

## MỤC LỤC

### KINH TẾ VÀ QUẢN LÝ

---

1. **Joonheon Song** - Comparative Analysis of Vietnams Bilateral Free Trade Agreements: Coverage and Depth of Integration. **Mã số: 118. 1IIEM. 12** 2  
*Phân tích so sánh các hiệp định thương mại tự do song phương của Việt Nam: độ rộng và độ sâu của hội nhập*
2. **Nguyễn Thị Tú** - Giải pháp phát triển du lịch tâm linh Việt Nam. **Mã số: 118. 1TRMg. 12** 18  
*Solutions for Spiritual Tourism Development in Vietnam*

### QUẢN TRI KINH DOANH

---

3. **Nguyễn Viết Lâm và Nguyễn Thái Hà** - Phát huy vai trò của marketing nội bộ trong các ngân hàng thương mại Việt Nam. **Mã số: 118. 2BMkt. 22** 28  
*Promoting the Roles of Internal Marketing in Vietnam Commercial Banks*
4. **Đàm Bích Hà** - Mô hình tổ chức hệ thống thông tin kế toán cho các doanh nghiệp thương mại trên địa bàn Hà Nội. **Mã số: 118. 2BAcc. 21** 40  
*Organizational Model of Accounting Information System for Commercial Enterprises in Hanoi*
5. **Đinh Thị Hương và Nguyễn Thị Minh Nhân** - Nghiên cứu yếu tố ảnh hưởng đến thực hiện trách nhiệm xã hội đối với người lao động của các doanh nghiệp May Việt Nam. **Mã số: 118. 2BAadm. 21** 53  
*A Study on Factors Affecting the Implementation of Social Responsibilities to Laborers by Vietnam Garment Enterprises*

### Ý KIẾN TRAO ĐỔI

---

6. **Nguyễn Thị Thu Thủy** - Dự báo xu hướng tỷ giá USD/VND trong giao dịch ngoại hối. **Mã số: 118. 3OMIs. 32** 64  
*The Forecast of USD / VND Exchange Rate in Foreign Exchange Trading*

# **COMPARATIVE ANALYSIS OF VIETNAM'S BILATERAL FREE TRADE AGREEMENTS: COVERAGE AND DEPTH OF INTEGRATION**

**Joonheon Song**

Tokyo International University, Japan

E-mail: jsong@tiu.ac.jp

**Ngày nhận:** 27/02/2017

**Ngày nhận lại:** 12/04/2017

**Ngày duyệt đăng:** 17/04/2017

*Since late 2010, Vietnam's free trade agreement (FTA) policy has changed from mainly ASEAN+1 FTAs to the aggressive conclusion of bilateral agreements with major trading and investment partners. This paper examines the content of Vietnam's bilateral FTAs with the United States, Japan, Chile, South Korea, Eurasian Economic Union, and the European Union. In order to compare the coverage and depth of integration, this paper focuses on the WTO-plus and WTO-extra provisions of the FTAs, which are policy areas already covered by the WTO agreements and issues falling outside the current WTO mandate, respectively. The findings of this paper could be useful for better understanding of the features of Vietnam's bilateral FTA beyond tariff reduction.*

**Từ khóa:** Vietnam, Free trade agreement, WTO-plus, WTO-extra

## **Introduction**

With the proliferation of free trade agreements (FTAs) worldwide since the 1990s, the East Asian countries have also aggressively concluded FTAs for the purpose of promoting trade and economic cooperation. According to the World Trade Organization (WTO), since the creation of the WTO in 1995, over 400 regional trade agreements (RTAs) covering trade in goods or services have been notified. As of 1 September 2016, a total of 267 RTAs (FTAs and customs unions) were in force (WTO, 2017). While the European region (20% of all RTAs in force) continues to be most active in RTA formation in the process of enlargement of the European Union (EU), East Asian region (17%) records the second largest number of RTAs in force (WTO, 2016). Recently, the mem-

ber countries of Association of South East Asian Nations (ASEAN) have individually promoted the expansion of bilateral FTAs beyond ASEAN Free Trade Area (AFTA) and ASEAN+1 FTA.

According to the Article 24 of the General Agreement on Tariffs and Trade (GATT), FTA "shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent territories in products originating in such territories." WTO members may conclude FTA with one another concerning trade in goods and services. However, as mentioned by Baker (2005), FTA is no longer simply about trade in goods and tariff reduction. Currently, most FTAs contain various commitments such as investment

protection, competition policy, intellectual property rights, labor and environmental regulation, energy, regional cooperation and safety, among a host of other issues. In particular, since the establishment of the WTO, relatively new FTAs tend to cover several policy issues that are not currently covered by the WTO agreements (Horn et al., 2010).

Based on the above discussion, this paper analyzes a content of Vietnam's bilateral FTAs. Vietnam, like other member countries of ASEAN, has actively promoted the conclusion of FTAs with major trading and investment partners. Despite potential risks of trade liberalization such as expansion of the trade deficit due to the surge of imports, Vietnamese government considered that the expansion of FTA is indispensable in order to improve international competitiveness of domestic industries (Sato, 2012). Hence, Vietnam not only has established the FTA network with the world's major economies, but also has pursued a comprehensive FTA covering a wide range of policy issues. This paper seeks to enhance the understanding of Vietnam's bilateral FTAs in context of the recent deep and broad integration beyond the reduction of tariffs.

