ASEAN except Singapore (which already has an FTA with the EU) when exporting to Germany are not eligible for any preferential tariff rates other than the WTO's MFN rate.

Advantages and disadvantages of Vietnamese exports in the German market?



Advantages

Germany is the main export market in Europe for many key export products of Vietnam such as footwear, clothing, vegetables and fruits, seafood, coffee, furniture, etc. Although most of Vietnam's products are accounting for only a small share in Germany's total import turnover, their export growth rate to this market is increasing. Currently, many Vietnamese goods have acquired a certain position in the German market.

In the coming time, Vietnam's exports to Germany are forecasted to continue to grow thanks to favorable factors such as:

- The number of Asians in general and Vietnamese in particular living, working and studying in Germany has been increasing in recent years. These consumers tend to use a lot of Asian products, including Vietnamese products;
- German consumers are also more and more open to using Asian products in general and Vietnamese ones in particular. They are willing to use products imported from developing countries if the products have reliable origin, good quality and competitive price. Meanwhile, Vietnam has many strong products that German consumers have high demand or are increasing demand for, such as furniture, garments, shoes, coffee, tropical fruits and vegetables...;
- Vietnamese products have increasingly high quality and are gradually conquering tough markets, including the EU market in general and Germany in particular... Many large Vietnamese enterprises have invested methodically and long-term for the production and export of high-standard goods for export to developed markets, with high requirements on product quality and design. Vietnam is also focusing on attracting high-tech investment in potential underdeveloped industries such as vegetables and fruits, seafood, etc. to improve the quality of export products;
- Vietnam is one of the few countries in Asia (Japan, Korea, Singapore...) that has an FTA with the EU, so Vietnamese goods have an advantage over competitors from many countries in the region when enjoying preferential tariffs as well as other advantages from the EVFTA. Moreover, when Vietnam implements commitments on labor, environment and sustainable development in the EVFTA (which is designed according to EU standards), Vietnam's exports can partly meet requirements of German consumers who are increasingly interested in "sustainable" products - products that meet the standards of environmental and labor protection.



- Under negative impacts of the COVID-19 pandemic, the German economy has been seriously affected, leading to a decrease in the income of a part of consumers. This leads to an increase in demand for more affordable products from developing countries like Vietnam, especially for essential goods such as food, clothing, shoes, etc. Meanwhile, Vietnam has the strength to produce these products and their prices are usually lower than that from developed countries. In addition, Vietnam's products have the advantage of lower tariffs thanks to the EVFTA, thus, they will have many opportunities to increase market share in Germany in the coming time.

Disadvantages

- EU/Germany's mandatory import requirements on food hygiene and safety, technical standards, labelling, packaging, etc. are very strict and more difficult to meet than other export markets of Vietnam. Sanctions for violations of import regulations are also very strict. Goods found to be in violation of mandatory German import requirements are at risk of being returned or destroyed. In some cases, if the frequency of violations is high (a number of times in a certain period of time), Germany can apply stricter control measures such as increasing the frequency of inspection, applying import ban for a period of time, etc.;
- German consumers have very high requirements on the quality, design, brand, reputation... of imported products. These requirements are often much higher than that of consumers in many other exporting markets of Vietnam like China, ASEAN countries, and even in some other EU members. Meanwhile, some Vietnamese products still have limitations in quality, design and brand. In addition, the German consumers are increasingly interested in sustainable consumption, choosing products that are friendly to the environment and the society, etc. Therefore, German importers often require imported products to have additional certificates (which are not mandatory import regulations) such as certificates of food safety, social certificates, green labels, eco-labels, etc. These requirements take more time and cost for Vietnamese enterprises to meet, thereby also reducing their interest in the German market;
- Germany has a long geographical distance from Vietnam, so the cost of transporting and preserving goods exported to this market is often high, leading to increased product prices and difficulty in competing with goods from countries near Germany. Especially during the COVID-19 period, the rising costs of transportation and logistics made Vietnam's exports to German market significantly affected;
- The level of competition in the German market is relatively high. Up to now, the EU has had a total of 42 FTAs in force with 79 partners, and granted GSP preferential mechanism for 67 developing and least-developed countries. In addition, Vietnam's export goods also have to compete fiercely with Chinese goods - the country that exports the most to Germany. China and many countries enjoying preferential tariffs of the EU have similar export product structure to Vietnam, leading to a high level of competition.

Opportunities from EVFTA for exporting Vietnamese goods to the German market?



Opportunities from tariff reduction

One of the biggest opportunities that the EVFTA brings to Vietnam's exports to the German market is from the commitment on preferential tariffs of the EU (including Germany). Before the EVFTA came into effect, when exporting to Germany, although Vietnam enjoyed tariff preferences under the EU's GSP mechanism, not all products are eligible for tariff reduction and most of the GSP tariff rates applied are not as preferential as those under the EVFTA. Moreover, GSP is a unilateral preferential mechanism, the EU can stop or adjust the tariff preferences and conditions for enjoying them at any time, while the EVFTA tariff commitment is a reciprocal commitment between Vietnam and the EU, so they are more stable and predictable.

In addition, the preferential tariff rate that the EU gave Vietnam in the EVFTA is also the highest level of tariff commitment that Vietnam has achieved from an FTA partner up to now (the percentage of tariff elimination to the end of the schedule is up to 99.2%, the remaining products also enjoy tariff quotas). The key export products of Vietnam that are considered to have the most opportunities from the EVFTA's tariff reduction commitments when approaching the German market are Footwear (Chapter 64), Clothing (Chapter 61.62), Seafood (Chapter 3), Plastics (Chapter 39), Fruits and nuts (Chapter 08) because the EU (including Germany) currently maintains relatively high MFN and GSP tariffs on these products.

The EVFTA is even more meaningful for Vietnam's exports in the way that many of Vietnam's main competitors in Asia and ASEAN in the German market have not yet had an FTA with the EU.

Opportunity from reduction of production costs, improvement of competitiveness

In the EVFTA, Vietnam also committed to eliminating tariffs for a lot of raw materials and machinery imported from EU member states, including Germany, for domestic production. This is a great opportunity for manufacturing and exporting enterprises that use a lot of imported materials and machineries to buy such inputs from Germany at better prices (currently Vietnam is still maintaining high MFN tariff rates for many of these products).



In addition, Germany is known as the world's leading source of technology, modern machinery and equipment. Therefore, after the EVFTA came into effect, Vietnamese enterprises have a great opportunity to import the best quality machinery and equipment for production at a much lower price than before. Thereby, businesses can improve the production process, increase productivity and product quality, as a result improving the competitiveness of Vietnamese goods compared to other competitors in the region.

In addition, Vietnam has also made a lot of commitments in the fields of services and institutions that can help manufacturing and exporting enterprises save production costs, thereby improving their competitiveness. For example:

- Commitments to opening markets for services supporting production such as finance (insurance, banking, securities), telecommunications, logistics... at a higher level than those under the WTO. This will create higher competition in these fields and give opportunities for manufacturing enterprises to access these services with better quality and more reasonable prices.
- Commitments to promoting a competitive environment, modern trade methods, and business support (competition, e-commerce, small and medium-sized enterprises...) will help enterprises, especially small and micro enterprises, to improve competitiveness, better access to customers.

Other opportunities from the reduction of non-tariff barriers

Commitments on non-tariff measures of the EU (including Germany) for Vietnamese goods such as transparency and facilitation of customs clearance and release procedures, exemption from SPS inspection procedures for Vietnam's qualified production facilities, facilitation of equivalent recognition for Vietnam's SPS measures, encouragement of the recognition for Vietnam's TBT conformity assessment, etc. will make it easier for Vietnamese goods to access the German market.

Opportunities from commitments on protection of geographical indications

The EU's commitment to protect 39 Geographical Indication (GIs) of Vietnam will help these GI products when accessing the German market be protected automatically without going through a complicated protection application procedure. German consumers generally prefer products protected by GIs and are willing to pay higher prices. Therefore, Vietnamese enterprises exporting these products are expected to enjoy more advantages.



EVFTA opportunities for Vietnamese footwear products

Vietnam is the third largest footwear exporter in Asia and the fourth largest in the world. Notably, the number of footwear exported from Vietnam is only behind China. Every year, Vietnam exports more than 1 billion pairs of shoes of all kinds to hundreds of countries around the world.

The EU market accounted for the largest proportion of Vietnam's total footwear exports - 22% of Vietnam footwear export turnover in 2020. Of which, exports to Germany accounted for 23.5% of Vietnam's total footwear export turnover to the EU (The General Department of Vietnam Customs, 2020).

Germany is currently one of the largest footwear consumption markets in the world. In 2018, Germany ranked 7th among the countries with the highest consumption of this product with a total of 451 million pairs, equivalent to 2% of global footwear consumption (worldfootwear.com, 2019). The demand for footwear imports of Germany has also increased in recent years, from USD 8 billion in 2010 to USD 12.44 billion in 2020 (ITC Trademap, 2021).

According to ITC Trademap, before 2013, Vietnam's footwear exports to Germany only grew slightly, because Vietnam was not eligible for GSP preferential tariffs and also subject to anti-dumping duties up to 10% in the period of 2006-2009. From 2014 onwards, Vietnam's footwear export turnover to Germany increased continuously, reaching USD 2.12 billion in 2020. This impressive export figure helped footwear become one of major export products of Vietnam to Germany, and helped Vietnam occupy the second position behind China among Germany's largest footwear importers in 2020.

With the EVFTA, Vietnamese footweares exported to Germany were eliminated 37% of tariff lines at entry into force of the Agreement (August 1, 2020). Of which, there are many key footwear products exported from Vietnam to Germany such as sports footwear (tennis shoes, basketball shoes, gym shoes, etc.). The remaining 63% of the footwear tariff lines will be eliminated after 3, 5 or 7 years. This will be a huge advantage for Vietnam's footwear compared to other major competitors such as China (subject to an average MFN tariff rate of 9.95% in 2021), or Germany's GSP beneficiary countries such as Indonesia (subject to an average GSP tariff rate of 5.99%).



EVFTA opportunities for Vietnamese apparel products

Germany is known as the EU's largest import market for apparel products (clothing from Chapters 61 to 63 in the HS System) with increasing import demand. According to ITC Trademap, German imports of apparel products increased from USD 36.17 billion in 2010 to USD 48.73 billion in 2020, with the average import growth rate of this period being 3.43%. In particular, in 2020, despite being affected by the COVID-19 pandemic, Germany's apparel imports still recorded an impressive growth of 12% compared to 2019.

For Vietnam, apparel is a key production and export industry, for which the EU in general and Germany in particular are the main export markets. In the past, despite being imposed a relatively high tariff (MFN or GSP) by Germany, Vietnam's garment exports to Germany still maintained a good growth rate. According to ITC Trademap, Vietnam's garment exports to Germany in the period of 2010-2020 nearly doubled, from USD 673 million in 2010 to USD 1.71 billion in 2020 with the average growth rate of this period being 10% - much higher than that of Germany's apparel imports from the world of 3.66%.

In the coming time, with the implementation of the EVFTA, Vietnam's export of garment products to Germany is expected to continue to grow when enjoying advantages from the Agreement. Specific benefits that the EVFTA may bring to Vietnam's garment products include:

Benefits from tariff reductions: Germany currently maintains relatively high MFN and GSP tariffs on Vietnamese apparel products. Specifically, in 2021, Germany's average tariff rate of MFN on apparel products is 11.27% and that of GSP is 9.02%. According to the EVFTA, the EU/Germany committed to eliminate 196/418 (equivalent to 47%) of tariff lines for Vietnamese apparel products at entry into effect of the Agreement (August 1, 2020). The remaining lines (about 53%) will be eliminated after 3, 5, or 7 years. This is a very high commitment that an FTA partner has ever granted for Vietnamese garment products, which creates a great competitive advantage for Vietnamese garment manufacturers compared to competitors from non-FTA partners as well as from GSP partners of the EU.

