

**Political Economy of Domestic Influences of Free Trade Agreements:
A Case Study of the Agricultural Sector in Vietnam**

by

BOGUSZEWSKI, Mariusz

A Thesis Submitted to
The Education University of Hong Kong
in Partial Fulfillment of the Requirement for
the Degree of Doctor of Philosophy

October 2022



The Education University
of Hong Kong Library

For private study or research only.
Not for publication or further reproduction.

Statement of Originality

I, BOGUSZEWSKI, Mariusz, hereby declare that I am the sole author of the thesis and the material presented in this thesis is my original work except those indicated in the acknowledgement. I further declare that I have followed the University's policies and regulations on Academic Honesty, Copyright and Plagiarism in writing the thesis and no material in this thesis has been submitted for a degree in this or other universities.



Abstract

This political economy analysis investigates how free trade agreements (FTA) influence economic performance and the agricultural sector in Vietnam. The greatest attention is placed on the EU-Vietnam FTA (EVFTA) as the broadest deal of its kind and with an expected significant impact on Vietnam's economy. Content analysis is used for secondary sources and narrative analysis for the semi-structured interviews conducted with the representatives of the stakeholders, all based on the grounded theory of new institutional economics, finding the patterns that connect institutions, FTA provisions, and organizations' interests helps to separate changes in an institutional setting that FTAs largely drove. Institutional change is assumed to trigger economic change with the reflection on economic performance. While the impact of traditional FTAs on long-term economic performance is at best ambiguous, "new generation" agreements and EVFTA in particular, have influenced formal institutional settings. The impact on informal institutions is limited, with no impact on enforcement power. The state's failure to properly implement some requirements can be substituted by a market shift that activates other actors such as businesses, including foreign-invested companies. Deeper integration of the Vietnamese economy into the global system, including global value chains (GVC) caused by FTAs, exposed it to international institutional standards, which are successfully implemented in Vietnamese parts of the GVC. Their local suppliers might then follow these standards and potentially spill over to broader parts of the economy, causing a shift in informal norms. Consequently, incremental changes might result in effective institutional change. In agriculture, the negative impact of FTAs on the sector was largely mitigated. An expected positive indirect impact of EVFTA is yet to come.

Keywords: Vietnam, political economy analysis, free trade agreement (FTA), EU-Vietnam FTA, institutional change

Acknowledgments

First, this study would not be possible without my growing interest in developing countries, Southeast Asia and Vietnam in particular. It started from my undergraduate and postgraduate (master's degree) education at the Institute of Developing Countries, University of Warsaw (1999-2003), to my first contact with international donors' organizations and the diplomatic community in Kazakhstan (2003-2004), during my internship in the Embassy of Poland in Almaty, additionally enhanced by the postgraduate (master's degree) studies in the SGH Warsaw School of Economics (2005-2008).

Second, I wish to acknowledge the role of Ambassador of Poland to Vietnam as my boss in my first diplomatic job in Hanoi (2008-2011), who helped me to build a strong interest in the region and Vietnam. After it, under the Consul General of Poland to Hong Kong, Mr. Przemyslaw Jenke (2011-2014), I broadened my perspective, knowledge, and unique analytical skills paired with diplomatic sensitivity as head of the diplomatic post later on.

In the next step, my second diplomatic mission to Hanoi (2015-2017) linked me directly with the topic of this study. Numerous professional as well as backstage meetings with Vietnamese officials, the diplomatic community, especially the EU Delegation to Vietnam and research bodies, including participation in high-level meetings, e.g., Vietnam Business Forum or Vietnam Development Forum, gave me solid professional background which is used in this research. Moreover, direct engagement in the business community as a chairman of the advisory committee of the Central and Eastern European Chamber of Commerce and member of the advisory board of the European Chamber of Commerce made my insider's role more robust and multidimensional.

Last but not least, I would like to thank the Education University of Hong Kong as well as Hong Kong as a region, for giving me this unique opportunity to pursue and finish this PhD research here.

Table of Contents

Statement of Originality	i
Abstract	ii
Acknowledgements	iii
Table of Contents	iv
List of Abbreviations	v
List of Figures	xi
List of Tables	xiii
Chapter 1: [Introduction]	1
Chapter 2: [Review of Literature and Indexes]	33
Chapter 3: [Transition Story of Vietnam from <i>Đổi Mới</i> to “New Generation Free Trade Agreements”]	67
Chapter 4: [Formal and Informal Institutions]	114
Chapter 5: [Organizations as Agents of Institutional Change]	173
Chapter 6: [Structural Factors and COVID-19]	208
Chapter 7: [FTAs as Potential Factors of Institutional Change]	240
Chapter 8: [Supply Chains and Agricultural Sector Case Study]	292
Chapter 9: [Summary, Discussion, Conclusions and Policy Recommendations]	324
References	372

List of Abbreviations

AC	ASEAN Community
ACFTA	ASEAN-China Free Trade Area
ADB	Asian Development Bank
ADBI	Asian Development Bank Institute
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Services
AFC	Asian Financial Crisis (1997-98)
AFDR	Austrian Foundation for Development Research
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
AKFTA	ASEAN-South Korea Free Trade Area
ASEAN	Association of Southeast Asian Nations
ASF	African Swine Fever
ASW	ASEAN Single Window
CEE	Central and Eastern Europe
CEEC	Central and Eastern European Chamber of Commerce in Vietnam
CGE	Computable general equilibrium
CIA	Central Intelligence Agency
CIEM	Central Institute for Economic Management
CIT	Corporate income tax
CLM	Cambodia, Laos, and Myanmar
COMECON	Council for Mutual Economic Assistance
CPI	Corruption Perception Index

CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CPV	Communist Party of Vietnam
DAH	Department of Animal Health
DB	Ease of Doing Business
EC	European Commission
EFI	Economic Freedom Index
EFTA	European Free Trade Area
EU	European Union
EuroCham	European Chamber of Commerce in Vietnam
EVFTA	EU-Vietnam Free Trade Agreement
EVIPA	EU-Vietnam Investment Protection Agreement
EVN	Vietnam Electricity
FAO	Food and Agriculture Organization
FDI	Foreign direct investments
FTA	Free trade agreement
GATT	General Agreement on Tariffs and Trade
GCI	Global Competitiveness Index
GDD	Grassroots Democracy Decree
GDP	Gross domestic product
GDVC	General Department of Vietnam Customs
GI	Geographical indicator
GIHub	Global Infrastructure Hub
GII	Global Innovation Index
GNI	Gross national income
GoV	Government of Vietnam

GPA	Government Procurement Agreement
GSO	General Statistics Office of Vietnam
GSP	Generalized System of Preferences
GVC	Global value chain
HCI	Human Capital Index
HCMC	Ho Chi Minh City
HDI	Human Development Index
HK\$	Hong Kong dollar
	High-performance Asian economies (Hong Kong, Singapore, South Korea,
HPAEs	and Taiwan, sometimes called Asian Tigers)
ICO	International Coffee Organization
ICT	Information and communications technology
IFI	International financial institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IP	Intellectual property
IPA	Investment Protection Agreement
IPR	Intellectual property rights
ISEAS	Institute of Southeast Asian Studies-Yusof Ishak Institute in Singapore
LPI	Logistic Performance Index
MARD	Ministry of Agriculture and Rural Development
MIT	Ministry of Industry and Trade
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoT	Ministry of Transport

MoH	Ministry of Health
MoU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MS	Member state
MST	Ministry of Science and Technology
MUTRAP	EU Vietnam Multilateral Trade Assistance Project
NAFIQAD	National Agro-Forestry-Fisheries Quality Assurance Department
NGFTA	New generation free trade agreement
NGO	Non-government organization
NIE	New institutional economics
NOIP	National Office of Intellectual Property
NTB	Non-tariffs barriers
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
PIT	Personal income tax
PPP	Purchasing power parity
RCA	Revealed comparative advantage index
RCEP	Regional Comprehensive Economic Partnership
RoO	Rules of origin
SBV	State Bank of Vietnam
SEA	Southeast Asia
SEG	State economic groups
SGC	State general corporation
SOCB	State-owned commercial bank

SOE	State-owned enterprise
SPS	Sanitary and phytosanitary standards
SRV	Socialist Republic of Vietnam
TBT	Technical barriers to trade
TFP	Total factor productivity
TI	Transparency International
TII	Trade intensity index
TPP	Trans-Pacific Partnership
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
UNU-	United Nations University – World Institute for Development Economics
WIDER	Research
US\$ or \$	United States dollar
VAT	Value-added tax
VBF	Vietnam Business Forum
VBSP	Vietnam Bank for Social Policies
VCCI	Vietnam Chamber of Commerce and Industry
VDF	Vietnam Development Forum
VFF	Vietnam Fatherland Front
VGCL	Vietnam General Confederation of Labour
VIAC	Vietnam International Arbitration Centre

VICOFA	Vietnam Coffee and Cocoa Association
VINACAS	Vietnam Cashew Association
VJEPA	Vietnam-Japan Economic Partnership Agreement
VKFTA	Vietnam-South Korea Free Trade Agreement
VND	Vietnamese dong
VUBTA	Vietnam-US Bilateral Trade Agreement
WB	World Bank
WCO	World Customs Organization
WEF	World Economic Forum
WGI	Worldwide Governance Indicators
WHO	World Health Organization
WIPO	World Intellectual Property Organisation
WO	Workers Organizations
WTO	World Trade Organization



List of Figures

Figure 1.1	Undertaken political economy analysis broken down into stages	27
Figure 2.1	WGI for Vietnam, Japan, South Korea, East Asia and Pacific and OECD	55
Figure 2.2	WGI for Vietnam, Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Thailand	56
Figure 2.3	Vietnam's six elements of WGI dynamism over the quarter of century (1996-2018)	57
Figure 2.4	Vietnam's DB ranks 2006-2020	58
Figure 2.5	Vietnam's total GCI scores and ranks 2008-2019	60
Figure 2.6	Vietnam's pillar 1 (institutions) GCI scores and ranks 2008-2019	61
Figure 2.7	Vietnam's CPI scores over time	63
Figure 3.1	Stages of political economy analysis with the steps taken in this chapter highlighted	68
Figure 3.2	ASEAN members' GDP per capita (2019) and annual GDP growth (2000-2019)	84
Figure 3.3	Intra- / extra- ASEAN trade ratio (2017)	85
Figure 3.4	ASEAN trade turnover value with China (billion \$) from 2003 to 2018	90
Figure 3.5	Map of Vietnam's FTA network	104
Figure 4.1	Stages of political economy analysis with the step taken in this chapter highlighted	114
Figure 4.2	Vietnam's tax revenue composition in 2018	142
Figure 4.3	Vietnam's budget expenditures and revenues in 2018	145
Figure 5.1	Stages of political economy analysis with the step taken in this chapter highlighted	173

Figure 5.2	Organizations in the political economy analysis of the FTAs impact on Vietnam	175
Figure 6.1	Stages of political economy analysis with the step taken in this chapter highlighted	208
Figure 6.2	Fertility rate per woman in Vietnam 1960-2019	212
Figure 6.3	Vietnam's energy mix in 2016	218
Figure 6.4	Map of suitability areas for arabica coffee growing in Vietnam under climate change scenarios between 2020 and 2050	220
Figure 7.1	Stages of political economy analysis with the step taken in this chapter highlighted	240
Figure 8.1	Stages of political economy analysis with the step taken in this chapter highlighted	293
Figure 8.2	Vietnam's Logistics Performance Index components 2007-2018	296
Figure 8.3	The "smile curve" of GVC	297
Figure 9.1	Stages of political economy analysis with the step taken in this chapter highlighted	324
Figure 9.2	Vietnam's pillar 1 institutions GCI scores and ranks 2007-2017	327
Figure 9.3	Vietnam's three elements of WGI dynamism from 1996 to 2020	328

List of Tables*[1 line]*

Table 1.1	Interviewees participating in the study	30
Table 3.1	Main agricultural commodities exported by Vietnam	80
Table 3.2	ASEAN FTAs network	88
Table 3.3	Vietnam's FTA network	94
Table 3.4	Vietnam's trade and investments value with FTA and potential FTA partners	102
Table 7.1	Tariff protection of the Vietnamese agricultural sector and a schedule of tariffs removal	250

Chapter 1: Introduction

This study examines the economic, developmental, and institutional consequences of free trade agreements (FTA) in Vietnam. The country-level case study focuses on the current situation (2022) with reference to the past (especially the decade between 2010-2020) and projections for the future. Agriculture is taken as an example with two cash crops case studies: coffee and cashew nuts.

Introduction

Preface and area of the study

In a globalizing world, economic integration has become one of the main tools used by developing countries to boost economic growth (Maggi, 2014; Manger & Shadlen, 2015). FTAs are encouraged as a pathway towards economic integration. They began to become more complex and cover a broader scope of issues in the 2010s, with potentially a significant impact on participating countries' economies and development agendas (WB & MIT, 2016). Vietnam is one of the most active players in developing a network of FTAs with potentially some profound domestic consequences of this process and these will be analyzed and investigated in this research.

Vietnam is the most dynamic economy in the Southeast Asia (SEA) region, with a steady and continuous gross domestic product (GDP) growth, second only in the world to China. This country has been experiencing prolonged GDP growth for the last four decades. From 1992 to

2019, it grew at 6.9% per year (IMF, 2022). More important than the growth itself is the stability of this growth. The standard deviation of GDP growth in the mentioned period is 1.32¹, which is one of the best, if not the best, results globally. The stability of a country can be observed not only in its economic development but also in its political scene.

Vietnam has shown relative resistance to economic crises and periods of turbulence that hit the Asian economies in 1997-98 and the global economies in 2007-2008. At the same time, Vietnam strongly promoted export. The trade-to-GDP ratio reached over 200% in 2017, the fifth-highest ratio globally, just after Luxembourg, Hong Kong, Singapore, and Ireland (WB, 2019b). Such a high ratio would indicate heavy dependence on international markets. It presumably also indicated the economy's high dependence on exports. Meanwhile, the structure of the economy and its diversification would appear to be an effective stabilizer (Fforde, 2009a; Thoburn, 2013).

Vietnam intensified its major economic reforms in the 1980s, which is often considered as starting point of transformation from communist central planning to a more free-market-oriented economy (e.g., Irvin, 1995; De Vylder & Fforde, 1996; Glewwe, Agrawal & Dollar, 2004; Beresford, 1997; 2008), together with trade liberalization and significant state-owned enterprises (SOEs) reforms based on different privatization forms *Cổ phần hóa*, known in English as “equitization”. The plan for major economic reforms is called *Đổi Mới* (Eng. Renovation).

On its wave of economic integration, Vietnam became the first developing country that concluded (2015) and signed (2019) a new generation free trade agreement (NGFTA) with a

¹ Own calculation based on the WB data (2019b)

developed economy, the European Union (EU) (WB & MIT, 2016). The EU-Vietnam Free Trade Agreement (EVFTA) is considered a new generation FTA because it covers a much broader scope than other regular trade deals, including so-called “behind-the-border” rules, e.g., domestic laws, procedures, and administrative tools (Kim S., 2015).

The selection of agriculture for the case study was motivated by the special importance of this sector in terms of economic development. It is widely acknowledged that agriculture plays a significant role in both poverty reduction and stabilization of the economy, which are essential components in overall economic development (e.g., FAO, 2003; WB, 2008; Litchfield, McCulloch & Winters, 2003; Van de Walle & Cratty, 2004; Chang, 2009; de Janvry & Sadoulet, 2010; Tarp, 2017). Moreover, its role remains fundamental in the twenty-first century, despite technological progress and globalization (Oya, 2011). Agriculture and its role are among the oldest subjects in comprehensive studies on development. One notable observation shows that all successfully industrialized economies first developed highly efficient and commercialized agriculture (Oqubay, 2020). As such, agriculture might be on the frontier of technical changes that enhance overall economic development (Andreoni, 2020).

Approach explanation

The political economy analysis undertaken in this research is understood as searching for causes and finding the explanations of economic and developmental output under the surface of available quantitative data. It is connected to existing institutions, constellations of stakeholders, and, most important, changes that occur in the above-mentioned areas (Whaites, 2017; Mcloughlin, 2014). This dynamic is explained using the new institutional economics (NIE) approach which distinct formal and informal institutions. Stakeholders are

organizations that might be divided into economic, political, social and other (North, 1990).

Other variables, independent of examined organizations and institutions, can influence organizations' motivations and opportunities. They are defined as structural factors and contain elements such as the natural environment and demography. They also form a geopolitical and economic environment in which the country functions. All changes are beyond stakeholders' control but might be enhanced or mitigated by them (Fritz & Levy, 2014). Global pandemics are also included in structural factors (Koeberle et al., 2005).

Conceptual framework

Following the NIE concept, economic performance might be enhanced by economic change that integrates the theories on changes in the demographics, the stock of knowledge or the institutional setting. As the most important for improving economic performance, according to Douglass North (2005b) is the latter, this dissertation focuses on institutional change and argues that it might be triggered by NGFTAs.

This hypothesis is derived from the theoretical concept of institutional change, which as it is agreed (e.g., North, 1990; Pierson, 2000; Campbell, 2004), is largely path-dependent. It, however, might be redirected or even path-breaking by endogenous or exogenous forces. The former might be driven by strategic and goal-oriented stakeholders (North, 1990; 1993). The latter is more complex and includes reactions to political or economic factors, e.g., changes in price and transaction costs (Williamson, 1985). Radical changes, however, have a lower chance to persist, as Vietnam's example proves. A stable force causing incremental changes in an institutional setting, adequately managed by the stakeholders who try to fit the changes into the existing pattern, is more likely to succeed (Hall, 1989; Lieberman, 2002). One

example can be imported ideology, such as communism in Vietnam's case (Campbell, 2004). International agreements, including FTAs, are another powerful force that might be used to initiate institutional change.

Summarizing the above divagation, the intensity and direction of institutional change depend on three elements.

- Destiny, which is defined as “path dependence,”² can in Vietnam's case be explained by the three main factors: Chinese occupation, French colonization, and communist revolution (Makino & Tsang, 2011).
- Strategic choice, that is, the set of all policies and directions the country has chosen, which in the case of Vietnam can be summarized in the Communist Party of Vietnam's (CPV) ideological slogan: “socialist-oriented market economy”. Despite the seeming lack of coherence of this phrase, it designates the pattern Vietnam is following that includes selected economic liberalization, Foreign Direct Investments (FDI) aimed at export-oriented industries and, in international relations, the concept of “being friends with everybody”.
- An external force that depends on its power might play the role of a game changer or “switchman”, which means a decisive force switching the direction of change and causing a noticeable developmental effect (Abrami, 2014).

This dissertation examines the role of NGFTAs as a powerful external force for Vietnam that pushes for institutional change and, as a result, economic change, with developmental consequences.

² Path dependence is understood as concept according to which, past events or decisions constrain future events (Mahoney & Schensul, 2009). In other words, in development economics the current and future development path is sticking to its historical path.

One important remark has to be made. The three mentioned elements are interconnected and depend on each other to a certain extent. For example, without major policy changes and external forces, the development of the country tends to be path-dependent. Strategic policy choice redirects the path in a more desirable direction. External force might be included as part of the strategic choices of decision-makers, like the decision to enter the NGFTAs, which required deep institutional reconstruction. Thus, allowing external force to shape the institutional setting as a tradeoff for the ruling elite between giving up some control over the country's formal institutional change direction, and bringing to the country lacking resources that secure stable development. At the same time, growing living standards legitimize the authoritarian regime remaining in power.

It distinct external forces from mentioned above structural factors that are disconnected from these three elements, their appearance is unplanned and uncontrolled by the stakeholders.

Although their negative effects, if any, might be mitigated by involved organizations.

Structural factors may trigger stakeholders' decisions to reshape the institutions. As such they are connected to institutional change. Thus, changing the price of commodities in the global markets does not directly trigger institutional change. The stakeholders' response would do it.

In this context, armed conflicts, and trade wars that did not involve the examined country might be classified as structural factors as such, in this study, the US-China trade war and the Russian invasion of Ukraine are structural factors.

Continuing the discussion about institutional change and economic performance, it should be mentioned, what was stated by North (2003), that institutions as a mix of "formal rules, informal norms and the enforcement characteristics" (p. 25), determine the economic

performance. Concerning institutional change, it is essential to understand that the formal rules might change in one day. Informal norms need a long time to adjust, sometimes a generation. Moreover, the same formal rules applied in the environment of different informal norms might produce utterly different outputs (North, 1994).

Hence, the economic performance would not be the same in the countries of opposing historical experience, which imposes, for example, democracy, property rights, and modern bureaucracy (Rodrik, 2007). Especially in the situation that, as North (2003, p. 25) also admitted, most of the political economy research on institutional change and economic performance has involved developed countries. Not many examples focus on the developing world. Even those published more recently, for example, Ha-Joon Chang (2007c), "Institutional Change and Economic Development", do not mention Vietnam. Thus, this remark is crucially essential in the view of this dissertation.

Two reasons explain the chosen approach, which at the same time attempts to fill an existing research gap. NGFTAs are in the main scope because various studies on traditional or less advanced FTAs between developed and developing countries have failed to explain their impact on economic performance, as stated by Christopher Stevens et al. (2015) in their report summarizing a large number of publications covering FTAs impact. The institutional approach is used for similar reasons. This approach is seldom used to assess the FTAs impact. However, its utility to evaluate the long-term effect of broad institutional reforms caused by deep and sophisticated trade deals, such as NGFTAs, appears solid and worth investigating.

Research questions

The key research question is: "How do free trade agreements influence economic

performance and the agricultural sector in Vietnam?” The consequences of the FTAs are considered in two dimensions: short-term (less than two years) and medium- (two to ten years) to long-term (beyond ten years), as the effect is different in both cases. Besides the direct impact, the indirect impact of the FTAs on Vietnam’s economy and development agenda might be profound. The agricultural sector has a significant impact on the overall economic development of the country, and as such is taken as an example for a better understanding of the whole process.

Three sub-questions help to explain the main research problem:

1. What is the impact of FTAs on Vietnam’s institutional setting and how could it be extrapolated to economic performance and the agricultural sector?
2. How does the institutional setting of Vietnam and its organizational constellations determine FTAs adjustments, and how do they influence developmental output?
3. To what extent do structural factors, including COVID-19 pandemics, facilitate economic liberalization and development?

Aim and objectives

This study aims to determine the influence of FTAs on Vietnam’s domestic affairs, especially its economy and prospects for development. The author attempts to investigate and ascertain policy elements and reforms that are entirely influenced by the FTAs, partly or motivated by FTAs. The analysis is based on an institutional approach and examines institutions, institutional change, and possible economic output. Additionally, to a certain extent, the study refers to agriculture as one of the most vulnerable sectors in developing countries that liberalize their economies. Finally, the research analyzes selected FTAs provisions that force

or influence institutional change.

Considering the above, the leading general objective of this study is to identify possible economic, developmental, and institutional consequences of the FTAs. The specific aspects of the research include:

- Examining the role of the NGFTAs as an external force triggering institutional change (Chapters 3 and 7).
- Identify the institutional setting of Vietnam shaped by path-dependent factors and strategic policy choice (Chapter 4).
- Identify the direct and indirect impact of institutions, formal and informal, and organizations on FTAs' adjustment process and economic performance (Chapters 5 and 7).
- Recognize the importance of structural factors, including the COVID-19 pandemic, in shaping the direction of economic decisions (Chapter 6).
- Acknowledge the agricultural sector's importance in the process of economic development and its potential vulnerability to the open economy policy (Chapter 8).

The majority of the quantitative studies indicate significant, direct positive impacts from FTAs (e.g., Kikuchi, Yanagida & Huong V., 2018; Phat & Hanh N., 2019; EC, 2019; WB and MIT, 2016; Duong N. B., 2016; Tröster et al., 2019; Duong M. et al., 2019; Duong M., Holmes & Strutt, 2021). Instead, the author argues that most of them are biased to show strong positive results based on simplistic assumptions. One of those assumptions is that everything in the agreements will be enacted, e.g., removal of non-tariff barriers (NTBs) or that all business entities will be well informed and prepared for new opportunities. In reality,

these do not happen. It is connected with the conflicting interests of groups involved in the process and information asymmetry, imperfect formal institutions, and ambivalent willingness to reform them in the longer term.

Thus, the quantitative effects of the FTAs are at best uncertain. On the other hand, the qualitative effect of some advanced agreements might be substantial. For example, responding to requirements of membership in international organizations (the World Trade Organization (WTO) is an excellent example for Vietnam), gave satisfactory impulses to develop modern institutional bases (Anh D. D., 2010). FTAs might follow this pattern, especially with such a multidimensional agreement as the EVFTA. According to the World Economic Forum (WEF) annual ranking of global competitiveness (GCI), Vietnam is not making considerable progress in improving its institutions since joining WTO in 2007. In 2019 Vietnam was classified in the 89th position out of 141 researched economies in the overall ranking (Schwab & Porter, 2009-2010; Schwab, 2011-2019; Anh N., Minh N. & Binh T. 2016).

This means that traditional FTAs may not have given impulse to deeper reforms. In contrast, NGFTAs might have the potential to become a powerful external force, such as the WTO was before, and assist in more profound changes in Vietnam. The author argues that the effect of NGFTAs will be more detectable in the longer term, as the effect on Vietnam is through institutions. Effective institutional change might occur over the perspective of several years, in some cases over a decade, due to profound informal constraints identified in Vietnam.

Additionally, the indirect impact of the FTAs taken into consideration in this study means that phenomena influencing the sector's supply chains will be included in the scope of the

research assessment too, as a tool contributing to upgrading the economic and social development level (Gereffi, 2015; Trienekens, 2011). Vietnam's domestic supply chains are analyzed, and their potential to become part of global value chains (GVC) is due to economic integration. The other consequences of FTAs analyzed in this research are GVC upgrading and Vietnam's obstacles. Agricultural supply chains are examined separately.

Significance, rationale, and limitations of the study

Significance and rationale of the study

Significance and rationale

This study is shaped and informed by several disciplines. The main one is economics, but it also draws from development studies and international political economy. This study would be useful for several reasons. Most of the researchers who examine FTA impacts are using quantitative methods, that is, econometric modeling and the results are in the form of numerical data, which can be compared to similar studies done for different FTAs or different countries. They base on the homogeneity assumption, which has been put aside in this study. This research follows the leading theoretical guidelines of the NIE. The study is defined at the country level (Vietnam), meaning institutions, organizations, and processes taking place in Vietnam. The resulting FTA consequences are also considered domestically in Vietnam. The findings mentioned above aim to contribute to the existing literature on the development economics of Vietnam.

Another essential argument justifying the undertaken research is timing. The trend to broaden international economic agreements adds many provisions not connected to trade and

investments. NGFTAs are a new phenomenon for 2022, and Vietnam participates in two such agreements that have just entered into force, EVFTA on 1 August 2020 and the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) on 30 December 2018. Moreover, significant structural factors are occurring, which are reshaping the economic order not only domestically but also globally.

NGFTAs include several elements (e.g., sustainable development, labor rights, investment protection, trade in services, NTB, sanitary and phytosanitary standards (SPS)), which are non-measurable or, at least, not easy to measure. Hence, the traditional way of FTAs assessments, which mainly measures the tariff reduction impact on specific sectors or the whole economy, cannot be employed to the same extent to assess NGFTAs. Currently, no widely accepted or practical methods assess NGFTAs. This is one of the reasons why in its handbook of FTA impact assessment (2010) the Asian Development Bank (ADB) advises the use of statistics and all available, reliable quantitative data and the simultaneous inclusion of strong qualitative elements when a broad FTA (i.e., NGFTA) is to be investigated (Plummer, Cheong & Hamanaka, 2010). As shown and confirmed by others (e.g., Kim S., 2015), a gap exists that this research tries to fill. The way this study is conducted is compatible with the ADB recommendations.

To briefly summarize the rationale of this research, it should be mentioned that among the literature the author reviewed is a wide range of Adam Fforde's³ publications on Vietnam, as truly useful insides from development practitioners and experienced experts on Vietnam. However, following Fforde's critic, Michael Waibel's (2011) advice, the author is taking institutions "in the sense of Douglass North 1990" (p. 127) into his analysis, which aims to

³ According to Fforde's self-assessment, he is "the most widely cited academic writer on contemporary Vietnam" (Fforde, 2017, p. xvii).

fill the identified gap. Hence, data analysis follows the NIE approach, with helpful guidelines from the ADB methodology handbook of FTAs assessment (Plummer et al., 2010). At the same time, the author is aware of the danger of shallow treatment of the topic and tries to avoid what Fforde (2002) later named as “superficial analysis of ‘institutions’” (p. 372) in terms of mixing the content and form but especially by taking institutions as static phenomena and ignoring importance of politics in the analysis. In this dissertation, institutional change is assumed to shape economic performance.

Personal justification

The author’s personal experience is one of the motivations for choosing the topic, scope, and research problem. The author has been working in the government administration of his home country, Poland, since 2003. Most of that time was spent in the Foreign Service, including two terms serving in Hanoi as a consul and head of the economic and development cooperation unit of the Embassy (2008-2011 and 2015-2017 respectively). The EVFTA was one of the key issues that the EU member states’ (MS) economic diplomacy worked on during the author’s second term in Hanoi. Moreover, the author was involved in setting up the Central and Eastern European Chamber of Commerce in Vietnam (CEEC) and was elected as its first Advisory Committee chairman. He has also been nominated as the only representative of economic and trade counselors of the EU MS embassies in the European Chamber of Commerce in Vietnam (EuroCham)⁴ Advisory Board and, as such, participated in the Vietnam Business Forum (VBF), Vietnam Development Forum (VDF) and many other platforms where Vietnam’s economic and development agendas were discussed. The EU MS embassies, CEEC, and EuroCham were all involved in the EVFTA consultation process.

⁴ In this dissertation, “EuroCham” refers to the European Chamber of Commerce in Vietnam, unless stated otherwise.

One more factor seems to be vital. It has also been expressed in the context of the regional studies of SEA, for example, by the scholars gathered by Goh Beng-Lan in the volume titled: “Decentring and Diversifying Southeast Asian Studies. Perspective from the Region” (2011a).

This factor is the overall background and personal experience of the researcher, not only his professional experience, as was mentioned in the previous paragraph, but all these elements formed the researcher’s mindset, from childhood, through primary, secondary, and professional education, into professional work and undertaken research study (Goh, 2011b).

In this context, the author of this dissertation seems to be free of two main biases, which have been identified by Goh (2011b). One is the product of the Euro-American approach versus the local SEA approach. The former tradition is driven by colonial powers over their former dependencies, such as in the field of development, Dutch economic development concepts in Indonesia, British in Malaya and Singapore, French in Indochina, including Vietnam, or overall former colonial powers versus former colonies. The latter is mostly influenced by anti-colonial and nationalistic movements. Both approaches are biased to a certain extent. The author does not belong to any of mentioned groups.

Some of the other experiences that Goh (2011b) mentions are political and socio-economic. The author’s origin country and his age allowed him to personally experience and better understand life under the communist system in the Soviet style, which was the reality in Poland until formally 1989 and in Vietnam until late 1980s in terms of the economic meaning and the transformation of the economy from a centrally planned to a free-market one. Both Poland and Vietnam experienced hyperinflation, resulting from undisputable flaws in the economic system under the communist leadership (e.g., Sachs, 1994; Hill, 2018). In both cases, a similar set of reforms was imposed in the initial stage of the process with similar

positive results, which will be discussed in the next chapters. Finally, Poland applied to join the EU and struggled to reform its institutions throughout the 1990s and the beginning of the 2000s.

To some extent, Vietnam is undertaking this process in the quest to meet the EVFTA requirements. Moreover, as John Campbell (2004) observed, the researcher must select the dimension of his subject, e.g., institutions, which is salient for people who live with it. It can only be achieved after spending some time among these people and organizations, acclimating to their culture. Keeping in mind that this dissertation aims to explain the economic consequences and development impact of liberalization of the economy, the above-mentioned experience might be considered to the author's advantage. Hence, mentioned elements might serve well to increase the originality and accuracy of formulated conclusions to this dissertation.

Theoretical basis

This section presents a brief theoretical basis of the research. Initially, it examines an early approach to economic development, trade, and FTA, including the customs union, based on classical and neo-classical economic theories. Institutional explanations of economic processes follow, with NIE as the lead concept from which institutional change is drawn as a driver of economic change.

New institutional economics (NIE)

Its creators consider NIE as incorporating an institutional approach into economic sciences. It

can be traced back to Nobel Prize winner (1991), Ronald Coase's papers on transaction cost (1937; 1960). The transaction cost is determined by deficient information and the imperfect human ability to process it. Hence, in an economy where transactions are not costless, institutions are crucial in securing the efficiency of the market. Deficient information or information asymmetry is, according to Joseph Stiglitz (Nobel Prize in 2001), the leading cause of market failure (Stiglitz, 1998; North, 1992).

The term "new institutional economics" was used for the first time by another Nobel Prize winner (2009), Oliver E. Williamson, in 1975. He initially worked on the theory of organizations and observed that organizations primarily exist because they can build positive connections with each other and negotiate various transaction costs to reduce these to more reasonable levels. Williamson applied economic rationale to explain the behavior of organizations. According to Williamson (1985), the market will fail if human behaviors meet environmental factors: limited rationality with uncertainty/complexity or opportunism with a small number of entities, e.g., monopoly, duopoly, oligopoly.