The remainder of this paper is organized as follows. The next section examines briefly the background and rationale of Vietnam's FTA policy. Section 3 deals with the methodology adopted for the analysis. Section 4 presents the findings concerning both the coverage and depth of Vietnam's bilateral FTAs. The final section discusses policy implications of the results.

### **1. Overview of Vietnam's FTA Policy**

Following the commencement of *doi moi*, which is commonly referred to in English as renovation, the Vietnamese trade policy regime has experienced significant changes (Athukorala, 2006). Until the end of the 1980s, Vietnam was thoroughly isolated from the capitalist market economy because of the Vietnam War and then

the US sanctions (Jenkins, 2004). The country became a member of various trading arrangements with Socialist countries. However, with the collapse of the Berlin Wall and the dismantling of the Soviet Union, Vietnam became increasingly incorporated into the global economy during the 1990s (Toohey, 2008). As a result of numerous market-oriented legal and economic reforms began with the adoption of *doi moi* in 1986, the Vietnamese economy underwent changes from a centrally planned and a relatively closed economy to a much more market oriented and a global economy increasingly integrated with the world markets (Jenkins, 2004).

With the continuous legal and economic reforms undertaken in 1990s, the Vietnamese government has promoted open-door policy in order to further increase exports and foreign direct investment (FDI) which are inevitable for economic growth. Vietnam also has actively expanded a series of trade arrangements for the purpose of increasing exports and investment (Thanh and Duong, 2011). To begin with, Vietnam concluded a bilateral trade agreement with the US in 2001. The bilateral agreement not only referred to the WTO Agreements in the fields of the customs administrations, intellectual property rights, services in trade, and investment, but also includes WTO-plus provisions, particularly in the area of intellectual property rights and investment (Toohey, 2008). In July 2005, Vietnam also became a member of the ASEAN. Until the late 2000s, the Vietnamese government has concluded various FTAs under the ASEAN umbrella, including with China, South Korea, Japan, Australia, New Zealand, and India (Thanh and Duong, 2011; Sato, 2012).

Besides, Vietnam officially became the 150th member on 11 January 2007 as results of significant additional legal reforms with the US and other WTO member countries as well as continuous

efforts for market opening (Abbott et al., 2009). Vietnams WTO accession was expected to improve competitiveness of domestic industries,

al., 2015). In 2015, China was Vietnams the largest import partner, with approximately 30% of the total import value.

**Table 1.** Major Trade Partners of Vietnam in 2015

(Unit: Million US dollars, %)

Export			Import		
Partners	Values	Ratio	Partners	Values	Ratio
United States	33,465	21.7	China	49,499	29.9
European Union	30,937	19.1	South Korea	27,631	16.7
ASEAN	18,254	11.3	ASEAN	23,808	14.4
China	17,109	10.6	Japan	14,360	8.7
Japan	14,132	8.7	Taiwan	10,992	6.6
South Korea	8,921	5.5	European Union	10,426	6.3
Others	13,198	24.2	Others	28,855	17.4
Total	162,017	100.0	Total	165,570	100.0

Source: General Statistics Office of Vietnam.

particularly in the services sector. As a matter of fact, like Japan and South Korea, Vietnam also has supported multilateralism of the WTO rather than FTAs (Toohey, 2008). Therefore, as mentioned above, the Vietnamese government tended towards the ASEAN-centered FTA, so-called ASEAN+1 FTA, rather than bilateral agreements.

There is very little doubt that Vietnams efforts for integration with global economy has contributed to changes in economic structure as well as economic growth. For example, Vietnams exports to the US have rapidly increased after the conclusion of the bilateral agreement in 2001 (Abbott et al., 2009; Cuong et al., 2015). As shown in Table 1, the US is now Vietnams largest export market, followed by the EU, ASEAN, China, Japan, and South Korea. By contrast, Vietnams bilateral agreement with China has contributed to the increase of imports from the country (Cuong et

Cuong et al. (2015) also estimated that the ASEAN-Korea FTA concluded in 2007 has significantly induced FDI to Vietnam. According to the statistics of Vietnamese government, South Korea is the biggest foreign investor in Vietnam in terms of both the number of projects and the total registered capital, followed by Japan and Singapore. Thanh and Duong (2011) found that expansion of exports and investment was generally accelerated in times of deepening economic integration through FTAs.

As a result of market-oriented economic reforms over the past decades, Vietnams main trading products have also changed dramatically. In the 1980s, Vietnams the main exports overwhelmingly were agricultural and fishery products. However, the main export products have shifted from agriculture to relatively unskilled labor intensive sectors, such as apparel and footwear, during

**Table 2:** Cumulative Foreign Direct Investment in Vietnam as of 2015

(Unit: Million US dollars, %)

Country and Region	Number of Projects		Total Registered Capital	
	No.	Ratio	Values	Ratio
South Korea	4,970	24.8	45,191	16.0
Japan	2,914	14.5	38,974	13.8
Singapore	1,544	7.7	35,149	12.5
Taiwan	2,478	12.3	30,997	11.0
British Virgin Islands	623	3.1	19,275	6.8
Hong Kong	975	4.9	15,547	5.5
Malaysia	523	2.6	13,420	4.8
United States	781	3.9	11,302	4.0
China	1,296	6.5	10,174	3.6
Netherlands	255	1.3	8,265	2.9
Total (including others)	20,069	100.0	281,883	100.0

Source: General Statistics Office of Vietnam.

the 1990s (Toohey, 2008). Since the 2000s, Vietnams export growth has been accompanied by a shift toward a larger share of products with higher processing content (Thanh and Duong,

2011). In recent years, Vietnams major export sectors have changed to relatively high value-added products, such as smart phone, electronic parts, and computer.