Benefits from Cumulation of Origin: Besides preferential tariffs, Vietnam's apparel products also achieve a relatively favorable commitment on rules of origin in the EVFTA – the cumulation of fabric from a third party. Specifically, the main rule of origin for garment products in the EVFTA is "fabric forward", which allows Vietnam to import fibers from third countries. Although this rule is strict compared to the "cut and sew" rule of many previous FTAs, but compared to the "yarn forward" rule of the CPTPP, this is still an easier condition to meet.



In addition, the EVFTA also allows the cumulation with fabric imported from Korea for garments. Specifically, fabric originating in Korea (a country that has an FTA with the EU) will be considered as originating in Vietnam when such fabric is used as a material for processing or manufacturing in Vietnam for garments under Chapter 61, 62 when exporting to the EU. Currently, Vietnam has also imported a fairly large amount of fabric from Korea for the garment industry, so this is also a very favorable commitment for garment products to meet the EVFTA rules of origin.



EVFTA opportunities for Vietnamese coffee beans

Germany is known as the largest coffee consumption market in Europe. According to Eurostat, in 2019, Germany accounted for 26% of the total European coffee consumption with an average of 6.5kg/person/year (higher than the European average of 5.2kg/person/year). In addition, Germany is also the largest importer of green coffee beans (ungrounded coffee) in Europe. In 2019, Germany's imported green coffee beans reached 1.1 million tons, equivalent to 2.3 billion euros, accounting for 34% of the total imports of this product of the whole Europe.

Meanwhile, according to the World Coffee Organization, Vietnam is the second largest coffee growing and producing country in the world after Brazil with an output of 29 million bags (60kg/bag), accounting for 17% of total coffee globally in 2020. Vietnam is also the 5th largest coffee exporting country in the world with export turnover reaching USD 1.98 billion in 2020 (ITC Trademap, 2021).

With the advantages of Vietnam's coffee production and Germany's large coffee consumption demand, for many years, Vietnam has always been one of Germany's biggest coffee suppliers. However, Vietnam's coffee exports to Germany were not stable and tended to decrease in recent years. Specifically, Vietnam's coffee bean exports in the period 2010-2017 fluctuated with an increasing trend, from 286 million USD in 2010 to 567 million USD in 2017, but then decreased continuously to 385 million USD in 2020. However, Vietnam is still the second largest exporter of coffee beans to Germany (after Brazil) in 2020.

Benefits from tariff reduction: The EU is currently applying the average MFN and GSP tariff rates for Vietnamese coffee beans of 4.15% and 2.4%, respectively. In the EVFTA, the EU committed to eliminate 100% of the tariff lines for coffee beans imported from Vietnam at entry into force of this Agreement on August 1, 2020.

Benefits from protection of Geographical Indication: In the EVFTA, Germany committed to protect 01 geographical indication of Vietnam's coffee, that is **Buon Ma Thuot Coffee**. This will help increase the value and brand name of this product when exported to Germany.



EVFTA opportunities for Vietnamese fruit and vegetable products

Vietnam is known as a country with many advantages in the production and export of tropical, subtropical and temperate vegetables and fruits. Currently, Vietnam has about 120 types of vegetables and hundreds of types of fruits. Thanks to advances in science and technology, more and more out-of-season vegetables and fruits of Vietnam are grown and harvested, not only meeting the needs of domestic consumption but also serving for export. According to the General Department of Vietnam Customs, Vietnam's fruit and vegetable exports had a strong increase in the 2010-2020 period, from USD 460 million in 2010 to USD 3.27 billion in 2020, with the average growth rate for this period of 30.1%.

Meanwhile, Germany is a country with large and stable demand for fruit and vegetable products, and increasingly prefers tropical fruit and vegetable products. Germany has a year-round import demand and its imports are increasing as German consumers tend to shift to trying and consuming exotic fruits and vegetables from non-EU regions. According to Statista.com, in 2020, Germany imported about 126,000 tons of pineapple and more than 98 thousand tons of mango and guava.

Although Vietnam's vegetables and fruits exported to Germany are not much, the export turnover has grown well over the years. According to the General Department of Vietnam Customs, Vietnam's fruit and vegetable exports to Germany increased from USD 5.8 million in 2010 to USD 19.9 million in 2020 with the average growth rate of this period being 12.8%/year. Some of Vietnam's fresh fruit and vegetable products that are favored by EU people as well as German consumers are: mango, pineapple, dragon fruit, passion fruit, rambutan... With certain advantages and benefits from implementation of the EVFTA, Vietnam's fruit and vegetable exports to Germany are expected to grow more in the future.

The benefits that EVFTA brings to Vietnam's fruit and vegetable industry include:

Benefit from tariff reduction: Vegetables and fruits are one of the product groups that the EU/Germany still maintains relatively high MFN and GSP tariffs. The average MFN and GSP tariff rates applied by the EU to Vietnam's vegetables and fruits are 13.17% and 9.33%, respectively. In the EVFTA, the EU had a relatively high level of commitment to eliminate tariffs on fruit and vegetable products from Vietnam, specifically:

- Eliminate tariffs on 514/547 fruit and vegetable tariff lines (equivalent to 94%) at entry into force;
- Eliminate ad valorem tariff at entry into force, but still keep the absolute tariff for 24/547 tariff lines (equivalent to 4%);



- Reduce tariff gradually to 75 EUR/ton from 2025 onwards (for Bananas, excluding leaf bananas, fresh (HS code 08039010));
- Apply tariff quotas on 03 products (8/547 tariff lines) including garlic, sweet corn, mushrooms, with the tariff rate in the quota of 0%.

Benefits from protection of Geographical Indication: Of the 39 geographical indications of Vietnam that are automatically protected under the EVFTA, 20 are of fruits and nuts, including:

- | | |
|--------------------------------|---------------------------------|
| 1 Doan Hung - Pomelo | 11 Ba Den - Custard apple |
| 2 Binh Thuan - Dragon fruit | 12 Ninh Thuan - Grapes |
| 3 Thanh Ha - Lychee | 13 Tan Trieu - Pomelo |
| 4 Vinh - Orange | 14 Bao Lam - Seedless persimmon |
| 5 Luc Ngan - Lychee | 15 Bac Kan - Mandarin |
| 6 Hoa Loc - Mango | 16 Yen Chau - Mango |
| 7 Dai Hoang - Banana | 17 Binh Minh - Pomelo |
| 8 Bac Kan - Seedless persimmon | 18 Luan Van - Pomelo |
| 9 Phuc Trach - Pomelo | 19 Vinh Kim - Star apple |
| 10 Trung Khanh - Chestnut | 20 Cao Phong - Orange |

Vietnamese fruit and vegetable products protected by geographical indications will have the opportunity to increase their value and brand when approaching the German market.



FTA opportunities for Vietnamese seafood products

Germany is a market with relatively stable demand for seafood products, with salmon, fish fillets and shrimp being the most consumed in Germany. In 2020, Germany's per capita seafood consumption was 5 kg/person/year, increased from 14.3 kg/person/year in 2019 (Statista.com, 2021). Germany is also one of the largest seafood importers in Europe, its seafood imports are mostly from non-European countries (75%) of which 59% from developing countries. In 2020, Germany's import turnover of seafood from developing countries reached USD 1.4 billion with the main imported products being fish fillets (USD 542 million), processed and preserved fish (USD 402 million), shrimp products (USD 122 million), other crustaceans (USD 223 million) (cbi.eu, 2021).

Meanwhile, Vietnam is a developing country with strengths in producing a variety of seafood, of which frozen shrimp, tuna, and squid are the most exported items to Germany. However, Vietnam's seafood export turnover to Germany in recent years is still limited, not commensurate with the potential of Vietnam's seafood and the needs for seafood of the German market. Specifically, Vietnam's export turnover to Germany reached USD 209 million in 2010, however, in the later period it fluctuated and decreased to only USD 189 million in 2019. In 2020, due to the impact of the COVID-19 pandemic, the turnover of Vietnam's seafood export to Germany was only 180 million USD (General Department of Vietnam Customs, 2021).

However, with the implementation of the EVFTA Agreement, Vietnam's seafood will have the opportunity to increase exports to the German market thanks to the following outstanding benefits:

Benefit from tariff reduction:

The EU/Germany currently maintains relatively high MFN and GSP tariff rates on seafood products imported from Vietnam. Specifically, Germany's average MFN and GSP tariff rates in 2021 on Vietnamese seafood products are 11.9% and 7.26%, respectively. In the EVFTA, the EU/Germany committed to eliminate tariffs for seafood products imported from Vietnam as follows:

- 50% of the tariff lines are eliminated at entry into force of the Agreement;
- The remaining of 50% tariff lines will be eliminated after 3, 5 or 7 years;
- Particularly for canned tuna and fish balls, tariff quotas are applied with 11,500 tons/year and 500 tons/year, respectively.



Benefits from Cumulation of Origin:

The EVFTA allows the cumulation of squid and octopus originating in ASEAN. Specifically, squid and octopus materials (under HS codes of 030741 and 030751) originating from an ASEAN member that has an FTA with the EU will be considered as originating in Vietnam when determining origin for processed squid and octopus products (under HS codes of 160551 and 160555) exported to the EU (including Germany). Although currently in ASEAN, only Singapore has an in-effect FTA with the EU, in the future if the EU signs FTAs with other ASEAN countries where Vietnam also imports a lot of seafood materials such as Indonesia, Thailand, and Malaysia, Vietnam will also benefit from this cumulation mechanism.

Benefits from protection of Geographical Indication:

Of the 39 Vietnamese Geographical Indications that are automatically protected in the EVFTA, there are 02 seafood products: **Ha Long Grilled chopped cuttlefish and Quang Ninh Clam**. This automatic geographical indication protection under the EVFTA will help the above seafood products when exported to the German market have the opportunity to increase their brand and product value.

Challenges from the EVFTA for Vietnam's exports to the German market?

Besides opportunities, the EVFTA also poses some challenges for Vietnam's exports, including:

Challenges in meeting rules of origin to enjoy preferential tariffs

In order to enjoy the EVFTA tariff preferences, Vietnam's export products must meet rules of origin of the Agreement. However, a lot of inputs for production of Vietnam's enterprises are still dependent on imported sources, especially from China and some other Asian countries. Therefore, meeting the EVFTA rules of origin may be a big challenge for Vietnamese businesses to grasp the opportunities from tariff elimination under the EVFTA.

Risk of increasing trade remedy measures

The EU is a frequent user of trade remedies for imported goods from abroad and Vietnam. In the coming time, with the advantage of tariff reductions under the EVFTA, Vietnam's goods exports to the EU are expected to increase, leading to the increase in the risk of facing trade remedies cases initiated by the EU domestic manufacturing industries.

In addition, the EVFTA also allows EU's domestic producers to use an additional trade remedy measure - the bilateral safeguard measure in the period of 2020-2030 if the EVFTA tariff incentives lead to the massive import of goods from Vietnam into the EU, threatening to cause serious damage to EU domestic industries. Therefore, with the EVFTA, besides the common risks of anti-dumping, anti-subsidy, and global safeguard measures, Vietnamese goods exported under the EVFTA preferential tariff mechanism also face an additional risk of being imposed a bilateral safeguard measure.