Although NIE emerged from neo-classical tradition, it does not follow the natural selection, market-driven cause of long-term development but it highlights Stiglitz's information asymmetry problem. NIE further elaborates that certain information is available to specific groups of people with distinct cultures and ideologies. Culture and ideologies influence people's ability to process information, and it helps to form their institutional characteristics and organizations. Additionally, NIE questions the rationality of the decisions of individuals, so-called John Stuart Mill's *homo economicus* concept, which was one of the primary drivers of classical economics. Instead, NIE claims that the decisions of individuals are based on their mental model and cultural background. Later NIE gained interest among economists

trying to solve Third World development problems (North, 1990; 2003; 2005a; Harriss et al., 2003; Bates, 2003).

Institutions and organizations

Douglass North (Nobel Prize in 1993) further enhanced NIE by explaining the characteristics of institutions and organizations. Institutions are divided into formal rules and informal norms. Organizations are the actors or stakeholders (North, 1990; 1992). Various academics tried to explain the nature of institutions. Roger Friedland and Robert Alford (1991), for example, distinguished three pillars of institutions: regulative, normative, and cultural-cognitive, where the former corresponds with formal rules and the latter two refer to informal ones. No matter how they are classified or which institutional tradition is assessing them, formal and informal elements are visible (Campbell, 2004). As such institutions are adopted into the framework of this study.

Institutions became the key to explaining why some economies develop and others do not (e.g., Rodrik, 2000; Aron, 2000; Acemoglu, Johnson & Robinson, 2001; Acemoglu & Robinson, 2006; Shirley, 2008). This is especially visible in transition and developing economies, where according to Rodrik (2007), free-market reforms will not be successful if they are not supported by proper institutions. Without institutions, life proves to be chaotic, e.g., in Central and Eastern Europe (CEE) after 1989 (Campbell, 2004). Thus, recent debate concentrates on the explanation of what the proper institutions are, called by some researchers global standard institutions (e.g., Hodgson, 1999; Rodrik, 2000; North, 2005a; Kiiza, 2007; Chang, 2010b), as Chapter 4 elaborates.

Organizations are groups of individuals who share some common objectives. They were

divided by North (1990) into political, economic, social, and educational. The greatest significance of study on institutional change, including this dissertation, have the main actors of economic life involved in FTAs selection, negotiations, implementation, and utilization e.g., decision-makers, regulatory bodies, key suppliers of products and services, and key resource consumers (DiMaggio & Powell, 1983; Scott, 2010).

To sum up, institutions and organizations form the core of economic interactions. The cost of organizations' transactions is associated with human behavior and functions in a particular legal environment and overall institutional framework. As a result, these two elements are indissociable. Institutions are supposed to minimize the transaction cost by imposing specific rules of the game (Williamson, 1985; North, 1990).

Institutional change

According to the institutional approach, the connection between institutions, organizations, and economic performance lies in institutional change, which North (1993) defines in five dimensions, (1) constant interaction between institutions and organizations in the scarce, competitive environment. It makes the organizations (2) invest in their knowledge and skills. The (3) institutional setting prescribes what kind of knowledge and skills will be the most beneficial for the player. However, these (4) prescriptions are drawn from the stakeholder's mental form, which means from an informal institutional setting. Finally, (5) all elements, including institutional matrix complementarities and their external network effects, make the institutional change path-dependent. Further, North (2005b) argues that the speed of institutional change, formal and informal, and the pace of learning by organizations, determine the speed of economic change.

One of the many explanations for why institutional change occurs refers to acquiring more complete information that is adopted or translated into the current institutional setting.

Another emphasizes that institutional change is triggered by the problems that might come from within certain political entities or from outside. In any case, a particular group of people, not necessarily a majority of the citizens, as is the case in non-democratic countries such as Vietnam, does not have such importance, but it must be a powerful group that can challenge and change, directly or indirectly, the institutional setting. They struggle over resource distribution and remaining in power. The direction, intensity and radicalism depend on the characteristic of the influential part of the society. Individuals and organizations more open to institutional innovations tend to produce more revolutionary changes (Wegerich, 2001; Campbell, 2004).

The above-mentioned mechanism might be labeled as supply-induced, in contrast to demand-induced. Institutional change is not a self-repairing mechanism to increase the efficiency of the institutions. According to North (1990; 2005b), institutions can exist even when they are inefficient if they have sufficient support from organizations. Thus, in such a situation, demand-induced changes might occur. In other words, the former is initiated by formal institutional change and the latter by informal (Feeny, 1988; Wegerich, 2001). The first is increasingly more common in Vietnam in the recent stages of reforms. However, before that, changes were driven mostly bottom-up.

Institutionalists agree that institutions are in general resistant to changes or sticky, as their creation and modification are resource-consuming. It explains their path-dependent character of changes (e.g., Braybrooke & Lindblom, 1963; North, 1990; Pierson, 2000; Campbell, 2004). Hence, weak institutions cause economic stagnation, which can persist without an

impulse from within or from outside that can initiate institutional change. It is usually unlikely that such force emerges from within as privileged organizations, most frequently authoritarian political bodies, are usually interested in the persistence of the situation, as in communist regimes.

The emergence of strong internal opposition in an authoritarian regime might cause a radical change in the form of revolution, instead of evolutionary reforms. Revolution, however, causes a radical change in formal institutions with the unsettled issue of informal constraints and enforcement power (North, 2005b). Hence, it is difficult to sustain such formal institutional change, as was observed in Vietnam, where the communist experiment initiated in 1945, was eventually reversed (Goscha, 2017). External force might be the solution, especially in smaller countries, for example, when they are dependent on foreign markets in terms of goods, commodities, or technology. Although in an interdependent global economy, almost all countries might be prone to an external force (Krugman & Obstfeld, 2003).

The above-mentioned divagation reveals another obstacle, which was also observed by Joachim Zweynert (2009). It is the power of informal constraints, in his words, culture. This means informal institutions are even more path-dependent than formal ones. If some features in the set of shared beliefs in the country, for example, hamper the execution of imposed rules, any reforms aim to trigger institutional change attempted by the decision-makers would fail (Knight & North, 1997). Thus, the political elite that undertakes reforms aimed at changing the institutional setting, using imported ideas, must think of the adaptation process to make them fit local circumstances. Moreover, it must produce a convincing justification that will be able to overtake the informal constraints (Campbell, 2004).

Summary of the NIE approach

At least two recent events from economic history taught us that institutions are important. First is the transition of post-communist CEE and post-Soviet states to market economies. Second is the Asian Financial Crisis (AFC) in 1997-98 (Rodrik, 2007). Moreover, simple changing formal institutions to “proper” ones, as prescribed by international financial institutions (IFI), will not produce immediate and expected output in the form of a functioning market economy. The example of Russia and many other post-Soviet states proved it. Several studies on CEE transformation have been directed into institutional explanation (e.g., Chavance & Magnin, 1997; Lissowska, 1999; 2004; Roland, 2000; Chavance, 2002; 2008; Murrel, 2005; Hodgson, 2006; Hardy, 2006; Nielsen, 2006). After numerous failures of *Washington Consensus* measures, the WB also acknowledged the importance of institutions (Kaufmann, Kraay & Zoido-Lobaton, 1999a; 1999b).

The different output of reforms in the two above-mentioned groups suggests that changing formal institutions is not sufficient for building a functioning market economy. While this process produced relative success in post-communist Central Europe, especially in Poland, the Czech Republic, Hungary, and Slovakia, it failed in the post-Soviet area, with Russia as the most striking example (Roland, 2000; Mesnard, 2000; Rodrik, 2007). The cultural similarity of Central European states with those in Western Europe, from where the market economy models were imported, suggests that informal institutions play a significant role in the process, as Hodgson’s model (1999) informs. However, a parallel potential explanation is an external force that helped to facilitate reforms in the prescribed in the West direction. In terms of Central Europe, it was the EU membership (Piatkowski, 2018). This external force is the element that is lacking in other post-Soviet economies.

In terms of Vietnam, NGFTAs are also an external force that to some extent plays a similar role to Central European's EU accession bid. The NIE approach has been selected for this study as the most useful way to explain complex phenomena connected with transition in Vietnam and the role of NGFTAs in this process. The NIE approach has limitations. For example, the interrelations between organizations and formal and informal institutions have not been entirely explained (Lissowska, 2006). Moreover, a consensus is lacking about the design of "good" institutions (Kiiza, 2007; Chang, 2010b). Hence, this dissertation integrates the new WB approach (Kaufmann et al., 1999a; 1999b) with specific Asian-oriented one (e.g., Harriss et al., 2003; Witt & Redding, 2014b).

Methods and structure of the dissertation

The research framework of this study is based on macro-level political economy analysis of FTAs consequences. The key research question is exploratory, indicating a qualitative approach to the problem (Shareia, 2016; Skovdal & Cornish, 2015). A case study approach has been chosen as the most relevant to undertake research (Stake, 1995).

Data collection and selection

The data have been collected using political economy tools according to experts' guidelines (e.g., Skovdal & Cornish, 2015; Mcloughlin, 2014). They contain secondary sources, such as journal articles, books, reports, and other publications connected to the topic. Some materials have been collected directly from Vietnamese government sources and organizations operating in Vietnam, for example, the EuroCham, the Vietnam Chamber of Commerce and Industry (VCCI) or some foreign NGOs in Vietnam. The author used all available data, being

aware of their limitations. Additionally, semi-structured interviews with the representatives of the stakeholders have been conducted, in line with ADB's guide to "Methodology for Impact Assessment of Free Trade Agreements" (Plummer et al., 2010).

Data selection challenge

The selection of data and the data collection strategy play an essential role in facilitating the research process. Classical FTAs focus primarily on trade facilitation, while in the NGFTAs other aspects are taken into consideration, which makes the research more challenging.

Moreover, most theories on institutional characteristics originated from Organisation for Economic Co-operation and Development (OECD) countries, where reliable and comparable statistical data are produced (e.g., Witt & Redding, 2014a; 2014b). Vietnam's case is also more challenging in comparison to other Asian countries with NGFTAs; for example, Singapore is not lagging in its institutional arrangement from developed FTA partners as Vietnam is (EC & Ministry of Trade and Industry of Singapore, 2019).

The other, more important reason is that Vietnam uses several different data collection standards, statistics, and accounting. They are not harmonized with each other's and are not aligned with international standards. For example, the General Statistics Office of Vietnam (GSO) under the Ministry of Planning and Investment (MPI) uses a different methodology for counting the import-export flow than the General Department of Vietnam Customs (GDVC) under the Ministry of Finance (MoF), and they are both not comparable with international standards used for example by the WB, International Monetary Fund (IMF), and OECD.

Moreover, Vietnam Accounting Standards is not aligned with the International Financial

Reporting Standards of the International Accounting Standard Board. In this case, deep knowledge and experience of Vietnam's economic, political, and social environments and their limitations have been beneficial in the process of collecting and selecting the materials. Adopting triangulations to minimize any effect of facing different methodologies of collected data is also useful. Harmonizing and comparing different indexes gives additional information about researched phenomena. It is important especially in the context of Vietnam, as a case less standardized and described than developed countries.

Data collection stages

Data collection had two stages. The first and most important was collecting and selecting secondary sources. (1) Legal documents: full texts of FTAs and documents based on the FTA's provisions: policy documents (issued by the CPV), ordinances, resolutions (enacted by the National Assembly), decrees, decisions (introduced by the government and the prime minister).

(2) Statistical data available in international organizations' databases: WB, IMF, WTO, Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), ADB, WEF, OECD, Transparency International (TI) and Vietnamese national databases. The data cover such areas as macroeconomic data, trade volume, investment inflow, some social indicators and indexes, rankings, and their components. Indexes and rankings created by mentioned entities are a good source of comparable data applicable for this research: WEF's Global Competitiveness Index (GCI), WB's Institutions Index, World Development Indicators, Worldwide Governance Indicators (WGI), Global Innovation Index (GII) and Ease of Doing Business (DB), and TI's Corruption Perception Index (CPI).

(3) Reports done by or for the EU and Vietnamese government and independent reports were the subject of availability. All of them helped to enrich the findings of the study (e.g., WB, 2018; WB and MIT, 2016; Schwab, 2019).

(4) Journal articles and other scientific publications are selected through searching machines such as Google Scholar, ResearchGate, American Economic Association (membership), JSTOR and Z-Library, where the main keywords used are “Vietnam transformation”, “Vietnam development”, “Vietnam FTA”, “EVFTA”, “Vietnam CPTPP”, “Vietnam agriculture”, “Vietnam economic reforms”, “Vietnam institutions”, “institutional change”, “Vietnam policy”, “Vietnam trade and investment”, “Vietnam COVID-19”, plus a range of related terms. Publications are selected based on the frequency of their citations (measured by scientific journal rankings (SJR) and impact factors), and the reputations of the author and the journal where the article was published.

(5) Complementary data are also sourced from articles in opinion-forming international media: “Politico”, “Foreign Affairs”, “The Diplomat”, and “Nikkei Asian Review”, to which the author subscribed full access, and Vietnamese titles: “Vietnam Investment Review”, “Vietnam Economic Times”, “VietnamNet”.

(6) Textbooks and handbooks attach this research with the theoretical bases of economic and development studies, for example, “The Oxford Handbook of Political Economy” (Weingast & Wittman, 2006b), “The Oxford Handbook of Asian Business Systems” (Witt & Redding, 2014b) “The Oxford Handbook of the Political Economy of International Trade” (Martin, 2015), “Routledge Handbook of Southeast Asian Economics” (Coxhead, 2018), “Routledge Handbook of Southeast Asian Development” (McGregor, Law & Miller, 2018), “Handbook

of New Institutional Economics” (Menard & Shirley, 2008) and “International Economics. Theory and Policy” (Krugman & Obstfeld, 2003).

(7) The author actively participated in several webinars, conferences and other events gathering the most renowned and prominent scholars, experts, analysts and development practitioners, economists and politicians, where data were collected, among them: Regional Outlook Forum 2022 of ISEAS-Yusof Ishak Institute in Singapore, SCMP China Conference: Southeast Asia 2022, and Vietnam’s Economic Rise – Asia Society Webinar 2021.

Finally, interviews with the representatives of the stakeholders were done in 2021-2022. They include Vietnamese think tanks and government advisors, Vietnamese and foreign business organizations, chambers of commerce, foreign diplomatic and trade representatives, and foreign NGOs operating in Vietnam. The interviews supplemented the findings and helped to find answers to research questions.

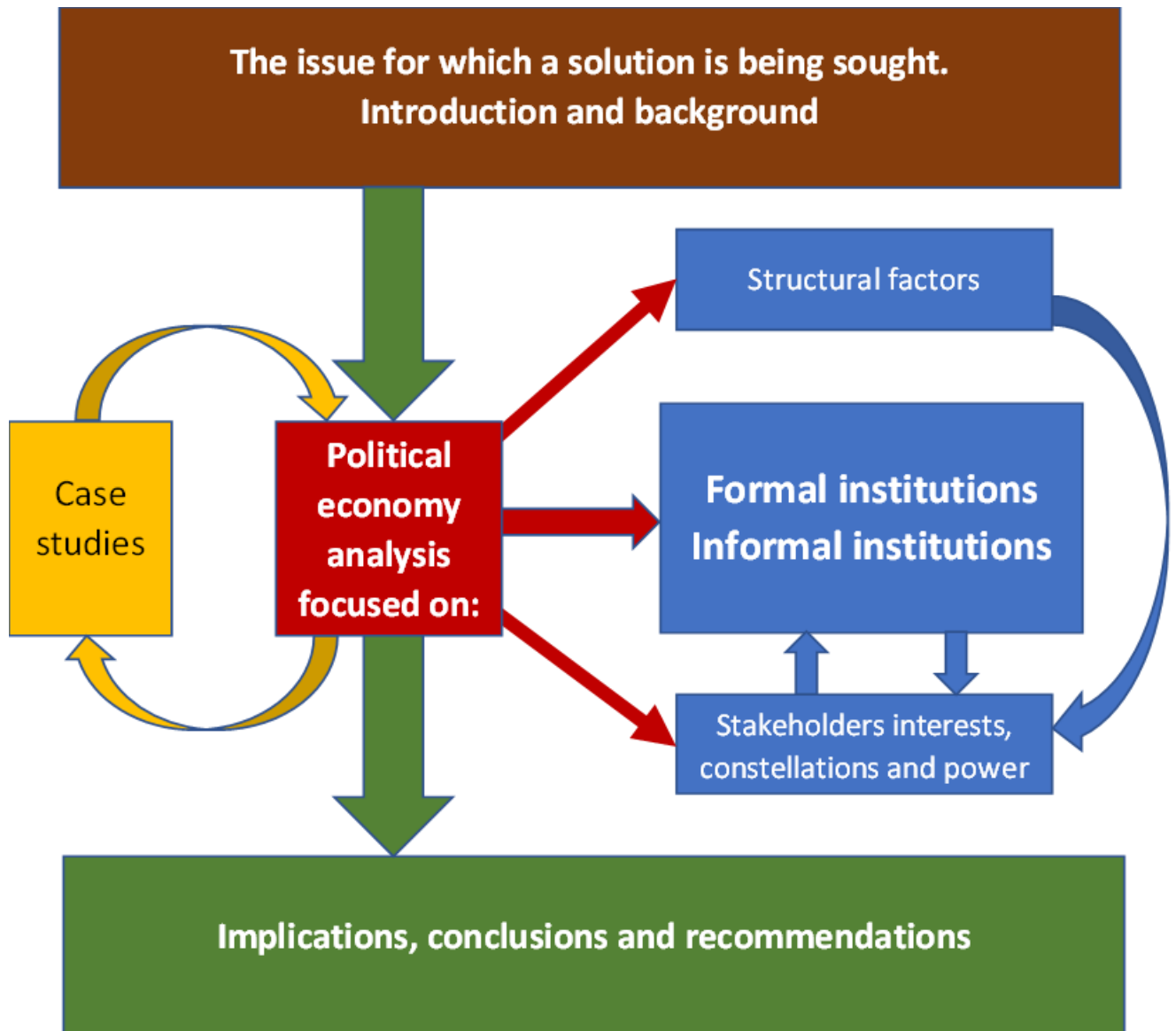
Data analysis

Content analysis is used for secondary sources and narrative analysis for the interviews, all based on the grounded theory of NIE. Finding the patterns that connect institutions, FTA provisions and organizations’ interests helps to separate changes in an institutional setting that were largely triggered by FTAs. Triangulation between collected secondary sources, interviews and the author’s experience is used to minimize bias.

According to the aforementioned conceptual framework, the analysis is broken down into several stages illustrated by the graph below, which is an amended version of Verena Fritz, Kai Kaiser, and Brian Levy’s (2009) figure illustrating key aspects of political economy

analysis, used in the WB's reports.

Figure 1.1: Undertaken political economy analysis broken down into stages



Source: amended version of Fritz, Kaiser & Levy (2009) of the WB figure

The steps illustrated above might be described as follows. (I) The introduction includes Vietnam's economic situation and how it has been achieved. It leads to a preliminary review of existing Vietnam's FTAs, and an assessment of their usefulness for further analysis (brown

box). (II) The identification and assessment of formal institutions and informal institutions and the analysis of their origin are based on the assumption of path dependence and strategic policy choice (middle blue box). (III) The identification of organizations and analysis of their role as facilitators of institutional change (lower blue box). (IV) Evaluation of selected structural factors' influence. The coronavirus outbreak attracted special attention. (upper blue box). (V) Analysis of FTA's domestic consequences. A detailed breakdown of the EVFTA with indications of the potential role of its provisions in institutional change as an external force (red box). (VI) A case study of the agricultural sector based on evaluating the FTA's impact on supply and value chains completes the analysis (yellow box). (VII) The final step covers the summary and conclusions drawn from it. It also discussed examples from other countries and formulating policy suggestions (green box).

Interviews

Although the interviews are not the only source of data, and certainly not the most important aspect, it is justified to elaborate further on this part of the research. Semi-structured interviews are conducted with representatives of organizations, which means stakeholders involved in FTAs implementation and affected by the implemented provisions. This means government and private sectors, both local Vietnamese and European. Due to the coronavirus pandemic and its consequences of an inability to travel between Hong Kong and Vietnam, all the interviews were conducted online, using internet communicators: Microsoft Teams, WhatsApp, Zalo, and Zoom.

These interviews aimed to collect information about stakeholders' interests and approaches to the FTAs, mainly the EVFTA. They are also helpful in identifying the interconnections driven by these interests. Finally, interviews reveal stakeholders' opinions about formal institutions

and ways of dealing with informal ones. In other words, how do organizations function in Vietnam's institutional setting, and what is their opinion about institutions' facilitating or hindering role in economic development and economic liberalization in line with the adjustment of FTAs?

Most of the interviews conducted for this research are elite and expert interviews but not in the pure sense. Some scholars (e.g., Stephens, 2007) classify the elite as a group that occupies a superior position in society above the researcher, which is not the case in this study. It is better to define the elite as a group of people whose status is significantly above the average of a certain society. The expert distinction is a bit easier because these individuals do not need to possess power or high status. However, as Leo Van Audenhove and Karen Donders (2019) demonstrate, an expert is supposed to hold unknown knowledge for the interviewer, which is again not the case here. While knowledge has been obtained, collecting different views and experiences is the most important thing.

Elite interviews have certain limitations. As Glenn Beamer (2002), Philip Davies (2001), and others indicated, this group of people does not always express its real views. This might be especially true in the case of Vietnamese officials – as the author experienced during his work with them. They often say something that seems to be “correct” or something that the interviewer is willing to hear, which contaminates the data. Hence, triangulation should be used, as suggested by Dale Griffie (2005). All collected data are confronted with the researcher's knowledge as a former insider and with the data obtained from other sources, such as other interviews, publications, and other secondary sources. Largely speaking, the data obtained from interviews in this study confirmed many authors' experiences and can be triangulated from other sources as well.

The kind of interviews undertaken in this research has one more serious obstacle. Due to the COVID-19 pandemic, interviews could not be conducted face-to-face. Taking into consideration cultural limitations, Vietnamese people are reluctant to participate in an online discussion, particularly if the interviewer is a foreigner, and even more if broader socio-economic issues are involved. In the author's experience, they would be much more amenable if meeting face-to-face in a place where they feel safe and secure a high level of confidentiality. Especially in the situation where the interviewer had a chance to meet potential interviewees before and even managed to establish closer friendly relations. This observation is in line with William Harvey's finding in terms of an attempt to interview the Chinese management consultant over the phone (2011). Moreover, interviewees tend to be more open and give more detailed answers when they are asked face-to-face (Harvey, 2011; Bryman, 2012; Sturges & Hanrahan, 2004).

As a result, many of the interviewees participating in this project are non-Vietnamese, mostly Europeans based in Vietnam or previously held high, elite positions in Vietnam. Nevertheless, the author was able to persuade a certain number of Vietnamese to take part in an online interview. Table 1.1 lists all 14 interviewees chronologically. Most of them were located in Vietnam: Hanoi, Ho Chi Minh City (HCMC), Hoi An, Hai Duong and Buon Ma Thuot. Two of them were in Europe: Brussels and Tirana.

Table 1.1: Interviewees participating in the study

	Date	Interviewee
1.	20 May 2021	Senior Diplomat at the EU Delegation to Vietnam
2.	21 May 2021	Leader I of the EuroCham (interview 1)

3.	26 May 2021	Vietnamese Businessman I trading with the EU
4.	26 May 2021	Leader of the EU MS Trade Promotion Office in Vietnam
5.	28 May 2021	Senior Officer of the UN Office in Vietnam
6.	1 June 2021	Leader of Foreign NGOs in Vietnam
7.	2 June 2021	Vietnamese Farmers Family (interview 1)
8.	3 June 2021	Vietnamese Leader of Chamber of Commerce
9.	22 July 2021	Leader of Vietnamese Government Think Tank
10.	29 October 2021	Senior Management of the EU investor in Vietnam
11.	24 January 2022	Vietnamese Businessman II
12.	24 January 2022	Vietnamese Farmers Family (interview 2)
13.	9 February 2022	Leader I of the EuroCham (interview 2)
14.	21 March 2022	Former Leader II of the EuroCham and Diplomat

Research ethics

The author received approval of his ethical review application from the Human Research Ethics Committee of the Education University of Hong Kong on 15 October 2020 with effect until 31 July 2021, reference number: 2019-2020-0441. Due to the difficulties with data collection connected with COVID-19 pandemic travel restrictions, on the author's request submitted on 19 October 2021, the approval was extended until 31 March 2022.

Structure of the dissertation

This dissertation is organized into nine chapters. Chapter 1 introduces the subject and defines the main aspects of the research. Chapter 2 complements the introduction by giving a detailed literature review. Chapter 3 focuses on the background of the study, prepares the reader for the analysis by providing basic information about Vietnam's economic, social, and political position, and reviews Vietnam's FTAs. Chapter 4 identifies the formal and informal

institutions of Vietnam and analyzes their formation based on dominant factors: path dependence and strategic policy direction. Chapter 5 presents organizations involved in the process of FTA selection, negotiations, consultations, and implementation and evaluates their interests and approaches also based on informal constraints. Chapter 6 contains an evaluation of the impact of structural factors with special attention paid to the COVID-19 pandemic. Chapter 7 provides a final analysis of the FTAs' consequences in Vietnam. It focuses on the EVFTA provisions as an external force potentially influencing institutional change. The case study of the agricultural sector complements the study in Chapter 8. Chapter 9 summarizes the analysis undertaken and formulates answers to the research questions. It also discusses counter scenarios on the examples of other countries. Finally, it formulates policy suggestions.

Chapter 2: Review of Literature and Indexes

This chapter provides a review of the literature divided into three parts. First, general literature contains the sources divided into three areas: Vietnam's transformation; trade liberalization and agreements; and institutional change in Vietnam. The second part narrows down the review into analyses of FTAs' impact on Vietnam. The last part contains popular indexes used in economic research and Vietnam's positions in them.

General theoretical literature

Historical background

Throughout the history of economic thought, trade was often at the center of research and regarded as one of the ways countries grow rich and develop (Manger & Shadlen, 2015). Free trade was a controversial policy option, considered neither fair nor equal (Bannerman, 2015). Nevertheless, many international trade theories and models have been developed since the famous Ricardo idea. In the second half of the twentieth century, the focus has been redirected to increasing returns to scale. Hence, Paul Krugman's (1991) New trade theory challenged the comparative advantages dogma arguing that the most beneficial is trade between partners that are similar in terms of their level of development, the structure of their economy, and factor endowments (Helpman & Krugman, 1996).

By definition, the new trade theory excludes trade in intermediate products, which have become vital in the globalized world. Hence, other models were constructed to explain these

phenomena more comprehensively, beyond economic sciences. Sociologist Gary Gereffi (2019) was a pioneer of GVC studies. Analyses of GVC became an essential part of much economic research, including those assessing the impact of FTAs.

In the late 1940s, economists started a debate about economic integration and the impact of FTAs. The general assumption in mainstream economic schools was that tariff reduction is beneficial for trading economies and their welfare. However, Jacob Viner (1950) highlighted that it is not always the case. Tariff removal or a higher level of liberalization, the customs union, might reduce overall welfare. It depends on which source the trade increased. Hence, Viner identified trade creation and trade diversion effects of tariff liberalization. While the former has a positive effect on the economy, the latter might have the opposite effect.

More contemporary authors used Viner's trade creation and trade diversion criteria when analyzing the effect of FTAs, such as Kimberly Clausing (2001), who focused on the Canada-US FTA. Clausing's research indicated relatively significant trade creation effects, with no trade diversion. As a result, the FTA impact was assessed as positive. Economic Nobel Prize⁵ laureate (2008), Paul Krugman (1993), gave more insight into Viner's initial concept.

Krugman noted that preferential trade conditions between natural trade partners are most likely to be beneficial for both sides, although he opted for more profound studies to confirm his belief (Jaimovich & Baldwin, 2010; Colander & Landreth, 2002).

Summarizing the efforts of measuring the effects of the FTAs, the lack of one simple, defining tool must be admitted. Many economists agree with the main principle of Viner's

⁵ Full official name: The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. In this dissertation, whenever it is mentioned „Nobel Prize” it refers to Nobel Memorial Prize in Economic Sciences (shortened official name), unless stated otherwise.

model, that overall welfare, hence economic growth as well, depends to some extent on the relationship between trade creation and trade diversion effect from the trade agreements. However, the overall benefits of traditional FTAs are ambiguous (Pangestu & Armstrong, 2018; Park C.-Y., 2018). The question would be whether deeper and more sophisticated economic integration initiatives such as NGFTAs make any difference. This dissertation tries to address this question.

Institutional approach

Early institutionalism developed within political and social sciences. The link to economics can be traced in Anthony Downs's "An Economic Theory of Democracy" (1957) where the actor-oriented approach is more like classical *homo economicus*: rational, selfish, and oriented on maximizing his/her benefits. For example, bureaucrats behave the same as employees of firms, which means they maximize their utility: salary, power, and prestige. Down's thoughts evolved into public choice theory (Mueller, 1989).

In the early institutional approach, institutions were attached to specific functions, of which the most commonly mentioned were (i) the imposition of rules of resources distribution and management and (ii) defining the power relations in the society (Shields & Hobley, 2000). Institutions are also considered one of the resources, together with a workforce, technology, and capital (Ostrom V., Feenly & Picht, 1988). New trends in institutionalism broaden the understanding of institutions.

Detailed literature on NIE has been omitted, as it was presented together with the theoretical basis in the previous chapter.

General literature on the topic undertaken

Vietnam's transformation

Vietnam's state-building processes, since decolonization, together with economic transformation and social changes have been covered extensively from different perspectives, by various authors. Hence, selecting the sources for this dissertation required an open-minded wide horizon approach that helped the author to triangulate his personal experience, paired with a strict narrowing of focus when searching for deeper context analysis. A wider historical approach (e.g., Goscha, 2017), helps to link Vietnam's institutional setting with path dependency. Strategic policy direction comes from political elite, their interests, and the CPV ideology (e.g., London, 2014a; 2015; Fforde, 2009b; 2011; 2019; Vasavakul, 1996; Thayer, 1991). An overall approach to Vietnam's foreign relations (Vuving, 2022; Thayer, 2014) or those with China (Hiep, 2017a; Gerstl, 2022) is also useful.

State role in development

The above-mentioned wide horizon serves as a background for the analysis undertaken. Its main focus is economic transformation and the three mentioned forces shaping Vietnam's institutions. From this perspective, path dependence and strategic policy direction have attracted the attention of many development economists. They try to determine the trajectory of Vietnam's reform path and examine its factors. The state is often considered as the main agent because it controls a big share of the national economy. Some scholars refer to a Vietnamese version of developmentalism, with a high state capacity to command the economy and intervene in certain areas (Beeson & Hung P., 2012). Others diminish the state's role, arguing that the economy is growing with the highest dynamism when the state is in

retreat (Malesky & London, 2014).

Researchers claim that Vietnam's relative success in state-led development was achieved without a major industrial strategy, as happened in Japan or Korea (Masina, 2012; Altenburg, 2011). Moreover, the main policies imposed on the industrial sector were supporting the ineffective state sector (Perkins & Tu Anh, 2011). As a result, SOEs failed to improve the country's governance, evolving into a crony system of "guerilla capitalism" (Lan, 2009). The new impulse for deeper reforms might be external forces, like NGFTAs (Hiep, 2017b).

On the other hand, Adam Fforde (2007) sees SOEs as the agent of successful economic transition in the early stages of reforms in the 1980s. Similarly, other researchers praise SOEs reform as successful in many ways, making the sector more productive, better managed, and more competitive, although without significant improvement in transparency (Le, Dinh & Taghizadeh-Hesary, 2020).

Exceptionality of agriculture

In terms of agriculture, several comprehensive publications concern Vietnam's reform path. Trung Dang (2018) explained the failure of the post-1975 agrarian reform, as strategic policy direction, where the element of path dependence and informal constraints played a crucial role. On the other hand, Finn Tarp (2017) praises big developmental efforts, visible especially in the countryside. However, elements of institutional setting need to be strengthened, for example, the rule of law or property rights protection (Gates, 1995; Riedel, 2015; Ellett & Diep, 2020).

It was also acknowledged that when the whole economy is benefiting from the overall GDP

growth, it is not always the case in agriculture. For example, the misallocation of resources is growing despite adjustment efforts (Ayerst, Brandt & Restuccia, 2020). Productivity, however, is growing due to the relocation of the labor force from overcrowded agriculture into manufacturing. It is credited to economic integration and resulted from its FDI increase and SOE reforms (McCaig & Pavcnik, 2013).

The exceptionality of agriculture as a sector of the economy was detected in a computable general equilibrium (CGE) study on the SOEs restructuring required by the NGFTAs. Agriculture was the only sector that would not notice a productivity increase. Moreover, it would be negatively affected by the SOE reform in terms of output, and export (Minor, Walmsley & Strutt, 2018).