**Table 3:** Changes in Major Export Products of Vietnam

(Unit: Million US dollars, %)

2005			2015		
Products	Values	Ratio	Products	Values	Ratio
Textile, sewing products	4772	14.7	Phones all of kinds and parts	30,166	18.6
Footwear	3039	9.4	Textile, sewing product	22,802	14.1
Fishery products	2733	8.4	Electronic parts and computer	15,608	9.6
Wood and wooden products	1561	4.8	Footwear	12,007	7.4
Electronic parts and computer	1427	4.4	Wood and wooden products	6,892	4.3
Frozen shrimps	1266	3.9	Fishery products	6,596	4.1
Frozen fish	609	1.9	Crude oil	3,710	2.3
Total (including others)	32,447	100.0	Total (including others)	162,017	100.0

Source: General Statistics Office of Vietnam.

Since the late 2000s, Vietnam's FTA policy has changed from mainly ASEAN+1 FTAs to the aggressive conclusion of bilateral agreements with major trading and investment partners. Under the circumstances that Northeast Asian countries such as China, Japan and Korea actively promote FTAs, Vietnam was also forced to follow the trend to avoid being comparatively disadvantaged. According to the analysis by Heng and Gayathi (2004), Vietnam's further participation in the expansion of FTAs could bring greater economic advantage and lower adjustment costs for efforts in industrialization and economic structural reform.

## 2. Framework of Analysis

Although a tariff reduction is still essential in FTA negotiations, a variety of policy issues related to non-economic as well as economic areas are currently being committed in these agreements (WTO, 2011). The recent trend of regionalism not only encompasses countries at different levels of economic developments, but also focuses on the so-called WTO-plus (WTO+) type issues, such as investment, services, trade remedy measures, standards, intellectual property rights, harmonization of regulations. Furthermore, relatively new FTAs are also including various so-called WTO-extra (WTO-X) type issues that has not previously been regulated by the WTO (Horn et al., 2010; WTO, 2011; Kleimann, 2013; Słok-Wódkowska and Śledziowska, 2015).

Above two categories of FTA provisions – that is, WTO+ and WTO-X areas – were suggested by Horn et al. (2010) for the purpose of analysis of FTAs concluded by the EU and US with third countries. The first category, called WTO+ provisions, refers to policy areas that fall under the current mandate of the WTO and are already subject to some form of commitment in WTO agreements. In addition to the reduction in tariffs, the archetypal examples of WTO+ areas include customs administration, trade remedy measures, sanitary

and phyto-sanitary (SPS) measures, technical barriers to trade (TBT) measures, state aid covered by the General Agreement on Trade in Services (GATS), trade-related intellectual property rights (TRIPs), trade-related investment measures (TRIMs), and export taxes.

For instance, Teh et al. (2009) examined WTO+ provisions relating to anti-dumping, countervailing and safeguard measures adopted in 74 RTAs worldwide. In the case of anti-dumping, a number of RTAs have some specific provisions on the determination of dumping and injury, procedure for investigation, imposition and duration of anti-dumping duties, among others. Similarly, Crawford et al. (2013) surveyed 232 RTAs notified to the GATT/WTO, and analyzed global and bilateral safeguard provisions through the comparison of the GATT Article XIX and the WTO Safeguard Agreement. In the case of global safeguard for example, 62 RTAs permit the exclusion of RTA partner, with or without conditions.

By contrast, the second category of policy areas, called WTO-X provisions, is meant to deal with issues lying outside the current WTO mandate. For example, Horn et al. (2010) classified environmental obligation as WTO-X area because there are no rules with regard to environmental protection in the WTO. Likewise, a total of 38 policy areas are included in WTO-X provisions, such as competition policy, movement of capital, labor market regulations, economic cooperation, and among others. As shown in Table 4, WTO-X areas contain non-economic and trade-related issues, such as cooperation in safety and criminal matters (Słok-Wódkowska and Śledziowska, 2015).

According to the analysis of WTO (2011), there are some patterns of WTO-X provisions covered in FTAs. First, while the average number of WTO+ areas covered by FTAs has been gradually increasing from 1958 to 2010, WTO-X areas, in contrast, are more included in FTAs coming into

force since 2000. Second, the main policy areas covered by WTO-X provisions are competition policy, intellectual property rights not covered by TRIPS, investment, movement of capital, and environmental laws. Third, FTAs between developed and developing countries tend to show a higher average number of WTO-X provisions than FTAs between two developed countries or between two developing countries. Finally, unlike WTO+ areas, most of WTO-X provisions are not

legally enforceable, and therefore substantive commitments in FTAs are relatively few.