It should be noted that trade remedies in the EU are implemented uniformly throughout the territory of this tariff area. Therefore, trade remedy risks for Vietnamese goods exported to Germany may not arise from an initiation of German manufacturers but from any manufacturers in any EU member state if they feel threatened by competitive pressure from Vietnamese goods.



Challenges in increasing costs for businesses from commitments on intellectual property, labor, and sustainable development in the EVFTA

To implement commitments on labor, environment, and sustainable development in the EVFTA, Vietnam is likely to tighten legal regulations and law enforcement on protecting workers' rights and the environment for sustainable development... This may increase costs for Vietnamese enterprises in general, and especially for sectors where production and consumption may have negative impacts on workers and the surrounding environment...

Other challenges

Besides the challenges associated with the EVFTA, Vietnam's exports to Germany may also face other challenges, especially non-tariff measures (NTMs).

NTMs is the term used to refer to all measures other than tariffs that countries apply to goods moving across borders. In principle, these measures are applied to realize the legitimate management objectives of each country (protecting human and animals' health and life, protecting the environment, etc.) However, in many cases, NTM can be abused as a form of restricting imports.

The EU's NTMs are generally applied to all imported goods (not just goods from Vietnam) and are not related to the EVFTA. However, the EVFTA tariff reduction can be a catalyst to promote the increase of EU's NTMs, causing Vietnamese exports to face additional or stricter requirements.

EU non-tariff measures frequency ratio

The EU is one of the most common users of NTMs in the world. According to the World Bank's 2018 survey data, the EU has the frequency ratio of using NTMs (the percentage of imported products that are subject to at least one NTM) of 93.88%, significantly higher than many other developed countries such as Australia (61.80%), USA (61.52%), Japan (61.20%), and much higher than the average ratio of 43.04% of the 75 countries surveyed.

The NTMs that the EU has used the most are labeling requirements, product inspection requirements, product quality and performance requirements, product certification requirements, etc.

The groups of items with the highest frequency ratio of NTM application when imported into the EU are textiles and clothing, animal, vegetables, hides and skins, chemicals, food products, footwear, plastic products, etc. These are also popular export products of Vietnam.

How to take advantage of the EVFTA to increase exports of Vietnamese goods to Germany?

Solutions to take advantage of opportunities from specific commitments of the EVFTA

To take full advantage of the benefits from the EVFTA to export goods to Germany, Vietnam's businesses need to carefully study all the relevant contents of the EVFTA:

- *Learning about the EU's tariff commitments* for Vietnam in Appendix 2-A-1 of Chapter 2 - National Treatment and Market Access for Goods.

However, it should be noted that according to the EVFTA, the EU is allowed to open its market for a product (reduce or eliminate tariffs) more or faster than the level of commitment in the Agreement. Therefore, to know the exact preferential tariff rate that the EU (including Germany) applies to each Vietnamese product, it is necessary to check the EU regulation on EVFTA tariffs each year. To do that, Vietnam's exporters can use the following tools and sources to search for different types of tariffs (MFN, GSP, EVFTA) that the EU/Germany applies to Vietnam's products (see also Question 39):

- i EU's Market Access Database: <https://trade.ec.europa.eu/access-to-markets/en/home;>
- ii MacMap of the International Trade Center (ITC): [http://www.macmap.org/;](http://www.macmap.org/)
- iii WTO's Tariff Analysis Tool (TAO) : <https://tao.wto.org/>

- *Learning about rules of origin and procedures for certification of origin* to enjoy EVFTA tariff preferences in Protocol 1 - Concerning the Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation of the EVFTA. Vietnam also issued a regulation on EVFTA Rules of Origin in Circular No. 11/2020/TT-BCT dated June 15, 2020. Enterprises should carefully study this Circular and related guiding documents to fully meet EVFTA rules of origin so that their goods can be granted an EVFTA Certificate of Origin and enjoy EVFTA preferential tariff when exported to Germany.
- *Finding out other related trade-in-goods issues* such as Trade Remedies (Chapter 3), Customs and Trade Facilitation (Chapter 4), Technical barriers to trade (Chapter 5), Sanitary and Phytosanitary Measures (Chapter 6), etc. to learn about the rights and advantages of exporters when exporting to the EU/Germany market under the EVFTA.



Besides studying contents in the relevant chapters of the EVFTA Full Text, businesses can seek for support and guidance on how to understand and apply the Agreement's commitments in practice from focal points of competent state agencies, VCCI and organizations/ related associations (See also Question 40).

Technical and market solutions

In order to export to the EU market in general and Germany in particular, Vietnamese products have to overcome a lot of barriers that the EVFTA could hardly address, especially:

- The EU's mandatory import regulations and procedures such as regulations on pesticide residue, food hygiene and safety standards, labeling and packaging, environment protection, etc.
- Additional requirements of German importers such as food hygiene and safety certificates, social and environmental certificates, eco-labels, etc.
- Demands and tastes of the German consumers.

Therefore, in order to access the German market, Vietnamese businesses need to:

- Study in detail, update regularly and ensure full compliance with EU and German import regulations and procedures;
- Thoroughly research the demand of the German market (especially the niche market), investigate the tastes and needs of consumers, thereby changing and improving the quality and design of products to meet these demand and needs;
- Learn how to build and promote brand names for Vietnamese products;
- Study channels to approach importers/distributors of goods in Germany, especially e-commerce channels that are more and more popular and becoming the mainstream shopping trend of German consumers.



Solutions to improve competitiveness

Enhancing competitiveness is a sustainable solution for Vietnamese products to develop in both domestic and export markets. For a tough market like Germany, Vietnamese enterprises need to pay special attention to improving the competitiveness of export products. To do this, businesses should consider the following solutions:

- Investing in technology, increasing the technological content in production and processing (through joint ventures or association with domestic and foreign researchers and enterprises; upgrading production process and technology...);
- Investing in human resources: regularly training and, building capacity for labors, key staff, technology engineers and market research specialists;
- Researching to improve the quality and design of products in line with the needs and tastes of consumers;
- Focusing on branding and promoting products to German importers and consumers through different forms.

PART III

TAKING OPPORTUNITIES FROM THE EVFTA
TO IMPORT GOODS FROM GERMANY INTO
VIETNAM



03

Characteristics of Vietnam's commodity market?

Market size

Vietnam is a developing country with a high economic growth rate in the region and in the world. According to the General Statistics Office of Vietnam, Vietnam's average GDP growth in the period 2011-2020 was 5.96%. In 2020, although the economy was negatively affected by the COVID-19 epidemic, Vietnam's GDP still grew by 2.91%, reached USD 271.2 billion while many countries in the world had negative GDP growth. This figure shows that Vietnam has succeeded in controlling the pandemic and minimizing negative impacts on the economy.

Vietnam is in the process of transforming its economy from backward agriculture to modern industry. At the same time, Vietnam is also an export-oriented economy, with exports playing an increasingly important role in gross domestic product. Therefore, the demand for modern machinery, equipment and raw materials for production, export and construction has increased.

With a total population of nearly 100 million people and the average GDP per capita of about USD 2,786/person in 2020 (World Bank, 2021), Vietnam is becoming a large and potential consumer market for foreign consumer goods. As a country with a young population (about 55.5% of the population under the age of 35), Vietnam has diverse consumption needs and Vietnamese consumers have quickly grasped new and modern consumption trends. Vietnam's middle class is forming with about 13% of the current population and is expected to increase to about a third of the population by 2026 (World Bank, 2021). This class has modern shopping habits and high demand for quality products.

Demand for imported goods

Vietnam has 3 sides bordered by the sea, so it is very convenient for trade activities. Vietnam's goods import turnover has continuously increased over the past years, reaching USD 262.7 billion in 2020, an increase of 3.7% compared to 2019. For the first nine months of 2021, despite being heavily impacted by the COVID-19 pandemic that causes domestic consumption demand and many production and export activities to decline, Vietnam's goods import still increased sharply, reaching USD 243.2 billion, an increase of 30.8% compared to the same period last year (General Department of Vietnam Customs, 2021).



Vietnam's imports can be divided into two categories:

- *Import of machinery, equipment and raw materials for production and export:* This is the main import group of Vietnam, with the import turnover of this commodity group reaching USD 245.6 billion, accounting for 93.6% of total import turnover in 2020. Of which, about half are machinery, equipment, means of transport and spare parts (49.4% of total import turnover), the rest is group of raw materials (General Statistics Office of Vietnam, 2020);
- *Import of consumer goods for domestic consumption:* This group accounted for about 6.4% of Vietnam's total import turnover in 2020, consisting mainly automobiles, mobile phones, processed vegetables and fruits and foods, chemicals, pharmaceutical products, cosmetics... (General Statistics Office of Vietnam, 2020).

Table
11

Top 10 products that Vietnam imported the most in 2020

No	Products	Import value (USD billion)	Proportion
1	Computers, electronic products & components	63.97	24.35%
2	Machinery, equipment, & spare parts	37.25	14.18%
3	Mobile phones and accessories	16.65	6.34%
4	Fabrics of all kinds	11.88	4.52%
5	Plastic materials	8.40	3.20%
6	Iron and Steel	8.07	3.07%
7	Plastic products	7.27	2.77%
8	Other common metals	6.05	2.30%
9	Chemical products	5.74	2.19%
10	Textiles, garments, footwear materials	5.38	2.05%

Source: General Department of Vietnam Customs, 2020

Vietnam's importing channels and their characteristics?

German exporters can access Vietnam's market through the following channels:

- **Vietnamese importing partners:** Importing partners can be companies that buy products for their own consumption (like raw materials), or agents that import goods and then redistribute them to shops, supermarkets, companies... (like machinery, equipment or consumer products). This is the main importing channel of Vietnam's market.

In order to export in this form, German suppliers must learn about the distribution system in Vietnam for their goods and look for potential importers as well as their characteristics and demands. Vietnamese importers are often highly concerned about price. Thus, they often research and compare prices of different import sources before making a purchase decision. However, Vietnamese buyers have increasing demand for high quality products (for production of exports to meet high requirements of import markets, or for personal consumption), thus the product quality is also an increasingly important factor in the purchase decision. When considering the quality of goods, the origin country is an important criteria. Products manufactured or branded from a developed country will be more appreciated.

- **Commercial presence in Vietnam:** This is an importing channel that a German company establishes a commercial presence in Vietnam to perform the function of importing goods directly from Germany and distributing to agents, shops, or consumers in Vietnam. This form is mainly applied by companies that want to export in large quantities and operate long-term in Vietnam because it will take a long time and high cost to establish a commercial presence. German companies can establish joint ventures or 100% foreign-invested enterprises to import and distribute goods (wholesale and retail) in Vietnam. However, Vietnam has not yet allowed German distributors to distribute the following 7 types of products: Lubricating oils and greases (except for cases where FDI enterprises manufacture and distribute their own products); Rice; Sugar; Recorded items; Books, newspapers and magazines.



- **Cross-border e-commerce:** German suppliers can sell directly (cross-border) to Vietnamese consumers through e-commerce platforms. This form has become more and more popular in Vietnam with the appearance of e-commerce channels such as Lazada, Tiki, Shopee... which allow consumers to buy goods directly from foreign suppliers. However, under the EVFTA commitments, Vietnam only allows German suppliers to sell goods across the border to Vietnamese consumers for personal consumption, not for resale or for business purposes (other than computer software programs – possibly for both personal and commercial use), and Vietnam has no commitments on distribution of the following goods: Cigarettes and cigars; Publications (books, newspapers and magazines); Video records on whatever medium; Precious metals and stones; Pharmaceutical products and drugs (excluding non-pharmaceutical nutritional supplements in tablet, capsule or powdered form); Explosives; Crude oil and processed oil; Cane and beet sugar; Rice.