Đổi Mới discussion

Most of the researchers follow the mainstream approach, according to which Vietnam initiated its major economic reforms, termed *Đổi Mới*, in December 1986, after the Sixth National Congress of the CPV. It is commonly considered a starting point of transformation from communist central planning to a freer market-oriented economy (e.g., Gates, 1995; Pieu & Khalifah, 1996; Quoc-Phuong, Duc-Tho & Bandara, 1996; Binh N. & Haughton, 2002; Van de Walle & Cratty, 2004, Thanh V., 2005; Beresford, 2008; London, 2009; Leung, 2010; Anh D. D., 2010; Athukorala & Tien T., 2012; Thu T. M. & Lee, 2015; Anh N. T., Duc L. & Chieu T., 2016; Busch, 2017).

However, as Adam Fforde (2018) argues, *Đổi Mới* as the turning point has more ideological context than factual. The argument is based on its intentionality and uncertain policy significance. For instance, no CPV official document has ever expressed that Vietnam

abandoned the central planning economy, despite significant evidence of the abject failure of the five-year plan's targets. Striking sign of *Đổi Mới* creation as ideological tool is that it did not appear in any papers published immediately after the Sixth National Congress. It started to be present later (Gainsborough, 2010). Another example cited by Regina Abrami (2014) highlighted that in the early 1980s, over half of the volume of retail sales was handled by private individuals. It confirms earlier findings about domestic trade reforms that were initiated in the 1970s (Beresford & Fforde, 1997).

The consensus around *Đổi Mới*'s importance is driven at first by CPV propaganda, underlining the decisive role of the Party and its correct policy approach. It is also strengthened by WB rhetoric, which, although it did not play any role at the beginning of the reforms and marked just a modest contribution in the midst of them, attempted to get involved and promote the Vietnamese “miracle” as its own or at least as a joint effort. It has more importance in the face of the rather numerous failures of development policies forced by the WB in developing countries (especially in Latin America but also in the Philippines, and Indonesia) under the *Washington Consensus*. It also emphasizes the decisive role of policy as the main factor responsible for Vietnam's impressive economic performance (WB, 1998b; 2011; 2012a; 2012b; 2012c; SBV, 2012; Cling, Razafindrakoto & Roubaud, 2013). However, some researchers argue that the substantial impact of the policy is overestimated (Fforde, 2019; Gainsborough, 2017).

Nevertheless, *Đổi Mới* is a convenient turning point for researchers, which, although simplifying the issue, marked the first time open recognition of the shortcomings of the old economic system by the CPV and intensification of changes, sometimes still spontaneous, in the new approach to development policies (De Vylder & Fforde, 1996). The goals of

Vietnam's transformation started to be more clearly articulated. The *Đổi Mới* also marked the opening of the economy to global markets and initiated trade liberalization, on a scale not seen in Vietnam before.

Trade liberalization and agreements

Economic integration is considered a strategic policy choice, which is a conscious rule-binding process of reforms (Deprez, 2018). Hence, allowing external forces to influence the development path. However, other voices point out mainly political motivation, gaining international recognition, after years of isolation as economic benefits are vaguer so far (Barai, Lam L. & Hong N., 2017).

Global and Asian integration trends

The ADB report on economic integration in Asia (2019), claims that expanding the network of FTAs in the region offers a stronger business environment that might have a positive impact on overall economic development. Earlier ADB research confirmed this position (2009-2011) but also highlighted a problem with the implementation of an overcrowding effect. Estimated by the Association of Southeast Asian Nations (ASEAN) business sector's use of FTAs was at this point, at approximately 25% (e.g., Kawai & Wignaraja, 2009; 2010; 2011).

Other researchers noted specific challenges and insecurities more profoundly and clearly (Kang, 2015). A relatively large group of analysts claim that the network of overlapping trade agreements in Asia harms the economic situation in that region. They posit that these FTAs deteriorate trade conditions and competitiveness and directly affect consumers. They refer to this phenomenon as "The Noodle Bowl Effect" (Bhagwati, 2008; Bremmer, 2009; Basu &

Chongvilaivan, 2010; Wilson, 2016; Shen, 2017).

Others also argue that individually negotiated trade agreements favor the wealthiest countries. Hence, developing economies will be additionally disadvantaged by signing FTAs that they conclude by themselves. A possible solution put forward would be to bring back effective WTO negotiations to the table and agree to create an equal playground for everyone, especially for weaker partners (Altenburg, 2011). This view is consistent with some of Paul Krugman's (1993) conclusions on regionalism vs. multilateralism, which in general postulates the development of a global trade system in the frame of GATT (predecessor of WTO). A small number of regional solid trade blocs would also be desirable in the case of a lack of consensus within the global forum. Various quantitative articles confirm Krugman's analytical observation before the regional FTAs emerged. It is also observed in Asia where the utilization of FTAs remains at a low level, at around 30%. It supports the argument against expanding the network of these agreements (Pangestu & Armstrong, 2018; Pangetsu & Ing, 2016).

Vietnam's economic liberalization and integration

Various publications examine the impact of some external forces, e.g., the WTO accession is the most prominent. Early assessment by Vo Tri Thanh (2005; 2009) shows the positive effect of economic liberalization on the socio-economic development of Vietnam. Others point out that the WTO increased the investment attractiveness of Vietnam and might help to upgrade its position in the GVC (Chaponnière & Cling, 2009; Cling, Razafindrakoto & Roubaud, 2009b).

However, skeptical voices about WTO accession point, for example, to its failure to improve

the corporate governance of the state sector. Moreover, when overall, the productivity and competitiveness of the economy improved, it is only thanks to the private sector. SOEs remained stagnant (Baccini, Impullitti & Malesky, 2019). The lack of effectiveness of external forces, such as the WTO, to implement their SOE reform agenda, is according to Martin Painter (2003), the result of the power-sharing system in Vietnam with certain pluralism within the ruling elite.

Similarly, the lack of the effect of external force in the form of the WTO was detected by Vu Thanh Tu Anh (2014; 2015; 2017) in the same example of the state sector. Tu Anh argues that the political agenda of decision-makers were underestimated by external observers. Their intentions were from the beginning not converged with the expectations of foreign partners, who overlooked this possibility.

As many publications proved, economic liberalization and the growing number of trade agreements did not solve the problem of economic structure with still dominant state sector and not competitive private sector (Busch, 2017). Moreover, traditional methods of researching the FTAs impact such as econometric modeling, proved to be non-conclusive. Thus, in the search for new assessment methods, some economists turned to institutionalism, especially NIE.

Institutional change in Vietnam

Institutional explanations of economic changes became popular after the collapse of the communist system in Europe and the transition of CEE and post-Soviet economies into free-market economies (Lissowska, 2006). This approach expanded into overall transition issues of developing countries (e.g., Harriss et al., 2003; North, 2003; Aulakh & Kotabe, 2008),

including comparative studies gathering CEE and Asia (e.g., Hoen, 2014; Chavance, 2002).

In both manners, as a post-communist and developing economy, the institutional approach was also used in Vietnam's context. For example, institutional change was mentioned as a crucial element in sustaining the growth and development in Vietnam (Irvin, 1995; Gates, 1995), and as necessary in allowing the market to play the biggest role in the economy (Knutsen & Khanh, 2020). However, it is also observed that informal institutions complement formal ones, where the latter were still emerging. For example, social networks guaranteed the flow of information and trust between business partners (McMillan J. & Woodruff, 1999; Fforde, 2007; Steer & Sen, 2010). In terms of economic integration's impact on institutions, Dang Duc Anh (2010) found a correlation between trade liberalization and the quality of institutions, especially in the northern provinces.

Other case studies on the local level in the Central and Northern Highlands showed that the transfer of legal property rights to local communities did not result in the transfer of actual rights and practices used by local actors. This means that the intended institutional change did not follow the formal change because of the informal constraints and stakeholders' conflicting interests (Thanh T. & Sikor, 2006; Clement & Amezaga, 2013). Similarly, collectivization failed in Vietnam, as new formal rules were rejected by a big part of the rural population (Dang, 2018). As a result, de-collectivization started before the departure from central planning was initiated (Kerkvliet, 2005; Kim A., 2012).

These few examples mentioned did not exhaust the whole set of institutional approaches to Vietnam's development. Nevertheless, as was often indicated (e.g., Minh T. et al., 2014), the gap is significant in the proper understanding of the process of institutional change in

Vietnam, the role of formal rules and informal norms and complex organizations' constellations. Moreover, institutional explanations virtually untouched the question of the FTAs' domestic consequences.

Focused review of FTAs analyses

This dissertation aims to find the domestic consequences of FTAs in Vietnam. Hence, despite the wide range of literature reviewed on Vietnam's transformation, depicting the intentionality and causality of certain reforms, the impact of trade agreements has been reviewed. It includes academic papers but also non-academic professional reports. Thus this section summarizes all significant publications on the consequences of FTAs on Vietnam. It is divided into two parts; the first deals with the overall impact of FTAs, while the second focuses on the EVFTA and provides a detailed review of EVFTA impact assessments.

Traditional FTAs

The first observation noted by the British Overseas Development Institute in the report reviewing the publications on FTAs impact is that analysis *ex-ante* is much more common than *ex-post*. Another interesting observation is that despite the overall conventional belief that the FTAs positively impact their members' economies, most publications did not provide convincing and uncontroversial arguments proving it. The most common problem is attributing causality to these *ex-post* evaluations. While strong evidence supporting direct positive FTAs impact is lacking, the other suggests indirect impact through various channels (Stevens et al., 2015). This approach appears to be effective if selected channels have a tangible impact on the economic output and developmental prospects. For example,

institutions might be justified with their explanation.

One of the common mistakes in the analysis of FTAs is their narrow approach, which appears to only focus on trade-related issues. However, as many more advanced analyses showed (e.g., ADB, 2019; Herr, Schweisshelm & Truong-Ming, 2016; Barkin, 2015), FTAs might impact various aspects of the economy. A social or environmental impact is frequently indirectly connected with the economy and developmental output. Relatively often, the same FTA evaluation has conflicting conclusions. For example, one area of research highlights expanding employment due to growing economic activities related to reaping the benefits from comparative advantages. Others may indicate that jobs will disappear because of increased competition from better-developed FTA members, which would take over some sectors and expand production at home. Hence, no clear and unquestionable evidence exists of the positive or negative economic impact of traditional FTAs.

All of the above observations are well suited to Vietnam's FTAs network impact assessments with two observations. Initial economic liberalization, which led to WTO accession, should not be counted as the FTA adjustment. Moreover, NGFTAs such as the Trans-Pacific Partnership (TPP)/CPTPP and EVFTA cover a much larger scope of provisions that Vietnam has had to adjust to. Thus the NGFTAs are treated separately in this analysis, with a focus on the EVFTA whose "new generation" provisions are aligned with the ones from the CPTPP, and some of them are broader. Considering the non-discriminatory character of these provisions, analyzing one of the NGFTAs gives an insight into the impact of such provisions.

EVFTA and mega-regional agreements

The EVFTA entered into force on 1 August 2020 so its first effects could be observed in 2021.

However, several *ex-ante* publications were produced during the EVFTA negotiations and preparation process that might be reviewed. The topic did not attract much academic attention, thus high-level journal papers on the possible consequences of EVFTA are scarce. The overwhelming majority of existing studies use quantitative methods, for example, CGE models. As such Tomoo Kikuchi, Kensuke Yanagida, and Vo Huong (2018) estimated a robust positive effect on GDP caused by the EVFTA, equal to 8.1%. Moreover, the effect of other agreements such as the Regional Comprehensive Economic Partnership (RCEP) or the CPTPP is also expected to be positive, adding substantial value to Vietnam's GDP, 9.2% and 6.5%, respectively.

Another CGE approach by Le Trung Ngoc Phat and Nguyen Kim Hanh (2019) highlighted an overall positive impact of the EVFTA on the GDP, household consumption (9.13%), production in all sectors, agriculture (9.61%), industry (9.74%), and services (8.21%). The EVFTA, according to the authors, will cause a robust increase in imports (12.54%) and a modest increase in export (2.71%), resulting in a trade deficit.

CGE is also used in assessing the RCEP effects on Vietnam with unsurprising positive effects detected on both trade and investment (Duong M. & Strutt, 2018). Similar positive impacts on Vietnam's trade and FDI inflow from FTAs were found in the publications based on gravity models (Duong M. et al., 2019; Duong M., Holmes & Strutt, 2021).

The gravity model by Nguyen Binh Duong (2016) confirmed the positive impact of EVFTA on Vietnam's export to the EU and European investments in Vietnam. Several publications examine some elements of the EVFTA and their impact. Nguyen Xuan Khoat and Laura Cismas (2019) evaluated customs procedures, trade facilitation, and investment protection,

seeing excellent opportunities for Vietnam. At the same time, significant challenges are mentioned, most of them in agriculture.

To sum up, this publications follow the mainstream trend of mathematical calculations, considering one element of the EVFTA (tariffs) and drawing a general conclusion about the positive impact on the whole economy and people's welfare. They usually also mention challenges that Vietnamese businesses will face in form of increased competition.

Professional reports

In contrast to academic interest, the EVFTA attracted much more attention from government bodies, international organizations, research institutes and NGOs. Both governments (Vietnamese and European) involved in the EVFTA negotiations, invested resources to examine, and in consequence, justify and promote the Agreement. Thus, such publications have to be treated with caution. More independent are research entities not embedded in any side promoting the EVFTA.

Documents issued within the EU institutions before the EVFTA negotiations started, were often skeptical. Deep concern was expressed about Vietnam's development model: "resource-intensive and driven by capital accumulation rather than productivity growth" (Armanovica, 2012, p. 4), environmental degradation and the privileged position of SOEs. Although it is not named directly, kleptocracy is alluded to (Armanovica, 2012). Later, however, the EU resources were rather concentrated on explaining the Agreement and justifying its benefits for both sides (EC, 2019).

The Vietnamese government also employed its resources in cooperation with IFI such as the

WB and the IMF in assessing and evaluating its challenges and opportunities connected to economic liberalization and economic integration. One of the joint reports, “Vietnam: Seizing the Opportunities of New Generation Free Trade Agreements” (2016), was a prominent example. Publications consist of 22 presentations on various topics connected to the TPP and the EVFTA. Almost all the authors are affiliated with the WB or the Vietnamese government. Therefore, the report’s general conclusion is positive or, in some cases, extremely positive.

However, interesting insights were provided by several independent economists who were not at that point, affiliated with either the WB, the government of Vietnam (GoV), or the EU. Thus, for example, Peter Petri’s (2016) noted that most of the assessments consider a single agreement (TPP or EVFTA) and separate it from others, including the RCEP, which blurred the result. Secondly, when the impact of any NGFTA alone could be significantly positive, agriculture will receive at least mixed effects with more substantial negative consequences. The authors did not evaluate the impact of the NGFTA on the institutional setting of Vietnam.

The WB alone, also issued some reports on the EVFTA, the most updated one in 2020. Unsurprisingly, it repeats optimistic predictions regarding Vietnam’s GDP growth, export expansion, and poverty reduction. It also evaluates Vietnam’s legal gaps on the eve of the EVFTA entry into force. A new element is the COVID-19 pandemic’s impact on the economy in general and on the implementation of the agreement. However, considering that this evaluation had been completed before Vietnam’s major COVID-19 outbreak in July 2021, the findings and conclusions from this part are outdated (WB, 2020b).

It is factually accurate that both the EU and Vietnam mobilized relatively large resources to evaluate various options for the Agreement. However, it was suggested that the EU should

allocate more financial and human resources to assist Vietnam in its EVFTA absorption capability building and, at the same time, trigger more institutional reforms, not only on the economic side but also in the political context (Grumiller et al., 2018; Confidential Interview with the Senior Management of the EU investor in Vietnam, and the Senior Officer of the UN Office in Vietnam, 2021).

Nevertheless, the EU-Vietnam Multilateral Trade Assistance Project (EU-Vietnam MUTRAP or simply MUTRAP) was one example whereby Vietnam's trade and investment abilities were enhanced, and ties significantly strengthened on both sides. One of the main activities was the research and evaluation of future trade and investment integration, especially the EVFTA, but not exclusively. During nearly two decades of its operations (1998-2017). MUTRAP provided significant assistance for Vietnam to improve its ability for deeper economic integration in general and to be able to implement the provisions of the EVFTA, in particular (Delegation of the EU to Vietnam, 2011; Ngoc Q., 2017; Huyen, 2020).

MUTRAP publications employ various methods, including qualitative ones. Despite the listed challenges, MUTRAP expected a large positive impact of the EVFTA on Vietnam's manufacturing sector, especially those with low-wage production. Gains in agriculture are expected to be selective. No noticeable environmental impact is expected from the EVFTA, according to MUTRAP. The picture in terms of social impact is unclear, stating that the EVFTA would have a mild impact on poverty reduction, computed as 0.056% compared with the opposite scenario without the EVFTA (Baker, Vanzetti & Huong P., 2014, p. 57). At the same time, rising inequality in Vietnamese society is admitted as a negative factor.

The weakness of the MUTRAP reports is the low level of accuracy in their predicted

economic circumstances. It is not only about structural factors, which were almost entirely ignored. The pandemic, for example, was hard to predict, but other factors are more predictable, for example, trade wars and climate change. MUTRAP also failed to accurately predict elements of economic architecture, stating that the region would be more integrated in 2020, which was not what happened (Philip et al., 2011; Baker et al., 2014).

Several independent think tanks or research institutes, primarily based in Europe, engaged in assessing various EU activities, such as negotiating FTAs. The Austrian Foundation for Development Research (AFDR) with its report is a suitable example. As most of the reports of this kind, also used mixed methods with a more developed qualitative part, compared to, for example, various MUTRAP publications. Nevertheless, the result of the AFDR study is significantly different. For example, unlike most of the quantitative studies, the AFDR predicts a modest increase in Vietnam's GDP caused by the EVFTA, calculated at 0.48% (Grumiller et al., 2018, p. 22, 26, 71, 75). According to the AFDR, tariff liberalization will increase European infiltration and presence in the Vietnamese market, but to a small extent and primarily limited to a few key sectors, i.e., motor vehicles, machinery, and food (Grumiller et al., 2018).

Another example of the report completed by the research center is the work published in 2016 by the German Development Institute (DIE). Although it considered both the EVFTA and the TPP, which were still on the agenda, it offered a satisfactory summary of the FTAs' impact on the GVC upgrading in Vietnam. The report is a result of massive amounts of data collected by many researchers, including surveys and interviews. The general message is quite positive in terms of the overall expected impact of the FTAs on Vietnam. Authors have summarized that both the NGFTAs offer Vietnamese companies unique opportunities to

move up in the GVC. Although they also see the challenges and risks, for example, tightening the intellectual property rights (IPR) and investment protections makes the spillover of new technologies much more challenging to achieve (Berger et al., 2016).

DIE's publication, similar to most of the joined NGFTAs reports, failed to indicate that the effect of both signed agreements would be overlapping, given at the end, unknown or at least challenging to predict the output. Mutually exclusive areas such as technical standards are different in the EU and USA and radically dissimilar in Japan. This places companies in a confusing situation because most of them might not be able to produce for all mentioned markets.

An example of fruitful cooperation between EU MS and the Vietnamese think tanks is the joint work of the Hanoi-based Central Institute for Economic Management (CIEM) with well-known international researchers e.g., from the United Nations University, the World Institute for Development Economics Research (UNU-WIDER) in Helsinki supported by the Danish Embassy in Hanoi (2017). This entirely qualitative study aims to assess Vietnam's readiness for the EVFTA, opportunities, and challenges connected with the implementation process, and primarily "provide implications for policy adjustment and institutional reform to obtain maximum benefits and limit the negative effects of this FTA" (Cung et al., 2017, p. 370).

It is one of few publications, which identified the importance of institutions and places them in the center of attention. In general, this research finds that the direct impact of the EVFTA on institutions and policy adjustment is not significant. The reason is that Vietnam has already achieved noticeable accomplishments to adjust its institutions and policies to the

WTO and other FTAs. However, the authors point out that the indirect impact of EVFTA is quite substantial. The readiness of Vietnamese companies and the economy as a whole is assessed as low, which makes the implementation of the agreement quite challenging. The principal mentioned problem is not amendment and creation of new laws but enforcement and monitoring of them (Cung et al., 2017). The UNU-WIDER has higher universality and resistance to unexpected changes (e.g., caused by structural factors such as a global pandemic or US-China trade war) thanks to the adopted methodology and flexibility of the approach.

Several publications assess the EVFTA impact on Vietnam done by NGOs. Most of them are guidebooks explaining certain provisions of the Agreement. One report, however, is worth attention because of its uncommon, skeptical stand about the impact of EVFTA on Vietnam. Konrad-Adenauer Stiftung in Vietnam (KAS) publication (2014) was based on the economic and political differences between both partners and on EU standards that Vietnam was forced to accept. The significant disproportion between the two economies in theory might appear to be a complimentary match of trade partners having comparative advantages in certain products, according to David Ricardo's (1817) early international trade theory. This match, however, is dangerous for the weaker partner and creates a situation in which Vietnam may become stuck in specialization in producing low-value goods. The phenomenon is called the middle-income trap, which authors also describe as a "low-wage trap", meaning that the country cannot innovate the economy and produce goods with higher market value instead of importing them.

Moreover, KAS predicted that the agricultural sector's value will drop by 27%, as a result of decreasing production, increasing unemployment, and losing competition with highly advanced European food processing companies. Although consensus exists that EVFTA will

bring mutual gains in GDP growth, the income distribution will be highly uneven, hitting the rural areas the most. Furthermore, except for economic challenges, political and legal ones associated with adjustment to high SPS standards, technical barriers to trade (TBT), IPR or more complex labor and human rights issues, according to the authors, may prove impossible to cope with. However, the simplification of rules, standards, and regulations will improve the business climate in Vietnam. It, according to the authors, might give Vietnam incentives to reform both a stagnant economy and an ineffective state sector (Brauer, Tuan V. & Frey, 2014).

As shown, many publications and reports are assessing the possible impact of the EVFTA on the Vietnamese economy or particular sectors. One main observation during this literature reviewing process is that the EVFTA-related research is selective and mainly focused on the quantitative assessment of particular provisions, mostly tariff reduction. Many such studies are based on general equilibrium analysis and contain common errors, omitting the application of strict rules of origin. Meeting these requirements is especially challenging for less sophisticated developing economies.

Moreover, except for a few insignificant cases, comprehensive and updated research published after the EVFTA entered into force is lacking (August 2020) and research that included not only a broad spectrum of the EVFTA provisions at the same time but also places them in current Vietnam's FTA's "noodle bowl", together with other agreements that are already implemented or under implementation. Few publications consider structural factors and other risks that are inevitable in real life and are not just connected with pure economic or political phenomena. However, because of the global pandemic outbreak, this serious defect began to be corrected.

Review of indexes

Several reports and indexes might be useful in this research. They measure and evaluate certain phenomena connected with Vietnam's institutions, economic effectiveness, competitiveness, or business climate. In some cases, sophisticated indexes that combine several different indicators and technics of measurement are criticized for being too opaque, and complicated. However, they are still used in many mainstream academic publications. For example, "The Oxford Handbook of Asian Business Systems" (2014) exploits several different measurements, e.g., the GCI, World Development Indicators, WGI, Ease of Doing Business, CPI, and Education Index. Similarly, non-academic entities, including NGOs, development assistance providers, and the IFI are making use of mentioned indexes. Thus, an intelligent selection of these sources might provide a supportive tool for institutional assessment.

Vietnam in WB and WEF indexes

Worldwide Governance Indicators (WGI)

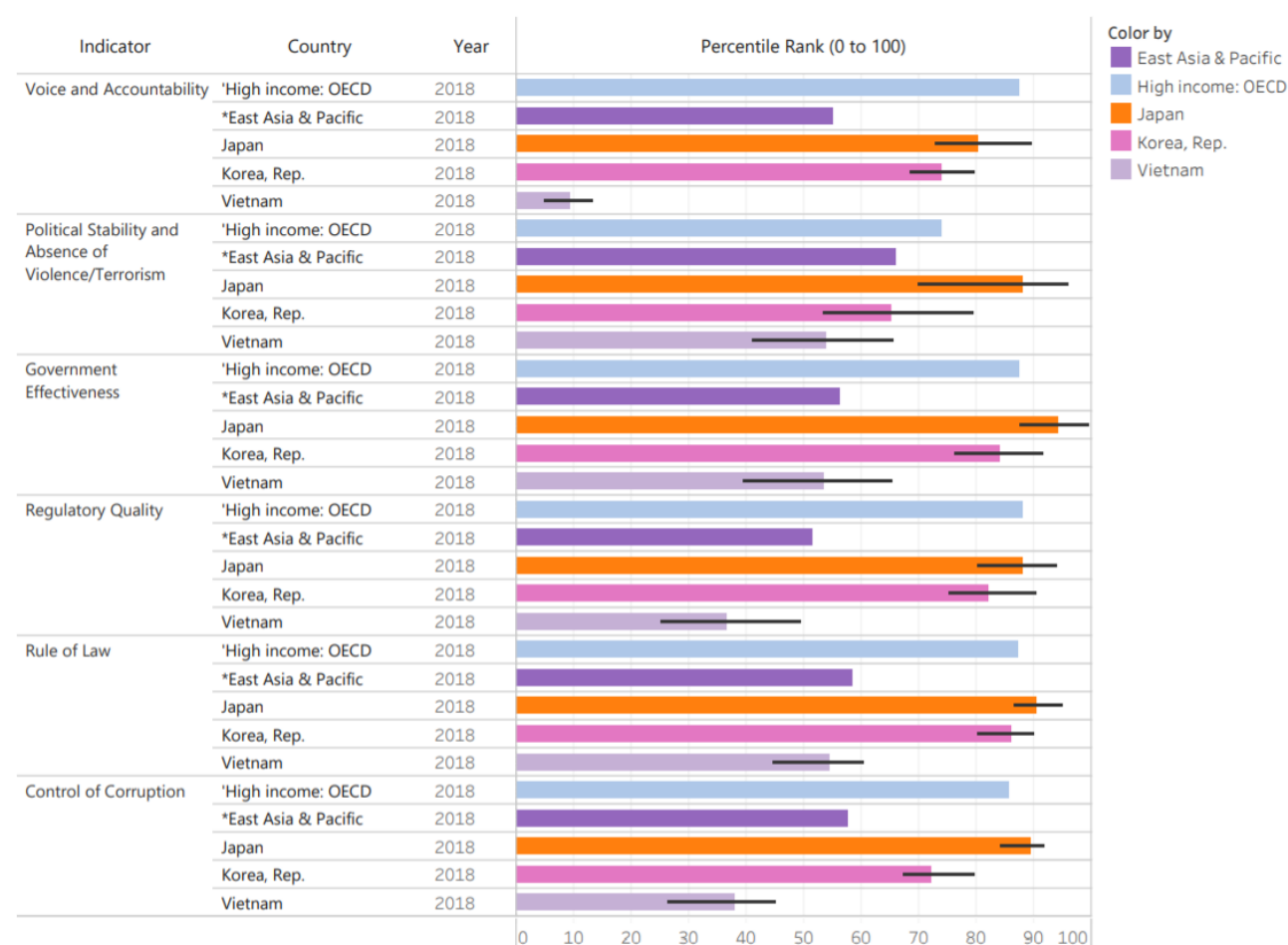
WGI attracted attention at the end of the 1990s. It was created by the WB's economists, Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton (1999a). After some modifications, the index consists of six elements: Voice and accountability; Political stability and absence of violence; Government effectiveness; Regulatory quality; Rule of law; Control of corruption (Kaufmann, Kraay & Mastruzzi, 2010).

Figure 2.1 shows the WGI for Vietnam and its FTA partners (Japan and South Korea), East

Asia and the Pacific as a region, and OECD members as one entity. EU data are not available.

Figure 2.2 compares Vietnam with selected ASEAN members. Figure 2.3 shows Vietnam’s only six elements of WGI dynamism over the quarter-century from 1996 to 2018 (WB, 2022b). Black strokes in Figures 2.1 and 2.2 and the shadowed area in Figure 2.3 on the graphs show the standard error used in the WGI statistical procedure.

Figure 2.1: WGI for Vietnam, Japan, South Korea, East Asia and Pacific and OECD



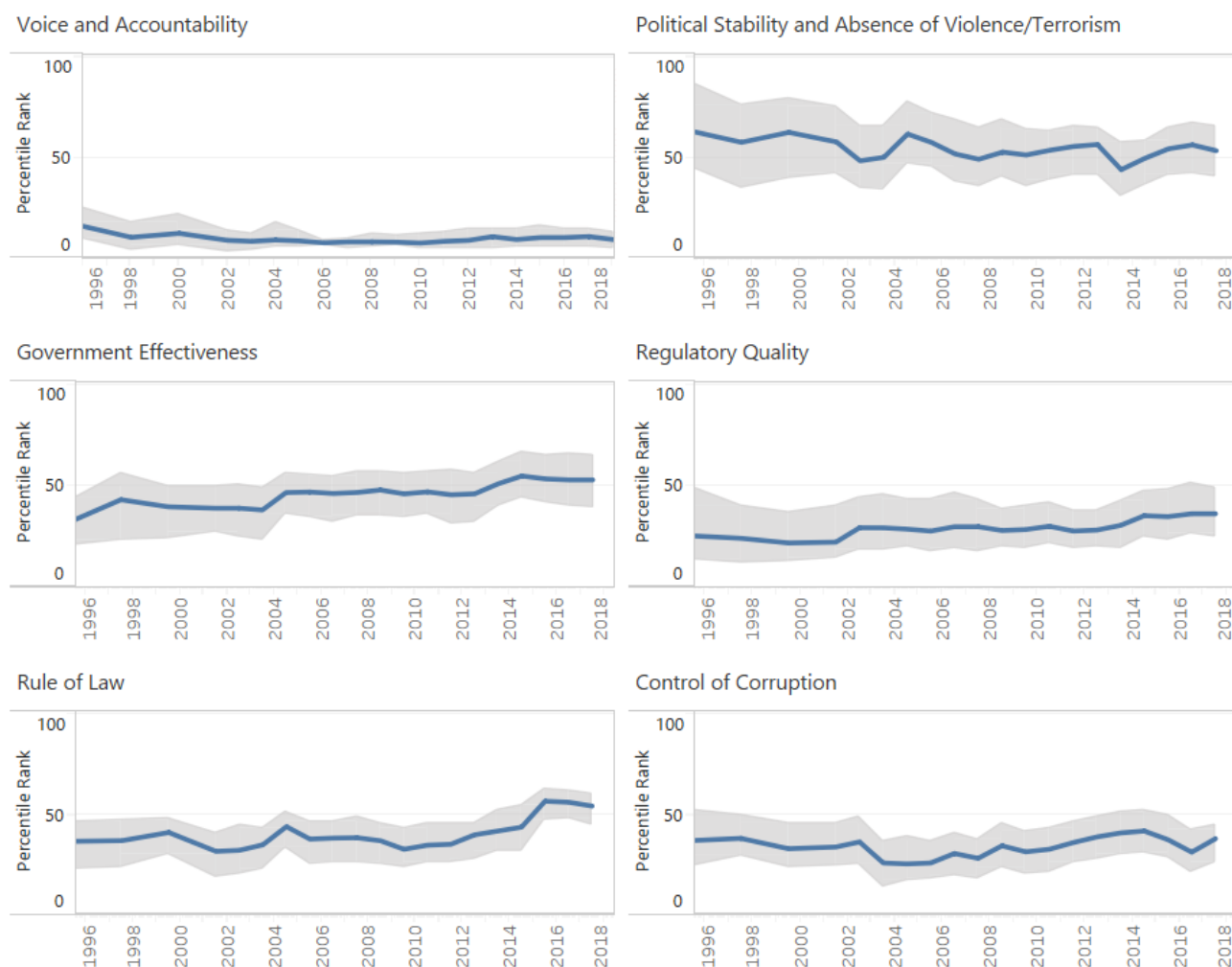
Source: WB’s WGI

Figure 2.2: WGI for Vietnam, Indonesia, Malaysia, Myanmar, Philippines Singapore, and Thailand



Source: WB's WGI

Figure 2.3: Vietnam's six elements of WGI dynamism over the quarter-century (1996-2018)



Source: WB's WGI

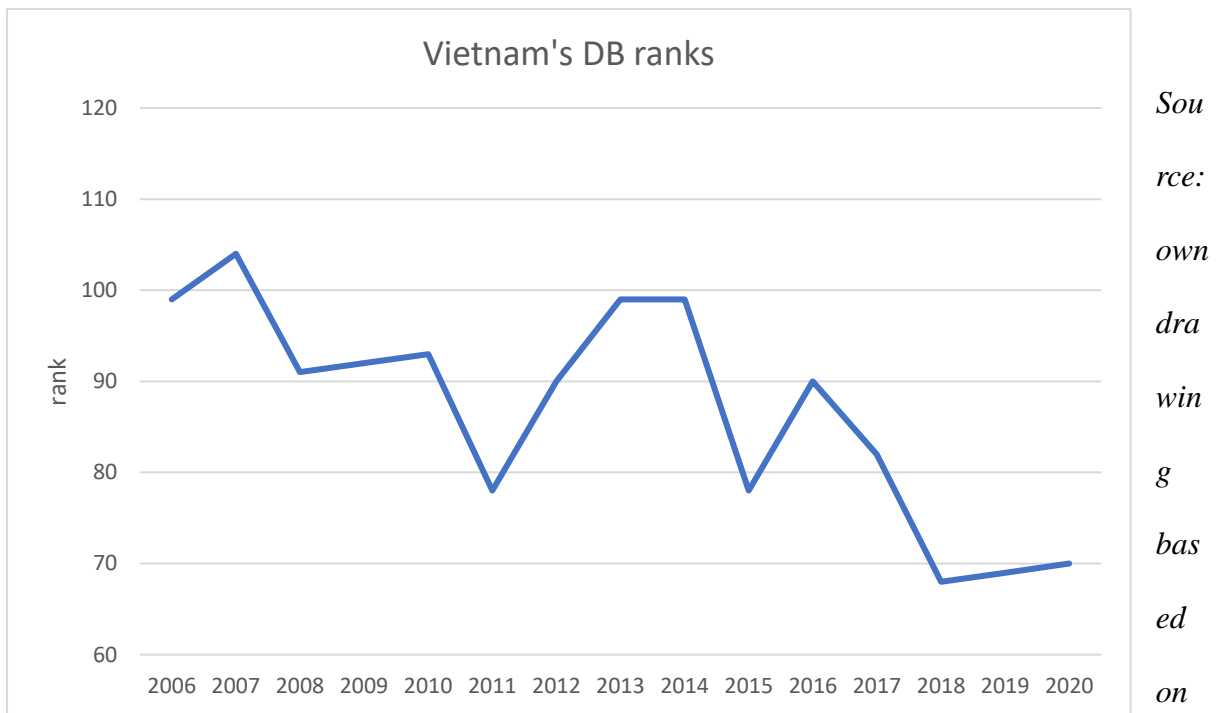
As has been shown above, Vietnam's score in all six dimensions of WGI is relatively low, lower or much lower than its developed FTAs partners Japan and South Korea. Similarly, it is lower than East Asia and the Pacific on average as a region and the OECD member average. Compared to other ASEAN members, Vietnam is also performing below average, competing with Myanmar only. Vietnam's score is relatively robust in only two dimensions: political stability and absence of violence. Moreover, Figure 2.3 shows that the trend is relatively stable.