**3. Anatomy of Vietnams Bilateral FTAs**

**3.1. Overview**

Since the doi moi (renovation) program was adopted in 1986, the Vietnamese government has consistently promoted free trade and open-market policies (Toohey, 2008). As mentioned above, the Vietnamese government adhered closely to the ASEAN-centered FTA policy after becoming a

**Table 4:** WTO+ and WTO-X Policy Areas in FTAs

WTO+ areas (14)	WTO-X areas (38)	
Industrial goods	Anti-corruption	Health
Agricultural goods	Competition policy	Human rights
Customs administration	Environmental laws	Illegal immigration
Export taxes	Intellectual property rights	Illicit drugs
SPS measures	Investment measures	Industrial cooperation
Technical barriers to trade	Labor market regulation	Information society
State trading enterprise	Movement of capital	Mining
Countervailing measures	Consumer protection	Money laundering
Anti-dumping	Data protection	Nuclear safety
State aid	Agriculture	Political dialogue
Public procurement	Approximation of legislation	Public administration
TRIMs	Audio visual	Regional cooperation
GATS	Civil protection	Research and technology
TRIPs	Innovation policies	Small & medium-sized enterprises
	Cultural cooperation	Social matters
	Economic policy dialogue	Statistics
	Education and training	Taxation
	Energy	Terrorism
	Financial assistance	Visa and asylum

Source: Horn et al. (2010).

member of the ASEAN in 1995. As a result, Vietnam has established the regional FTA network with China, South Korea, Japan, Australia, New Zealand, and India, using the ASEAN platform. However, since late 2010, the government has solely pursued bilateral FTA as well as the regional and plurilateral agreements, such as the Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership Agreement (TPP). In addition to the ASEAN+1 FTAs, Vietnam has concluded bilateral FTAs with the US, Japan, Chile, South Korea, Eurasian Economic Union (EEU), and the European Union (EU). Currently, Vietnam is also in FTA negotiations with Israel and European Free Trade Association (EFTA).

A basic aim of this paper is to identify Vietnam's bilateral FTAs through the methodology suggested by Horn et al. (2010). While Vietnam has several ASEAN+1 FTAs including AFTA, this paper only scrutinizes the six bilateral agreements as follows: (1) Agreement between the United States of America and the Socialist Republic of Vietnam on Trade Relations (VUSFTA), (2) Agreement between Japan and the Socialist Republic of Vietnam for an Economic Partnership (JVFTA), (3) Free Trade Agreement between the Government of the Republic of Chile and the Government of the Socialist Republic of Vietnam (CVFTA), (4) Free Trade Agreement between the Republic of Korea and the Socialist Republic of Vietnam

**Table 5:** Vietnam's FTAs with Other Partners

FTAs	Status
<i>AFTA and ASEAN+1 FTAs</i>	
ASEAN Free Trade Area (AFTA)	Entered into force in January 1993
ASEAN-China FTA	Entered into force in July 2005
ASEAN-Korea FTA	Entered into force in June 2007
ASEAN-Japan FTA	Entered into force in December 2008
ASEAN-Australia-New Zealand FTA	Entered into force in January 2010
ASEAN-India FTA	Entered into force in January 2010
<i>Bilateral and Plurilateral FTAs</i>	
Vietnam-US FTA	Entered into force in December 2001
Vietnam-Japan FTA	Entered into force in October 2009
Vietnam-Chile FTA	Entered into force in January 2014
Vietnam-Korea FTA	Entered into force in December 2015
Vietnam-Eurasian Economic Union (EEU) FTA	Entered into force in October 2016
Vietnam-European Union (EU) FTA	Concluded in December 2015
Trans-Pacific Partnership Agreement (TPP)	Signed in February 2016



(KVFTA), (5) Free Trade Agreement between the Socialist Republic of Vietnam, of the One Part, and the Eurasian Economic Union and Its Member States (VEEUFTA), and (6) Free Trade Agreement between the European Union and the Socialist Republic of Vietnam (EVFTA). While there is no question about the importance of TPP in terms of the impacts on the Vietnamese economy, this paper excludes analysis of the big trade agreement signed by 12 countries in the light of the current situation following the USs decision to withdraw from the TPP.

Of the six bilateral FTAs, the VUSFTA, which entered into force in December 2001, was not only a milestone for fully normalizing US-Vietnam economic relations (Manyin, 2001), but also the touchstone of Vietnams WTO accession in 2007 (Abbott et al., 2009). It granted reciprocal most-favored-nation treatment between the two countries. The VUSFTA consists of four parts: market access, trade in services, intellectual property rights, and investment. Next, in October 2009, Vietnam concluded the first comprehensive bilateral FTA with Japan. With the bilateral investment treaty (BIT) between Japan and Vietnam, which entered into force in December 2004, the JVFTA has contributed to the expansion of economic exchange between the two countries. As the first FTA with a Latin American country, the CVFTA was signed in November 2011 and came into effect in January 2014. Most notably, the CVFTA contains only commitment on goods, excluding commitments on services and investment. Like the case of Japan, Vietnam also launched a bilateral agreement with South Korea, even though the ASEAN-Korea FTA has already entered into force. The KVFTA, which came into effect in December 2015, includes a comprehensive market access commitments on goods, services and investment.

Besides, Vietnam recently has promoted FTAs with the major regional integrations. The first is the

agreement with the EEU, which includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. The VEEUFTA was formally signed in May 2015 and entered into force in October 2016 following the ratification by all countries participating in the treaty. The second is the FTA with the EU, which concluded in December 2015. However, the EVFTA is pending signature and ratification, expected to enter into force in early 2018. This paper includes the analysis of the EVFTA based on the text of the agreement, which released in February 2016.