Although this form is simple and cost-effective for German suppliers, the sales volume is not large and it only applies to consumer products.

Characteristics of Vietnamese consumers?

The income of Vietnamese people has rapidly increased in recent years but is still at an average level compared to the region and low compared to the world. This is one of the main factors affecting the consumption behavior of Vietnamese people. In addition, with about 65% of the population in rural areas and only 35% of the population in urban areas, price remains an important factor in Vietnamese consumers' purchase decisions. Therefore, the popular imported goods in Vietnam's market are still those from China, ASEAN and other Asian countries with competitive prices which are in line with the financial ability of Vietnamese consumers. Moreover, the geographical distance between Vietnam and these countries is relatively close, leading to low transportation costs which is an important factor in reducing product costs.

However, Vietnam's middle class has been increasing, and Vietnamese consumers' preference for high-quality imported products from European and American countries are increasingly growing. In addition, the popularity of the internet along with the development of e-commerce has helped consumers understand more and more about foreign products.

In recent years, Vietnam has increasingly promoted the negotiation and signing of Free Trade Agreements (FTAs), expanding partnerships with countries and regions around the world. Thus, commitments on tariff reduction and market opening in FTAs, along with the development of the transportation and logistics sectors that help reduce transportation costs... have facilitated imports from remote geographical areas to easily access the Vietnamese goods market.

Currently, Vietnamese consumers are increasingly "smart" and more careful in shopping, especially for high-priced products. The era of the internet and social networks has made it easier for consumers to access information about products, so they will easily compare prices and review product quality before making a purchase decision. In addition, Vietnamese people are often very interested in the origin of goods, they tend to believe in the quality of products from developed markets (such as the Americas, Europe, Korea, Japan...) rather than that from other developing ones (China, ASEAN countries...) and domestic products. The items that Vietnamese consumers are particularly interested in and often prefer imported products from developed countries are: children foods, functional foods, medicines and cosmetics, automobiles, some luxury goods (watches, jewelry...).



Although traditional shopping channels such as markets, supermarkets, grocery stores, and commercial centers are still popular, Vietnamese consumers are increasingly shopping online. According to a recent survey, up to 80% of Vietnamese consumers have ever shopped online, and the most popular shopping items are fashion products, IT products and cosmetics (BCSI, 2020). Popular shopping channels in Vietnam include Shopee, Lazada, Tiki, Sendo, etc. In addition, online shopping via social networks such as Facebook, Messenger, Zalo... is also becoming more and more popular.

Procedures for importing goods into Vietnam?

Procedures for importing goods into Vietnam include the following steps:

Step 1 Preparation for import

Determining the import category of goods

Prior to importation, the importers must determine which category their goods fall into, as not all types of goods can be imported into Vietnam, and not all goods follow the same import mechanism. Therefore, importers need to check whether their goods fall into one of the following categories:

i Goods banned from import

Some goods are not allowed to be imported into Vietnam, for example: weapons, drugs, hazardous chemicals, some used goods... The list of goods banned from import into Vietnam is detailed in Appendix I - Decree 69/2018/NĐ-CP dated May 15, 2018 of the Government detailing a number of articles of the Law on Foreign Trade Management.

ii Goods subject to specialized inspection permits

Before importing goods into Vietnam, traders need to determine whether their goods are subject to a permit for specialized inspection.

Example 1 - Goods subject to sanitary and phytosanitary inspection: Goods such as vegetables and fruits, meat, aquacultural products, etc. need to be inspected for food hygiene and safety before being circulated in the Vietnamese market. The Ministry of Agriculture and Rural Development, the Ministry of Health, the Ministry of Industry and Trade, and a number of other relevant ministries are the state management agencies for these requirements (issuing standards, regulations as well as a list of products subject to inspection).

Example 2 - Goods subject to technical standard inspection: Some goods such as electronics, machinery and equipment, automobiles and vehicles... must meet Vietnam's technical standards and regulations such as standards on labels, functions, operation, safety, environmental protection... The Ministry of Science and Technology, the Ministry of Transport, the Ministry of Industry and Trade, and a number of other relevant ministries are the state management agencies for these requirements (issuing standards, regulations as well as a list of products subject to inspection).

Goods subject to specialized inspection as above will have to register in advance with the relevant authorities to be inspected upon arrival and granted a certificate before being allowed to circulate in the Vietnamese market.

iii *Goods requiring an Import License, or meeting conditions.*

For some types of products, importers must apply for an import license or meet the conditions set by the relevant ministries.

For import licenses, depending on the category, products may be automatically or non-automatically granted import licenses.

For products imported under conditions, the imported products must fully satisfy the conditions for such products, but the importing enterprises do not need to apply for an import license.

The list of products imported under licenses and conditions set by management ministries is detailed in Appendix III - Decree 69/2018/ND-CP dated May 15, 2018 of the Government detailing a number of articles of the Law on Foreign Trade Management.

Registering/Applying for import licenses

- Individuals cannot directly import goods, but must be a legal entity with a registered business establishment to be able to import. Business registration can be done online at the National Business Registration Portal (dangkykinhdoanh.gov.vn).
- Registering for the usage of digital signature at the website of the General Department of Vietnam Customs at: <https://www.customs.gov.vn/SitePages/DangKyDoanhNghiepSuDungChukySo.aspx>. It should be noted that the digital signature must be registered in advance at a digital signature service provider licensed by the Ministry of Information and Communications. After acquiring a digital signature, enterprises register that digital signature for electronic customs declaration on the website of the General Department of Vietnam Customs.
- Registering for the usage of the Vietnam Automated Cargo Clearance System (VNACCS): The customs declaration is made through the VNACCS System. To be able to use this system, customs declarants must register to use it at the website of the General Department of Vietnam Customs by following the link: <https://dknsd.customs.gov.vn/Pages/dn.aspx>.

- Registering for inspection of goods subject to specialized inspection at the relevant agencies, for example:
 - a Ministry of Health: inspection of food hygiene, safety, and quality for a number of food products, pharmaceuticals, cosmetics...;
 - b Ministry of Transport: inspection and registration of special-use vehicles and motorcycles;
 - c Ministry of Agriculture and Rural Development: SPS inspection of animals, plants, aquacultural products.
- Applying for import licenses at the ministries or ministerial-level agencies competent to grant licenses for products subject to import licenses.

Step 2 Determining the classification of goods

Determining the classification of goods (HS) is a very important step in determining the tariff to be applied to those goods. It should be noted that according to the World Customs Organization (WCO), countries will uniformly apply up to the first 6 digits of an HS code. However, the imposition of latter numbers in the HS code sequence is at the discretion of individual countries, so these numbers may vary from country to country. In practice, countries tend to add 2 or 4 numbers to the uniform 6-digit HS code (forming an 8-digit, 10-digit HS code) to serve their own management needs.

Vietnam currently adopts a 8-digit HS code.

The EU also applies an 8-digit HS code across the EU. This system will be used for the imposition of tariffs on all goods imported into the region. However, some member countries, including Germany, stipulate in more detail up to an 11-digit HS code, to be used for the imposition of VAT and for a number of other purposes.

When German goods are imported into Vietnam, it is necessary to determine its appropriate HS code according to Vietnam's HS to get the right tariff rate, since Vietnam Customs will classify goods according to Vietnam's HS, not of the exporting country. Businesses can refer to Vietnam's HS at the website of the General Department of Vietnam Customs by following the link: <https://www.customs.gov.vn/SitePages/Tariff.aspx>

Under the EVFTA and Vietnamese law, a Vietnamese importer or a German exporter/manufacturer has the right to submit a request to Vietnam's Customs for pre-determination of the HS code of their goods (Advanced Rulings procedure) before importing goods into Vietnam. Thus, to ensure the accuracy of the HS code of the goods and avoid disagreements between businesses and the Vietnamese customs when the goods arrive at the port, businesses can send a request for the pre-determining of HS code of goods to the General Department of Vietnam Customs.

Step 3 Determining tariffs, taxes and fees

Import Tariff

After determining the classification of goods according to Vietnam's HS, the importer can estimate the import tariff rate applicable to such goods.

For German goods imported into Vietnam, there are 2 applicable tariff mechanisms, each corresponds to a certain tariff rate and conditions. The importer will base on the specific conditions of the goods to choose the most suitable and beneficial tariff for them. Specifically:

- i *MFN tariff*: This is the tariff rate Vietnam applies to goods coming from WTO member countries. German goods imported into Vietnam are subject to MFN tariff without any attached conditions.
- ii *EVFTA tariff*: This is Vietnam's preferential tariff rate for goods coming from EU member countries (including Germany), the preferential tariff rate will be decided by Vietnam but must not be lower than the level committed in the EVFTA. However, to enjoy the EVFTA tariff, German goods exported to Vietnam must meet the rules of origin of the Agreement.

To determine the exact EVFTA tariff rate that Vietnam applies to German products, importers need to keep update on Vietnam's current regulations on the implementation of tariff commitments under this Agreement. The EVFTA tariff rates for the period of 2020-2022 is provided in the Decree 111/2020/NĐ-CP dated September 18, 2020 of the Government on the Special Preferential Import-Export Tariff to implement the EVFTA Agreement for the period of 2020 - 2022.

Value-Added Tax (VAT)

Most goods imported into Vietnam are subject to value-added tax (except for some special goods). The value-added tax rate is usually 10%, but some are only subject to 5%.

However, if the imported product is used as an input for the production of another good, then the amount of value-added tax will later be deducted and refunded.

Excise Tax

Some imported goods are subject to excise tax, such as alcohol, tobacco, automobiles, etc. The excise tax rates vary depending on the type of goods.



Environmental Protection Tax

This is the tax applied to goods that, when being used, will have an adverse impact on the environment such as petroleum, coal, pesticides, etc.

Anti-dumping, Anti-subsidy and Safeguards duties

Some imported goods are investigated by Vietnam and imposed anti-dumping, anti-subsidy or safeguard duties, so they will be subject to these additional duties when imported into Vietnam. However, currently, no German products are subject to these duties by Vietnam.

Step 4 Customs declaration, payment of tariffs and taxes, and customs clearance

Customs declaration

The customs declaration can be prepared in advance by pre-filling the information on an electronic customs declaration software. The customs declaration can be submitted before the date of arrival at the border gate or within 30 days from the date of arrival to the VNACCS system. After the customs declaration is transmitted, the system will automatically classify:

- *Green Line*: If the classification is Green Line, the importer is exempt from checking documents and inspecting goods.
- *Yellow Line*: If the classification is Yellow Line, the importer must submit the following additional documents for Customs to check:
 - Bill of lading;
 - Packing List;
 - Value declaration;
 - Commercial Invoice;
 - Import License (for goods subject to import license);
 - Notice of exemption from inspection or Notice of inspection results from a specialized inspection agency (for goods subject to specialized inspection);
 - Certificate of Origin (to enjoy EVFTA tariff preferences).
- *Red Line*: If the classification is Red Line, the importer must submit the same documents as in the case of the Yellow Line and the Customs will conduct physical inspection for the goods.



Payment of tariffs, taxes and fees

Importers must pay all relevant tariffs, taxes and fees for customs clearance and release of goods.

Current status of Germany's goods exports?