Doing Business (DB)

Another index formed by the WB, the Ease of Doing Business Index (in short: Doing Business or DB) was first proposed by Simeon Djankov et al. (2002). The paper proved that countries with more complicated and complex regulations also have higher corruption and a more significant unofficial part of the economy. At the same time, they are less competitive and produce a lower quality of goods and public services. Moreover, more democratic, more transparent, less regulated, and overall with less state in the economy, countries are positioned much better in the competitiveness and quality of goods and services they produce.

DB methodology changed over the years. The latest (2020) DB evaluation consists of ten elements, including registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. Vietnam's performance in DB ranking is fluctuating, as it is presented in Figure 2.4. Overall, the country improved from the lowest 103rd in 2007 to 68th in 2018. The last report (2020) classifies Vietnam as 70th with a score of 69.8 points, which is far behind the leaders, New Zealand, and Singapore with 86.8 and 86.2 points, respectively (WB, 2020a).

Figure 2.4: Vietnam's DB ranks 2006-2020



DB reports 2006-2020

The DB Index criteria are fairly in line with the EVFTA provisions. Thus, they might suggest which elements of Vietnam's institutional setting are lagging behind international standards the most. The highest-scored categories for Vietnam are dealing with construction permits and getting credit, where it is ranked 25th. However, registering property and starting a business are the weakest categories. It shows inconsistency in the administrative procedures when some of them are relatively smooth, the others are not (WB, 2020a).

As was presented above, the DB Index might serve as a supporting tool in evaluating Vietnam's readiness for the EVFTA implementation process and its ability to reap the maximum possible benefits from it.

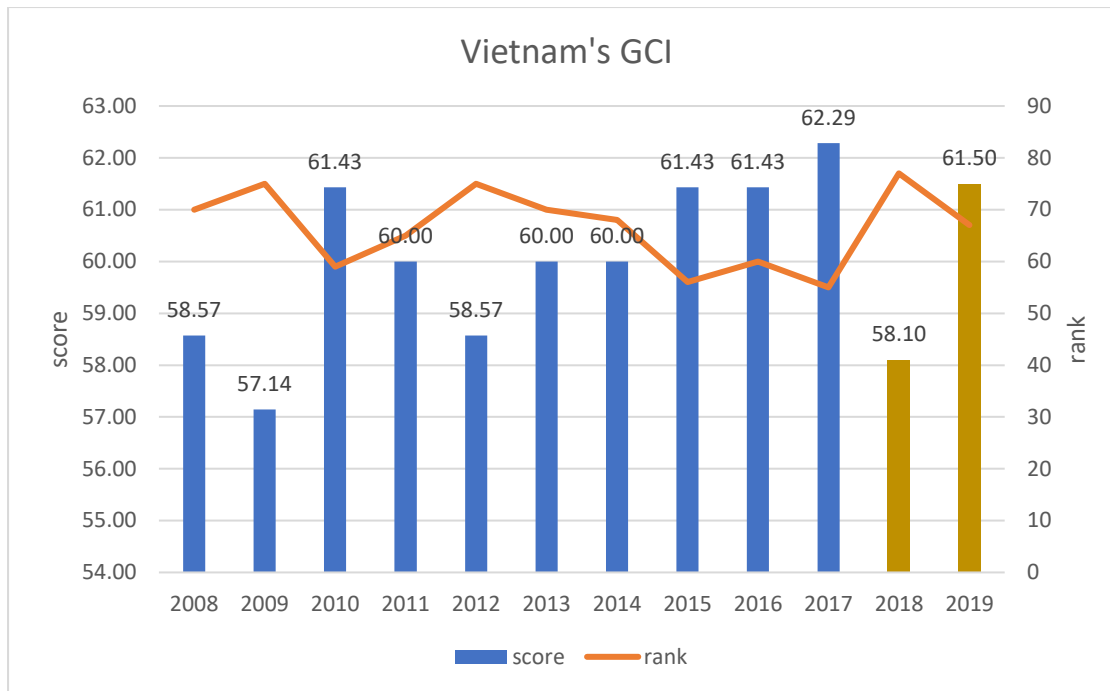
Global Competitiveness Index (GCI)

One of the best tools for assessing formal institutions is the WEF GCI. It was created by

Xavier Sala-i-Martin and Elsa Artadi (2004). Online reports are published since 2008. However, in 2018 the methodology changed making the older rankings not comparable. The new assessment is based on 12 pillars, including institutions, including labor markets, financial systems, and innovation capability. Subcategories of the pillars of institutions are, for example, social capital, checks and balances (broken down into budget transparency, judicial independence, and the efficiency of the legal framework), public sector performance, transparency, property rights, and corporate governance (Schwab, 2019). Thus, GCI evaluates institutional quality in the mode compatible with this research.

Vietnam's performance in GCI is not changing much. Figure 2.5 shows its ranks and scores in the 12 years from 2008 – after joining WTO, to 2019, after signing EVFTA. The last two years are marked in different color due to the modified methodology, which makes the results not comparable with the rest of the chart. The highest rank was achieved in 2017 (55th), while the lowest a year later: was 77th. The scores vary between 57.14 and 62.29.

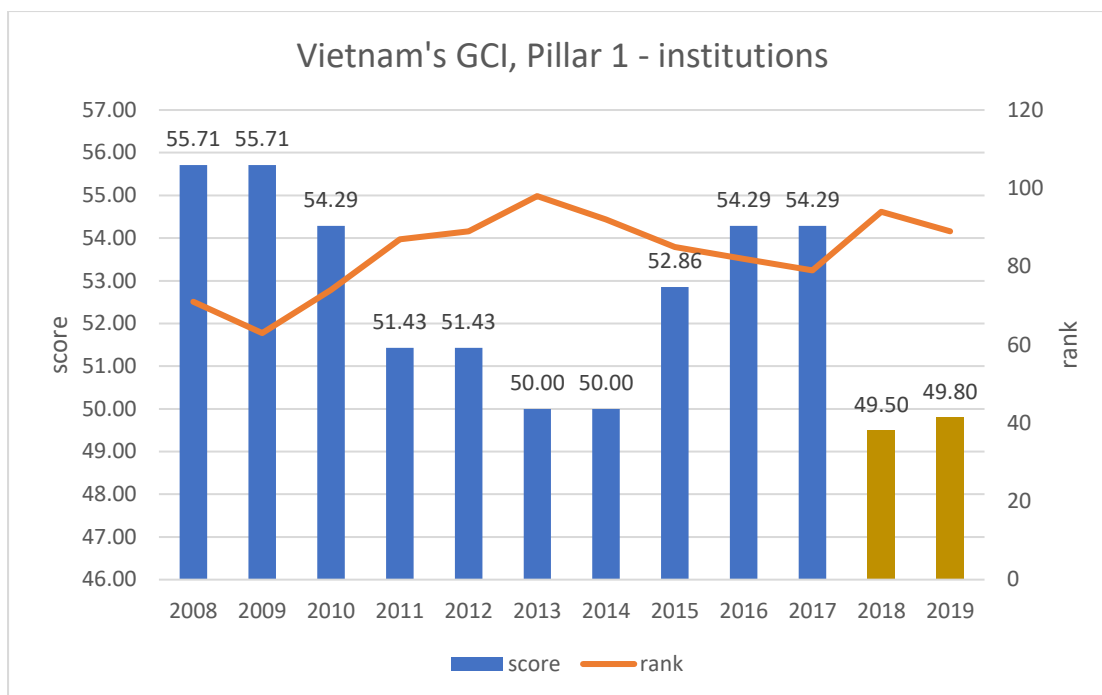
Figure 2.5: Vietnam's total GCI scores and ranks 2008-2019



Source: own calculation based on GCI reports 2008-2019³

When we extract the first pillar of the overall assessment, “Institutions”, Vietnam’s performance is even worse. As shown in Figure 2.6, the best rank, 63rd, was achieved in 2009 while the worst was 98th in 2013, with scores between 49.50 and 55.71, around half of the maximum available pool, far behind the leader, Finland, which scored 81.2.

Figure 2.6: Vietnam’s Pillar 1 (institutions) GCI scores and ranks 2008-2019



Source: own calculation based on GCI reports 2008-2019⁶

A closer look at Vietnam's performance reveals that in the "Check and balances" category, the country is placed 135th, which means seventh from the end. Vietnam has a similarly weak position, below the top hundred, in IPR protection and corporate governance. A little bit better is with the banking system, labor market and trade openness, all at the bottom of the top hundred. As it is clear, the GCI evaluates elements that are part of the institutional assessment. Clever usage of the Index might be a helpful supporting tool in the undertaken analysis.

Vietnam in other indexes

Corruption Perception Index (CPI)

The CPI is an annual ranking of countries that measures their "perceived level of public

⁶ GCI methodology changed in 2018. Before, the total GCI and overall pillars assessment scores had values 0-7, and after 0-100, where 7 or 100 respectively, represent an optimal situation or "frontier". Hence, the scoring has been adjusted to 0-100 scale to make the data comparable.

sector corruption” and was firstly published in 1995. It is conducted by the German-based NGO Transparency International (TI), and the scoring system is based on opinion surveys and experts’ estimations. Vietnam’s performance in CPI is not impressive. Moreover, it is not improving much. In 2020 Vietnam was ranked 104th with 36 points (TI, 2021). It is worse than a year before and slightly better than the 2012-2018 rankings, as Figure 2.7 below illustrates.

Figure 2.7: Vietnam’s CPI scores over time



Source: TI (2020)

CPI measures the perception of corruption, not corruption itself. Hence, it does not show a comparable level of corruption in the country. It might better serve for vertical comparison, e.g., one country over the past few years, as it has been done above.

Other useful data

In the broad sense of this word, several other quantitative tools measure the quality of countries’ institutions. One of them is Economic Freedom Index (EFI) by the Heritage

Foundation. The 2021 edition contains four categories: the rule of law, government size, regulatory efficiency, and market openness (Miller, Kim & Roberts, 2021a). Vietnam was the 90th freest economy in 2021, with an overall score of 61.7 points, slightly higher than the global and regional average, 61.6 and 60.2, respectively. Although the result is not impressive, Vietnam is continuously improving, since 2017 (Miller, Kim & Roberts, 2021b).

A group of indexes also measure certain elements that might impact the country's economic performance, such as innovations, infrastructure, or logistics itself. For example, the WB constructed the Logistic Performance Index (LPI) to measure the trade logistics of the countries and their shortcomings. LPI measures the efficiency of product movement into the country and within this country (Arvis et al., 2018). Vietnam's performance is relatively good. Moreover, it is steadily improving. In the last edition (2019) the country was ranked 39th out of 160 countries (WB, 2021b).

GII was constructed in 2007 by the World Intellectual Property Organization (WIPO), academic entities, and economists and contains data from several sources, including the WB, WEF, and the International Telecommunication Union. Vietnam is ranked 42nd in 2019 and 2020, which is relatively high compared to the countries on its level of economic development (WIPO, 2021).

Global Infrastructure Hub (GIHub) is a G20 initiative that provides computing data about countries' infrastructure in the following pattern: infrastructure investments trend, the infrastructure needed, and the possible gap between mentioned two. Besides comprehensive data about infrastructure, data about certain parts of the infrastructure are included: energy, telecommunication, water, and transport, in the division of roads, railroads, ports, and airports.

According to GIHub, Vietnam has projected \$503 billion in infrastructure investments versus \$605 billion in estimated needs, which means that the gap in infrastructure investment is equal to \$102 billion. Telecommunication infrastructure investment shows no gap, and the gap in airports is a minor \$1 billion. The most significant gaps are in road transport infrastructure and water, \$55 billion and \$28 billion, respectively (GIHub, 2021a; 2021b). Infrastructure is one of the elements of the supply chain. Its quality would determine Vietnam's ability to join and upgrade its position in GVC, a process in which the FTAs' participation might accelerate.

Summary

Many other quantitative tools express, in some ways, the quality of institutions that are not mentioned in this section. All gather certain elements and value them by points. The valuation method varies depending on the indicator and index to which it contributed. Each country has a score that allows for building the ranking table. Although these methods are convenient for comparison reasons, they usually fail to explain why some countries perform better and others perform worse in terms of economic development. For example, the common controversy is including such indicators as "market size" in GCI, which has nothing with the country's institutional quality or economic performance (Sakata, 2020).

Moreover, competitiveness or ease of doing business is not necessarily connected with more dynamic GDP growth or with more impressive economic development. Neither competitiveness nor ease of doing business measures the ability of the country to develop the economy, although an indirect correlation might exist. More competitive countries and countries with easier ways to do business are supposed to develop faster; the top of both rankings is occupied by the wealthiest countries and the bottom by the poorest. The above

rankings are used in this research as a supporting tool to present trends in changing institutional environments.



Chapter 3: Transition Story of Vietnam from Đổi Mới to “New Generation Free Trade Agreements”

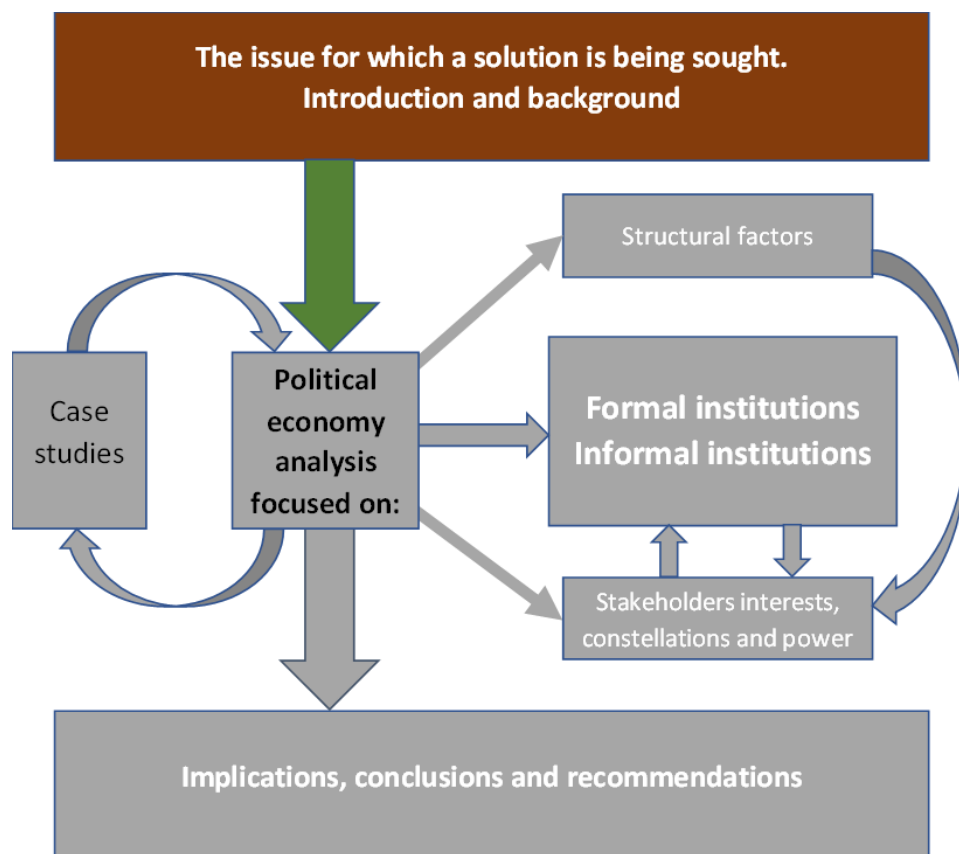
This chapter provides historical background for the political analysis of FTAs consequences on Vietnam and its agriculture. FTAs consequences include an impact on Vietnam’s institutional setting. Thus, it backdrops the institution-forming process from which later path dependency might be assumed. It additionally places an agricultural sector and economic liberalization with an overview of various trade agreements in the complex reform process. It allows us to draw conclusions used in further study.

As various economists claim, all research cases have a historical context. History determines the path dependence identified as one of the factors influencing institutional setting (e.g., North, 1990; 1993; 2003; Easterly, 2002; 2021; Chang, 2002; 2007a; 2007b; 2010b; Aron, 2000). Despite this, it is also essential to present the socio-political context as they shape a country’s institutions (Bates, 2003; 2006; Toye, 2003; Khan, 2003). Hence, this chapter presents how Vietnam emerged and transformed itself from one of the world’s poorest countries into a flourishing and vibrant economy with a high degree of openness and trade liberalization.

The chapter is organized as follows: first, the general historical draft of Vietnam and its current political and social configuration; second, a short overview of the Vietnamese economy and the major reforms introduced since the 1980s; third, an introduction to the analysis of Vietnam’s agriculture; fourth, the broad issue of economic integration and entering into new and more sophisticated FTAs; and finally, an explanation of the rationale of

the EVFTA. Figure 3.1 visualizes various steps of the political economy analysis, with the highlighted part undertaken in this chapter. The approach of this part of the analysis is primarily descriptive and explanatory.

Figure 3.1: Stages of political economy analysis with the steps taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

Vietnam' transformation

This section presents a short review of Vietnam's transformation path. It starts with a historical and socio-political introduction, followed by an overview of the main reforms,

including the transformation of agriculture.

Brief historical, political, social, and economic introduction

According to local historiography and legends, Vietnam is a country with over 4000 years of documented history, traced back to 2879 BC, when the first ancient Vietnamese state Xích Quỷ, was founded by king Dương Vương (Pelley, 2002). The twentieth century experienced one of the most tragic events in its past, which ruined the country's economy and national heritage. After over two decades of bloody war and a division into two Vietnamese states, the country was unified and named the Socialist Republic of Vietnam (SRV). In these circumstances, Vietnam began its significant transformation from a backward colonized nation to a modern independent state with an enterprising, consumer society, stable albeit undemocratic political system, and dynamic, quasi-capitalist economy that currently competes and integrates with other economies in the global market.

SRV's political system is described as a unitary Marxist-Leninist one-party socialist republic with the CPV⁷ as a leading political entity. Formally, a Montesquieu's power division is exercised in Vietnam. The elected National Assembly acts as a legislator. The president is the head of state, and the prime minister leads the government and its cabinet to form the executive power. The Supreme People's Court is the highest body of the judiciary. In practice, actual power belongs to the CPV, its Central Committee – legislative and Political Bureau (Politburo) – executive. Judiciary is also highly politicized, which has particular importance in dispute resolution with foreign investors and traders (GoV, 2020; London, 2014a).

⁷ For the practical reason, in this dissertation, the name CPV is used for the whole period of existence of the Vietnamese communist party, despite the changing names: Communist Party of Indochina (1931-1945), Association of the Study of Marxism (1945-1951), Vietnamese Workers' Party (1951-1976).

According to the Vietnamese General Statistics Office (GSO) 2020 data, Vietnam's population accounts for almost 98 million. It is a relatively young (over 70% under 35 years) but one of Asia's fastest-aging populations. In the second half of the twentieth century, it was one of the fastest-growing populations. This growth significantly slowed in the twenty-first century, to 0.84% per year in 2020. The life expectancy of 76 years is among the highest in the region and most prevalent in the lower middle-income group (GSO, 2020b; WB, 2020d; UN, 2020).

Vietnam remains one of the least urbanized countries in SEA, in Asia, and worldwide, with a large share (64.1%) of its population living in the countryside (2018) and engaging in agricultural production. This rate for SEA is 52% and for Asia, 50%, and the worldwide average is 44.7%. The annual average growth rate of urbanization in Vietnam is 0.7% (UN 2020). The rural population is an essential reservoir of a cheap labor force. However, because of its unsatisfactory quality (e.g., education, skills, work ethics), its productivity remains one of the lowest levels among all ASEAN members, 16 times lower than the leader, Singapore, and lower than in Laos (Asian Productivity Organization, 2021). In the WEF's GCI sixth pillar, "Skills", Vietnam is ranked 93rd out of 141 countries (Schwab, 2019). This underlines the importance of the economic and social structure for the country's development.

Main macroeconomic indicators

According to the WB classification, Vietnam is a lower middle-income country with an overall nominal GDP estimated to be \$369.5 billion and \$1.14 trillion in purchasing power parity (PPP) in 2021. GDP per capita accounts for \$3,759 (nominal) and \$11,619 (PPP). Around 15.3% of GDP is accumulated through agriculture, 33.3% by industry, and 51% by the service sector. Vietnam has the most dynamic economy in the SEA region, with a GDP

growth of around 7% in 2019 and 2018. During the pandemic, it was one of the few countries that avoided recession and recorded GDP growth of 2.8% and 2.58% in 2020 and 2021, respectively (IMF, 2022).

One of the main achievements of transformation is the significant poverty reduction and creation of a new consumer middle class. In 1990 over 80% of the population lived for no more than \$3.10 per day, with 50% for less than \$1.90 per day. In 2015 only 9% had less than \$3.10 per day and 2% less than \$1.90. Looking at the WB's poverty line also highlights a significant change, from over 60% under the line in 1990 to 15% in 2015 (WB, 2020d). Although the wealth distribution is uneven, and differences between regions, provinces, urban and rural areas, or social groups are growing, the success of early reforms is unquestionable.

Main reforms

Two main turning points determined Vietnam's further development path. First, the crisis of 1979-80, which paved the retreat from traditional socialism. Second, the crisis of 1989-90, that endorsed informal coping strategies, as such defined Vietnamese capitalism based on blurry state-business relations (Fforde, 2007). In the meantime, in 1985 Vietnam was in the bottom five poorest countries globally, with an estimate \$130 per capita. The growth was modest, and inflation skyrocketed to 453.5% in 1986 as one of the results of subsidizing an ineffective state sector. Vietnam demonstrated an unprecedented phenomenon in that the economy after the war was in a deeper crisis than during the war (Glewwe et al., 2004). Indeed, according to senior diplomats working in Vietnam at that time, in the middle of the 1980s, the crisis was so deep that foreign missions had to grow vegetables on their premises, and import basic foodstuff from their mother countries. There was barely anything

available in the market (author's communications in 2008-2017). Besides internal struggles that pushed for more profound changes, Vietnam's approach was also influenced externally, as a part of the global process of reforming and, in most countries, collapsing the socialist system supported by the Soviet Union and Marxist-Leninist ideology.

However, Vietnam had chosen a different path than CEE by keeping the single-party political system. In the 1980s, due to an economic crisis in the Soviet bloc, most of the aid and assistance for Vietnam was cut. Membership of the Council for Mutual Economic Assistance (COMECON) became worthless. In such circumstances, the ruling communist elites had no effective solutions for the ideology that had strangled their country and they were forced to implement reforms, which were later named as *Đổi Mới*, "renovation" in English. The death of conservative CPV Secretary-General Le Duan gave some stimulus to more profound changes (e.g., Leung, 2010; Berger et al., 2016; Le et al., 2020).

Early *Đổi Mới* was nothing else but the neoliberal set of radical structural adjustments, which caused immediate successful stabilization of the economy by breaking down inflation and returning to the path of rapid growth. It was described by some economists as "pure IMF orthodoxy, albeit without IMF behind it" (Hill, 2018, p. 333). They comprised the devaluation of the Vietnam Dong (VND), raising the interest rates, legalization of gold holdings, and reduction of state expenditures by e.g., cutting down SOEs subsidies and state investments, and demobilization of half a million soldiers (Irvin, 1995; Hill, 2018). It resulted in improvement of economic situation despite of raising the state share in GDP, referred sometimes as "Vietnam paradox" (Fforde, 2007, p.1).

The lack of economic experts and the isolation in which Vietnam was kept since the

American War⁸ posed challenges and made the process more unpredictable. However, as some examples of developmental states in East Asia showed, where the economy was guided by, at best, educated engineers, not economists, and their counterexamples of some African newly independent countries, where American-educated economists dominated the economic decision-making, mentioned a lack of economic experts in Vietnam as one of the reasons of successful economic transformation (Easterly, 2021; Chang, 2010b; Fforde, 2002; 2009b).

After the successful stabilization of the economy, the reforms came back to their prolonged gradual pace present at least since the 1960s. They have mostly informal character, so-called “fence-breaking”⁹, defined as breaking the rules to achieve economic results and were initiated by the local elites and SOEs managers (Fforde, 2018). Seeking the explanation of the institutional approach to Vietnam’s reform agenda, it can be argued that most of the changes are incremental with few sharper episodes, which shifted the institutional arrangement in a different direction, like the crisis of 1979-80 or the first stage of *Đổi Mới*. After it, however, decision-makers came back to cautious and moderate moves, which might mark their weaknesses – insufficient information, and poor reform effectiveness assessment methods. It corresponds with some explanations of institutional change (Jones B., 1999; Campbell, 2004).

Thus internally, for example, SOEs were forced to operate closer to market rules, which resulted in the dismantling of many of them (Anh N. T., Duc L., & Chieu T., 2016; Hai N. M. & O’Donnell, 2017). The legal framework for FDI was created in 1987 with one of the most liberal foreign investment laws in Asia (Hiep, 2017b). The government started to attract

⁸ To avoid confusion, conflict commonly known in English literature as “Vietnam War”, also called “Second Indochina War” in this dissertation, is called “American War”. It follows Vietnamese pattern, where the conflict is officially named as “Resistance war against America” or in short, “American War”.

⁹ According to Adam Fforde (2019), the term “fence-jumping” or “fence-breaking” was coined by Vietnamese economists: Dam Van Nhue and Le Si Thiep (1981) and means balancing the border of the law or breaking the rules in order to achieve a particular economic result, elites were deeply aware that this practice is punishable, however, if they are successful, they would avoid the punishment and get national recognition instead.

foreign investors by establishing special economic zones. Restrictions on business activity were gradually relaxed, resulting in an entrepreneurship boom. International trade was liberalized with a focus on export. However, these reforms slowed down after the AFC of 1997-98 and gathered a new pace after it (Vuong, 2014; Tra & Riedel, 2012; Leung, 2010).

In terms of foreign policy, *Đổi Mới* initiated the switch from an ideologically motivated hostile approach to a more pragmatic and oriented economic cooperation. The main objective was ending international isolation, which would create a peaceful environment for internal development, termination of economic sanctions, and initiation of integration with the global economy. In May 1988, Resolution No. 13 was issued, which emphasized the principle of having “more friends and fewer enemies”. A year later, the foreign ministry's responsibility was officially switched from political diplomacy to politico-economic diplomacy (CPV, 2006, p. 527). This direction was reaffirmed at the Seventh National Congress of the CPV in 1991 when diversification and multilateralization of “economic relations with all countries and economic organizations” were prioritized (Hiep, 2017a, p. 50), and willingness to be “friends with all countries in the world community” became a new foreign policy dogma (CPV, 2010, p. 403).

Thus, Vietnam's current (the 2020s) economic system results from longstanding, gradual transformation processes, which *de facto* depart from central planning into more market principles. Its official name is “socialist-oriented market economy”, which indicates integration with the global market economy and at the same time, is directed towards socialism, which, in pure form, has not been achieved so far, according to official ideology. Nevertheless, the term has never been precisely defined, which gives room for loose interpretations, depending on the context and audience. Deep agricultural reform was one of

the most important elements of the overall transformation process.

Agricultural transformation

Agriculture was the main motive of Vietnam's civilization and its economic existence. It served not only as an economic base but also determined the population's social structure. Limited industrialization undertaken by French colonizers, concentrated primarily in the North due to the abundance of mineral resources, did not change much. Until the early twenty-first century, Vietnam remained one of the most agrarian economies in the world with around one-third of GDP accounted for agriculture. Over 70% of the workforce was engaged in agricultural activities placing the country in the top ten globally with the highest share of agricultural workers. At the same time, agricultural productivity was dramatically low (McCaig & Pavcnik, 2013; Dang, 2018).

The overall economic transformation of Vietnam in the second half of the twentieth century had an enormous impact on agriculture, which lost its “civilizational” role, becoming one of the sectors of the economy under rapid modernization and reshaping its functionalities. Its share in overall Vietnam's GDP decreased to 15.3% in 2019 (WB, 2020d), and it also has a relatively small share of export value – 13.8% (WTO, 2018). Low level of urbanization, and consequently, a considerable number of the rural population makes up an ample share of the agricultural workforce at around 37%, which is still one of the highest in Asia and globally (WB, 2020d).

Nevertheless, agriculture remains highly important as a sector producing a wide range of non-market goods and services giving agriculture its multifunctional attribute with a decisive role in poverty reduction (Gomez & Ricketts, 2013; Litchfield et al., 2003; de Janvry & Sadoulet,

2010; Van de Walle & Cratty, 2004). It is also considered as stabilizing factor of economic turbulence. Moreover, except for its traditional function and national importance in securing food for the population, agriculture gained its significance as it is attached to public goods with global importance: climate change and sustainability. It makes this sector different from other sectors of the economy. Hence, trade liberalization rules are more difficult to be applied to agriculture (Parikh et al., 1988; Moon, 2011).

Land reform and social structure

Agriculture was a crucial component of the socialist revolution and social transformation (Dang, 2018; Fforde, 1989). It explains the determination of early communist cadres to push into agrarian reforms. As a result, agricultural production in North Vietnam was organized in collectives since decolonization in 1954. After reunification, the CPV decided to embrace the entire country with collectivization, notwithstanding the weak effects of this experiment in the North. It is worth mentioning that before colonization, agricultural land in northern and central Vietnam was used collectively by municipalities, while in the south, farmers mostly owned their land. These were the effects of the late settlement of the southern provinces by the Vietnamese in the eighteenth and nineteenth centuries, just before the French colonization (Dang, 2018).

Giving farmers ownership of land as far as they could cultivate was an incentive for Vietnamese citizens to settle in new territory annexed from the collapsing Khmer empire. This historical legacy facilitated the introduction of collectivization in the North. Not to mention the decisive factor, which was a much stronger position of the CPV in communist North Vietnam than in non-communist South Vietnam (Dang, 2018). In the 1980s, 110,878 cooperatives in North Vietnam covered 96.6% of all rural population, while in South Vietnam

only 15,178 were established (Dieu, 2006). The failure of collectivization of the Mekong Delta led to the loosening of the collectivist regime and, consequently, its abandonment, although without formal Party rhetoric. The situation of rural households has begun to improve (Glewwe et al., 2004).

In 1988, price control had been eliminated, exposing farmers to market forces. Then, agricultural collective cooperatives had been liquidated. Almost all cultivated land had been assigned on the 15 or more years taxable lease basis to rural households who had worked on that given land. Further easing of restrictions came in 1993 with the Land Law, and in 1997 with the Land Use Certificates (LUC), which secured and strengthened various land rights by extending the tenure length to 20 years – annual, and 50 years – perennial cropland (Dollar, Glewwe & Litvack, 1998; Dieu, 2006; Land Law No. 45/2013/QH13, 2013). Transferring the land use rights was now allowed but formal property rights over the land have not been established (Ellett & Diep, 2020). Moreover, despite of restrictions imposed on land accumulation, the land distribution was highly unequal and led to re-emergence of large landholders (Kerkvliet & Porter, 1995; Gainsborough, 2010; Cole & Ingalls, 2020).