### **3.2. WTO-plus areas**

This sub-section discusses the extent to which the various WTO+ areas are covered in the six bilateral FTAs of Vietnam. The coverage of WTO+ areas in the agreements is displayed in Table 6, where a dark box means that a particular FTA includes an obligation in a particular area. As can be seen, generally speaking, relatively recent agreements have a high degree of coverage. In particular, the EVFTA includes all obligations of WTO+ areas including export duties. The bilateral FTAs with South Korea and EEA also contain relatively large number of WTO+ provisions.

As expected, all of the bilateral FTAs include a commitment on reduction of tariff and non-tariff barriers for industrial and agricultural products. For example, in case of the VUSFTA, Vietnam reduced tariffs on approximately 250 goods which four-fifths of agricultural products, and eliminated quotas on all imports over a period of three to seven years (Manyin, 2001). According to the JVFTA, Vietnam committed to eliminating about 93% of tariffs on the imports from Japan within 16 years, while Japan planned to eliminate 95% of tariffs on Vietnams exports within 10 years. Meanwhile, in case of the KVFTA, Vietnamese and South Korean governments pledged to eliminate tariffs on 89.9% and 95.4% of tariff lines, respectively, within 15 years.

**Table 6:** Classification of WTO+ Areas in Vietnams Bilateral FTAs

Areas	Vietnam-US	Vietnam-Japan	Vietnam-Chile	Vietnam-Kore <sup>a</sup>	Vietnam-EAEU	Vietnam-EU
Industrial products						
Agricultural products						
Customs administrations						
Export duties						
Sanitary & phyto-sanitary measures						
Technical barriers to trade						
State trading enterprises						
Anti-dumping						
Countervailing measures						
State aid						
Public procurement						
Trade-related investment measures						
General agreement on trade in services						
Trade-related aspects of intellectual property rights						

The EVFTA is unique in that it includes the provisions on elimination of export as well as import duties. According to the EVFTA (Annex 2-d of Chapter 2), Vietnam will eliminate all export duties, except for a few tariff lines. Out of the 603 tariff lines subject to export duties, Vietnam will not only freeze the existing rate at 0% on 134 tariff lines, but also eliminate export duties on 412 tariff lines within fixed period of time (Delegation of the European Union to Vietnam, 2016). Horn et al. (2010) show that the EU tends to cover a reduction of export duties in its FTAs.

Moreover, all bilateral FTAs of Vietnam include obligation concerning customs administration issues. With trade reduction and market opening, trade facilitation is a critical element for increasing bilateral trade because it improves a transparency of customs procedures and removes potential non-tariff barriers. With the exception of the VUS-FTA, the agreements contain a separate chapter concerning the customs procedures and trade facilitation. Usually, these chapters include provisions related to the exchange of information concerning customs requirements, commitment to further simplification and standardization of docu-

mentation required by customs, enhancing transparency of customs procedures, and cooperation of customs authorities.

As a prominent example of WTO+ areas, TBT and SPS undertakings appear in all agreements except for the FTA with the US. In the case of the VUSFTA, two governments only re-affirmed the provisions of GATT 1994. Typically, TBT and SPS chapters contain commitments on the establishment of committee aimed at the effective implementation and operation of the agreement, technical cooperation relating to TBT and SPS issues, and enhancement of transparency, including the affirmation of the WTO TBT and SPS Agreements. Uniquely, the EVFTA includes a provision for enhancing the cooperation on animal welfare in the SPS chapter.

Trade remedy such as antidumping and countervailing measures is also prominent case of the WTO+ areas. There are various provisions beyond the WTO rules, which are substantial and procedural requirements for the imposition of antidumping and countervailing duties, in the Vietnams bilateral FTAs with South Korea, the EEU, and the EU. For example, Article 7.6.3 of the KVFTA clearly prohibits the practice of zeroing in calculation of dumping margin, and explicitly allows the application of the lesser duty rule when determining the level of antidumping duties. On the other hand, the relevant provisions of the FTAs with the US, Japan, and Chile belong to so-called WTO-equivalent which maintains WTO rules with no or only minor modifications.

State trading enterprise or state-owned enterprise (SOE) is very important issue for Vietnams FTA partners. According to the US International Trade Administration (2017), the wholly SOEs accounted for approximately 30% of GDP and control the majority of natural resources, despite they accounted for just 0.2% of the total number of enterprises in Vietnam at the end of 2014.

Therefore, the EVFTA contains separate chapter regarding SOEs in order to ensure non-discrimination and commercial considerations, corporate governance, and transparency. Though there is no separate chapter, Article 2.11 (State Trading Enterprises) of the VEEUFTA re-confirms the Article 18 of GATT 1944 and its WTO obligations and commitments.

Even though Vietnam is not yet member of the WTO Government Procurement Agreement (GPA), FTAs with Japan, the EEU and EU include provisions or separate chapters relating to the government procurement. In particular, Vietnam opened up a number of public procurement markets in the FTA with the EU. In case of the JVFTA, Japan and Vietnam agreed to only improving transparency and effectiveness of the measures regarding government procurement, in terms of the improvement of business environment. Similarly, the CVFTA mainly confirmed the importance of cooperation in the field of government procurement.

Except for the JVFTA and CVFTA, the bilateral FTAs of Vietnam contain WTO+ provisions in the area of TRIMs. For example, these agreements call for fair and equitable treatment in relation to investments, along with the standard principles of non-discrimination and most-favored-nation. The definitions in the VUSFTA go beyond that of the TRIMs Agreement, which includes not just commercial presence but also portfolio investment, tangible and intangible property, contractual rights, intellectual property, and rights conferred pursuant to law. The Chapter 9 (Investment) of the KVFTA includes expansive disciplines relating to investment, such as scope, standard of treatment, compensation for losses, expropriation, transfers, performance requirements, dispute settlement, and among others.