Germany is known as one of the world's leading developed economies with extremely vibrant trade activities. According to the World Bank, in 2020, Germany's trade accounted for 81.1% of this country's GDP, of which exports of goods and services accounted for 43.4% of GDP. For many years, Germany has always maintained the 3rd largest export country in the world (after China and the US). In 2020, despite being heavily affected by the COVID-19 pandemic, Germany's exports still reached USD 1,377.9 billion, accounted for 8% of total exports worldwide.

The German economy is mainly concentrated in manufacturing and service sectors. German industry is highly specialized, with modern and high technology that can develop and manufacture many sophisticated and complex products, especially new technological equipment. Germany's strong industrial sectors include the manufacturing of aircraft, spacecraft, automobiles, mechanical machinery, electronic equipment, chemicals, and pharmaceuticals. These are also products that Germany exports a lot to the world (Table 12). Most of the products exported from Germany are considered to be of good quality, diverse in models and types... In particular, German automobiles are very popular with consumers around the world (including Vietnam). German automobiles now account for nearly 19% of the world's total automobile exports (World's Top Exports).



Table
12 Top 10 biggest export products of Germany in 2020

No	Products	Export turnover (USD Billion)	Proportion in Germany's total exports
1	Chapter 84: Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	236.40	17.16%
2	Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	211.16	15.32%
3	Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	151.65	11.01%
4	Chapter 30: Pharmaceutical products	97.63	7.09%
5	Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	74.49	5.41%
6	Chapter 39: Plastics and articles thereof	60.34	4.38%
7	Chapter 73: Articles of iron or steel	28.25	2.05%
8	Chapter 88: Aircraft, spacecraft, and parts thereof	28.22	2.05%
9	Chapter 38: Miscellaneous chemical products	26.98	1.96%
10	Chapter 27: Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	26.25	1.90%

Source: ITC Trademap, 2021



Besides a leading modern industry Germany also has a very developed agriculture sector. More than 80% of the country's territory is used for agricultural and forestry purposes. The value of German agricultural and food exports amounted to EUR 50 billion in 2019 (german-meat.org, 2019), with key export products including chocolate, cheese, pork, confectionery and some other processed foods.

Current status of German goods exports to Vietnam?



Export turnover

According to ITC TradeMap, in 2020, Germany's exports to Vietnam reached US\$ 3.4 billion and accounted for only 0.25% of Germany's total exports to the world.

From the perspective of Vietnam, data from the General Department of Vietnam Customs shows that Vietnam's imports from Germany in 2020 reached USD 3.35 billion. Although making up only 1.27% of Vietnam's total goods imports from the world, imports from Germany accounted for 22.85% of Vietnam's imports from the EU, ranking second after Ireland (for previous years, Germany used to rank first).

In the period of 2010-2020, Vietnam's goods import turnover from Germany nearly doubled, from USD 1.74 billion in 2010 to USD 3.35 billion in 2020. Average import growth rate of this period was 7.93%/year.

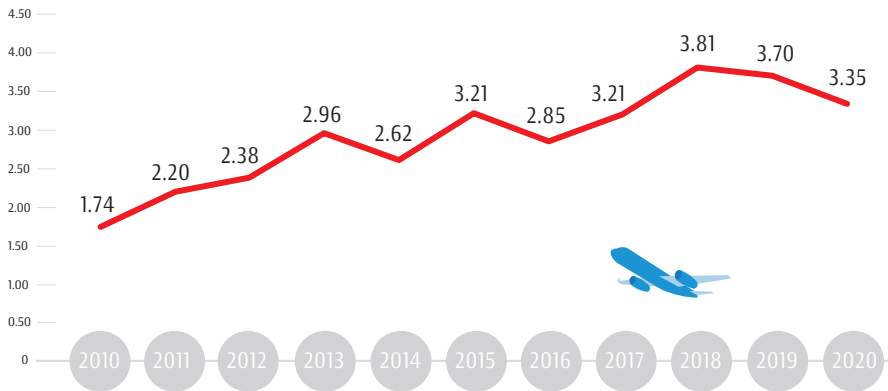
Although Vietnam's imports of goods from Germany tend to increase, it is not stable during the period of 2010-2020. Especially in 2019 and 2020, import turnover from Germany dropped sharply, causing Germany to lose its position as the EU's largest importer of Vietnam to Ireland in 2020. There are many reasons for this situation, including fluctuations in the world market, impacts from trade tensions between some countries and regions, the UK's departure from the EU, and especially the outbreak of the COVID-19 pandemic.



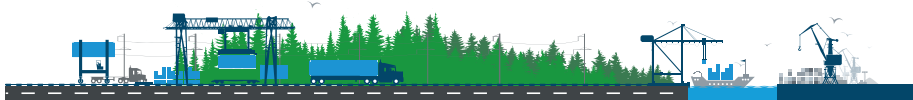
Figure 3 Vietnam's import turnover of German goods in the period of 2010 – 2020

3

Unit: USD billion



Source: General Department of Vietnam Customs, 2021



With the implementation of the EVFTA Agreement from August 1, 2020, exports from Germany to Vietnam were expected to recover and grow again. In fact, according to the General Department of Vietnam Customs, Vietnam's imports from Germany in the first 10 months of 2021 reached USD 3.16 billion, increased 15.8% compared to the same period last year. This is a positive signal showing that the EVFTA has helped boost German exports to Vietnam despite the negative impacts of the COVID-19 pandemic.

Products

Vietnam imports from Germany mainly inputs for production such as machinery and mechanical equipment; electronic machinery and equipment; iron and steel, chemicals, dyes, etc. In addition, Vietnam also imports a lot of consumer goods from Germany such as pharmaceutical products, medical equipment, plastic products, or vehicles and accessories, etc. Those are products that Germany has strength in producing and Vietnam has high demand for consumption, production and export.

However, for those products, the proportion of Vietnam's imports from Germany in total imports from the world is still relatively low, mostly less than 5% (1-2%), except for pharmaceutical products with a relatively high proportion of 11.67%. This also means that German products still have a lot of room to expand their market share in Vietnam, especially with the impetus from the EVFTA. Moreover, German goods have been appreciated by



Vietnamese consumers and businesses for their quality and designs. As the income of Vietnamese people is improving, the demand for high-quality products is also increasing and famous German brands will have the opportunity to increase their presence in Vietnam.

Table
13

Top 10 largest imported products from Germany of Vietnam in 2020

No	Products	Import value in 2020 (USD million)	The proportion in Vietnam's total imports from the world
1	Chapter 84: Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	765.64	3.55%
2	Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	557.67	0.58%
3	Chapter 30: Pharmaceutical products	414.81	11.67%
4	Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	378.43	4.49%
5	Chapter 39: Plastics and articles thereof	192.38	1.21%
6	Chapter 38: Miscellaneous chemical products	134.05	4.52%
7	Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	106.09	1.99%
8	Chapter 73: Articles of iron or steel	71.64	1.58%
9	Chapter 29: Organic chemicals	50.79	1.34%
10	Chapter 32: Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	48.57	2.75%

Source: ITC Trademap, 2021

What are the main competitors of German goods in Vietnam?

As Vietnam is one of the most open economies in the ASEAN region and in the world, its market currently has the presence of many competitors from many different countries and regions. However, the most popular and dominant competitors are still from the Asian region, especially East and South Asia including China, Korea, Japan, India, and other ASEAN countries. These are the traditional importers of Vietnam because they have:

- A geographical location closer to Vietnam than other markets such as Germany and other European countries, so the transportation cost is low, making the price more competitive;
- FTAs in effect for a long time with Vietnam (Table 14), so goods have been eliminated or reduced tariffs compared to countries that have not had FTAs with Vietnam such as Germany before the EVFTA took effect;
- More affordable products than developed countries like Germany.

Table
14 Vietnam's FTAs and FTA Partners

No	FTAs	Time	Partners
FTAs in effect			
1	AFTA	Effective since 1993	ASEAN
2	ACFTA	Effective since 2003	ASEAN, China
3	AKFTA	Effective since 2007	ASEAN, South Korea
4	AJCEP	Effective since 2008	ASEAN, Japan
5	VJEPA	Effective since 2009	Vietnam, Japan
6	AIFTA	Effective since 2010	ASEAN, India
7	AANZFTA	Effective since 2010	ASEAN, Australia, New Zealand
8	VCFTA	Effective since 2014	Vietnam, Chile
9	VKFTA	Effective since 2015	Vietnam, South Korea
10	Vietnam – EAEU FTA	Effective since 2016	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan



TAKING OPPORTUNITIES FROM THE EVFTA TO IMPORT GOODS FROM GERMANY INTO VIETNAM
What are the main competitors of German goods in Vietnam?

No	FTAs	Time	Partners
FTAs in effect			
11	CPTPP	Effective since 2019	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, Malaysia
12	AHKFTA	Effective since 2019	ASEAN, Hong Kong (China)
13	EVFTA	Effective since from 01/08/2020	Vietnam, EU27
14	UKVFTA	Effective since from 01/05/2021	Vietnam, United Kingdom
15	RCEP	Effective since from 01/01/2022	ASEAN, China, South Korea, Japan, Australia, New Zealand
FTAs in negotiation			
16	Vietnam – EFTA FTA	Launch of negotiation from 05/2012	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
17	Việt Nam - Israel	Launch of negotiation from 12/2015	Vietnam, Israel

The table below lists the top 5 largest import markets of Vietnam for each group of key German export products to Vietnam. It can be seen that only German pharmaceutical products enter this top and stand in a relative position (2nd), the rest of German products have not captured the dominant market share in total imports of Vietnam.



Table
15 The biggest competitors of German goods in Vietnam

No	Products	Top 5 countries from which Vietnam imported the most
1	Chapter 84: Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	China, Korea, Japan, Thailand, Taipei (Chinese)
2	Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	China, Korea, Taipei (Chinese), Japan, The US
3	Chapter 30: Pharmaceutical products	France, Germany, The US, India, Italy
4	Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	Korea, China, Japan, Taipei (Chinese), The US
5	Chapter 39: Plastics and articles thereof	China, Korea, Taipei (Chinese), Japan, Saudi Arabia
6	Chapter 38: Miscellaneous chemical products	China, Korea, Taipei (Chinese), The US, Japan
7	Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Thailand, China, Indonesia, Korea, Japan
8	Chapter 73: Articles of iron or steel	China, Korea, Japan, Thailand, Taipei (Chinese)
9	Chapter 29: Organic chemicals	China, Taipei (Chinese), Korea, Thailand, Singapore
10	Chapter 32: Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	China, Korea, Taipei (Chinese), Japan, India

Source: ITC Trademap, 2021



However, Vietnamese businesses and consumers tends to move to new import markets in order to:

- *Diversify markets:* being too dependent on certain markets will cause enterprises to suffer heavy losses when there is any adverse fluctuation in that market;
- *Diversify goods categories:* the expansion of import markets will help businesses diversify products, seek higher quality products at affordable prices to help consumers have more choices;
- *Optimize input costs, increasing productivity:* Vietnamese enterprises are looking for new import markets with abundant material sources, high technology, modern machinery and equipment to optimize input costs and increase productivity;
- *Satisfy the increasing demand for high-quality goods:* Vietnamese consumers' living standards are improving, especially in urban populations, so there is an increasing demand for high quality products, good designs, and world famous brands.

With this trend, Vietnam's new FTA partners with modern technology and high-quality goods such as Germany and other EU countries will have great opportunities to increase market share in Vietnam in the future.

What are the advantages and disadvantages of German goods in Vietnam?