Industrialization, growing mechanization of agricultural production, and technological progress overall caused more incentives and opportunities for rural inhabitants to migrate (McCaig & Pavcnik, 2013). However, a shift of resources from agriculture to industry has been much more pronounced in other developing countries in Asia, e.g., China, Indonesia, and the Philippines (Lewin & Zhong, 2014). This means that Vietnam still has a relatively large margin of human resources to be switched to develop manufacturing industries. This process has been slowed down by the marketization of agriculture and the introduction of new cash crops, which made the sector more profitable.

New crops and marketization of agriculture

The state's role in agriculture was visible since regaining independence with initially destructive and then constructive effects. Except for market regulations and land ownership policy, the state is also active in shaping agricultural production and introducing new, more valuable crops. Firstly, it was switching to perennials, which secure higher profits in the longer term. Secondly, it was an attempt to better use the natural environment, climate, geomorphology, soil composition, and differentiation of crops according to the region's attributes. Hence, the transformation occurred from small and mostly spontaneous "fence-breaking" into planned and larger-scale production. Already in 1976, the CPV issued the resolution that agriculture must serve not only to secure stable food and raw materials to supply industry but also produce for export to generate income. It is supposed to be achieved by extending the cultivated land, expanding the irrigation systems but also by mechanization, adopting new varieties of seeds, and introducing new, modern techniques, which enhance land productivity (Dang, 2018).

Liberalization of rice production through a contract system had the prompt effect of increased productivity and eliminated hunger. Furthermore, lifting export restrictions radically transformed Vietnam into a major food exporter and by 1997, the country was the second-largest rice exporter in the world (Pingali & Vo-Tong, 1992; WB, 1998b). By the end of the 1990s, remaining export and internal trade restrictions had been lifted (e.g., Decree No 140 from 1997).

At the same time, farmers have limited freedom of crop choice, which is justified by national interests and food security. For example, until 2022 (when this dissertation is written), the

“Rice Land Designation Policy” (RLDP), expressed in Decree No. 63/NQ-CP (2009) and Decision 124/QD-TTg (2012), orders to cultivate rice at least in 45% arable land. It is a part of a National Food Security (Resolution 17/2011/QH13) aimed to produce rice from around 3.8 million hectares. This level, according to Vietnamese policymakers, ensures the food security of the country (Kien, 2020), and is supposed to be maintained at least until 2030, despite a growing body of empirical evidence as to the inefficiency of such policies (Long C. et al., 2021).

As the primary player in the agricultural sector, the state is highly involved in its supply chains, for example, by controlling the water resources as the state owns all irrigation systems. Except for rice policies, state planners also define the role of agriculture as an income-generating sector. Hence, several cash crops have been adopted and developed. According to available data, however, almost all the success stories in Vietnamese agriculture were connected to the introduction and development of commercial cash crops that occurred in the south (Ayerst et al., 2020). Despite many attempts, little evidence was obtained from the northern regions, except concerning tea in the Thai Nguyen and Moc Chau regions.

Vietnam became the leading producer and exporter of some commodities. As presented in Table 3.1, Vietnam is now a world leader in exporting cashew nuts, cornering 38.4% of the market share and second in coffee exports with a 10% share. The value of export of both commodities accounts for over \$3 billion each. Other valuable export commodities are rice paddy (\$2.1 billion), rubber (\$0.9 billion), and pepper (\$0.7 billion). The latter has the leading position and the majority share of the global market at almost one-fifth of the total (FAO, 2021b; GDVC, 2020; OEC, 2020).

Table 3.1: Main agricultural commodities exported by Vietnam

	Export product	Value in 000 US\$	Global rank in export	Share of the global market	Global rank of production	Harvested area in 000 ha
1.	Coffee	\$3,080	2	10%	2	618.88
2.	Cashew nuts	\$2,930	1	38.4%	1	283.99
3.	Rice paddy	\$2,130	3	8.4%	5	7,570.74
4.	Rubber	\$948	4	6.8%	3	689.79
5.	Pepper	\$702	2	19%	1	107.39
6.	Tea	\$173	8	2.3%	6	116.63
7.	Coconut	\$105	4	7.7%	6	154.68
8.	Sweet potatoes	\$25.2	6	4.2%	10	117.93

Source of data: GDVC, FAO, OEC (2020-2021) – all data for 2018.

The two commodities of coffee and cashew nuts, chosen for further examination in this research, are examples of extremely successful cash crop selection and commercialization processes.

Summary of Vietnam's transformation

In the twentieth century, Vietnam has been undertaking the biggest institutional change in its long history. The imported ideology of communism, promoted by Ho Chi Minh who most of his early life spent out of Vietnam, aimed to break the colonial path dependence but did not fit local specific and failed. The adjustments were initiated by informal institutional changes in the form of “fence-breaking”. Successful attempts were adopted in formal settings. In this manner, the economy underwent “auto-reform” (Fforde, 2009b).

In the next stage, CPV endorsed previous incremental changes in the more market-led direction, arguable under the pressure of SOEs managers and middle-level Party cadres (Fforde, 1993), by naming them as the main policy direction of *Đổi Mới*. As such, the process gained a more formal framework (Gates, 1995). The lack of foreign or foreign-educated experts, like Ho Chi Minh, is likely the cause of success, as the local elite was much more aware of the state of the economic and social order in the country, and its people's state of mind. Thus, they were able to introduce well-fitted reforms triggering an incremental institutional change. This observation corresponds to Dani Rodrik's (2007) concept of effective institutions' formation and John Campbell's (2004) fifth proposition of causes of institutional change (p. 178).

The agricultural transformation was mostly successful, first eliminating food shortages and then commercializing the sector that lifted the majority of the rural population from poverty. The process of reforms, however, proved again the power of informal arrangements and the difficulties in formalizing them, as in the case of land management (Clement & Amezaga, 2013; Ellett & Diep, 2020). Moreover, more challenges are awaiting, connected with Vietnam's growing integration with the global economy.

Economic integration

This section aims to prepare the ground for analysis of the FTA' domestic consequences and potential institutional change. It begins with Vietnam's starting position before the regional trade agreements emerged, followed by a short presentation of Vietnam's ASEAN

membership, the Bilateral Trade Agreement with the USA (VUBTA), which opened the door to WTO accession. The following sections elaborate on Vietnam's own FTAs network creation. In the literature, this stage is called ‘first-generation FTAs’ in Asia-Pacific (Kawai & Wignaraja, 2011). Finally, mega-regional agreements are introduced.

Economic consequences of traditional trade agreements are tough to predict *ex-ante*. Hence, the result might be manipulated. It is a vital tool in the hands of politicians, which is often used to justify their decisions. Despite a strong argument that Asian FTAs are mainly motivated politically, this does not mean that they have no economic rationality. However, this factor was often not the primary driver or not precisely examined, despite the political propaganda, which presents the economic gains from the decisions taken by certain political elites, including the decisions to join the FTA (Ravenhill, 2014).

Analyzing the agreements concluded by Asian countries, some reflections can be drawn. For example, many of them were concluded with economically insignificant partners, their coverage was shallow and contained many exceptions, and they did not include more sophisticated economic integration elements such as NGFTAs do. All of the above might be applied to some ASEAN FTAs and bilateral ones: Vietnam-Chile, Vietnam-EEU, Vietnam-EFTA, and Vietnam-Israel. Hence, presented above reflections fit Vietnam in the same manner as other Asian economies.

ASEAN and WTO

Vietnam initiated a large-scale economic transformation at the end of the 1980s. It included several sets of market-oriented and private business-friendly reforms and a gradual opening of the economy, especially for trade and investments, and tighter integration with foreign

markets. As a result, Vietnam started to establish itself as a significant economic player on regional and global scales. This significant shift in the economic policy is considered the main turning point in the process of economic development of Vietnam, no matter when the reforms were assessed (e.g., Irvin, 1995; Vasavakul, 1996; Beresford, 1997; Riedel & Turley, 1999; Binh N. & Haughton, 2002; Glewwe et al., 2004; Thoburn, 2013; McCaig & Pavcnik, 2013; Khan H., 2013; Diez, 2016; Vanham, 2018).

Shortly after Vietnam acceded to the WTO (2007), further multilateral liberalization was halted. The Doha Round in 2008 failed, and since then, little progress has been made in the negotiations under the WTO umbrella (Pangestu & Armstrong, 2018). As a result, some countries who were willing to strengthen existing trade links, including Vietnam, continued negotiations on economic liberalization, changing the platform from WTO to smaller groups of partners. In Asia, unlike, for example, the EU, this first-generation liberalization is mainly in the field of trade in goods and services plus some level of investment, as was the case of ASEAN.

ASEAN

ASEAN was established in 1967. Initially, as a bloc of five countries: Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Vietnam joined the bloc in 1995, followed by the other Indochinese Peninsular countries: Laos, Myanmar (1997), and Cambodia (1999).

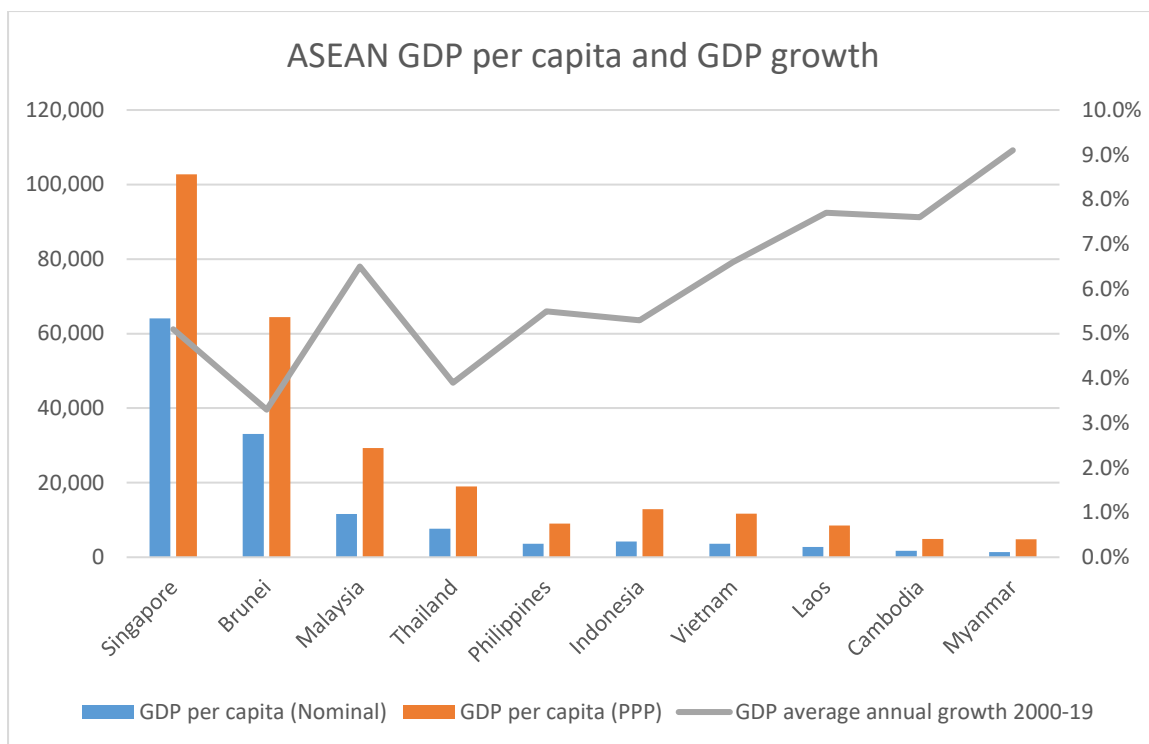
Joining ASEAN gave Vietnam more international recognition and allowed it to come back to the global scene as a full participant after many years of wars and political and economic turbulence.

Despite political gains, ASEAN's economic value is questioned. The consensus is that

ASEAN offers a range of economic benefits. However, it is also stated that these are far below viable potential and that integration efforts are sluggish and hesitant. Commitments are more intentionality than effectively enforced and more “vision” than “action” (Thanh V., 2017). Growing protectionism among ASEAN members is reflected in imposing more NTBs. When tariffs were reduced from around 8.92% in 2000 to 4.52% in 2015, NTBs increased from 1,634 to 5,975 (Ing, Urata & Fukunaga, 2016). Most likely many of them were not reported, which means the actual number is even higher (Tangkitvanich & Rattanakhmfu, 2018).

The other problem with the economic effectiveness of the bloc is that ASEAN is a group of relatively similar countries and economies with similar geographical and climate conditions but also demographics, especially Indonesia, Malaysia, the Philippines, and Thailand (Jones G., 2018). The similarities are the most significant in agricultural production, and it also pushed the Vietnamese government to introduce measures to differentiate its export portfolio (Huong T., 2017). Additionally, in the 1990s, when Vietnam joined the bloc, its economy was overall weak, backward, and non-competitive. This situation for Vietnam did not improve much after its expansion to ten members, which included relatively less economically advanced: Cambodia, Laos, and Myanmar, as Figure 3.2 below illustrates (IMF, 2022; ASEAN Secretariat, 2020a).

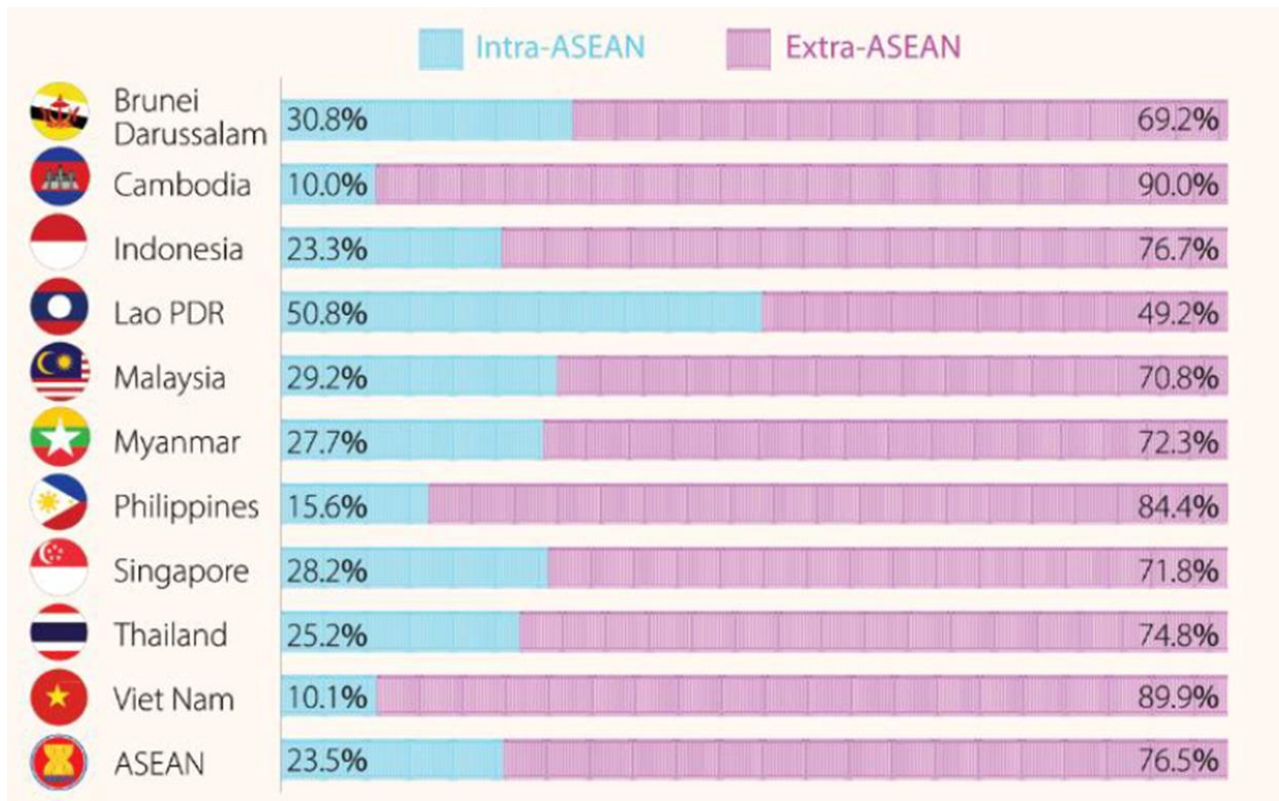
Figure 3.2: ASEAN members' GDP per capita (2019) and annual GDP growth (2000-2019)



Source: own calculation and drafting based on ASEAN and IMF data

The low level of economic integration within ASEAN is presented in Figure 3.3. According to data from the ASEAN Secretariat (2018), only 10.1% of the overall trade of goods for Vietnam was made with the other ASEAN members. For the whole ASEAN, it is 23.8% (illustrated in Figure 3.3), and in terms of trade of services, it was even lower – 16.5%. By way of comparison, for the EU, considered a satisfactory example of economic integration, intra-bloc trade accounted for 63.7% in the 2010s. A similar pattern can be observed in terms of investments. For ASEAN, intra-bloc investments accounted for 19.4% in the same period, while for the EU, 56.1% (EC, 2020a; ASEAN Secretariat, 2018).

Figure 3.3: Intra- / extra- ASEAN trade ratio (2017)



Source: ASEAN Secretariat

One more piece of evidence can be extracted from the publication of Tran Lan Huong (2017), who investigated the level of similarity in the trade structure of ASEAN members and its comparative advantages. Using three different indicators: the export similarity index (ESI), the revealed comparative advantage index (RCA), and the trade intensity index (TII), Huong justified that Vietnam's export is much more overlapping than complementary with the other ASEAN members. The highest export similarity with Vietnam was indicated by Thailand and Malaysia (2015), 78.52 and 73.24, respectively. RCA is exceptionally high for agriculture and food products for Vietnam, Indonesia, Malaysia, Philippines, and Thailand, which means mentioned countries export similar products in mentioned categories. TII shows whether country exports more to certain trade partners than the world does on average. Among ASEAN trade partners, Vietnam has a high TII only with Cambodia and Laos (22.69 and 10.11, respectively), perhaps because of their geographical proximity; they are the only

ASEAN members who share a land border with Vietnam. Mentioned research supports the argument that Vietnam needs to search for other markets to boost its export output, especially for agricultural products.

Despite their high degree of overlapping comparative advantages, export, and other similarities, ASEAN members are striving to make political efforts towards deeper integration under the slogan: “One Vision, One Identity, One Community” (ASEAN, 2010). The ASEAN Free Trade Area was formally organized in 1992 and gradually expanded. Subsequent initiatives emerged three and six years later, i.e., the ASEAN Framework Agreement on Services (AFAS) and the ASEAN Investment Area (AIA), respectively (Basu & Chongvilaivan, 2010).

As a result, the ASEAN Community (AC) was launched in 2015. One of three pillars: the ASEAN Economic Community (AEC) was formed from a combination of the AFTA, the AFAS, and the AIA. The AEC aims to create an ASEAN single market with the free flow of goods, services, investment, and, in the future, the free flow of capital (ASEAN Secretariat, 2015). It is considered the most ambitious integration initiative not only in Asia but in the developing world globally (Dobson & Petri, 2014). However, the only way to make these initiatives economically effective is the consequent removal of the barriers between MS, as was noted earlier. A lack of noticeable integration achievement in ASEAN has motivated some MS to search for other options within and outside the region to pursue further business cooperation opportunities and options for GVC participation. This is the case for Singapore, Malaysia, Brunei, Thailand, and Vietnam as a latecomer.

To summarize, it can be argued that ASEAN gave Vietnam political benefits, which indeed

had some indirect impact on economic performance. However, ASEAN membership has not provided the progressive impulse for institutional change. As was mentioned, ASEAN, from its nature, has a non-interference approach that is appropriate in some circumstances but, at the same time, is not the driver for long-term development. In other words, positive spillover is unlikely to happen among ASEAN members. From this point of view, ASEAN, and the AEC, cannot be taken into the deeper scope of this research.

ASEAN's FTAs network

In addition to ASEAN itself, ASEAN has adopted a substantial network of trade deals on the wave of first-generation economic integration in Asia. According to Hadi Soesatro (2006), Hal Hill, Jayant Menon (2018), and other economists, “outward-looking regional integration” is one of the keys to ASEAN longevity. Hence, a noticeable effort has been made to create an FTA network, and ASEAN offers both credibility and stability. Table 3.2 presents the ASEAN FTAs network:

Table 3.2: ASEAN FTAs network

	FTA partner / agreement name	In force since	Remarks
1.	Japan	December 2008	Singapore, Laos, Myanmar, and Vietnam only, the rest joined in January 2009
2.	South Korea	September 2009	Thailand since October 2009
3.	Australia and New Zealand	January 2010	
4.	China	February 2010	Vietnam joined in 2015; the last upgrade was in August 2019

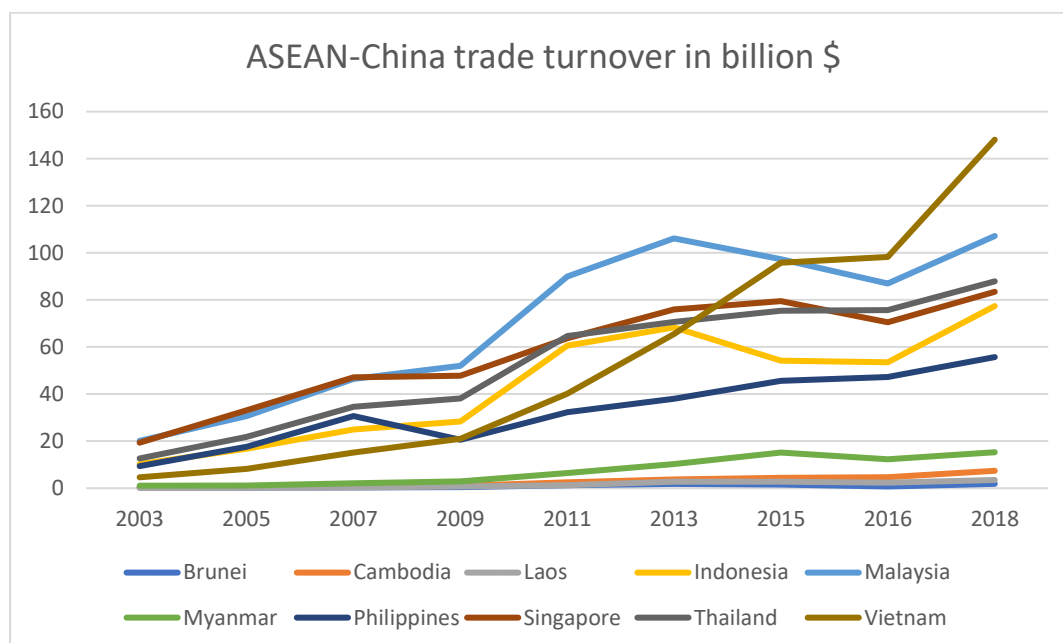
5.	India	January 2010	
6.	Hong Kong	June 2011	Myanmar, Singapore, Thailand, and Vietnam only
7.	Regional Comprehensive Economic Partnership (RCEP)	January 2022	ASEAN + China, Japan, South Korea, Australia, and New Zealand (India withdrew in 2019)

Source: MoFA of Japan (2007; 2008); ASEAN (2020); Singapore Government Agency (2020); Wang (2018)

Focusing on the importance of trade and investment partners, two agreements where Vietnam participates as an ASEAN member that do not overlap with Vietnam's broader bilateral FTA are worth mentioning: ASEAN-China FTA (ACFTA), and the "mega-regional" – RCEP.

China is, without a doubt, one of the most important economic partners for ASEAN and Vietnam. The attempts to create free trade zone between ASEAN and China started in 2002 when their trade turnover was \$54.8 billion. China was ASEAN's third-biggest trading partner, while ASEAN was China's fifth-biggest partner. In 2019, nine years after introducing the FTA, China was the biggest trading partner for ASEAN, when ASEAN was China's second-biggest trading partner, after the EU, with an overall bilateral trade value of \$507.9 billion. A year later ASEAN became China's biggest trade partner and remained in this position in 2021 (ASEAN Secretariat, 2020b; Ji, 2020; Gerstl, 2022). Looking deeper into certain ASEAN members (Figure 3.4), Vietnam, from sixth in 2003, became the biggest trade partner for China among ASEAN members in 2016. Vietnam noticed the highest growth in trade turnover with China between 2003 and 2018 – 3192% (UNSD, 2020).

Figure 3.4: ASEAN trade turnover value with China (billion \$) from 2003 to 2018



Source of data: UNSD, 2020

To what degree ACFTA is responsible for increasing ASEAN-China trade value is discussable. According to some studies, ACFTA has the highest utilization level among ASEAN FTAs (Wignaraja, 2018). However, the data in this study cover three ASEAN members only (not Vietnam). Another study examined *the ex-ante* impact and indicated a significant trade creation effect from the Agreement (Wang, 2018). However, the trade seems to grow on one side only: Chinese exports to ASEAN doubled in eight years after the introduction of ACFTA. ASEAN's exports reached the level of \$190-200 billion in 2011 and then stabilized. This resulted in a large and growing trade deficit with China. Vietnam follows this pattern and its deficit reached \$31 billion. Moreover, investments from China do not have such dynamics as those from South Korea or Japan (UNSD, 2020). China is also part of the biggest regional trade agreement ever concluded – RCEP.

RCEP

RCEP is an agreement grouping previous ASEAN FTAs partners, also known as ASEAN+6 (Australia, China, India, Japan, New Zealand, and South Korea). It is an ASEAN-centered deal aimed at systematizing existing FTAs or dealing with the problem described as the “Asian Noodles Bowl”, a situation featuring many trade agreements with different partners (Kawai & Wignaraja, 2011). Hence, this agreement overlaps previously signed individual agreements with the mentioned parties, but the degree of integration is lower than with NGFTAs.

RCEP is a copy of CPTPP, excluding 22 provisions characteristic of NGFTAs, despite strong support for these provisions from Australia and New Zealand (Petri & Plummer, 2018). Hence, RCEP can be classified as a traditional FTA. This means a lack of issues covered previously in the so-called “WTO-Plus”: TBT, investment, and IPR protection. No strict non-economic provisions are included, like in all NGFTAs, for example, concerning environment protection, preventing climate change, or protecting human rights, as many RCEP group members have problems with mentioned issues. The expected economic effect of RCEP, although extensive, is still lower compared to other “mega-regional” agreements (Urata & Petri, 2017; Wilson, 2015).

However, some long-term estimates suggest that it can increase global income by \$286 billion per year (around 0.2% of global GDP) after it begins operating fully in 2030. Moreover, global trade would expand by 1.9% (Petri & Plummer, 2018). As it is with long-term forecasting, it is unlikely that this optimistic scenario will happen, especially considering that mentioned estimates were made before the global pandemic. Moreover, the lack of binding high institutional standards and effective enforcement measures that would push for profound reforms suggests a rather more modest real effect.

The agreement was concluded despite several problems that arose during the negotiations, e.g., temporary service workers' movement, the scope of investment and IPR protection (that is weaker than in the NGFTAs anyway). The US-China trade war also had an impact. On the one hand, it built more profound polarization and a lack of trust among partners. On the other hand, some analysts stated that it accelerated the process. Getting on target more countries, e.g., Vietnam, built a stronger anti-American coalition and helped to finalize the process at the end (e.g., Petri & Plummer, 2020). Thus, the USA played a role it did not intend. RCEP was signed during the COVID-19 pandemic, on 15 November 2020, via an online meeting between the MS' leaders, and entered into force on 1 January 2022.

VUBTA and accession to the WTO

This section examines Vietnam's early economic integration efforts outside the ASEAN region. The most remarkable achievement was the WTO accession and Bilateral Trade Agreements with the United States (VUBTA), which paved the way for the WTO.

On the wave of post-Cold War reorientation of geopolitics and normalization of diplomatic relations with external partners, Vietnam also re-opened talks with its former enemies, including the USA. It had strategic importance because of a harmful embargo imposed on Vietnam in 1975 after the American War. The essential part of the embargo was lifted in February 1994, and both sides normalized the relations. One of the consequences was booming bilateral trade.

Economic issues were the biggest driver of the Vietnam-American renewed relations. Both sides signed the VUBTA, which has been effective since December 2001. It reestablished

trade relations between the two partners over 25 years after the war ended. Although the VUBTA is not an FTA in the classical meaning, it had a significant impact on Vietnam's development. It was the crucial step for Vietnam towards coming back onto the global economic stage and reintegration with global markets. It is also switched from import-substitution industrialization to export-oriented.

According to most empirical studies, and according to opinions of Vietnamese and foreign experts involved in both the VUBTA and WTO preparation and implementation processes (based on the author's communications in 2008-2020), the VUBTA brought enormous, measurable benefits to the Vietnamese economy (Binh N. & Haughton, 2002; Thanh V., 2005). The VUBTA also opened the opportunity for WTO accession, which happened in 2007. Vietnam gained "permanent normal trade relations" status from the USA, becoming one of its main trade partners in the 2000s. The trade turnover between both partners increased by 1200% in the first ten years after normalization, from \$1.5 to \$21.8 billion (US Census Bureau, 2019).

What is more important for Vietnam, its export to the USA increased more significantly by 1750%, from \$1 billion to \$17.5 billion. However, after the American withdrawal from the TPP in January 2016, Vietnam lost a chance to create a free trade area with the American partner. The attempts for closer economic relations with the USA are still ongoing. The American trade deficit with Vietnam in 2019 accounts for \$56 billion (a 42% increase over the previous year) and is among the fifth-biggest trade partners (US Census Bureau, 2019).

For Vietnam at that time, accession to the WTO was the biggest challenge in its economic and institutional reform agenda, which was connected to international obligations. It was the

process of institutional change triggered by an external force, and as such, the WTO would require more attention in this research. However, the WTO is not an FTA. Hence it is beyond the scope of this dissertation.

Vietnam's FTAs network

After it acceded to the WTO in 2007, Vietnam continued strong efforts toward trade liberalization and deeper economic integration, but with a different approach – it started developing its own FTAs network. Some of the reasons were indicated at the beginning of this chapter. Firstly, the WTO liberalization agenda apparently failed. Additionally, disappointment was observed with the ASEAN integration. The trend of forming separate trade agreements was initiated by Singapore in the 1990s and then followed by Malaysia and Thailand. Vietnam joined this trend relatively late, but its pace was faster than others (Pangestu & Armstrong, 2018).

Vietnam has established an FTAs network with nine signed agreements (as of 2022), excluding the ASEAN. Among them, seven have entered into force already. Two more agreements (with the European Free Trade Area (EFTA) and Israel, marked in italics) are still under negotiation, as presented in Table 3.3:

Table 3.3: Vietnam's FTA network

	FTA partner / agreement name	In force since	Remarks
1.	Japan	October 2009	Overlapping with ASEAN FTA
2.	Chile	November 2011	Part of the CPTPP
3.	South Korea	December 2015	Overlapping with ASEAN FTA

4.	Eurasian Economic Union	October 2016	Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia
5.	Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP)	January 2019	Australia, Canada, Japan, New Zealand, Peru, Singapore, and Mexico only; Brunei, Chile and Malaysia did not ratify
6.	European Union (EU)	August 2020	The investment part (EVIPA) is under ratification (as of 2022)
7.	United Kingdom (UK)	December 2020 ¹⁰	
8.	<i>European Free Trade Area (EFTA)</i>	--	<i>Switzerland, Lichtenstein, Iceland, and Norway. Negotiations since July 2012</i>
9.	<i>Israel</i>	--	<i>Negotiations since December 2015</i>

Source: ADB (2021b)

The CPTPP and the EVFTA are considered to be NGFTA and will be described more in the next subchapter. Among other mentioned above, two agreements are worth deeper deliberation as they are with Vietnam's significant trade and investment partners: Japan and South Korea.

Vietnam-Japan Economic Partnership Agreement (VJEPA)

The agreement with Japan was the first bilateral FTA that Vietnam ever concluded. The VJEPA was signed in December 2008. It was the culmination of both countries' economic liberalization and regional integration and friendly relations in opposition to China. Japan's FTAs are more comprehensive than classical ones, although the scope is more modest than the NGFTA. Japan started developing its FTAs in the late 1990s to remedy economic

¹⁰ The talks about FTAs started after the UK decided to leave the EU and were concluded concisely, as the agreement is not much different from the EVFTA overall (Pritesh, 2020).

stagnation domestically and as an answer to China's growing economy and assertiveness in the region. The FTA network is also used to promote Japanese Official Development Assistance (ODA) and FDI (Solis & Urata, 2007).

Both countries have been developing diplomatic relations since 1973. However, they became more significant in the 1990s when Japan resumed its ODA with Vietnam after a temporary suspension. Historically Japan has been the largest source of ODA for Vietnam since 1954, providing over 30% of all ODA to Vietnam. Moreover, Japan committed to providing its ODA to Vietnam until the country's GDP per capita reached \$12,235, which has particular importance since Vietnam lost access to preferential loans from the WB's International Development Association in July 2017 and from the ADB in January 2019 (My, 2013; Pham, 2017).

Japan is also the second-biggest investor in Vietnam with \$57.37 billion cumulative committed FDI at the end of 2019, giving way only to a long-lasting leader – South Korea. In 2014 Vietnam and Japan raised their political relations to a comprehensive strategic partnership level. Japan is the first G7 country to recognize Vietnam's market economy status in 2011 (GSO, 2020b). Bilateral trade between both countries noticed a remarkable increase from \$4.87 billion in 2000, \$8.41 billion in 2005, \$16.75 billion in 2010, \$39.94 billion in 2015 to \$39.94 billion in 2019 (UNSD, 2020), making Japan Vietnam's third export destination with the share of 8.2% and third import source with 6.4% of total import (OEC, 2020).