Vietnam also went beyond its WTO commitments in the field of trade in services when it con-

cluded bilateral FTAs. For instance, according to the VUSFTA, Vietnam has offered market access to a number of services sectors, including accounting, advertising, banking, computer, distribution, education, insurance, legal, and telecommunications (Manyin, 2001). In case of the FTA with the EU, Vietnam agreed to liberalize new markets in a wide range of sectors, such as building cleaning, disinfecting and exterminating, packaging, trade fairs and exhibitions, rental and leasing without operators relating to machinery and equipment, interdisciplinary research and development, technical testing and analysis services, and among others (Delegation of the European Union to Vietnam, 2016). Under the KVFTA, Vietnamese and South Korean governments have committed to not only go beyond the liberalization level of ASEAN-Korea FTA, but also contain provisions for renegotiation about the chapters with the annexes relating to trade in services and investment based on a negative list approach.

Finally, the bilateral FTAs of Vietnam contain WTO+ provisions in the area of intellectual property rights. These agreements go above and beyond the WTO TRIPs agreement by including additional commitments to protect intellectual properties such as copyright, trademark, industrial design, and patent. For example, Article 4.4 of the relevant chapter of the VUSFTA requires copyright protection to be a minimum of 75 years from publication, whereas Article 12 of the TRIPs Agreement requires a minimum of 50 years. According to the Article 8.3 of Chapter 12 (Intellectual Property) of the EVFTA, Vietnam will allow an extension of the patent protection of pharmaceutical products in order to compensate for delays in the marketing approval if the approval process takes more than 24 months.

### 3.3. *WTO-extra areas*

This sub-section turns attention to the WTO-X areas, which refer to commitments in policy issues

not currently covered or regulated by the WTO Agreement. Table 7 shows information about the coverage of WTO-X areas in the bilateral FTAs of Vietnam. Unlike the WTO+ issues, WTO-X provisions are generally scattered in the text of the agreement, regardless of the title of chapter. For example, the EVFTA contains the provisions relating to the data protection on pharmaceutical and agrochemical products in the chapter of intellectual property. On the other hand, the chapters on cooperation between countries include various provisions aimed to encourage and facilitate cooperation in many different fields from economic to social issues.

As already mentioned, Horn et al. (2010) classified WTO-X provisions into 38 categories. In particular, Vietnam has agreed to include a chapter on competition policy with Japan, South Korea, the EEU, and the EU. In order to proscribe anti-competitive practices, for example, Chapter 11 (Competition) of KVFTA contains several substantial rules, such as the implementation of competition laws and policies, application of competition law to state-owned as well as private enterprises, cooperation and coordination between competition authorities (Korea Fair Trade Commission, Vietnam Competition Authority and Vietnam Competition Council), and technical assistances.

Among the 38 WTO-X areas, investment measures and intellectual property rights are typical hybrid provisions between a WTO+ and a WTO-X obligation because the two areas are not only covered by WTO TRIMs and TRIPs Agreements, respectively, but also include particular commitments which are lying outside WTO mandate. For instance, some FTAs include provisions with respect to adhering to international conventions that are not covered by the WTO TRIPs Agreement. In the case of investment, the relevant chapters contain legally enforceable rules regarding the mechanisms for adequate compensation

in case of expropriation as well as the arbitration rules for dispute settlement between states and non-state entities. For example, Vietnam has agreed with South Korea to the introduction of Investor-State Dispute Settlement in the Section B of Chapter 9 (Investment) of KVFTA. Similar clause can be also found in the bilateral FTAs with the US, the EEU, and the EU.

The VEEUFTA and EVFTA commonly include provisions for protecting environment and improv-

ing labor circumstances, in terms of sustainable development. Under the FTAs with EEU and the EU, Vietnamese government reaffirmed the commitments under the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006 as well as the obligations deriving from membership of the International Labour Organization (ILO) and the ILO Declaration on Fundamental Principles and Rights at Work and

**Figure 7:** Classification of WTO-X Areas in Vietnams Bilateral FTAs

Areas	Vietnam-US	Vietnam-Japan	Vietnam-Chile	Vietnam-Korea	Vietnam-EAEU	Vietnam-EU
Anti-corruption						
Competition policy						
Environmental laws						
Intellectual property rights						
Investment measures						
Labor market regulation						
Movement of capital						
Consumer protection						
Data protection						
Agriculture						
Approximation of legislation						
Audio visual						
Civil protection						
Innovation policies						
Cultural cooperation						
Economic policy dialogue						
Education and training						

Energy							
Financial assistance							
Health							
Human rights							
Illegal immigration							
Illicit drugs							
Industrial cooperation							
Information society							
Mining							
Money laundering							
Nuclear safety							
Political dialogue							
Public administration							
Regional cooperation							
Research and technology							
Small & medium-sized enterprises							
Social matters							
Statistics							
Taxation							
Terrorism							
Visa and asylum							

its Follow-up. Moreover, the VEUF TA includes commitments to the effective implementation in their laws and practices of the multilateral environmental agreements, including the UN Framework Convention on Climate Change, the UN Convention on Biological Diversity, and the UN Convention on International Trade in Endangered Species of Wild Fauna and Flora.