Advantages

Vietnam is a big market with increasing the demand for high quality goods:

- *Vietnam is one of the largest consumer markets in Asia:* The population of Vietnam is currently ranked 3rd in the Southeast Asia and 15th in the world (World Bank, 2021);
- *Vietnamese people's income is increasing rapidly:* According to the World Bank, in 2020 Vietnam's GDP per capita was USD 2,786, increased more than 2 times compared to USD 1,318 in 2010. Increased income also leads to increased consumption demand. Notably, Vietnam's middle class is forming and increasing – including about 13 million people in 2020. This class has modern shopping habits and high demand for high quality imported products from developed countries such as the US, Japan, Europe including Germany;
- *Vietnamese consumer behavior is changing significantly, shifting priority from price to origin, product quality:* In the past, Vietnamese consumers often chose goods and services based on reasonable prices. However, today Vietnamese consumers tend to research and care more about the origin and quality of products. According to a report by Nielsen Vietnam in 2018, a majority (80 - 90%) of consumers surveyed responded that the origin of goods is a key factor affecting their purchase decisions compared to other factors. Especially for food, beverages and health care products, Vietnamese people tend to prefer high-quality and imported goods, especially from developed countries:
 - *Food:* luxury goods contribute 20% of the sales of the food industry, with an average growth rate of about 11%/year;
 - *Beverages:* although premium beverages contribute only 3% to total sales, the average growth rate is about 103%/year;
 - *Health care products:* luxury goods account for about 23%, with an annual growth rate of about 22%. In particular, the demand for high quality pharmaceutical products with reliable origin is increasing as the more income increases, the more consumers pay attention to health care issues.



- *Increased demand for high-quality raw materials and machinery for production/export:* With the strong growth rate of production and export, the demand for machinery and equipment and raw materials for production of Vietnam is increasing. The main export industries of Vietnam such as electronics, textiles, footwear, seafood, furniture... have high demand for imported foreign materials, machinery and equipment and technology. Because requirements of Vietnam's export markets become more and more stringent, the demand for higher technology, greener and leaner inputs also increases. Moreover, for goods exported to the EU to be eligible for EVFTA tariff preferences, they must meet the Agreement's rules of origin – most of which require a certain regional value content, then the demand for inputs imported from Germany and other EU member countries of Vietnamese enterprises will increase.

Meanwhile:

- *Germany is one of the world's largest exporters and most developed countries:* In 2020, Germany was the biggest economy in Europe and the fourth largest in the world. This country is also the largest exporter in Europe and the third in the world. Moreover, Germany has been famous for a lot of good quality and durable goods, many German brands are favored by consumers around the world;
- *Germany has the strength to produce many types of mechanical machinery and equipment for production:* Germany is always a pioneer in the world in many fields of high technology, green and clean products. Meanwhile, Vietnam has increasing demand for such products to serve the production of exports and the country's goal of industrialization and modernization;
- *Germany is famous for many prestigious consumer brands:* Not only famous for the modern mechanical industry, but German consumer products such as automobiles, home appliances, cosmetics, pharmaceutical products... are also favored by consumers of Vietnam and all over the world. In particular, Germany's pharmaceutical industry is very developed and leading in Europe and the world. Germany is also a pioneer in invention and application of advanced technology in pharmaceutical production.



Disadvantage:

- *Geographical distance:* Germany is geographically located far from Vietnam, so despite being very strong in logistics services, the cost to transport goods from Germany to Vietnam is still higher than competitors near/close to Vietnam such as ASEAN or Asian countries. High transportation costs make the price inflated, while German products are inherently more expensive than that of other regions. However, with the development of transportation and logistics, costs for goods transportation from Germany to Vietnam in the future may be reduced. Moreover, tariff reduction under the EVFTA also helps German goods prices more competitive compared to many other competitors from non-FTA partners of Vietnam;
- *High price:* German products are often of good quality but high prices, thus only a few middle and upper-class consumers can afford. For Vietnamese enterprises, with more than 90% being small and medium, there are only a few large enterprises with large production and exports that have the ability to buy modern machinery and high quality raw materials. However, with the increasing number of high-income consumers and businesses exporting to developed markets, opportunities for German exports to Vietnam are still very potential.

Opportunities from the EVFTA for importing goods from Germany into Vietnam?

Opportunity from tariff reduction and market opening:

This is probably the biggest opportunity from the EVFTA for German exports to Vietnam because currently Vietnam is applying relatively high MFN tariff rates on many of Germany's main export products. The EVFTA is also one of the FTAs that Vietnam has relatively high commitments to reduce tariffs, much higher than many previous FTAs of Vietnam. Therefore, with the EVFTA preferential tariffs when entering Vietnam, German goods could have reduced prices, thereby offsetting high transportation costs, and having a competitive advantage compared to many other competitors. German product groups that are considered to have many advantages from tariff reductions under the EVFTA are: vehicles, electrical machinery and equipment, plastic products, iron and steel, mineral oil fuels, animal meat and livestock sausages, sausages, milk and dairy products.

In addition, Vietnam shall also allow German companies to access many procurement packages of many government entities (of 20 ministries, 2 cities, 34 hospitals, etc.). This will create opportunities for German contractors to supply goods for Vietnam through government procurement packages.

Opportunities from the reduction of non-tariff barriers:

In the EVFTA, Vietnam has many commitments related to customs reform and trade facilitation, application of Sanitary and Phytosanitary Measures, Technical Barriers to Trade, trade remedies, etc., in compliance with the rules and standards of the EVFTA. These commitments will help reduce unnecessary barriers to trade between Vietnam and Germany.

Although Vietnam is considered as one of the relatively "easy" import markets for foreign goods, some imported products are still subject to many non-tariff measures of Vietnam such as: food, pharmaceutical products, chemicals, means of transport... In addition, many administrative procedures are still inadequate, time consuming and costly for businesses. The implementation of the EVFTA is expected to make it easier for German goods to access the Vietnamese market by reducing non-tariff barriers and reforming customs procedures.



Therefore, all German goods when accessing Vietnam will benefit from Vietnam's commitments on reducing non-tariff barriers. In particular, some German commodity groups will have more advantages from Vietnam's additional commitments, such as: non-agricultural products (thanks to commitments on EU labeling), automobiles - vehicle products - spare parts (thanks to TBT commitments for these products), pharmaceutical products (thanks to commitments on standards and transparency), remanufactured goods (thanks to the commitment on treating remanufactured goods like new ones).

Opportunities from enhanced protection of intellectual property rights:

Germany is one of the countries that have the most advanced technology in the world, thus it owns many trademarks, patents and other IPRs. That is why German businesses often pay high attention to IP protection issues when accessing foreign markets. With the EVFTA, Vietnam has many strong commitments both on increasing the protection of IP rights and on strengthening enforcement measures to protect them. In particular, Vietnam committed to recognize 12 German geographical indications, which helps these products to be protected automatically in Vietnam. German product groups that will benefit greatly from Vietnam's IP commitments in the EVFTA are: pharmaceutical products, alcohol and beverages...

Opportunities from cost reduction due to improved legal and business environment:

Throughout the EVFTA are commitments made by both Vietnam and the EU towards liberalization, equality, transparency and facilitation for trade and investment between the two sides. On the Vietnamese side, these commitments will make Vietnam's business and legal environment more and more favorable, cutting costs and time for businesses. Since then, when German goods enter Vietnam, whether through import activities, or setting up a representative office/product introduction, or through government procurement, etc., will be more facilitated and easier.



EVFTA opportunities for German pharmaceutical products

Germany is one of the world's largest pharmaceutical producers and exporters. Meanwhile, according to a KPMG Report, Vietnam's pharmaceutical market has been growing rapidly in recent years, from USD 2.7 billion in 2015 to USD 3.6 billion in 2018. Import demand for these products also increased by 43% from USD 2.3 billion in 2015 to USD 3.3 billion in 2020. In addition, with the rapid economic development and increase of middle and upper class in Vietnam, the demand for health care, especially for high-quality pharmaceutical products also increases. Therefore, German high-end pharmaceutical products will have great opportunities to access the Vietnamese market in the future thanks to the following benefits from the EVFTA:

- **Benefits from tariff reduction:** Currently, Vietnam is applying MFN tariff rates ranging from 0% to 14% (average 2.19%) on pharmaceutical products. In the EVFTA, Vietnam committed to eliminating about 63% of pharmaceutical tariff lines for Germany at entry into force of the Agreement. The remaining tariff lines will be eliminated gradually after 10 years.
- **Benefits from commitments on standards and transparency:** Vietnam committed on transparency in legal documents, regulations, criteria and procedures related to pricing, price listing, reimbursement or medication management. Vietnam also committed to building technical regulations for pharmaceutical products and medical equipment based on relevant international standards, practices and guidelines, unless it is scientifically proven that these standards, practices, and guidelines are inappropriate or ineffective for carrying out their legitimate objectives.
- **Benefits from the commitment to allowing German investors to import, build warehouses, research and introduce pharmaceutical products:** Vietnam committed to allowing German FDI enterprises to import pharmaceutical products but not engage in the wholesale or retail of them and only resell to enterprises that are licensed to distribute (wholesale) pharmaceutical products in Vietnam; These enterprises are also allowed to build warehouses to store imported medicine, conduct clinical research/testing to ensure that the pharmaceutical products are suitable for Vietnamese people, and introduce information about imported medicine to medical staff in accordance with Vietnam's regulations.
- **Benefits from the commitment on marketing authorization procedures:** Vietnam committed to abolishing the requirement of a minimum period of existing authorization in the EU, prior to the submission of a request for marketing approval in Viet Nam, and abolishing any additional requirements relating to clinical studies going beyond those stipulated in international practices (in particular the practice of The International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use - ICH).



- ***Benefits from commitments on intellectual property:*** Vietnam's commitment on compensating for the delay of marketing authorization which causes the commercial exploitation time of pharmaceutical products that are exclusively protected to shorten, and commitment on protecting exclusive data within 5 years, etc will help German pharmaceutical products to be protected higher when circulated in the Vietnam market.
- ***Benefits from commitments to opening the government procurement market:*** For pharmaceutical products, Vietnam committed to allowing EU enterprises to participate in pharmaceutical product procurement of the Ministry of Health and 34 public hospitals under the Ministry of Health with certain conditions and schedules. This will be a very good opportunity for German pharmaceutical contractors to access Vietnam's government procurement market, which has a lot of potential and open just to a few FTA partners.



EVFTA opportunities for German automobile products

Germany is one of the world's leading automobile manufacturers and exporters with many famous brands such as Mercedes, BMW, Audi, Porsche... Meanwhile, Vietnam is a developing country with economic growth rate being among the highest in the region and in the world, with an increase of the middle class. Therefore, Vietnam's demand for luxury goods including automobiles, especially, luxury-brand cars imported from Germany is increasing. The percentage of car ownership in Vietnam has grown by about 10.5% per year in recent years (French Chamber of Commerce and Industry in Vietnam, 2021). In addition, according to a 2019 Automotive Industry Report of Vietin Securities Company, the growth rate of Vietnam's automobile industry in the period of 2014-2018 reached an average of 23.7%. Thus, the official implementation of the EVFTA will create easier conditions for Vietnamese people to purchase famous and quality cars from Germany. The benefits that EVFTA may bring to German automobiles include:

Benefits from tariff reduction: Vietnam currently maintains very high MFN tariffs on automobiles (from 3% to 70%). In the EVFTA, Vietnam committed to eliminating tariffs for most German automobiles after 9-10 years, just some types of automobiles have no tariff commitments (for example, some go-karts, all-terrain vehicles, ambulances, prison vans, sports cars, etc.).