The motives behind Vietnamese and Japanese efforts to conclude a trade agreement were considered unusual. According to the new economic strategy adopted in the 1980s, Vietnam

needed closer links to developed economies and the Northeast Asian markets. Japan was one of the first targets: a Northeast Asian developed economy. Vietnam was keen to learn and duplicate the development model that other Asian nations successfully adopted and, at the same time, lacked high-level economic specialists. Hence establishing closer links to mentioned successful neighbors was deemed to be a high priority in the overall national interest (Beresford, 2008).

On the other hand, Japan needed closer links to SEA for several reasons. One was expanding its FDI and production base in cheaper places. In the 1990s, Japan was struggling with prolonged deflation caused partly by the significant appreciation of the Japanese yen in relation to the US dollar after the Plaza Accord adjustment in 1985¹¹ that made Japanese exports less competitive. The Japanese, highly dependent on their export economy, experienced severe problems that pushed businesses to initiate large-scale relocations of their manufacturers. Because of its geographical proximity and relative macroeconomic stability, SEA was the main direction. Vietnam was a latecomer to the group in which Japan located its big investment projects after exploring Singapore, Malaysia, Indonesia, and Thailand (Sjöholm, 2018). The other reason was the answer to the rising economic power of China.

Studies on the effects of the VJEPA are inconclusive. Some, like the quantitative *ex-ante* assessment by Nguyen Anh Thu (2012), show an unclear but positive impact of VJEPA on Vietnam's trade flow. Others point out the benefits of Japanese ODA and FDI, which flow in the broader stream after introducing the Agreement (Feasel, 2013). In general, conclusions from *ex-ante* and *ex-post* assessment analyses differ. For example, despite many exclusions

¹¹ In September 1985, finance ministers of the then biggest "First World" economies: the USA, West Germany, the UK, France, and Japan, agreed on maintaining the fluctuating value of the US dollar. One of the effects was the devaluation of the US dollar against the Japanese yen and other involved currencies. The name: "Plaza Accord" was coined after Plaza Hotel, where the meeting took place in New York City.

concerning agriculture, this sector is supposed to benefit the most from the opening of the Japanese market. However, Japanese rules regarding product origin, safety, and hygiene are not compatible with international standards. This raises the adjustment cost for Vietnamese entities obliged to meet both Japanese and international standards to export to Japan and other developed markets with strict rules for entering, e.g., the EU and South Korea (Binh N. X., 2009).

On the other hand, some profitable Vietnamese agricultural products gained their market share in Japan before the VJEPA was introduced, especially coffee (GSO, 2020b). However, what is most convincing is that the VJEPA, despite being more comprehensive than traditional FTAs, did not cause remarkable changes in Vietnam's institutional setting. Hence, the impact of the VJEPA can be measured mainly through the effect of tariff removal and investment incentives. This means it does not fit into the deeper scope of this dissertation.

Vietnam-South Korea FTA (VKFTA)

Another economy the Vietnamese decision-makers have carefully observed is South Korea as it was considered a suitable model for Vietnam's development to follow. The Vietnam-South Korea FTA (VKFTA) entered into force on 20 December 2015. Vietnam decided to start bilateral talks with South Korea despite an existing ASEAN-South Korea FTA (AKFTA) to deepen the level of the trade deal and escape growing competition from other ASEAN members (Thanh P. & Jeong, 2016). Hence, the current VKFTA contains broader commitments, but not enough to create a real advantage in the Korean market for Vietnam versus other ASEAN members because the scale is relatively modest.

For example, the AKFTA eliminated 11,173 tariff lines, or 91.3% on the Korean side, while

the VKFTA added just around 500, less than 4%. Similarly, the AKFTA removed 8,256 tariff lines on the Vietnamese side, accounting for 87.1% of them, and the VKFTA added 265 or 2% more. Provisions on investment, services, e-commerce, competition, IPR, and transparency are included. However, again, their scope is limited. A good example is a provision on SOEs, which excludes as many as 16 sectors from the liberalization. This means the state keeps its monopoly in, for example, tobacco products, publishing, railway infrastructure, irrigation systems, and forest planting (Thang T. et al., 2016).

Vietnam and South Korea established diplomatic relations in 1992, and they are driven by economic and political factors. Until the dissolution of the Soviet Union and the collapse of communist systems in Europe, Vietnam had been in the socialist camp, which made North Korea at least potentially a closer ally than South Korea. However, after Vietnam changed its foreign policy strategy, South Korea found Vietnam in the mediation role in the North Korean transformation. Vietnam made reasonable efforts to balance between superpowers keeping its relative neutrality (Huong L., 2019; Thayer, 2015). One of many good examples is the organization of the second summit of US President Donald Trump and North Korean leader Kim Jong Un in Hanoi in February-March 2019.

Nevertheless, economic ties between Vietnam and South Korea seem to prevail, and their dynamism is impressive. The value of trade turnover started from \$0.24 billion in 1991, raised to \$1.54 billion in 1995, \$12.98 billion in 2010, \$37.58 billion in 2015 (UNSD, 2020) to \$66.66 billion in 2019, making 14.3% of the overall trade value of Vietnam (GSO, 2020b). South Korea, over the last three decades, has become one of the most important economic partners for Vietnam being the second-biggest source of imports after China, with a 23% share of total import value and the fourth largest export destination with 7.3% of total export

(OECD, 2020). It is the largest source of foreign investments in Vietnam, with 7487 projects and a total cumulative value of \$62.63 billion committed FDI (GSO, 2020b). South Korea is also the second-biggest ODA donor after Japan, with a committed project value of over \$2.5 billion from 2011 to 2020 (Huong V. & Phuong N., 2018).

The VKFTA, after more than five years of operation, has not received any convincing positive evaluation. It is considered relatively successful by politicians, but it is not convincing either. It may have accelerated the influx of FDI, which gave the Vietnamese economy the chance to integrate into GVC. However, it must be admitted that measuring the utilization and effectiveness of FTA is difficult. According to previous *ex-ante* quantitative modeling, the VKFTA is supposed to bring better results in the medium and long term, especially by improving Vietnam's capability in the export of agricultural products, as it opened some opportunities for various commodities by tariff reduction (Thanh P. & Jeong, 2016).

However, up to 2018, three years after the agreement entered into force, Vietnam's export of agricultural products to South Korea remains relatively modest, around \$2 billion (2018), which is 6% of the overall Korean import of agricultural products. One reason is the shallowness of agricultural liberalization. Another one, cited by Korean businesses, is the quality of Vietnamese products, which does not match the price. As a result, Vietnamese suppliers are losing competition with their ASEAN partners: the Philippines, Thailand, and Indonesia. Among them, Indonesia has already concluded a similar FTA with South Korea, eliminating Vietnam's potential advantage (Hai T., 2019).

Another problem is that the VKFTA imposed more complicated rules of origin than the

AKFTA. This reality stays in opposition to the previous *ex-ante* evaluation of the VKFTA. Based on the market overview, the most considerable potential, and the most promising commodities to export to the Korean market seem to be coffee and possible cashew nuts (Thang T. et al., 2016). In this situation, the most significant benefit of the VKFTA for Vietnam may be the *cumulation rule* defined in the EVFTA, which allows Vietnamese producers producing for the EU market to obtain their raw materials and components from the other EU FTA partners, which is South Korea, among others.

In sum, the VKFTA, similarly to the VJEPA, did not cause any impulse for deeper reforms or noticeable institutional change. In this case, it is excluded from deeper analysis.

Summary of the traditional FTAs

To summarize Vietnam's economic integration efforts, it has to be mentioned that Vietnam has chosen a path that was not undertaken by any developing country on such a scale. First of all, Vietnam targeted partners not only based on their geographical proximity but also on the EU and the Pacific rim countries like Mexico, Peru, and Chile. Another pattern Vietnam has broken down is the similarity in the development level (Barai et al., 2017). Thus, Vietnam is expanding its FTA network by qualitative and quantitative means. It targeted both, complimentary markets as those in temperate climate zone and more sophisticated industrial production, like the EU, and those with similar trade structures, like ASEAN.

Vietnam's integration approach in its first phase was somewhat chaotic, perhaps driven by political factors, without carefully managed assessment and preparation processes. One of the arguments supporting this assumption is the fact that the strategy of international integration issued by the government (Decision No. 40/QD-TTG) was formulated in 2016 after Vietnam

initiated or even concluded the FTA negotiations with all key economic partners, some through multilateral agreements (e.g., EU, Japan, South Korea, China, and the USA) and other non-essential ones (e.g., Chile, Israel). Table 3.4 presents a complete list of Vietnam's FTA partners.

Table 3.4: Vietnam's trade and investments value with FTA and potential FTA partners

	FTA partner / agreement name	Trade turnover (million US\$)	% of overall trade	Committed FDI ¹² (million US\$)	% of overall committed FDI
1.	ASEAN (AEC)	57,299	12.3%	71,746.5	21%
2.	RCEP (in the current stage)	298,803	62.1%	207,121.2	60.8%
--	<i>RCEP (with India)</i>	<i>301,015</i>	<i>64.5%</i>	<i>207,999.3</i>	<i>61%</i>
3.	China	116,866	25%	13,414.2	3.9%
4.	India	11,212	2.4%	878.1	0.3%
5.	Australia and New Zealand	9,046	2%	1,958.1	0.6%
6.	Hong Kong	8,470	1.8%	19,845.1	5.8%
7.	CPTPP (ratified parties only, as of October 2022)	61,503	13.2%	111,145.9	32.6%
--	CPTPP (with all signatories)	74,478	16%	124,685.4	36.6%
--	TPP	<i>150,190</i>	<i>32.2%</i>	<i>134,033.4</i>	<i>39.3%</i>

¹² Vietnamese Foreign Investment Agency of the MPI does not follow international standards in defining FDI, e.g., it counts value of approved rather than realized FDI. While the data with other countries' FDI's are not comparable, they can be comparable between Vietnamese data themselves internally only.

--	CPTPP (Canada, Mexico, and Peru only: non-overlapping members)	8,666	1.7%	5,097.5	1.5%
8.	EEU (Russia, Kazakhstan, and Belarus only) ¹³	4,608	1%	954.1	0.3%
9.	EFTA (Norway and Switzerland only) ¹⁴	2,723	0.6%	2,082.4	0.6%
10.	Japan ¹⁵	39,938	8.6%	57,372.1	16.8%
11.	Chile	1,229	0.3%	0	0
12.	South Korea ¹⁶	66,655	14.3%	62,630.3	18.4%
13.	Israel	1,198	0.3%	68.4	0.02%
14.	EU (without the UK)	49,838	10.7%	20,648	6.1%
15.	UK	6,746	1.4%	3,516.5	1%
--	<i>USA</i>	75,712	16.2%	9,348	2.7%

Source of data: GSO and Foreign Investment Agency of MPI of Vietnam. All trade data are for 2019, while investment data are for 2017 – both are the newest available.

**) bolded – FTAs signed by Vietnam, the rest are ASEAN agreements*

****) italic – agreements or FTA partners no more actual*

*****) dark grey indicates agreements abandoned or still under negotiations, while light grey, agreements signed but not yet ratified*

¹³ Trade turnover with Armenia and Kyrgyzstan (other members of EEU) is insignificant, below \$10,000, thus have been ignored.

¹⁴ Trade turnover with Iceland and Liechtenstein (other members of EFTA) is insignificant, below \$10,000, thus have been ignored.

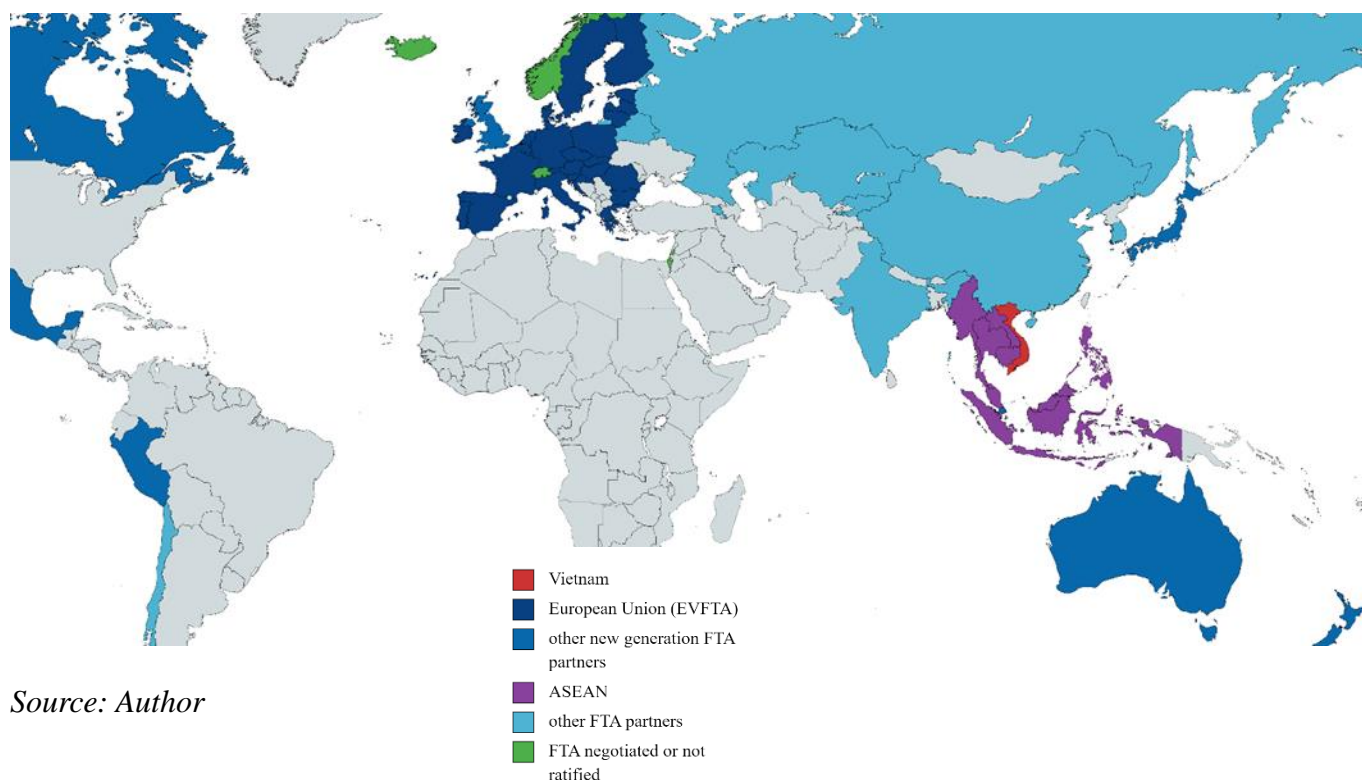
¹⁵ Japan has also economic partnership agreement with ASEAN however since the VJEPA is broader, agreement with ASEAN has been ignored.

¹⁶ South Korea has also FTA with ASEAN however since the VKFTA is broader, agreement with ASEAN has been ignored.

The number of FTAs Vietnam has initiated and concluded is impressive as the map in Figure 3.5 illustrates. However, the utilization of the agreements mentioned is questionable. For example, studies conducted by the Asian Development Bank Institute (ADBI) show that the utilization of ASEAN FTAs is, in general, low. Additionally, it varies quite significantly and depends on many different factors (e.g., sector, geographical location, and age of the business entity). ADBI studies do not cover Cambodia, Laos, and Myanmar (CLM) due to a lack of reliable, comparable data. For CLM, the utilization of ASEAN FTAs supposed to be significantly lower as they face more obstacles, e.g., the lack of available information about FTAs, administration costs, delays, and complications of administrative procedures (Kawai & Wignaraja, 2011; Wignaraja, 2018).

A similar assessment of low utilization of the ASEAN FTA network was made by other analyses (Pangestu & Ing, 2016; Hayakawa et al., 2009). Some other studies, including those made by the WB, show mixed results. Overall, a positive impact on export (around 7%) is measured *ex-post* and a slightly positive long-term impact on Vietnam's trade. However, the impact on imports from other ASEAN members is unclear or negative. Some researchers claim that it requires further study (Van D., 2007; Thu N. A., 2012; Ravenhill, 2014).

Figure 3.5: Map of Vietnam's FTA network



Source: Author

One reason for the low utilization of the first-generation FTAs in Asia is their minimal scope, oriented mainly on tariff reduction only or shallow barriers removal (Dobson & Petri, 2014). Tariff reduction, however, does not always bring overall welfare gain, as Viner's model (1950) proved. Another reason is that many agreements were concluded with insignificant trade partners. In the Vietnam case, even if the FTAs were a bit deeper, like the ones with Japan and South Korea, they contained a considerable number of exceptions, making them equally shallow as other traditional agreements. Some insiders claim that Vietnamese negotiators' skillfulness can account for it (Confidential interviews with EU diplomats and EuroCham leaders, 2021-2022). It, however, wasted the chances to anchor the reform path to the external factor as the FTA. As a result, and as was proved earlier, traditional trade agreements did not cause detectable institutional change.

New generation free trade agreements (NGFTA)

NGFTA concept and EU role

The term “new generation free trade agreements” (NGFTA) was used for the first time in October 2006, in conclusion to the EU policy document “Global Europe: competing in the world”, saying that the Commission will “Make proposals for a new generation of carefully selected and prioritized FTAs” (EC, 2006, p. 12). However, other developed countries, such as the USA, also proposed more comprehensive trade deals with their potential partners (e.g., TPP).

New construction of FTAs was required firstly due to technological progress and widening the scope of economic activities such as e-commerce, innovations in services and investments. Secondly, it places more attention on public goods with global importance like environmental issues (renewable energy, greenhouse gases emission, controlling and/or preserving some ecosystems, natural resources exploitation issues) and sustainable development. It was also a soft political tool to pressure reforms in developing countries, for example, on labor or human rights (Sarkissian, 2019).

The first such “carefully selected” partners for NGFTA were the ASEAN, Mercosur, and South Korea (Guerin, 2008). The attempts to initiate negotiations with them started shortly after the publication of the above document. However, only the deal with South Korea successfully finished with the entry into force of the first NGFTA (13 December 2015). The FTA with Mercosur was concluded on 29 June 2019 but issues later occurred with ratification. EU MS successively rejected the agreement for the concerns over their agricultural sector and the treatment of the Amazon Forest by Brazil. The NGFTA with the ASEAN was suspended in 2009 after two years of unproductive talks. Both sides agreed to give way to the bilateral format of the agreements (Pelkmans et al., 2013).

Hence, the EU started FTA negotiations with Singapore and Malaysia first (2010), followed by Vietnam (June 2012), Thailand (March 2013), the Philippines (December 2015), and Indonesia (July 2016). Investment protection agreement talks were initiated in March 2014 with Myanmar but halted three years later due to a lack of progress. Only talks with Indonesia are ongoing, while negotiations with Malaysia, Thailand, and the Philippines are suspended. Although all mentioned countries show some signs of readiness for retaking the talks (ASEAN Today, 2019a; Hutt, 2021). In 2013, the EU halted six years of lasting negotiations for NGFTA with India (EC, 2021).

Singapore and Vietnam are the only ASEAN members who successfully concluded their NGFTAs with the EU. The economic relations between these two Asian partners and the EU are positive. They are the two largest EU trading partners within the ASEAN. Their combined trade turnover accounts for 45% of the overall EU-ASEAN trade value (Hutt, 2019; EC, 2020b). Other NGFTAs that the EU concluded were South Korea (in force since December 2015) and Japan (in force since February 2019).

TPP/ CPTPP

The Trans-Pacific Partnership (TPP) emerged from four smaller nations' (Brunei, Chile, Singapore, and New Zealand) Trans-Pacific Strategic Economic Partnership Agreement, effective in 2006. Two years later, eight other countries expressed interest in expanding the Agreement into a mega-regional platform as TPP: Australia, Canada, Japan, Malaysia, Mexico, Peru, the USA, and Vietnam. Negotiations were concluded and an agreement was signed on 4 February 2016. However, it was not ratified by most of the members and did not enter into force. In January 2017, newly elected US President, Donald Trump withdrew his

country from the TPP, according to his pre-presidential commitment.

After American withdrawal, the TPP was reactivated as the CPTPP and concluded after quick adjustment talks mainly by removing specific provisions added by the USA and concerned stricter rules on investment, government procurement, IPR, and human rights issues. In that sense, the CPTPP was weakened in terms of the overall protection of the above-mentioned (Malesky, 2022). It was also recorded that the Vietnamese government, free from human rights watching pressure, worsened its performance on this issue after January 2017 (Tostevin, 2017).

Unsurprisingly, the attractiveness of the TPP for developing countries was driven by the presence of the biggest economy in the world, the USA. For Vietnam, political arguments may also have played a role, as the country is trying to counterbalance Chinese influence in the region (Vuving, 2022). This attractiveness dropped after 2017 but did not prevent the remaining members from creating the CPTPP. According to Shujiro Urata and Peter Petri (2017), the cumulative economic effect for all TPP members was 2.2% over baseline and for the CPTPP, just 1%, on condition that all members ratify the Agreement. However, despite the successful CPTPP negotiations in 2018, four years later, three members still have not ratified it (Brunei, Chile, and Malaysia).

When focusing on expected economic effects, many individual members had an even more drastic decrease. For Vietnam, is expected to be 0.9-1.3% in the long-term perspective of 2035, over indicated before 8.1% for TPP. Nevertheless, according to *ex-ante* assessments and official predictions, the CPTPP might give Vietnam some new impulses, especially in the agricultural sector. Opportunities in the Canadian market are visible. Japan and Chile are

giving more preference to Vietnam under the CPTPP than under their bilateral deals (Maliszewska, Olekseyuk & Osorio-Rodarte, 2018; Giang H., 2019; Nhân Dân, 2019a).

In the absence of the USA and lack of genuine interest under the new American administration (since 2021), the CPTPP has attracted new members such as Indonesia, the Philippines, South Korea, Taiwan, Thailand, and the UK. All expressed interest in joining. More surprisingly, China not only expressed its interest but also submitted an official application on 16 September 2021. While some commentators praised China's open-door economic policy, others saw it as a political move. It is doubtful that China will adjust its regulations to the CPTPP standards as Vietnam did. The most outstanding controversy is in terms of giving more rights to the labor force, including allowing the establishment of independent trade unions and allowing foreign competitors to bid in government procurement or reducing the state subsidies and privileges to SOEs. All these issues make it seem impossible for the Chinese Communist Party to agree at the expense of just another trade deal. Grouping where the only members who do not have separate FTAs with China are Canada and Mexico (Tiezzi, 2021).

EVFTA introduction and rationale

In 1990, Vietnam established formal diplomatic relations with the European Communities, the predecessor of the EU. The move was driven by external factors: the wave of “decommunization” in Europe and internal: Vietnamese reforms initiated as *Đổi Mới*. It, however, preceded the official opening of Vietnamese foreign policy to other non-socialist countries in 1991. The development of the relations was dynamic from its inception. In 1992 and 1995, both sides signed the Agreement on Textiles and Clothing and the Economic and Development Framework Agreement. In 1996, permanent representation of the EU in

Vietnam was established in Hanoi, and a year later, Vietnam joined the ASEAN-EU Cooperation Agreement. One milestone was the Partnership and Cooperation Agreement, which was signed in 2010.

Two years later, the EVFTA negotiation was launched in the aftermath of the fiasco of the ASEAN-EU FTA talks. After seven rounds of negotiations, the preliminary consensus was reached in Hanoi during the seventh session of talks on 17-26 March 2014. The EVFTA was eventually concluded in December 2015 and signed in the middle of 2019. The EU ratified it on 12 February 2020, followed by the Vietnamese side, which did the same on 8 June 2020. As a result of the opinion issued by the Court of Justice of the EU on 16 May 2017, the investment part was separated from the whole text of the EVFTA and formed the EU-Vietnam Investment Protection Agreement (EVIPA), which has to then be ratified by the EU MS (Court of Justice of the EU, 2017).

The EVFTA (trade part) entered into force on 1 August 2020. Moreover, on 1 December 2020, during Vietnam's presidency in ASEAN, the EU and ASEAN upgraded their relationship to the strategic level, which is significant for at least two reasons. The EU does not have a strategic partnership with any ASEAN member state, but it has one with both big ASEAN neighbors, China and India (Allison-Reumann & Murray, 2021). In sum, Vietnam's relations with the EU are the most dynamic among all ASEAN members, despite some issues connected to human rights abuse and violation of press freedom. They started from zero in 1990 and ended up in the closest economic partnership achieved so far by one ASEAN member-only – Singapore.

The dynamism of EU-Vietnam relations is also visible in the trade statistics. According to

Eurostat, Vietnam is the EU's second-largest trading partner in ASEAN after Singapore. According to the WTO, before the EVFTA entered into force (2019), the EU was Vietnam's third-largest export market after the USA and China, with a value of nearly \$40 billion, 13.5% of Vietnam's total export, and one of the fastest-growing: over 10% annual average in the 2010s. In 2017, Vietnam became one of the top ten exporters to the EU market. Imports from the EU are less significant, growing at around 5% to 7% in the same period and accounting for \$14 billion. According to EU methodology, investment inflow looks modest compared to Asian partners (\$6.82 billion). However, it is constantly growing (EC, 2020a; WTO, 2020; Delegation of the EU to Vietnam, 2019).

Vietnam's agreement with the EU is worth noting for several reasons. One is mentioned, that is, the difference in the level of development of the two partners. The second reason is the geographical distance between them. According to Anthony Venables (2006), economic interaction between the two entities is highly dependent on their physical distance. Thus, if the value of trade, equity flows, investments, and technology flows between partners 1000 km apart is set as 1, this value would be 0.07, 0.17, 0.42, and 0.05, respectively, if the partners are 8000 km apart, which is more or less the average distance between Vietnam and the EU.

If it is correct, then the power of the EVFTA is potentially lower. Infrastructure quality is also important when possible economic cooperation between partners is assessed. The other factors that matter are connected to formal institutions (fiscal and legal differences) and informal ones (linguistic and cultural standards). Nevertheless, the Vietnamese government estimates an increase in Vietnam's export to the EU by 20% in the first year and then by 42.7% and 44.4% in 5 and 10 years, respectively. The import growth rate will be lower 5-

19% lower. EVFTA will also impact the GDP growth of Vietnam, and it will increase it by 2.2-3.2% in 2020-2023, 4.6-5.3% in 2024-2028, and 7.1-7.7% in 2029-2033 (WB & MIT, 2016).

The EVFTA gives Vietnam the highest-ever reduction of tariffs, not achieved before under any previous FTA. The most prolonged transitional period is seven years for Vietnamese goods and ten for European. After that, almost all commodities will enjoy a 0% tariff rate. However, many items are exempted from tax from the date when the EVFTA took effect, including coffee (previously under the tariff rate max. 11.5%). The same is for pepper, fruits, and vegetables, and their processed forms. The longest transitional period is imposed for rice (namely: broken rice). Tariffs on seafood will be eliminated gradually. The EU is the second-largest export market for many Vietnamese agricultural products.

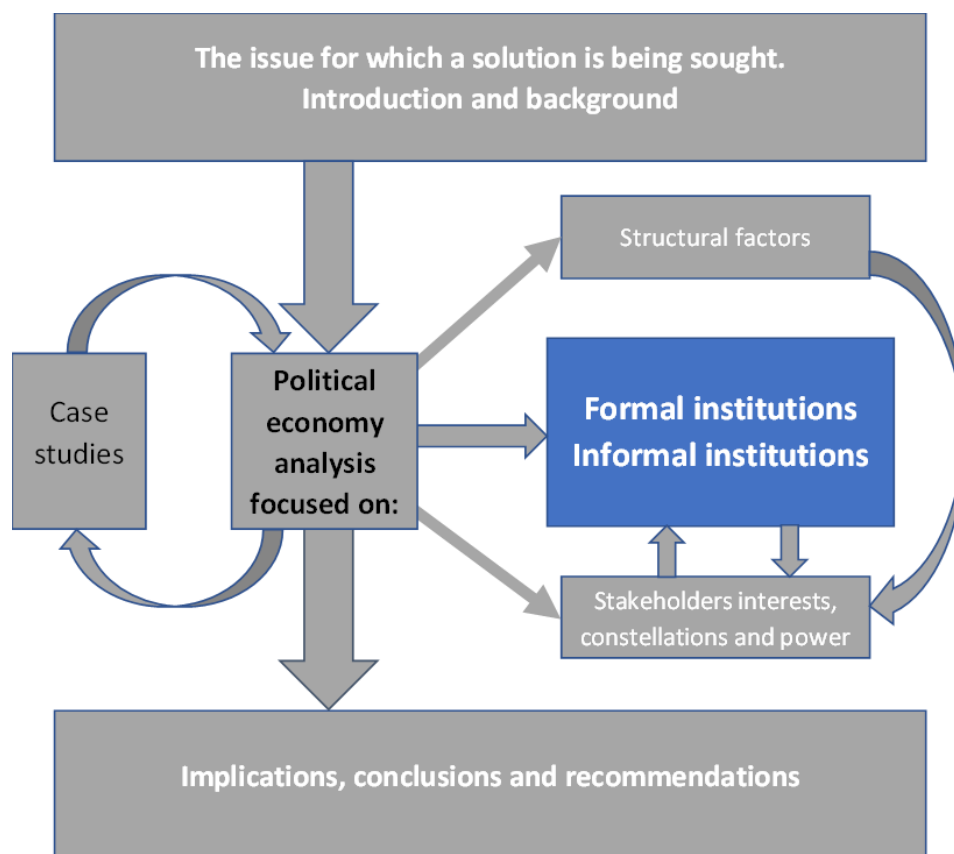
A summary of the above section focuses on reasons why the EU is still Vietnam's most promising trade and investment partner, and highlights where the EU has fulfilled three fundamental conditions: (i) significant trade turnover, according to GSO, is the fourth biggest, with almost \$50 billion value before the EVFTA entered into force, (ii) significant trade surplus, second highest after the USA with \$29 billion value, and (iii) potential new investments from technologically advanced countries (GSO, 2020b). However, the fact of the largest significance is that the EVFTA has the potential to be an effective external force with the path breaker effect and initiate profound institutional change, a process that might greatly contribute to Vietnam's development. Another EVFTA advantage over CPTPP is that a multilateral agreement like the CPTPP is potentially more difficult to enforce. Vietnam's institutional setting led by path dependence and strategic policy direction has many shortcomings, as the next chapter shows.



Chapter 4: Formal and Informal Institutions

This chapter presents institutions as part of the political economy analysis and as seen on the chart below (in blue) – Figure 4.1. As is advised by political economy analysis practitioners, research findings engage the literature that is already existing to sharpen the analytical output (Skovdal & Cornish, 2015). Thus, this chapter is based on literature in one part, which helps to point out, extract, and underline specific findings of Vietnam's institutional setting. On the other hand, this chapter draws from the author's extensive experience during his employment in Vietnam, including meetings, talks, and interviews maintained during the allotted data collection period. This chapter aims to explain the institutional setting which emerged as a result of two dominant forces: path dependence and strategic policy direction with some contribution from external forces. Hence, the approach of this part of the study is descriptive in some initial parts and exploratory in the main, remaining part.

Figure 4.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

Introduction – identification of institutions

The NIE approach has been employed to proceed with this research. Hence, it is necessary to identify primary components of the analysis, institutions are one of them. According to North (1990), institutions are formal rules and informal norms. North also confirmed the importance of institutions for economic performance. Consequently, studying FTAs' impact on institutions answers the research question on the role of FTAs in economic performance and whether they can cause economic change.

The significance of institutions for economic development was studied extensively. The

common conclusion is that only “good” institutions would shape the economic performance of the country (Rodrik, 2007). However, how to define good institutions, what kind of institutions should serve the best for economic development, and, a more difficult question, how to build these institutions, have yet to be resolved (Kiiza, 2007; Chang, 2010b).

Currently, the debate is polarized on two sides. One is the orthodox new institutional economists with Douglass North (1990), Dani Rodrik (2000), and others, for example, those gathered in the IFI. The other side is represented by various heterodox institutional researchers such as Ha-Joon Chang, Ilene Grabel (2004) and Jonathan Di John (2007). The former group praises democracy, property rights, and the rule of law as a precondition for stable economic development. The latter searches for solutions for the developing world, using the context of the history of institutional development in developed countries, and calls for fair treatment. This context-specific perspective also highlights that the “good” institutions are not necessarily the ones proposed by a Western tradition.

Both sides of the discussion should be placed in the proper geographical, cultural, and historical context. In other words, Rodrik’s overemphasis on democracy is criticized by the followers of the “Asian Values” concept, and researchers point out East Asian authoritarian regimes' economic success (Easterly, 2021; Lee J., 2002). However, Rodrik (2007) also underlines that institutions cannot be copied from one sample, e.g., existing in the West but should be develop locally. At the same time, Chang’s approach partly overlooks the fact that the international institutional environment in the twenty-first century is different from that of other historical times. Hence, the same measures used by the USA in the nineteenth century, Germany later on, and the High-performance Asian economies (HPAEs), e.g., South Korea, Taiwan, and Singapore from the 1960s to 1980s cannot be replicated (Bekkevold, 2020).