The EVFTA also contains a separate chapter on the energy issues. The EU and Vietnam agreed to a legal framework in their bilateral FTA, for the purpose of the facilitation of trade and investment in renewable energy generation through the elimi-

nation of non-tariff barriers, such as local content requirements, as well as the promotion of cooperation.

The JVFTA is unique in that it includes particular commitments on movement of natural persons. In addition to the short-term business visitors, intra-corporate transferees, professional service providers, and contractual service suppliers, Japanese and Vietnamese governments have granted entry and temporary stay for the practicing nurses. As a result of further negotiations, Japanese government has approved conditionally the acceptance of health-care providers under the

FTA scheme. According to the bilateral FTA with Vietnam, Japan accepted a total of 470 Vietnamese candidates (53 nurses and 417 care-givers) during the period of 2014 to 2016.

Additionally inserted an annex on the cooperation in services related to culture, such as audio-visual, tourism, entertainment, cultural heritage, museum, and library services.

**Table 8:** Vietnamese Nursing and Caregiving Candidates under the JVFTA

Years	Number of Nurses	Number of Caregivers
2014	21	117
2015	14	138
2016	18	162

Source: Ministry of Health, Labor and Welfare of Japan.

Finally, the bilateral FTAs of Vietnam contain a separate chapter for a comprehensive cooperation between member countries, except for the VUSFTA and VEEUFTA. For example, Vietnam has agreed with Chile to cooperate in 13 areas; including (a) economic development, (b) innovation, research and development, (c) agriculture, food industry and forestry, (d) mining and industry, (e) energy, (f) small and medium-sized enterprises, (g) tourism, (h) education and human capital development, (i) culture, (j) gender issues, (k) climate change, (l) health care, and (m) development aspects. Cooperation activities between the two countries have been conducted in various ways, such as building upon existing arrangements, facilitating the exchange of experts and information, promoting cooperation in regional and multilateral fora, guiding cooperative activities, providing technical assistance, and organizing dialogues, conferences, seminars, and training programs. Similar clause can be found in the bilateral FTAs with the Japan, South Korea, and the EU. In Table 7, if a particular FTA includes an obligation on the cooperation, three contents - economic policy dialogue, industrial cooperation, and regional cooperation - are marked in black. Meanwhile, the KVFTA has

**4. Conclusion**

With the rapid proliferation of regionalism worldwide resulting from the failure of WTO multilateral trade negotiations, the East Asian countries have concluded FTAs with major trading and investment partners. Like other ASEAN member countries, Vietnam also has aggressively promoted the conclusion of FTAs. The early FTA policy of Vietnam was mainly based on the ASEAN, so-called ASEAN+1 FTA. However, recently, the Vietnamese government has modified its strategy for the extension of FTA network from the ASEAN-oriented to bilateral approaches.

In order to get a better understanding of the bilateral FTAs of Vietnam, this paper examined the content of agreements with the US, Japan, Chile, South Korea, the EEU, and the EU. In particular, this paper focused on two aspects of the FTAs to explain the coverage and depth of integration. One is the WTO+ provisions which refer to policy areas covered by the present WTO agreements. The other is the WTO-X provisions lying outside the current WTO mandate. This methodology, suggested by Horn et al. (2010), provides a useful framework for comparing and analyzing the characteristics of the agreements.

Overall, this paper finds that the coverage and depth of the Vietnams bilateral FTAs has been more intensified over time. The relatively new agreements include a large number of WTO+ provisions beyond WTO agreements. For instance, the EVFTA, which concluded in December 2015, contains all of the WTO+ areas, including the reduction of export taxes. The bilateral FTAs with South Korea and the EEU also have a relatively large number of WTO+ provisions, such as the tariff liberalization, customs administrations, SPS, TBT, trade remedy measures, state aid, TRIMs, GATS, and TRIPs.

While Vietnam tends to actively commit WTO+ obligations in its bilateral FTAs, WTO-X provisions are concentrated in some areas, such as mainly competition policy, intellectual property rights, investment measures, movement of capital, and cooperation. In particular, the Vietnamese government has sought to enhance comprehensive cooperation with FTA partners in many different fields. A separate chapter on the cooperation can be found in the bilateral FTAs with Japan, Chile, South Korea, and the EU.

Although this paper contributes to an understanding of the characteristics of the Vietnams bilateral FTAs, there is a need to consider the limitations of this study. First, despite the frequent adoption in recent FTAs, this paper does not look at new policy areas, such as the commitment related to the electronic commerce. The KVFTA and EVFTA contain a chapter on the electronic commerce or e-commerce, regarding obligations to promote the development of electronic commerce. Second, the TPP was excluded from the review, because the trade pact was regrettably frustrated prior to the ratification. As a matter of fact, Vietnam successfully concluded a comprehensive and high-level FTA with 12 countries including Australia, Canada, Japan, and the US. The TPP contains new obligations, which are not

included in the existing bilateral FTAs of Vietnam, concerning Development, Small and Medium-sized Enterprises, and Anti-corruption. ♦

### References

Abbott, P., J. Bentzen, and F. Tarp, 2009, "Trade and Development: Lessons from Vietnams Past Trade Agreements," World Development, Vol. 37, No. 2, pp. 341-353.