Benefits from TBT commitments for automobiles: Vietnam has a commitment that if Vietnamese law requires information about the country of origin, an enterprise labelling "Made in EU" or "Made in the EU" is considered to satisfy the requirement.

In addition, Vietnam committed to recognizing a number of standards of the 1958 UNECE Agreement for German automobiles. Although not yet a member of UNECE, in the EVFTA, Vietnam recognized the UNECE regulation as an international standard sufficient to ensure the safety or protection of the environment and human health in the automotive sector.

Vietnam also committed not to new domestic TBT regulations different from UNECE standards unless it can be demonstrated from a scientific and technical perspective that the UNECE standards are inappropriate or ineffective introducing new domestic TBTs that differ from UNECE standards unless it can be demonstrated from a scientific and technical perspective that the UNECE standards are inappropriate or ineffective for it.

Vietnam will accept whole motor vehicles of category M11 (according to UNECE's definition) that have a valid UNECE International Whole Vehicle Type Approval certificate issued by the EU as compliant with Vietnam's domestic technical regulations (without further testing requirements). The importer of that type of vehicle will have to submit the above Certificate for the first time of import into Vietnam.

The German automobile industry is currently applying UNECE standards, so Vietnam's acceptance of some UNECE regulations/standards will create favorable conditions for German automobile products to access the Vietnamese market.



EVFTA opportunities for German beverage products

Vietnam is one of the most dynamic markets for alcoholic beverages in Asia. Vietnam is in the top 15 countries consuming beer in the world and ranked 3rd in Asia with 43 liters/person/year. Vietnam's alcohol consumption is increasing with an average annual growth rate of 5.3% for the period 2013-2018 (French Chamber of Commerce and Industry in Vietnam, 2019). In addition, Vietnamese people are increasingly interested in the quality and prestige of alcohol brands. Therefore, alcoholic beverages from Europe, including Germany, are increasingly favored by Vietnamese consumers. Especially, with many famous beer brands in the world, Germany is currently the EU country where Vietnam imports beer the most. In the future, the EVFTA is expected to help increase the export of German beverage products to Vietnam thanks to the following benefits:

- **Benefits from tariff reduction:** Vietnam currently maintains relatively high MFN tariffs on beverage products, especially beer and wine. Specifically, the average MFN tariff in 2020 for beer products was 35%, for alcohol products was 45-55%. In the EVFTA, Vietnam committed to eliminating tariffs for wine and spirits after 7 years and for beer after 10 years.
- **Benefits from protection of Geographical Indication:** Germany has 12 geographical indications automatically protected under the EVFTA, of which there are 9 GIs that are alcoholic beverages (beer, wine and spirits), including:
 - ① Bayerisches Bier – Beer
 - ② Münchener Bier – Beer
 - ③ Korn/Kornbrand - Spirit
 - ④ Franken – Wine
 - ⑤ Mittelrhein – Wine
 - ⑥ Mosel – Wine
 - ⑦ Rheingau – Wine
 - ⑧ Rheinhessen - Wine
 - ⑨ Genièvre/Jenever/Genever - Spirit

German beer products that are protected by geographical indications will have a better chance of accessing the Vietnamese market: being protected, known and increasing brand value.



EVFTA opportunities for German meat products

Germany has a developed agriculture sector with more than 80% of its territory used for agricultural and forestry purposes. Therefore, Germany is also known as a leading country in the production and export of agricultural products, including meats such as pork and beef... In 2019, Germany exported about 363 thousand tons of beef and 2.8 million tons of pork to about 100 countries around the world (german-meat.org). In addition, Germany also has a meat processing industry with hundreds of years of experience in the production of sausages, frozen meat, ham, etc.

On the Vietnamese side, the demand for pork and beef is increasing, while the domestic meat production sometimes does not meet the demand. Moreover, Vietnamese consumers have increased the use of frozen and processed meat products. Therefore, the amount of beef and pork imported into Vietnam in recent years has grown significantly. According to statistics from the Department of Livestock Production, Vietnam's total import turnover of bovine animals in 2020 reached nearly USD 414.4 million, increased by 28.8% compared to 2019.

Therefore, the EVFTA will help promote the export of German meat products to the Vietnamese market thanks to the following benefits:

- **Benefits from tariff reductions:** Vietnam currently maintains relatively high MFN tariffs on pork, beef and meat products. Specifically, the average MFN tariff in 2020 for fresh/chilled/frozen bovine animals was 14-30%, for fresh/chilled/frozen pork was 15-25%, and for salt/smoked meats was 10-20%, and for sausages and similar meat products was 22%. With the implementation of the EVFTA, German meat products imported into Vietnam shall be liberalized with a specific schedule as follows: Eliminating tariffs for bovine animals after 3 years, for pork after 7-9 years, for salt/smoked meats after 7-9 years, and for sausage after 10 years.
- **Benefits from protection of Geographical Indication:** Of the 12 geographical indications of Germany that are automatically protected under the EVFTA when entering the Vietnamese market, there are 02 meat products: Nürnberger Bratwürste Sausage and Schwarzwälder Schinken Ham. These products will have advantages when approaching the Vietnamese market because they are protected, known and increase brand value.

How to take advantage of the EVFTA to effectively import goods from Germany?

To take advantage of the EVFTA to increase access for German goods to Vietnamese market, German exporters and Vietnamese importers need to pay attention to the following issues notes:

Tariffs

Vietnam's commitments on tariff reduction for German goods in the EVFTA are very significant. However, this reduction is made under a schedule, businesses need to follow Vietnam's regulations on implementation of EVFTA tariff commitments in each period to know the exact tariff rates applied on their goods. As German goods are also subject to MFN tariffs that Vietnam applies to WTO members, it is necessary to also check whether the EVFTA rate is lower than the MFN rate or not. If the EVFTA rate is lower, then it should be applied but the goods must meet the EVFTA rules of origin and be attached with an EVFTA Certificate of origin. However, in case the EVFTA rate is higher, MFN rate should be used as usual without the requirement for a Certificate of origin.

Rules of Origin and Procedures for Certification of Origin

In order to enjoy EVFTA preferential tariffs when imported into Vietnam, German goods must meet the EVFTA's rules of origin (ROO) and have a valid certificate of origin. Therefore, German exporters need to research the ROO of the Agreement to adjust their source of materials and production processes accordingly in order to meet the EVFTA origin criteria for goods. It should be noted that when negotiating a contract with German exporters, Vietnamese importers should clearly state the issues of tariffs and corresponding ROO. For example, the contract should have a clause stipulating that German exporters shall provide sufficient documents to prove that goods can enjoy preferential tariffs under the EVFTA, otherwise, the contract value will have to decrease to compensate for the additional amount paid for MFN tariff rate instead of EVFTA tariff rate... In addition, Germany currently applies the REX system of the EU for self-certification of origin, so the certificate of origin will be self-issued by the German exporter. When a Vietnamese importer imports goods from Germany, the German exporter only needs to provide this self-certificate of origin and this will be accepted by the Vietnamese customs.



Import regulations

Regulations and procedures for importing goods from Germany are basically similar to those for importing goods from other countries into Vietnam. However, under the EVFTA, the import of German goods may have some differences. For example, if Vietnamese importers want to enjoy EVFTA tariff preferences, they must require German exporter to provide EVFTA self-certificate documents; if the German goods are remanufactured goods, they will be treated as new ones (remanufactured goods imported from other sources will not enjoy this benefit)...

It should be noted that the specific regulations on the import procedure may be adjusted/changed over time. Therefore, businesses need to regularly update new regulations to fully comply with (see also Question 22 on the procedure of importing goods into Vietnam).

Promoting German products to Vietnamese businesses and consumers

Many German products have good quality and design but are not known to Vietnamese importers and consumers. For example, Vietnamese consumers know a lot about German household products, electronics and automobiles, but may not know that Germany also has a very developed agriculture and food processing industry with a wide range of famous food products. Therefore, it is necessary to have strategies to promote and introduce German products to Vietnamese buyers. The forms of product promotion can be through trade fairs, exhibitions, advertising through social networks... Vietnamese consumers are increasingly interested in product quality, product brands, and reputation of suppliers, warranty and after-sales policies... Therefore, an increase of promotion focusing on the quality and reputation of products from Germany can be an effective way to reach Vietnamese consumers.

Reducing price

Prices of German products are generally much higher than those of products from other traditional import markets of Vietnam (China, ASEAN), in addition to higher shipping costs due to the long geographical distance between the two countries. However, if the products are imported in large volumes through more economical forms of transportation (for example, instead of being transported by air, it should be transported by sea), the product prices could be reduced. Therefore, increasing product promotion to increase sales and thereby increase import volume, finding optimal transport methods will help reduce product prices, increase the competitiveness of German goods in Vietnam.



Seeking information and support from the government, industry associations

In order to take advantage of the benefits from the EVFTA, in the coming time, the Vietnamese Government, business associations, promotion units, etc. will have a lot of activities to support businesses to increase import and export with EU region. Vietnamese importers can take advantage of these supports to get information and advice on EVFTA commitments, connection with German manufacturers and exporters, and product promotion of German products to Vietnamese consumers.

USEFUL INFORMATION



Where can information and data about the German and Vietnamese markets be found?

Businesses can look up information on the German market by themselves through the following free useful search tools:

- **ITC's TradeMap (trademap.org):** This tool provides trade data of each country, thereby identifying major import/export products, competitors, import and export progress over the time... TradeMap also provides data on import, export, and tariffs of each product of each country with each partner. Through TradeMap, users can know the export strengths/import needs of each trading partner and current competitors. TradeMap provides data by year, by HS code at 2, 4, or 6-digit level, by value or percentage... Users can extract information in the form of tables, charts or maps and filter the data to be sorted by commodity, country, product group or country group...
- **MacMap – ITC's Market Access Map (macmap.org):** This tool provides tariff and non-tariff barriers applicable to a particular good exported from a particular market to another market. In particular, in terms of tariffs, MacMap includes both Most Favored Nation (MFN) tariff rates and unilateral preferential tariffs (such as GSP) and preferential tariffs under bilateral and multilateral trade agreements (such as FTAs). In terms of non-tariff barriers, MacMap includes regulations on import quotas, trade remedy measures, certification requirements, and other non-tariff measures.
- **Rule of Origin Facilitator - ITC's Search Tool on Rules of Origin (findrulesoforigin.org):** This tool allows users to access a database of rules of origin in more than 350 trade agreements of more than 190 countries in the world. Combined with the database on tariffs in FTAs, this is a useful tool to help businesses know about rules of origin of FTAs to enjoy preferential tariff treatment, thereby getting benefits from such FTAs.
- **Tariff Analysis Online (TAO) (tao.wto.org):** This helps users to search for different types of tariff rates (MFN, GSP, FTA...) that a country applies to a specific product. TAO provides detailed tariff information for each tariff line according to the HS system of each country and information on average tariffs by product group.
- **Access2Markets - EU's Market Access Database (<https://trade.ec.europa.eu/access-to-markets/en/home>):** Access2Markets database system is developed by the European Commission to support import and export activities of European businesses as well as import and export partners of the EU. For Vietnamese exporters, EU's Access2Markets can help find EU import and export figures for a particular commodity with a particular partner. At the same time, this tool also provides information on tariffs, technical barriers, customs procedures, rules of origin for goods imported into the EU, etc. This portal is available in 24 EU official languages.



USEFUL INFORMATION

Where can information and data about the German and Vietnamese markets be found?