Formal institutions

Bearing in mind the shortcomings of these approaches, drawing on their common elements and adjusting to the framework of this dissertation, the post-AFC approach to the institutional setting proposed by IFI economists is worth attention. Initially, it was created based on the Asian experience of crisis, and it is still considered an up-to-date model. This approach became quite universal and was also used by the critics of the Breton Woods system. It is suitable for this dissertation because it covers a wide range of formal institutional settings. Moreover, its Western-oriented approach fits Vietnam's EVFTA consequences, which is the main scope of this research.

According to the approach mentioned, the set includes (1) democracy, (2) efficient bureaucracy and judiciary, (3) property rights protection, (4) efficient corporate governance, (5) financial market, (6) well-managed public finances, and finally, (7) social welfare and labor rights protection (Kaufmann et al., 1999a; 1999b). All mentioned, except democracy, are also present in the FTAs provisions, which Vietnam has signed recently, especially in the EVFTA. They are also crucial if we focus on agriculture as the sector and its supply chain. This section presents Vietnam's formal institutional setting before adopting the NGFTAs, as a result of path dependence and strategic policy direction of the state, to some extent also influenced by external forces.

Democracy

Despite the lack of consensus among researchers on the impact of democracy on economic

development, it is part of adopted to this research set of formal institutions. Hence, it is briefly evaluated here in the context of Vietnam, however, with few references in further analysis. Except for the mentioned lack of consensus, the other reason is that democracy is a political institution and not attached to any of the analyzed FTAs provisions.

Although democracy in the Western meaning does not exist in Vietnam, in official CPV rhetoric, Vietnam is a “democratic country,” and one of the development goals is to increase the level of democracy (GoV, 2020). It is expressed not only in official CPV documents but also in the reports co-authored by independent entities. One relatively recent joint study undertaken by the WB and the Vietnamese MPI is titled “Vietnam 2035. Toward Prosperity, Creativity, Equity, and Democracy” (2016), which indicates the importance of democracy in the country’s development agenda.

Interesting findings can be drawn from the World Values Survey. Based on the response given by a representative sample of participating nations, Vietnam, according to their own citizens’ assessment, has more “democraticness” than Americans assessed about the USA, and more than Swedes assessed it, or Fins, Germans and even the Swiss (Inglehart et al., 2014). Thus, the people’s understanding of democracy and their perception vary significantly and have little connection with the hard facts.

Vietnam does not have a historical tradition of democracy in Western meaning, which can partly explain the lack of knowledge about the concept of democracy. Before colonial times, the country was ruled either by local or Chinese emperors. Their bureaucratic apparatus was constructed on the base of the Confucian tradition, with no room for independent elections or pluralism in the political scene. After decolonization and the Geneva conference in 1954, two

Vietnamese states were *de facto* proclaimed. While communists led by Ho Chi Minh remained in North Vietnam, in South Vietnam, Ngo Dinh Diem, the prime minister and president, tried to install a democratic republic on the American pattern, but the attempts were controversial. Diem was eventually overthrown by a military coup in 1963, with equally questionable attempts between 1963 and 1973 when elections in 1967 were organized under American pressure.

After reunification, democracy remained just in the official CPV documents, as was mentioned in the previous paragraph. No serious attempt was made to increase people's participation in political decision-making at the national level. On the wave of economic reforms in the late 1980s and early 1990s and with the fall of communism in Europe, voices inside the CPV opted for democratization and pluralism. However, they were muted, and those who openly expressed it were removed from the Party's mainstream (Thayer, 2014). Such voices are present more recently as the CPV is far from a monolith. Unlikely in China, in Vietnam, the top Party discussion shows more transparency, with limited access by the media allowed. In 2014, a group of 61 Party members called for democratization linked with anti-Chinese sentiments and, rare in Vietnam, street riots occurred. The voices remained unanswered (Boudreau, 2014).

Despite a lack of democracy on the national level, Vietnam is experimenting with grassroots democracy at the local authority level. Grassroots democracy emerged on the wave of losing legitimacy and reliability by the CPV apparatus in the eyes of local communities and especially the peasantry and connected with it, social unrest which hit Vietnam's rural areas in the late 1990s (Hai N., 2016). The government adopted a Grassroots Democracy Decree (GDD) in 1998 after piloting an experiment in selected communes.

However, due to a lack of information, the level of implementation is relatively low. The majority of people are not aware of GDD and their rights. The local authorities, that is, people's committees, are not enthusiastic about the implementation process because it would diminish their power and form an independent inspection body alongside them. According to GDD, for example, the rural community population could establish relevant entities and village conferences to participate in decision-making processes about local affairs and introduce new codes regulating internal matters in line with the state regulatory framework and local customs. As a result, grassroots democracy functions in some regions with high participation. In most, it is low, including the rural communes (Larsen, 2011; Fforde, 2011).

The controversy around democracy is not resolved. Satisfactory examples of the rapid economic development of democratic countries stand alongside examples where authoritarian regimes have achieved impressive growth, e.g., China, Singapore, South Korea, and Taiwan (Haber, 2006; Barro, 2003; 1996; Chang, 2010a). The bureaucratic and judiciary level of governance may be more important than the form of the political system.

Efficient bureaucracy and judiciary

Bureaucracy and judiciary are broad and essential issues in a thorough analysis of a political economy. Both relate to the rule of law and the country's legal tradition. This section starts with explanations of the legal systems and then rules of law which form the base for modern bureaucracy and its efficiency. It is followed by an explanation of the judiciary system, which is a result of all mentioned above. The political economy analysis is used to explain the development of all elements and their interdependency.

Legal system, rule of law and bureaucracy

The country's legal system is a consequence of long-term institutional development. Vietnam follows a civil law tradition, which was brought to the country by French colonizers. Debates are ongoing about which legal system better promotes economic development. More important, however, is the state's ability to execute the law and people's attitudes (informal norms) towards obeying this law. In other words, the rule of law pattern.

The rule of law is usually less dominant in a traditional society, with relatively young formal institutions. It was also weaker in those countries under colonial rule, where the law was considered as forcibly imposed, and the obligation to obey it was therefore not strong enough. Authorities use law selectively and arbitrarily giving the impression of "rule by law", instead of rule of law. This applies to Vietnam (Gainsborough, 2010). Moreover, the rule of law is usually weakened under a communist system, especially in the early stage. This was proved not only by Vietnam's example of so-called "fence-breaking" but all over CEE, which used to have well-established institutions before a communist system was imposed (Campbell, 2004; Fforde, 2007). One explanation for this phenomenon is that communist systems tend to produce inapplicable and contradictory regulations.

Modern bureaucracy and judiciary have emerged based on legal and political systems and are subject to rules of law. According to Max Weber, bureaucrats are full-time professionals, well-trained, and appointed to certain posts with a well-defined career path. Weber defined bureaucracy as "the most efficient and formally rational way in which human activity can be organized", and that "organized hierarchies are necessary to maintain order, maximize efficiency, and eliminate favoritism" (Swedberg & Agevall, 2016, p. 20).

John Toye (2007) noted some weaknesses of the Weberian definition. The main one was an assumption that specific individuals and the personal attitudes of the state officials will be compatible with expected attitudes for the roles they undertake. Moreover, the hierarchical distribution of power is supposed to be compatible with the delegation of authority, which is seldom the case, even in non-democratic regimes such as Vietnam. Access to reliable information and having the skills to use them generate real power, not the formal position held by individuals. Mentioned concerns can be observed in Vietnam.

Other weaknesses of bureaucracy have given the term a certain negative connotation. As the WB acknowledged, overcoming these weaknesses might be one of the keys to successful development. Bureaucracy as an honest and politically independent technocratic cadre is mentioned in its report about the economic performance of East Asia (1993) as an initial condition that initiated a solid base for stable and robust economic growth. It is also pointed out by several researchers, who give examples of South Korea and Taiwan, where strong bureaucracy enhanced development. In contrast, in Indonesia, weak bureaucracy hindered it (e.g., Chang, 1994; Rodrik, 1997; 2007; Park J., 2002; Weiss, 2005).

Vietnamese bureaucratic matrix

Vietnam is the only country in SEA with a long tradition of educated elites and a pre-colonial public administration competence-based system where bureaucrats had to undertake intensive training and a series of rigorous exams to become civil servants (Perkins, 2021).

Contemporary Vietnamese bureaucracy is dominated by the CPV, which automatically rejects one of the main complaints against independent, apolitical civil servants (e.g., Anh L. & Hanh L., 2017; Thayer, 2014; Lan, 2009).

In terms of other shortcomings of a bureaucracy such as economic inefficiency and the tendency of rent-seeking, Vietnam has a long-lasting negative reputation in both areas, which the author's interviewees also emphasized. Economic inefficiency is represented in several aspects, of which overemployment is one of the most visible (e.g., Confidential Interviews with the Leader I of the EuroCham; the Vietnamese Entrepreneur trading with the EU; the Senior Management of the EU investor in Vietnam; the Leader of the EU MS Trade Promotion Office in Vietnam, 2021).

Another problem of bureaucracy is the multiplication of offices. It creates a situation where certain government institutions act like separate entities, very often in competition with each other, do not cooperate or exchange information (Gainsborough, 2010). In this case, national interest is sometimes placed aside. This is primarily detectable in the confrontation of ministries connected with security and those responsible for economic performance and the competition between the MPI and other ministries, e.g., the Ministry of Agriculture and Rural Development (MARD).

Vietnamese institutional structure is constructed in such a way that the duties of ministries and their departments are purposely overlapping. The reason is to provide better control over the processes they are working on. For example, many separate government entities are responsible for coordinating complex issues in the agricultural sector. They are located under different ministries and do not coordinate each other's actions. Alternatively, the coordination is loose and based more on informal relations and personalities of people holding certain offices than on moral rules. Insiders have always mentioned it as one of the biggest obstacles to developing agricultural sector cooperation with foreign entities, like donors or investors.

Local entities act in the specific informal institutional setting. They are also often corrupted or have no objections to giving bribes. As a result, they can pass the administrative barriers. In contrast, foreign entities operating in Vietnam struggle with administrative “red tape,” which in many cases discourages them. For example, one of the main issues in the agricultural sector is SPS and, connected with it, the quality of food products. In Vietnam, multiple government departments with overlapping competencies deal with SPS. For instance, the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) under the MARD controls the quality and safety of all agricultural products, including crops, livestock, forestry, and fisheries in all stages of production and distribution. It also includes import-export licensing and control. Two other significantly important institutions are responsible for the safety control of food products: (i) the Department of Animal Health and (ii) the Plant Protection Department. Both entities operate under the MARD.

The Vietnam Food Administration, under the Ministry of Health (MoH), presently covers food safety in all products that are consumed locally. However, it is also involved in controlling locally produced and imported products, as mentioned above. The Directorate for Standards, Metrology and Quality in the Ministry of Science and Technology (MST) prescribes the standards and quality measures. The Viet Nam Sanitary and Phytosanitary Notification Authority and the Enquiry Point serve as one entity that is supposed to cover all the SPS matters and collect all necessary information in this field. Mentioned above are just more essential offices dealing with agricultural sector issues. Moreover, all of them are located at the central government level and in 63 provincial authorities. Therefore, with this arrangement, the division of tasks between central and local branches becomes blurred.

This institutional matrix in Vietnamese bureaucracy caused the multiplication of

organizations that are designed to deal with its complexity. It is also one of the reasons why the European Chamber of Commerce in Vietnam is one of the biggest European Chambers outside Europe, and at the same time, by gathering most of the European businesses operating in Vietnam, including influential global players such as Air France/KLM, BASF, Bayer, Bosch, BMW, Deutsche Bank, Mercedes-Benz, Piaggio and Unilever, has a significant influence on the Vietnamese government (EuroCham, 2021a).

Vietnamese judiciary

The judiciary system in Vietnam is regulated by the Constitution (2013) and two main legal acts, both from 2014, that is, (i) the Law on the Organization of People's Courts and (ii), the Law on the Organization of People's Procuracies. By 2015, the core codes of the country's legal system had been implemented, such as the Penal Code, the Civil Code, the Criminal Procedure Code, the Civil Procedure Code, and the Administrative Procedure Code.

Numerous reforms were undertaken during the transition period, including overall decentralization, which occurred in other branches of government administration. For example, a three-tier system was replaced by a four-tier with the Supreme People's Court at the apex, then superior courts on the national level, and then provincial- and district-level courts (Constitution of the SRV, 2013; Vietnam Law & Legal Forum, 2018; Anh L. & Hanh L., 2017).

As the CPV controls all areas of political and social life, the judiciary is also not independent. All members of the palestra must be members of the CPV and, at the same time, follow the Party's rules and discipline. However, a national examination system is in place, which, at least in theory, is independent and promotes those judges based on their skills, competence,

experience, and efficiency. Ideological elements are included as well in the selection process (Nicholson & Quang N., 2017; Thayer, 2014).

The legal system and judiciary currently face new and important challenges connected with (i), a rapidly growing and changing structure of the economy (e.g., e-commerce, environmental challenges), (ii), a transformation of traditional society (e.g., an expanding middle class, aging population), and (iii), international economic integration. Efficient bureaucracy and judiciary might be one of the means to face these challenges. It is also among the objectives of the NGFTAs. Moreover, an independent judiciary positively influences other institutions, like protection of the property rights (Haggard & Tiede, 2011).

Property rights protection

Most economists claim that well-defined property rights were historically the key incentive for economic activity in developed countries. As a result, these explicit property rights have facilitated GDP growth and enabled the achievement of current national wealth (e.g., North & Thomas, 1973; Acemoglu & Verdier, 1998; Acemoglu et al., 2001; Bates, 2006). In general, many scholars focus on property rights as a key factor that allowed Britain, and then the USA and Western Europe, rapid economic development, and industrial revolution, placing mentioned regions above any other regions in the world in the developmental sense.

Unanimity, however, does not exist where the non-Western world is concerned. While some emphasized the importance of well-defined property rights in connection to Vietnam's agrarian policy and economic development (Dang, 2018), others pointed out that some developing countries were able to take off without securing *de jure* property rights. *De facto* control has to be secured over such resources as land, which might be achieved through

informal institutional arrangement (Rodrik, 2000; 2007; Upham, 2018; Ellett & Diep, 2020).

Property rights in Vietnam

Vietnam, as a communist state, did not recognize private property in the past. Everything was owned collectively by the Vietnamese people. However, the results of communist experiments worldwide proved that this pattern did not serve overall economic development. People tend not to respect common property to the same degree. Vietnamese policymakers were aware of this fact. However, according to Mark Beeson and Pham Hung (2012), officials at the lower level hesitated to express this view because it was against the official ideology. One of the first printed opinions in this regard came from then-former General Secretary of the CPV, Nguyen Van Linh, published under the pseudonym N. V. L., who called to break the “frightening silence” inside the CPV apparatus. Linh also wrote that the Western-style rule of law and well-defined private property rights are crucial for economic development. Since then, the standard view among the CPV has started to change. It was treated as a kind of “ice breaker” which allowed other CPV officials to talk more openly about the mentioned issue.

Land ownership issues are one of the most difficult socio-economic problems which the state failed to address properly in certain stages of reforms (e.g., Gates, 1995; Clement & Amezaga, 2013; Ellett & Diep, 2020). It is collectively owned by the people and administered by the state in *de jure* meaning. However, *de facto*, land users can possess the legal right to control it, for an indefinite time, under the Land Law (No. 45/2013/QH13, 2013). A land use right certificate also gives the rights to sell, transfer, or mortgage, which was again introduced after it functioned in an informal framework. All lands can be taken over by the state for compensation (usually minimal) if some infrastructure investments were to take place in the

designated place. It creates a certain level of uncertainty in the landowners and limits their motivation to invest. The system of land transfer, however, proved ineffective in various formal legal arrangements (Perkins & Tu Anh, 2011; Ellett & Diep, 2020).

The situation is more complex with foreign entities treated as land users in Vietnam. A foreign entity can obtain a land use right certificate for 50 years with a possible single extension for only a further 50 years. The government decides whether the extension will be given or not. It has not been exercised in practice yet as the law only came into force on 1 July 2014. The severe disadvantage for the foreign owner is that all the infrastructure developed on the leased land, together with all buildings, will eventually return to the state, regardless of whether the extension will be granted or not (Land Law No. 45/2013/QH13, 2013).

Further essential regulations on land and real estate issues are the Law on Housing (No. 65/2014/QH13, 2014) and the Law on Real Estate Business (No. 66/2014/QH13, 2014). These regulations aimed to open the market for foreign entities; they were adjusted according to international standards, especially in terms of attracting foreign investors. The regulations mentioned give similar rights for property ownership to foreigners as the locals have, with several limitations. For example, foreigners can lease a maximum of 30% of properties in a condo project and 10% in a house or villa compound, not to exceed 250 units if the project has more than 2500 units. The laws attempt to avoid speculation in the real estate market.

Intellectual property rights (IPR)

Intellectual property (IP) consists of another set of properties for which protection is seen as crucially important for economic development. However, IPR protection has never been at

the top of Vietnam's political agenda, similar to other developing countries. Vietnam is the production base, transit, and target market for various counterfeit products. Several factors are responsible for this situation. First, the sheer size of the grey market and weak control over it, corruption, slow update of the legislation, and weak enforcement of existing laws. In addition, growing purchasing power, overall demand, general social consent, and low awareness of the harmfulness of this phenomenon are also important (International Chamber of Commerce and Business Action to Stop Counterfeiting and Piracy, n.d.; Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

Some researchers (e.g., De Meyer, 2014) link weak IPR protection in Asian countries with some cultural traits embedded in an informal institutional setting. For example, lack of sense of the value of intangible things such as brands or IP. However, Vietnam has made considerable progress in IPR protection in the last decade (2010-2020), which was possible primarily due to growing international pressure on economic integration and entering new trade agreements.

Vietnam adopted its first Law on Intellectual Property Rights in 2005. It was further amended and supplemented in 2009 and 2019. The sanctions for violation of IPR were tightened in 2010 to meet the VUBTA and especially the WTO requirements in the form of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Vietnam then focused much more attention on IPR issues, including protection enforcement. The growing awareness in Vietnamese society about the importance of IPR is also relevant (Barbour-Lacey, 2020; Law on Intellectual Property No. 50/2005/QH11, 2005).

Corporate governance

Corporate governance is one of the main pillars shaping economic activities and the determinant of the capitalistic system. It is based on the legal setting, politics, history, tradition, and informal elements (Ahmadjian, 2014). According to standard definitions accepted by the WB (2013) and the OECD (2015), corporate governance describes the structure and operations of the company. It also refers to various leading management principles, that is, a board of directors and its role, and active shareholder participation. Satisfactory corporate governance, according to the definition, reduces transaction costs and the cost of capital and increases accountability and attractiveness for investors. As a result, good governance is supposed to boost economic growth and reduce the risk of financial crises.

Opinions about the efficiency of corporate governance standards in the West, especially in Anglo-American tradition and Asia, are divided. The topic has been part of the debate about the developmental model of East and Southeast Asian countries since the economic success of some of them. For instance, after the AFC, the WB in its report (1998a), mentioned the importance of the improvement of corporate governance by such measures as (i) strengthening the enforcement of various regulations, (ii) improving accounting practices, (iii) enhancing transparency and (iv) enterprise monitoring as a precondition to prevent the next financial turmoil in East and Southeast Asia.

This debate remains open. Nevertheless, in the era of FTAs, parties to the agreements try to create equal ground for competition for the entities from all participants of the FTAs. Hence, some written and transparent standards are necessary. They are also included in the NGFTAs that Vietnam has signed.

Vietnam's corporate governance and SOEs

Vietnam shares most East Asian corporate governance features as a neo-Confucian country and society, where informal norms often prevail over established formal rules. Its current managerial pattern is quite complex. Several factors influenced its development. The first is the failure of the communist experiment and the remaining strong CPV link. The second is the privileged and ideological position of the SOEs, which is a consequence of the first. Finally, according to some economists, relatively substantial Anglo-American influence on corporate governance in the more recent years of reforms (Quang T., 2006; Quang T. & Rowley, 2014; Ahmadjian, 2014). Additionally, Michael Witt and Gordon Redding (2014a) expressed the opinion that Vietnam has just started to learn and understand the concept of modern corporate governance.

As discussed in the previous chapter, one of the core parts of the *Đổi Mới* agenda was enterprise reform aimed at alleviating issues experienced by the SOEs, and this meant improving corporate governance standards. However, the state sector was reluctant, and the adaptation process was painfully slow. The majority of political appointees in the management of these entities are still without considerable managerial skills. In terms of employment relations, minimal improvement has taken place as well (Frenkel & Yu, 2014). Additionally, a system of salaries in SOEs makes it impossible to attract a higher level of employees and managers. This system follows the government's strict frame of low salaries. According to the author's discussions with former state sector employees, it is a usual understanding among Vietnamese people that SOEs managers have to earn some bonuses besides their salaries. This means they engage in corrupt activities in various fields, such as requital or resource redistribution (Lan, 2009).

Nevertheless, the current corporate governance setting has been established within a

relatively modern and Western-minded legal framework: Enterprises Law (No. 59/2020/QH14, 2020), the Law on Investment (No. 61/2020/QH14, 2020), and the Law on Securities (No. 54/2019/QH14, 2019), all entered into force on 1 January 2021 and replaced the old laws from 2005-2006. The Law on Enterprises shares many similarities with its equivalents from Australia, China, Germany, and the USA, for example, the definition of a limited liability company (LCC) or shareholding company (SC). The former (LCC) is similar to the American version, while the latter (SC) is similar to the Chinese one. The Law on Investment replaced the Law on Foreign Investment, and it is again similar to the Chinese one (Law on Enterprises No. 59/2020/QH14, 2020; Law on Investment No. 61/2020/QH14, 2020).

The Law on Securities replaced the first of its kind in the Vietnamese legal framework. All mentioned laws have been amended in 2019 and 2020 providing changes required by the EVFTA and requested by the business sector, e.g., simplification of certain procedures of business and investments registration, redefinition of SOE, removing household businesses from the enterprises' legal framework which has special importance for agriculture and rural population employed largely in such kind of entities (Law on Securities No. 54/2019/QH14, 2019).

New legislation for household businesses is planned to be adopted, although discussion about the necessity of this regulation is still ongoing. Two essential documents make investments and business activity more transparent and predictable (Toan L. & Walker, 2008; Trinh, 2020).

Formation of corporate governance in Vietnam

The restructuring of corporate governance and the ineffective state sector began in the 1970s

before the *Đổi Mới* was launched. At that time, SOEs were allowed to sell part of their output on the market, and they then formed joint ventures with foreign entities (Fforde, 2007). The next stage was marked by Decision No. 91/TTG and No. 90/TTG issued by Prime Minister Vo Van Kiet in March 1994 which opened the opportunity for gathering SOEs into bigger entities called state general corporations (SGCs) and state economic groups (SEGs). In taking this step, the government wanted to create “national champions” and offer them preferential conditions for their business development. It was the response to investment liberalization required by WTO and the potential threat of competition from more substantial foreign companies. SGCs were smaller and less important. They were also sometimes considered as the first step before creating the SEG (Beeson & Hung P., 2012; Tu Anh, 2014; Tuan N. A., 2015). The other, from less strategic sectors, ineffective and poorly managed, were prescribed to be privatized through the stock exchange. However, this process was not as successful as expected.

SEGs were supposed to remain in the state's hands and become highly competitive in the global market. They were initially created based on other countries' experience, especially Taiwan with its significant state-owned sector but also the Japanese *keiretsu*¹⁷ and South Korean *chaebol*¹⁸ patterns (Perkins & Tu Anh, 2011). SEGs, as a unique form of state-owned economic entities, were not expanded during the Kiet premiership, as only three existed at that time. However, his successor, Nguyen Tan Dung, created 11 SEGs, and not just exclusively from strategic sectors.

The process of reforming SOEs and improving corporate governance standards is still

¹⁷ Influential Japanese business entity; usually made up of trading, insurance, banking, and other industrial activities (Aoki, 1988).

¹⁸ Influential Korean business entity usually owned by one family and run by family members; it consists of many companies: manufacturing, real estate, and healthcare (Jung, 2004).

ongoing. Nevertheless, as the official data from the General Statistics Office of Vietnam (GSO) revealed (2014), SOEs absorb more capital than other enterprises but their effectiveness is markedly lower. The problem is that the GSO financial reporting standard is not aligned with the Vietnam Accounting Standards (VAS), nor with the International Financial Reporting Standards (IFRS)¹⁹, which makes the data difficult to compare. Some research indicates that the GSO standard has overstated both assets and equity and exaggerates income. Overuse of capital might be caused by engaging in costly activities, such as petrochemical and energy production, but in most cases in Vietnam, the reason is different. SOEs often engage in non-core activities, like real estate or financial services (Fforde, 2007; Quang T. & Rowley, 2014; Tu Anh, 2015; Marko, 2016).

The level of formality regarding the corporate framework is still low. The unofficial market of securities is more significant than a formal one. Shareholders seldom use their statutory rights, for example, participation in the decision-making process, and the Control Board is often treated as something which is only “on paper”, according to author’s experience confirmed by numerous studies (e.g., Toan L. & Walker, 2008; Hai B. & Nunoi, 2008; Lan, 2009). In similar way, Martin Gainsborough (2010) study on equitized SOEs shows that most of their managers continued to report to government authorities, despite being formally out of their control.

Moreover, as the VCCI (2005) revealed in its survey, less than 25% of executives of large local companies understood the general concept of corporate governance and its elements.

This level may increase in the 2020s, but the situation is far from satisfactory. Integration

¹⁹The IFRS is a global accounting standard issued and regulated by the International Accounting Standard Board, which aims to provide international comparability and transparency, accountability, and economic efficiency. The IFRS is used in over 140 countries/jurisdictions, including 6 ASEAN members: Brunei, Cambodia, Malaysia, Myanmar, the Philippines, and Singapore (IFRS Foundation, 2020).

with the global economy, especially participation in the NGFTAs, has placed considerable pressure on Vietnam to actively adopt global standards. Additional pressure has come from donors, including those from the IFI. A bottom-up quest for competitiveness also contributes to corporate governance reforms (Confidential Interview with the Vietnamese Leader of Chamber of Commerce, 2021; Hai B. & Nunoi, 2008; Lan, 2009; Tu Anh, 2017). Urgent corporate governance improvement is also needed in financial market entities.

Financial market

Financial market development is considered by economists, neo-liberals and NIE alike, as one of the preconditions of a high rate of economic growth (e.g., Easterly, 2021; Levine, 2013; Krugman, 2009; Harwood, Litan & Pomerleano, 1999; Adelman, 2003; Haber, 2003; Broz & Frieden, 2006; Lohmann, 2006; Young, 2014). Additionally, Wendy Dobson and Tom Westland (2018) claimed that countries which liberalize their financial markets are more likely to achieve more sophisticated export products. Moreover, transparency of capital transactions, and appropriate control of corporate managers, would reduce the risk of financial crises and secure stable growth.

However, as seen in developed countries, the modern financial market is not the result of free-market forces. Instead, it is planned and coordinated by state processes (Stein, 2003). Thus, as can be observed in Vietnam, states take full responsibility for their financial markets and their creation. In contrast to some of its peers, like Thailand or Indonesia, Vietnam opposes rapid liberalization. Uncontrolled liberalization of financial markets in Asia is considered one of the leading causes of the AFC. This opinion is shared by neoliberal economists such as Joseph Stiglitz, Jagdish Bhagwati or Paul Krugman, and the WB officials who advised developing countries to more advanced liberalization of their financial markets

(Dobson & Westland, 2018; Grabel, 2005).

Central bank and supervision of the financial market in Vietnam

One of the most critical elements of the financial system is the central bank. The current neoliberal approach focuses on central bank independence and its limited prerogatives. According to this view, the key role of the central bank is control over inflation and interest rates as an indirect tool of monetary policy. On the other side of the discussion, Gerald Epstein (2007) claimed that mentioned approach strips the central bank from promoting economic development and, in consequence, the well-being of the country. Central banks have played a significant developmental role in many countries' economies in the past. They played a significant developmental role in the East Asian economic miracle, especially in Japan after the Second World War (Bloomfield, 1957) but also in most of the HPAEs (Chang, 2002; 2007a).

Vietnam has not adopted the neoliberal vision of central banking. The State Bank of Vietnam (SBV) is not an independent entity responsible for control over inflation, as central banks are in most liberal democracies. The SBV, instead, is “a ministerial agency of the Government” (SBV, 2020). The prime minister appoints the governor of the SBV at ministerial rank; this person occupies the same position in the government structure as the finance minister and has the same principal. In this structure, the power of the SBV governor depends on their relationships with the prime minister and other high-level officials, especially in the Central Committee of the CPV.

The official role of the SBV is quite broad, as it is responsible for shaping and maintaining monetary policy to give monetary stability to the economy by, for example, maintaining the

monetary base of the country. At the same time, the central bank is not only responsible for monetary policies but also advises the prime minister on the direction of overall economic policies, including the fiscal part. The SBV supervises all financial entities in the country, including commercial banks, and provides the necessary facilities. It is also a lender of last resort. The Vietnamese central bank manages international currency reserves and foreign exchange rates. Last but not least, the bank prints and issues banknotes and government bonds (SBV, 2020).

In addition to the SBV, another institution in the Vietnamese government structure partly responsible for the financial market is the MoF. It plays a similar role to other finance ministries around the world, especially in managing budgets, tax revenues, and public debt and supervises state assets and state corporations. Moreover, the MoF in Vietnam manages the State Securities Commission, which supervises the equity market. Hence, the MoF is a competing institution to the SBV to some extent. Both mentioned government bodies struggle with a semi-qualified body of staff; however, this situation has improved in recent years (Larsen N., 2019; Leung, 2015; 2009).

Vietnam's banking system

The banking system in Vietnam is restricted, despite continuous restructuring since the 1990s. For example, a two-tier system has been created with the SBV as a central bank and several state-owned commercials (SOCB) and joint-venture banks (Camen, 2006). The sector has systemic problems, including poor regulatory supervision and regulatory framework, excessive interventionism, and corruption, plus many restrictions for foreign customers and investors. It is being continuously reformed, but changes are prolonged and ineffective (Leung, 2009).

In August 2018, the government approved a master plan known as the “Development Strategy of Vietnam Banking Sector to 2025 with Orientations to 2030” to make the sector more transparent and the central bank more independent. It has already undergone a series of reforms, including interest rate deregulation in 1996-2002. However, much speculative capital is still located in real estate or the stock market instead of productive sectors of the economy with developmental effects. In 2018, the government managed to decrease the ratio of non-performing loans from 13% to 2% but struggled to introduce the Basel II standard²⁰ for all banking institutions which required significantly higher capitalization (Larsen N., 2019; Leung, 2009). Most of the non-performing loans were generated by the SOEs, which the government officials also admitted during a VBF in 2015, where the author was present (Tu Anh, 2015).

In total, Vietnam has 87 banks as of 2021. The number looks significant for Vietnam’s economy and population size, which approached 100 million in 2021. In comparison, China has approximately 200 banks. Vietnam’s sector consists of five state-owned commercial banks (SOCBs), four significant (Vietinbank, Vietcombank, BIDV, and Agribank) and one medium-sized, holding more than half of all banking assets, deposits, and loans. Others include 37 joint-stock banks (JSBs), 37 foreign bank branches, six joint-venture banks, and two development and policy banks. In terms of other credit institutions, Vietnam has policy-lending institutions, credit funds, and other financial companies (Quang T. & Rowley, 2014; Tinbank, 2020; Lim, 2021).

The SOCBs are not independent, they are strongly influenced by politicians. As a result, their

²⁰ Basel II is the second set of recommendations on banking sector supervision issued by the Basel Committee on Banking Supervision to provide a more risk-free, transparent, and stable banking system.

lending activity is mostly directed toward SOEs and privileged sectors. According to a WB consultant, this is the main reason why SOCBs hold over 70% of non-performing loans in the country (Marko, 2016). Hence, competition is lacking regarding access to credit, with the private sector losing out. The government also influences the JSBs in which it has shares, but to a lesser extent. The JSBs' overall performance is also better than SOCBs. Mentioned phenomena reflect weak corporate governance standards of the financial sector in Vietnam.

Regarding agricultural sector financial support, two banking entities are designed for this purpose, that is, the Vietnam Bank for Agriculture and the Rural Development (Agribank) and Vietnam Bank for Social Policies (VBSP). Agribank is a large, state-owned entity with an extensive network of branches around the whole country and operates entirely as a commercial bank. VBSP is smaller and has a non-commercial purpose. It is exempted from most of the regulatory burden imposed on commercial banks and microfinance institutions. VBSP has been praised for its significant contribution to poverty reduction and the economic activation of rural communities (Phuong N., 2018). However, it is also a competitor of state-owned Agribank and other microfinance institutions, including those of informal character (WB, 2009). According to some opinions, it is detrimental to the overall monetary stabilization policy and developmental output. Growing linkages between formal and informal lending institutions could secure capital inflow into informal sub-market in rural communities (Leung, 2009).

Exchange rate and stock exchange in Vietnam

Another essential element of financial market management and stability is the exchange rate policy, which also determines the developmental pattern of the country. For example, keeping an underpriced exchange rate makes local production more competitive in the global market.