Athukorala, P. C., 2006, "Trade Policy Reforms and the Structure of Protection in Vietnam," The World Economy, Vol. 29, No. 2, pp. 161-187.

Baker, M. B., 2005, "No Country Left Behind: The Exporting of US Legal Norms under the Guise of Economic Integration," Emory International Law Review, Vol. 19, pp. 1321-1382.

Cuong, H. C., T. T. N. Trang, and D. T. Nga, 2015, "Do Free Trade Agreements (FTAs) Really Increase Vietnams Foreign Trade and Inward Foreign Direct Investment (FDI)?" British Journal of Economics, Management and Trade, Vol. 7, No. 2, pp. 110-127.

Crawford, J., J. McKeagg, and J. Tolstova, 2013, "Mapping of Safeguard Provisions in Regional Trade Agreements," Staff Working Paper ERSD-2013-10. World Trade Organization.

Delegation of the European Union to Vietnam, 2016, "Guide to the EU-Vietnam Free Trade Agreement," <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1437> (accessed February 5, 2017).

Heng, T. M. and V. Gayathri, 2004, "Impact of Regional Trade Liberalization on Emerging Economies: The Case of Vietnam," ASEAN Economic Bulletin, Vol. 21, No. 2, pp. 167-182.

Horn, H., P. C. Mavroidis, and A. Sapir, 2010, "Beyond the WTO? An Anatomy of EU and US Preferential Trade Agreements," The World Economy, Vol. 33, No. 11, pp. 1565-1588.



Jenkins, R., 2004, "Vietnam in the Global Economy: Trade, Employment and Poverty," *Journal of International Development*, Vol. 16, No. 1, pp. 13-28.

Kleimann, D., 2013, "Beyond Market Access? The Anatomy of ASEANs Preferential Trade Agreements," EU Working Paper LAW 2013, European University Institute.

Manyin, M. E., 2001, "The Vietnam-U.S. Bilateral Trade Agreement," CRS Report for Congress, Congressional Research Service, Library of Congress.

Ministry of Health, Labor and Welfare of Japan, 2016, "Acceptance of Vietnamese Nurses and Careworkers," <http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/000049737.html> (accessed March 27, 2017).

Thanh, V. T., and N. A. Duong, 2011, "Revisiting Exports and Foreign Direct Investment in Vietnam," *Asian Economic Policy Review*, Vol. 6, No. 1, pp. 112-131.

Sato, S., 2012, "FTA/EPA Strategy (in Japanese)," in H. Moribe (ed.), *Basic knowledge of Vietnams Economy*, Tokyo: Japan External Trade Organization, pp. 66-72.

Slok-Wódkowska, M. and K. Sledziwska, 2015, "Anatomy of the EU regional trade agreements: What Really Influences Economic Integration?" Working Paper, Digital Economy Lab, University of Warsaw.

Teh, R., T. J. Prusa, and M. Budetta, 2009, "Trade Remedy Provisions in Regional Trade Agreements," in A. Estevadeordal, K. Suominen, and R. Teh (eds.), *Regional Rules in the Global Trading System*, Cambridge University Press.

Toohey, L., 2008, "Stepping Stones and Stumbling Blocks: Vietnams Regional Trade Arrangements and WTO Accession," in R. P. Buckley, V. lo Lo, L. Boulle (eds.), *Challenges to Multilateral Trade: The Impact of Bilateral,*

*Preferential and Regional Agreements*, Kluwer Law International, pp. 67-86.

US International Trade Administration, 2017, "Vietnam - Competition from State-Owned Enterprises," <https://www.export.gov/article?id=Vietnam-Competition-from-State-Owned-Enterprises> (accessed March 25, 2017).

WTO, 2011, *The WTO and Preferential Trade Agreements: from Co-existence to Coherence*, World Trade Report 2011, World Trade Organization.

WTO, 2016, "Recent Developments in Regional Trade Agreements (July-December 2016)," [https://www.wto.org/english/tratop\\_e/region\\_e/rtajuly-dec16\\_e.pdf](https://www.wto.org/english/tratop_e/region_e/rtajuly-dec16_e.pdf) (accessed March 7, 2017).

WTO, 2017, "Regional trade agreements," [https://www.wto.org/english/tratop\\_e/region\\_e/region\\_e.htm](https://www.wto.org/english/tratop_e/region_e/region_e.htm) (accessed March 7, 2017).

### Summary

Từ cuối năm 2010, chính sách hiệp định thương mại tự do (FTA) của Việt Nam đã có nhiều thay đổi, từ ASEAN+1 FTAs sang các hiệp định song phương mạnh mẽ hơn với các đối tác thương mại và đầu tư chính. Bài báo này nghiên cứu nội dung của các FTA song phương giữa Việt Nam với Hoa Kỳ, Nhật Bản, Chile, Hàn Quốc, Liên minh kinh tế Á – Âu và Liên minh Châu Âu. Nhằm so sánh độ rộng và độ sâu của hội nhập, bài báo tập trung vào các nội dung "WTO cộng" và "WTO bổ trợ" trong các FTA, đây là các khu vực chính sách đã được bàn đến trong các hiệp định WTO và các vấn đề bên ngoài phạm vi điều chỉnh hiện nay của WTO. Kết quả của nghiên cứu này rất hữu ích trong việc giúp hiểu rõ hơn các đặc điểm của hiệp định thương mại tự do song phương của Việt Nam bên cạnh việc cắt giảm thuế quan.