- ***World Development Indicators (WDI) of the World Bank:*** WDI includes more than 1,400 development indicators (GDP, population, labor, inflation, exchange rate...) about 217 economies and more 40 groups of countries over a period of more than 50 years. This is a very useful source of information for businesses to find out general information about the economic situation, population, inflation, unemployment, trade, investment... of each country in the world or compare these indicators between countries.
- ***Website of the Center for the Promotion of Imports from Developing Countries (CBI)*** (<https://www.cbi.eu>): This website provides detailed EU market information such as demands, trends and import requirements of the EU for some specific commodity groups such as: vegetables and fruits, grains, cocoa, coffee, textiles, footwear, seafood...

Where can businesses find support on the EVFTA and German and Vietnamese markets?

Focal points of information about the German market

European - American Market Department, Ministry of Industry and Trade

Address: No. 54 Hai Ba Trung, Hanoi, Vietnam

Phone: 024 2220 5364 | *Email:* hoangbt@moit.gov.vn

Import-Export Department, Ministry of Industry and Trade

Address: 54 Hai Ba Trung - Hanoi

Phone: 024 2220 5431 | *Fax:* 024 2220 5520

Vietnam Trade Office in Germany

Address: Rosa Luxemburg Strasse 7 – 10178 Berlin Bundesrepublik Deutschland, Germany

Phone: (+49) 30 229 819 | *Email:* de@moit.gov.vn

The Association of German Chambers of Commerce and Industry (DIHK)

Address: House of German Business, Breite Strasse 29, 10178 Berlin-Mitte

Phone: 030 20308-0 | *Fax:* 030 20308-1000

Email: info@dihk.de | *Website:* <https://www.dihk.de/de>

Focal points of information about the Vietnamese market

Center for WTO and International Trade

Vietnam Chamber of Commerce and Industry (VCCI)

Address: No. 9 Dao Duy Anh, Dong Da, Hanoi

Phone: +84 (24) 35771458

Email: banthuky@trungtamwto.vn

Website: www.trungtamwto.vn

German Embassy in Hanoi

Address: 29 Tran Phu, Ba Dinh District, Hanoi

Phone: (+84-24) 3 267 3335

Email: info@hano.diplo.de



USEFUL INFORMATION

Where can businesses find support on the EVFTA and German and Vietnamese markets?

The Delegate of German Industry and Commerce in Vietnam (GIC/AHK)

OFFICE IN HANOI

Address: Lotte Center Hanoi, East Building, 18th Floor, Room 1803-1804, 54 Lieu Giai, Ba Dinh, Hanoi, Vietnam

Phone: +84 (24) 3825 1420

Email: info(at)vietnam.ahk.de

Website: <https://vietnam.ahk.de/vn>

OFFICE IN HO CHI MINH CITY

Address: German House Building (Deutsches Haus), 4th Floor, 33 Le Duan, District 1, City. Ho Chi Minh, Vietnam

Phone: +84 (28) 3823 9775

German Business Association in Vietnam (GBA)

Address: 4th Floor - German House in Ho Chi Minh City, No. 33 Le Duan, District 1, City. Ho Chi Minh, Vietnam.

Phone: +84 28 3823 9772/ +84 28 3823 8909

Email: info@gba-vietnam.org

Business Associations in Vietnam

- Vietnam Textile and Apparel Association (VITAS): <http://www.vietnamtextile.org.vn/>
- Vietnam Leather, Footwear and Handbag Association (LEFASO): <http://www.lefaso.org.vn/>
- Vietnam Association of Seafood Exporters and Producers (VASEP): <http://vasep.com.vn/>
- Vietnam Timber & Forest Products Association (VIFORES): <http://vietfores.org/>
- Vietnam Fruit and Vegetable Association: <https://vinafruit.com.vn/>
- Vietnam Electronic Industries Association (VEIA): <http://www.veia.org.vn/>
- Vietnam Association of Mechanical Industry (VAMI): <http://vami.com.vn/>
- Vietnam Plastics Association (VPA): <http://vpas.vn/>
- Vietnam Pharmaceutical Companies Association (VNPCA): <https://vnPCA.org.vn/>
- Vietnam Automobile Manufacturers Association (VAMA): <http://vama.org.vn/>
- Vietnam Steel Association (VSA): <http://vsa.com.vn/>
- Vietnam Association of Geology and Minerals Enterprises (VAGME): <https://vagme.vn/>



Business Associations in Germany

- Association of the German Trade Fair Industry (AUMA) - *auma.de*
- Federation of German Wholesale, Foreign Trade and Services (BGA) - *bga.de*
- Confederation of the German Textile and Fashion Industry (GTMI) - *textil-mode.de*
- Federal Association of German Footwear and Leather Goods Industry (HDS/L) - *hdsl.eu*
- German Pharmaceutical Industry Association (BPI) - *bpi.de*
- The Federation of German Food and Drink Industries (BVE)- *bve-online.de*
- Association of the German Spice Industry (FGI) - *gewuerzindustrie.de*
- German Coffee Association - *kaffeeverband.de*
- German Association of the Automotive Industry (VDA) - *vda.de*
- German Chemicals Industry Association (VCI) - *vci.de*
- Association of the German Furniture Industries (VDM)- *moebelindustrie.de*
- German Association for the Digital Economy (BVDW) - *bvdw.org*
- German Engineering Federation (VDMA) - *vdma.org*
- German Steel Federation (WV Stahl) - *stahl-online.de*
- German Farmers' Association (DBV) - *bauernverband.de*
- German Association of the Fruit, Vegetable and Potato Processing Industry (BOGK) - *bogk.org*
- Federation of German Timber and Plastics Processing Industries (HDH) - *holzindustrie.de*

REFERENCES

REFERENCES IN VIETNAMESE

- ① Trang, N.T.T & Phuong, P.T.L. (2020). Business Handbook – Summary of the Vietnam - European Union Free Trade Agreement (EVFTA). Hanoi: Industry and Trade Publisher.
- ② Trang, N.T.T. (2020). Business Handbook - EVFTA and Vietnam's Fruit and Vegetable Sector. Hanoi: Industry and Trade Publisher.
- ③ Ministry of Industry and Trade. (2015). German Market Report. Hanoi.
- ④ Viet Nam Bank For Industry & Trade Securities JSC (Vietinbank Securities). (2019). Automotive Industry Report. Hanoi.
- ⑤ KPMG Co., Ltd. (2020). Report “Assessment of economic and social impacts of the pharmaceutical innovation industry on Vietnam”. Hanoi.
- ⑥ Vietcombank Securities Limited Company. (2021). Textile and Garment Industry Report in 2021. Hanoi.
- ⑦ Vietnam Association of Seafood Exporters and Producers. Report “EU market & seafood trade with Vietnam in the period of 2015-2019”. Hanoi.
- ⑧ Communist Party of Vietnam Online Newspaper. (2021). Footwear exports to the EU overcome challenges, export sustainably. Available at: <https://dangcongsan.vn/kinh-te-va-hoi-nhap/xuat-khau-giay-dep-sang-eu-vuot-qua-thach-thuc-xuat-khau-ben-vung-582748.html> [Accessed 7 Jul. 2021].
- ⑨ VOV Online Newspaper. (2021). Exporting coffee in 2021, taking advantage of the EVFTA when the export tariff is 0%. Available at: <https://vov.vn/kinh-te/xuat-khau-ca-phe-trong-nam-2021-tan-dung-loi-the-tu-evfta-khi-thue-xuat-ve-0-834476.vov> [Accessed 5 Jul. 2021].
- ⑩ Vietnam Association of Seafood Exporters and Producers. (2021). Overview of Vietnam's seafood industry. Available at: <http://vasep.com.vn/gioi-thieu/tong-quan-nganh> [Accessed 6 Jul. 2021].
- ⑪ Journal of finance (Online). (2020). Import and export data of goods and services in the fourth quarter and the whole year of 2020. Available at: <https://tapchitaichinh.vn/bao-cao-va-thong-ke-tai-chinh/so-lieu-xuat-nhap-khau-hang-hoa-dich-vu-quy-iv-va-ca-nam-2020-331011.html> [Accessed 10 Jul. 2021].
- ⑫ General Statistics Office. (2021). Import and export in 2020. Available at: <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2021/01/xuat-nhap-khau-nam-2020-no-luc-va-thanh-cong/> [Accessed 10 Jul. 2021].



REFERENCES IN ENGLISH

- 13 Lone, S., Harboul, N. & Weltevreden, J.W.J. (2021). 2021 European E-commerce Report. Amsterdam/Brussels: Amsterdam University of Applied Sciences & Ecommerce Europe.
- 14 Centurion Plus. (2021). Overview of the Retail Sector in Germany. [online] Available at: <https://centurionlgplus.com/retail-sector-germany/> [Accessed 3 Jul. 2021].
- 15 CBI. (2020). Exporting apparel to Europe. Available at: <https://www.cbi.eu/market-information/apparel> [Accessed 3 Jul. 2021].
- 16 CBI. (2020). Exporting coffee to Europe. Available at: <https://www.cbi.eu/market-information/coffee> [Accessed 3 Jul. 2021].
- 17 CBI. (2020). Exporting fresh fruit and vegetables to Europe. Available at: <https://www.cbi.eu/market-information/fresh-fruit-vegetables> [Accessed 3 Jul. 2021].
- 18 CBI. (2020). Exporting fish and seafood to Europe. Available at: <https://www.cbi.eu/market-information/fish-seafood> [Accessed 3 Jul. 2021].
- 19 Germany Trade & Invest. (2021). German E-Commerce Market Grows in Coronavirus Year 2020. Available at: <https://www.gtai.de/gtai-en/invest/industries/digital-economy/german-e-commerce-market-grows-610422> [Accessed 4 Jul. 2021].
- 20 Hermes. (2021). E-Commerce in Germany: Cross-border shares are rising. [online] Available at: <https://en.hermes-supply-chain-blog.com/e-commerce-in-europe-growth-market-germany/> [Accessed 4 Jul. 2021].
- 21 Santandertrade. (2021). Germany: Distributing a product. [online] Available at: <https://santandertrade.com/en/portal/analyse-markets/germany/distributing-a-product> [Accessed 5 Jul. 2021].
- 22 Santandertrade. (2021). German foreign trade in figures. [online] Available at: <https://santandertrade.com/en/portal/analyse-markets/germany/foreign-trade-in-figures> [Accessed 5 Jul. 2021].
- 23 Santandertrade. (2021). Germany: Reaching the consumer. [online] Available at: <https://santandertrade.com/en/portal/analyse-markets/germany/reaching-the-consumers> [Accessed 5 Jul. 2021].
- 24 Shiphub. (2021). Customs procedure for import to the EU. [online] Available at: <https://www.shiphub.co/customs-procedure-for-import-to-the-eu/> [Accessed 5 Jul. 2021].
- 25 World Footwear. (2019). Sales increase for the German footwear industry. Available at: <https://www.worldfootwear.com/news/sales-increase-for-the-german-footwear-industry/4132.html> [Accessed 5 Jul. 2021].



The Center for WTO and International Trade
The Vietnam Chamber of Commerce and Industry

Address: 9 Dao Duy Anh, Dong Da, Hanoi.
Tel: +84-24-35771458 | Email: banthuky@trungtamwto.vn,
Website: www.trungtamwto.vn

The Center for WTO and International Trade is a unit under the Vietnam Chamber of Commerce and Industry (VCCI), established to provide legal supports to Vietnamese businesses in the process of international economic integration.

The Center is a focal point for policy advocacy, providing information, consulting, and supporting Vietnamese business associations and enterprises in order to take full advantage of opportunities and to avoid risks from the WTO, Free Trade Agreements (FTA) and other international trade agreements of Vietnam.