It is believed that this policy contributed to the economic success of export-led economies in Asia (HPAEs). Vietnam has been also using this tool to some extent (Popov, 2020).

Currently, the Vietnamese dong (VND) is loosely pegged to the US dollar in the crawled peg regime. As of July 2022, the fixed rate was 23.214 VND to one US dollar (SBV, 2022). It gives Vietnamese authorities limited control over the foreign exchange market and neutralizes potential monetary crises. Since 2015 SBV allowed a freer float of the exchange rate, adjusting it to major Asian currencies to keep the competitiveness of Vietnamese export.

An essential part of the financial sector is the stock exchange. Vietnam, with a relatively small number of low-value listed companies, had, until 2020, two stock markets, one in Hanoi and one in HCMC. However, in 2020, the two markets merged into one Vietnam Exchange and shared responsibilities between Hanoi and HCMC. The Hanoi Stock Exchange is dedicated to bond exchange only, while the HCMC Stock Exchange absorbed all of Vietnam's stock trading. Similar to the banking sector, the stock market is highly speculative. It is sometimes considered a gambling mechanism rather than a serious equity trading platform (Nguyen D. 2020; Thuy N., 2020a; Quang T. & Rowley, 2014; Leung, 2009).

To sum up, the Vietnamese financial market, as in many Asian countries, is highly influenced by the informal sector, which is dominant in some services, for example, small loans or currency exchange²¹ (Young, 2014). The SBV, despite its broad prerogatives, does not have the proper tools to conduct an effective monetary policy. The crawled peg exchange rate policy, for example, has not assisted, rather it has given control over the market to foreign

²¹ For example, currency exchange in Vietnam is allowed and legal in designated banks only. However, the official rate is always less attractive than the black market (around 6-7% difference), which created the space for local entrepreneurs holding foreign currencies to offer better exchange rates to customers. Thus, these exchange currency shops unofficially functioned in many shops dealing with the gold, silver, and jewelry trade.

money flows. Consequently, this created the necessity for massive foreign exchange market interventions, as occurred in the 2000s and early 2010s (Tra & Riedel, 2012).

Open market interventions through a secondary government bonds market have just started to be undertaken in Vietnam. The SBV focused on the caps on interest rates, imposing several restrictions on the lending policy (Leung, 2009). This then deformed the credit market and made it ineffective for potential credit users. It could have been rectified if the EVFTA provisions were appropriately implemented. Although a smoother integration with the global financial market poses some risks, it would allow the economy to benefit from the FTAs in which the country participates. Vietnam also requires more effective coordination between government entities which are managing the financial market and public finances.

Public finances

Healthy, balanced, and well-managed public finances are widely regarded as one of the primary keys to a country's economic success. Efficient allocation of resources, fair income redistribution, and maintaining the stability of the whole economy are the main goals of an effective and efficient fiscal policy (Gruber, 2016). Fiscal institutions manage public finances, and they are among the critical elements of the state's institutional setting (Von Hagen, 2006).

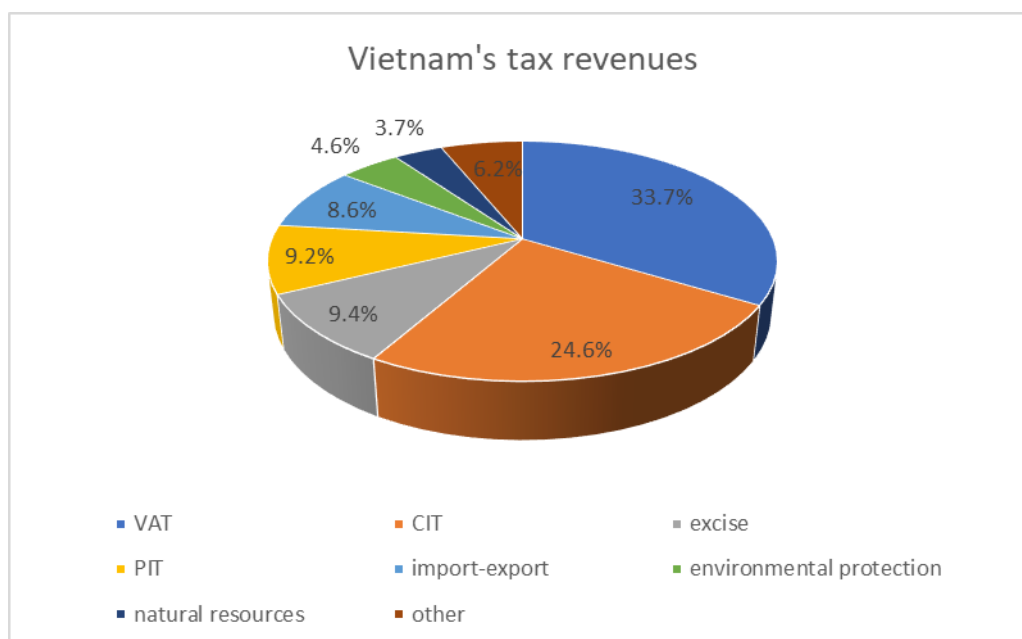
On the expenditure side, government and its agencies allocate available resources to public necessities such as the military and security of the state, public administration, public investments, e.g., transport infrastructure, and social needs, that is, healthcare, education, and social welfare. Usually, *ex-ante* budgetary limitations do not allow authorities to exceed a certain level of budget deficit (Von Hagen, 2006). On the revenue side, the main source of income for public finances, although indirect, are taxes. Hence, the taxation system is the

core of the country's public finances. This section will analyze Vietnam's public finances and taxation system from the perspective of undertaken research.

The tax regime in Vietnam

In Vietnam, the tax-to-GDP ratio is relatively low at 22.7% (2020), which is quite typical for developing countries (OECD, 2022). According to the MoF (2019), taxes account for over 80% of overall state budget revenues. The highest percentage of the total tax revenues, 33.7%, comes from value-added tax (VAT), from corporate income tax (CIT), 24.6%, and only 9.2% from personal income tax (PIT), which is also typical for middle-income, developing economies. Figure 4.2 illustrates tax revenue composition in Vietnam.

Figure 4.2: Vietnam's tax revenue composition in 2018



Source: own drawing based on MoF (2019)

VAT, the main indirect tax in Vietnam, is 10% or 5% for some essential goods and services. It is similar to other ASEAN members, where the VAT rate varies from 12% in the Philippines

to 10% in most other members. Direct income taxes are more complicated. CIT has a flat 20% rate in Vietnam, one of the lowest in the region. PIT serves as a tool to maintain equity and has seven brackets from 5% to 35%. The trend with progressive PIT is widely used in SEA, where Malaysia has even 11 brackets. For comparison, in Europe, the number of brackets is lower, e.g., three in the UK, two in Poland, and a flat rate in Bulgaria, Romania and Latvia (OECD, 2021; MoF, 2019).

From the other taxes, excise tax (imposed on cigarettes, alcohol, gambling goods, and services or luxury goods such as motor vehicles, air conditioners, golf equipment, discotheques, and karaoke equipment), offers a relatively large contribution to the state budget, as it consists of 9.4% of all tax revenues. Import-export taxes are significant as they account for 8.6% of all collected taxes. Natural resources tax and environmental protection tax, consist of 3.7% and 4.6% of tax revenues, respectively, as Figure 4.2 shows. Agricultural land use tax has marginal importance as its overall sum is just 0.003% of all taxes (MoF, 2019).

The tax system needs to be properly balanced to secure expected economic output, i.e., GDP growth, growth of specific industries or social equality. For example, an empirical study by Bhattarai et al. (2019) noted that planning by Vietnam's government to change the tax burden from direct CIT to indirect PIT would be beneficial for the country's overall economic performance. It supposedly reallocates resources from wholesale and real estate to the chemical industry and public services. However, it would impact the poorest part of society, especially in rural areas, limiting and changing the structure of their expenses. While businesses, in general, would benefit, primarily entities organized into corporations, many sectors would notice lower demand, including agriculture.

Tax administration

Several tax-collecting authorities in Vietnam, including the General Taxation Department and General Customs Department, are located in the MoF and subordinate to the minister without the autonomy observed in European countries. Moreover, after initial simplification, the Vietnamese tax system is becoming more complex in the last few years. In the first set of tax reforms in 1990-1995, the system was simplified in such a way that corporate tax was unified into one system of nine tax rates, from previous different systems for private and SOEs and different systems depending on the sector (industry, agriculture, and trade). The second phase, 1997-2005, introduced modern CIT and VAT but also several new or modified taxes, e.g., import-export duties, special consumption tax (excise tax), agricultural land use tax, natural resources tax and also PIT on high-income earners (MoF, 2019).

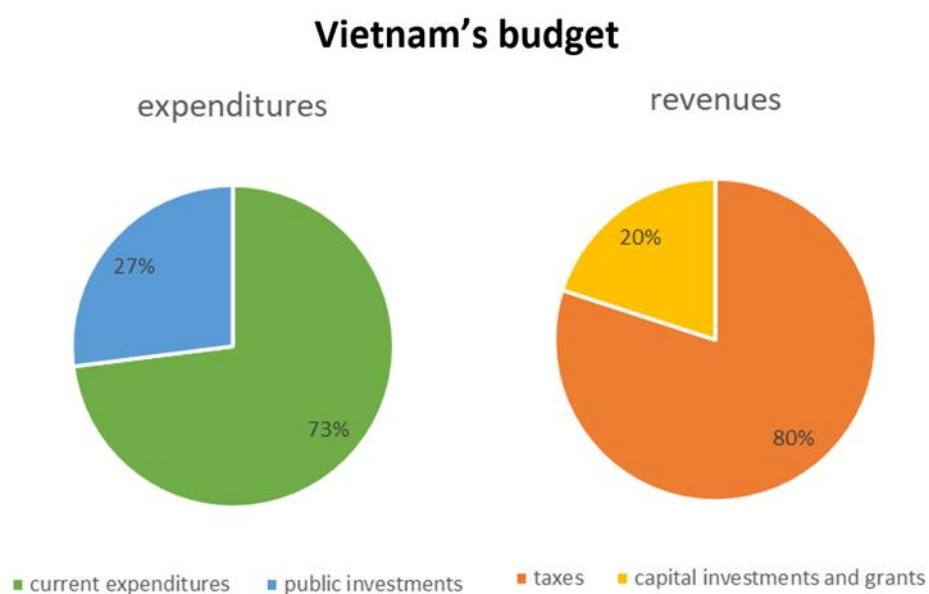
In general, this type of specific reform aimed to bring Vietnam closer to market economy rules and fulfill the AFTA and the WTO accession requirements. However, multiplying taxes and adding new ones made the system far from comprehensive and transparent. Poorly trained tax administration resulted in decreasing efficiency and growing corruption. The third phase of the tax reforms, 2006-2010, expanded the taxpayers' base and reassigned the tax rates. It also introduced a non-agricultural land use tax and environmental protection tax and changed the natural resources tax rules.

In the 2010s, the government started focusing on staff training, informatization, and general improvement of tax administration quality. In addition, on the wave of decentralization and ceding of more responsibilities to lower, provincial levels of authority, Vietnam's taxation was divided into two parts, that is, central and local (Thanh S., Trung B. & Kien, 2015).

National budget

Taxes are responsible for around 80% of revenues in Vietnam. The remaining 20% is derived from capital investments and grants, as it is illustrated in the Figure 4.3 below. On the expenditure side, in 2018, 72.6% were current expenditures, according to the MoF (2019). The rest was allocated to public investments and development. Most of the investments and development expenditures had a form of Vietnam's share in ODA and other development projects. As for the ODA, according to the OECD rules, a beneficiary must participate in at least 15% of the project's cost (GSO, 2020a; OECD, 2019).

Figure 4.3: Vietnam's budget expenditures and revenues in 2018



Source: own drawing based on MoF (2019)

Public debt, its structure, and financial administration are also essential elements of public finances. The debt structure is still relatively safe in terms of the country's financial stability. Most of the foreign debt in Vietnam consists of long-term concessional aid funds. Over the

past decades, after Vietnam started cooperation with the IFI and other foreign donors, this debt grew significantly, albeit to a level still manageable by a rapidly growing economy. However, a disturbing trend in the domestic bonds market is that most of them are issued with short maturity and their ratio to long-term obligations is growing (Leung, 2015; 2010).

The first State Budget Law was introduced in Vietnam in 1996. It was later (2015) written again and amended several times. The current system has been decentralized, and around half of the general budget spending plus one-third of the revenue is on the local level of government. Although local authorities gained a certain degree of autonomy, the central government keeps exclusive control over international trade, foreign aid and development assistance, drug administration and food safety matters (Law on State Budget No. 83/2015/QH13, 2015). Some experts indicated that the reform mentioned was not designed well and instead produced an ill-defined division of responsibilities and overlapping competencies between the authorities at the local and central levels. Moreover, horizontal coordination between certain government entities regarding budget planning and spending appears to be lacking (Morgan & Long T., 2016).

Vietnamese legislation imposes *ex-ante* budget constraints. For example, the public debt cannot exceed 65% of GDP. Vietnam had problems in keeping budget discipline in the past., especially at the peak of a development project where the country had to contribute its share. However, the 65% rule was never violated. The fiscal deficit announced by the Minister of Finance, Dinh Tien Dung, in mid-2020 was about 5.02% of GDP, and public debt was 56.4% (Thuy N., 2020b).

The Open Budget Survey measures the transparency of state budgets, public participation,

and the role of budget supervisory authorities. In 2019, Vietnam was ranked 77th out of 117 researched cases, which is below the score evaluated as sufficient. In public participation, Vietnam was near the bottom of the list. (International Budget Partnership, 2019). In GCI (2019), Vietnam's budget transparency was ranked 84th out of 141 countries (Schwab, 2019). These results suggest that budget management in Vietnam is not aligned with international standards.

Origins of Vietnamese tax and budgetary systems

An essential aspect of the political economy approach is the consideration of all stakeholders, primarily political entities, which are mediators between various interest groups. It also considers history, including the possible impact of a colonial past, and other influences on the tax system structure (Di John, 2007). In this aspect, Vietnam's tax and budgetary systems have resulted from (i) the influence of a French colonial past, (ii) Vietnamese/Confucian traditions, (iii) a socialist ideology, and (iv), current broad modern reforms, including adjustments to the economic integration. The last element relates to the FTAs and includes mainly reducing customs duties, eliminating tax privileges for SOEs, and equating foreign and domestic entities to the tax burden. The Vietnamese tax system is also impacted by the natural resources endowment and the prevention of environmental degradation.

The first three elements define path dependence and strategic policy direction. French authorities failed to impose their tax base assessment on the Vietnamese villages. It reflects Vietnamese tradition of informal norms ruling the local communities, reflected in the proverb: "Emperor's law stops at the village gate". Thus, the French continue to collect taxes and transfer to colonial authorities based on the old customs. Nevertheless, the French public finances system was more welfare oriented than other colonial powers, especially Britain.

The result was more public investments, sometimes even financed from loans (Booth, 2013). Together with the socialist ideology of equality, they might have some impact as part of Vietnamese current public finances and social welfare.

Social welfare and labor rights protection

Social welfare is one of the results of public finance management. Demand for labor rights is usually growing together with the growing industrial sector. Social welfare and labor rights are two elements that the government has a decisive role in establishing, developing, and securing. The reason for it is that the private sector, especially foreign investors, would not engage in any action of building social welfare or securing labor rights after making a cost-benefit analysis. Japan can be considered an exception (Wren, 2006; Johnson C., 1982).

Foreign investors locate their investment in a particular place to reduce the cost, and if the cost rises, they will move their investment to another, cheaper country. Hence, without the protection of the host government where the investment is located, the workforce might be overexploited. Therefore, as a natural consequence, the demand for social welfare and labor rights is increasing in parallel with economic openness and the inflow of foreign investments.

Unofficial employment

A critical issue in terms of labor protection is the unofficial sector of the economy. Most developing countries have a fairly large part of the economy without formal recognition. Vietnam is no exception; according to the International Labour Organization (ILO) (2016), informal employment is much more common in rural areas, and the agricultural workforce consisted of around 45% of the total workforce in Vietnam in 2016, after a sharp decline from 70% in 1993. Another set of data shows that while in 1993 only 16% of the labor force in agriculture was formally employed, this figure more than doubled in 2008, and by 2016 over

half of the workforce in agriculture was formally employed. In terms of non-agricultural jobs, according to the WB data, nearly 50% of them are part of the informal economy. It is widespread in such professions as, for example, housekeeping (98.7%), construction (90.2%), and hotel and restaurant staff (80.7%) (GSO, 2020b; Thang N., Tam & Trung L., 2011; Hoa, 2019; ILO, 2016; Demenet, Razafindrakoto & Roubaud, 2016).

Not all informal economic activities are illegal in Vietnam, which is also typical for other countries with a similar level of development. The scale of the activity has a ceiling, above which the business must be registered. Nevertheless, many companies still stay in the informal sector, despite the government's efforts to encourage people to register their activities. Among the reasons for this choice, a lack of knowledge of the procedures is the main one. The other is the bias that staying informal is more profitable, despite the apparent limitations of such a situation as no access to credit, social services, infrastructure, or land. Some informal employers prefer to have more flexibility in employing and firing the staff (Demenet et al., 2016). Despite staying informal, the main consequence is obvious. These workers are not under the labor rights protection umbrella.

Labor unions in Vietnam

In terms of securing labor rights, these are usually supported by labor unions. Their occurrence and development were caused by the growing industrial sectors in advanced economies. Vietnam, as a communist country, does not allow independent labor unions to be established. Only one union is controlled by the CPV, which is the Vietnam General Confederation of Labour (VGCL). Its statutory objective is to protect labor rights, which is fulfilled to a limited extent (Kerkvliet, 2003). It is, however, more the branch of the CPV that aims to secure a smooth implementation of government policies or solve occurring disputes

(Nordhaug, 2020; Frenkel & Yu, 2014; Quang T. & Rowley, 2014; Gainsborough, 2010).

Vietnam's international commitments are connected with labor rights protection based on participation in ILO conventions. Vietnam joined ILO in 1950. However, during the war period, its membership was suspended twice. Eventually, Vietnam came back as a full member in 1992. This means Vietnam is committed to protecting fundamental labor rights, and its legislation is improving according to ILO requirements. Vietnam ratified almost all ILO conventions, with one exception, which is Convention 87. This document secures the right to establish independent worker's unions. It is also one of the EVFTA requirements (Buckley, 2022; ILO, 2021).

Social welfare in Vietnam

A liberal market economy is not usually paired with a welfare state, at least in developing countries, which have minimal resources, limited ability for redistribution, and at the same time, many needs, such as infrastructure investments (Wren, 2006). Social welfare is not usually a main priority in the developing world. However, this trend is changing, and Vietnam seems to be one of the pioneers of the changing approach. It is visible when we compare Vietnam's HDI value with the developing world, especially two other components excluding GNI per capita. The values of the Life expectancy and Education indexes for Vietnam are 0.851 and 0.626, respectively, while the developing countries' average scores are 0.786 and 0.584, respectively. It is also close to the world's average, which is 0.809 and 0.633, respectively (UNDP, 2020).

As a socialist country, Vietnam has a special commitment to securing social welfare, equality, and fair distribution of wealth. Social protection is listed in Vietnam's Constitution (Article

34) as one of the state's obligations toward its citizens. (Constitution of the SRV, 2013).

Several legal acts also regulate social issues e.g., the Law on Social Insurance (2014), Law on Social Assistance (2013), Law on Elderly (2009), Law on People with Disability (2010), and Law on Child Protection and Care (2016). Thus, the social welfare system is quite developed and based on three elements, i.e., social assistance transfers, social care, and emergency assistance²². Social assistance as the most prominent pillar consists of social insurance schemes, health insurance systems, social assistance programs, and numerous programs for specific groups of people, areas, and sectors. A large number of different social programs without precise coordination is one of the obstacles to Vietnam's overall welfare policy.

Vietnam's government claims that its social policy consists of elements like ensuring minimum income and poverty reduction, social insurance (covering the compensation of expenses connected to sickness, occupational accidents, and aging), social assistance (emergency relief) and other essential social services (ensuring access to education, healthcare and social housing, drinking water, and a new task: access to information). Access to information, e.g., state policies supporting specific sectors, pricing, technology, and FTAs provisions, has special significance for entrepreneurs (Vorobyeva & Phuong T., 2017; Minh N. & Chen, 2017; Vinh, 2016).

One more challenge connected with social protection and the labor force, in general, is the age structure of Vietnamese society. Vietnam has one of the fastest-aging societies in Asia. While in 2020, the elderly aged over 60 years made up only a little more than 10% of the population, the figure is estimated to grow to 18% in a decade and over 30% by the middle of

²² According to ADB categorization, social protection is divided into five elements: labor market programs/policies; social insurance; social assistance; micro and area-based programs; child protection (ADB, 2009).

the century. Vietnam also has a relatively high percentage of people with disabilities (7%) and severe disabilities (3.5%). As the data indicate, over 22% of households have at least one disabled person (Kidd et al., 2016; WB & MPI, 2016).

A relatively multidimensional social welfare system is, in fact, limited in scope. Coverage and value of social transfers are deficient. Vietnam invests less than 3% of its GDP in social security, below countries like Bangladesh or Nepal when the 3% is a standard for many developing, middle-income countries such as Brazil or South Africa. Some countries from this category allocate even more than 5% (e.g., Georgia). Furthermore, according to UNDP, social assistance allowance covers no more than 2.7 million citizens, and only around 10% of households have access to any social transfers. One of the challenges identified by the UNDP is also the low-quality workforce involved in social affairs offices in the provincial and central governments (Kidd et al., 2016).

Vietnam, however, has quite a well-developed system of budget redistribution from more prosperous provinces to poorer ones. It partly explains Vietnam's low level of inequality, with Gini Index equal to 35.3, lower than, for example, China: 38.5 (WB, 2016a), which is considered similar in its welfare institutional setting. Moreover, China is more predisposed to be equal for several reasons, such as higher overall GDP per capita, more progressive economic reforms, more urbanized, more homogenous society, and a few other factors considered favorable for an equal society. On the other hand, Vietnam's redistribution success is explained by its more "democratic" system of electing the Communist Party elites and more participants involved in collective decision-making on economic policies. It is the 160 members of the CPV's Central Committee, including the representatives of the provinces, that explain higher transfers to poorer regions than it is in China – 6% versus 2% of GDP. In

contrast, in China, it is just the Party's Politburo with its 24 members, without provincial delegates (Malesky, Abrami & Zheng, 2011).

Indeed, the more participatory decision-making process naturally promotes a more equal society, which has been already indicated in the previous section of this chapter. One strong argument is that a bigger number of decision-makers are more difficult to corrupt or lobby by one substantial interest group. Another factor is that provincial authorities in Vietnam mainly consist of people for whom the region they serve is their home region. Hence, they are more prone to serve the genuine interest of the people in the province (Malesky & London, 2014; London, 2014b). Nevertheless, redistribution and support of weaker members of communities have been present in Vietnamese society for millennia and it is connected with informal customs and traditions.

Informal institutions

Informal institutions according to NIE are norms, customs, beliefs and behaviors. North (1990) claims that informal institutions emerged in societies lacking computable abilities and with limited information. They appeared before formal institutions and before organizations had been created. They are the initial force shaping the development path of societies and economies. Their significance decreases when formal institutions are more mature and reliable. In contrast to formal institutions, which might change relatively quickly, their evolution and adjustment to changes last a long time.

Informal institutions are rarely included in economic and political economy research for

several reasons. First, they are usually connected with culture, historical heritage, traditions, and religion, the areas which are not well explored by economists. The second, more important reason, it is quite a sensitive field (Redding, Bond & Witt, 2014). In contemporary political, social, and economic sciences, authors try to avoid controversial or complex topics taboo that might expose cultural or behavioral differences between nations. The last reason, which is connected to the previous one, is that informal institutions are challenging to identify and measure and much more complicated than formal ones. North (1990) indicated that informal institutions are usually visible and come to force when developed formal institutions are lacking.

Moreover, as Shige Makino and Daphne Yiu (2014) pointed out, the prominence of informal institutions is identified in the case of Asian economic systems, and it is embedded firmly in the history and culture of the region. Following this pattern, the main historical factors which shaped the Vietnamese informal institutional setting and its path dependence are identified as the Chinese occupation, which might be associated with Confucianism, French colonization, and the communist revolution (Makino & Tsang, 2011).

As informal institutions are difficult to define and measure, their overall assessments are based mostly on qualitative studies. A set of publications dealing with Asians in general and Vietnamese in the particular business systems, cultures, and impact of history or religion on economic development can be considered as informal institutional background (i.e., Hamilton & Biggart, 1988; Hofstede & Bond, 1988; Hofstede, Hofstede & Minkov, 2010; Inglehart, 1997; Kirkbride & Tang, 1994; Redding et al., 2014; Makino & Yiu, 2014).

Some more universal features can be captured and commonly described as informal

institutions or as elements of cultural background named by some other researchers. Vietnam is usually omitted in the studies of informal institutional settings or cultural aspects of economic development. Nevertheless, based on existing literature, interviewees' opinions, and the author's experience, this section presents findings on Vietnam's informal institutions, their creation and evolution as a result of path dependence and strategic policy direction.

Review of approaches to informal intuitions

One of the most noticeable studies about cultural background, which can be named informal institutions, has been completed by Gordon Redding and Richard Whitley (1990). They examined the business organizations in East Asia (Japan, South Korea, Taiwan, and Hong Kong). For example in Taiwan and Hong Kong, small or medium-sized family businesses were dominant, while South Korean and Japan had large multisectoral corporations: *chaebol* and *keiretsu*, respectively. Five major characteristics have been found: (1) authority patterns, (2) trust relations, (3) state elite nature, (4) societal elite basis, and (5) inheritance system.

Chinese family business pattern was defined as based on patrimonial authority, general mistrust, equal inheritance, and freedom of entrepreneurship with the government staying out of the way. Especially in the context of this study, the observation was made in Taiwan and Hong Kong in the 1980s, in completely different institutional environments from the one in communist China at mentioned time and nowadays. For the Korean *chaebol*, the base was also patrimonial authority, mistrust, a similar kind of inheritance and an entrepreneurial environment but all components are noticeable weaker. The government instead was highly interventionist and moral-based Confucian. The Japanese *keiretsu* model is based on highly trusted feudal authority and a government that does not interfere but is influential.

Additionally, the inheritance was primogeniture rather than equal (Redding & Whitley, 1990).

The Vietnamese pattern is somewhere between the Chinese and Korean models with exclusive characteristics: Patrimonial authority and equal inheritance with limited trust are similar to the Chinese model, while a highly involved government is from the Korean model. Imitation of the Korean model was observed in Vietnam, especially in the second stage of reforms in the 1990s-2000s, which focused on SOE equitization (Leung, 2010). The Vietnamese private sector also studied the Korean model to find locally applicable solutions. The enthusiasm significantly weakened after collapsing of Vinashin in 2010, initially a shipbuilding company that emerged into a *chaebol*-like conglomerate with many fields of activities.

East Asian business organizations were described by other researchers. Gary Hamilton and Nicole Biggart (1988) argued that the success of East Asian businesses is a result of both economic and cultural patterns. Their authority approach, which focuses on “principles of domination”, has a visible connection with cultural patterns, but it also has other origins: historical, political, and economic. According to Orru, Biggart, and Hamilton (1997), the key to success lies in developing business strategies that match the social arrangement, that is, culture, traditions, and form of government. While the study was conducted on Japan, South Korea, and Taiwan, an interesting question would be to what extent this pattern might apply to Vietnam, especially when it comes to its form of government. The question is unanswered, and it may be too early to draw far-reaching conclusions due to the short history of the Vietnamese economic transformation.

Cultural dimensions approach – introduction

Formal institutions can be compared to “hardware” for the economy to develop (e.g., written

rules, legal framework). Informal ones are like “software” for it. This “software”, according to Dutch social scientist Geert Hofstede (2010) and many other scientists after him, is formed by the cultural dimensions (Hofstede et al., 2010). Hofstede alone and with his research team made a significant contribution to the knowledge about informal factors in economic performance. According to many scholars, including Michael Witt and Gordon Redding (2014a), Hofstede’s work cannot be ignored as he is the most or at least one of the most widely cited authors in social sciences. The other thing is that Hofstede’s model is considered the most reasonable explanation for macroeconomic variables, in contrast to social and others (Gouveia & Ros, 2000; Redding et al., 2014). The above points justify using Hofstede’s concept of cultural dimensions in this dissertation and develop some conclusions based on it.

The theory was constructed based on Hofstede’s observation of one multinational corporation’s employees. It was later improved and enriched by himself together with his son Gert and Bulgarian researcher Michael Minkov. Mentioned dimensions are (1) individualism vs. collectivism, (2) power distance, (3) uncertainty avoidance, (4) masculinity vs. femininity, (5) long-term orientation, previously called Confucian dynamism, and (6) indulgence. Depending on the dimension, the dataset usually included from 50 to almost 100 countries (Hofstede, 1980; Hofstede et al., 2010).

Criticism of cultural dimensions approach

Hofstede’s study cannot explain all social and economic behaviors. It is criticized mainly for its quantitative methodology and imposing strong determinism to conclude cultural traits (McSweeney, 2002). It is also oversimplified. For example, collectivism in Japan is mainly work-based, while in Hong Kong it is family-based (Kirkbride & Tang, 1994). From the author’s observation, the same applies to Vietnam. Similarly, Confucian dynamism is

interpreted differently in China, Korea, and Vietnam. In Vietnam, “long-term orientation,” expressed in thriftiness and keeping the savings in cash or gold at home, is the consequence of a low level of development, and weak market institutions, especially banking systems. It is connected with a lack of trust in the government, which inhibits economic growth instead of stimulating it, while in the USA or the EU, financial institutions are well-developed and trustworthy.

Hofstede’s cultural dimensions, created and developed together with other researchers, have been criticized and revised by a coauthor, Minkov (2018), who especially doubts uncertainty avoidance and masculinity-femininity dimensions. Instead, he proposed some replacements that play a similar role. The others should be further revised. Minkov confirmed that the masculinity-femininity dimension does exist among nations, but for him, the roots of this trait are not cultural. To a great extent, it comes from the level of social development and relative emancipation of the female part of society. Hence, nations tend to become more feminized as individuals do when getting older. Given this central core to Minkov’s criticism, using masculinity-femininity to explain certain phenomena connected with decision-making in the economic sphere at the specific moment of the analysis seemed to be justified.

Another weakness of Hofstede’s studies, found by another of his critics, Brendan McSweeney (2002), is that Hofstede conceptualizes culture as a determinant, but the findings are based on the output. In other words, “cause” with “effect” are mixed up. As mentioned in the previous paragraph, this research focuses on finding determinants of economic development or particular institutional setting enabling this development which can be linked to FTAs, not to “national culture”. The detectable effect is likely to be repeatable by other nation members, despite how we named it – as it was shown in terms of the “femininity” of the nation. In this

regard, the traits which are supported by other observations or studies are taken into consideration. Hofstede's "dimensions" in this research serve as a supportive frame, not as "absolute truth".

To sum up, intelligent selection and analysis of the cultural dimension of Vietnam help to build the picture of Vietnam's informal institutional setting and understand it. Consequently, it contributes to the overall analysis of FTAs' domestic consequences as informal institutions are part of the institutional base of the country and participates in the process of institutional change.

Review of selected cultural dimensions

Individualism vs. collectivism

The level of individualism or collectivism significantly impacts economic decisions and how a nation approaches its economy. Hofstede's research classifies Vietnam as strongly collectivist, like most East and Southeast Asian countries, except Japan. In contrast, the USA is classified as the most individualistic, followed by other Western, predominantly English-speaking countries.

The correlation between individualism and national wealth is significant. However, as Hofstede and others argued (2010), the causality seems to be the opposite. When income increases, individualistic tendencies grow. Individualism itself does not facilitate growth. When countries become wealthier and at the same time more individualistic, growth slows, sometimes significantly. The freer market paradoxically, needed a higher level of regulations to prevent market imperfections, e.g., monopolization, price collusions, or oligopolist practices. At the other end of the scale, in a collectivist country like Vietnam, economic

liberalization led to the establishment of family businesses based on the network of connections (in Vietnamese, *quan hệ*, which is equivalent to the Chinese term *guanxi*) (McMillan J. & Woodruff, 1999; Steer & Sen, 2010).

In individualistic countries, laws and rights are equal for all citizens. In contrast, in collectivist countries, a privileged class is with relative social consent usually above the law, like the CPV in Vietnam or the new social class of wealthy businesspeople with strong government connections. It creates a specific business environment and makes the market more hermetic for non-Vietnamese entities. Even well-assimilated foreigners speaking the Vietnamese language cannot establish prospering businesses without substantial help from locals.

Individualism has a reflection on national ideologies. Ho Chi Minh often criticized individual attitudes in his last article (1969) published in the government newspaper (*Báo Nhân dân nhân*) titled “Improve revolutionary ethics, wipe out individualism”. It has also a reflection in the Vietnamese legislation, where, for example, the Land Law (No. 45/2013/QH13, 2013) says that all lands are “collectively owned by the people”.

A longstanding belief among economists, development strategists, and politicians is that collectivism is inextricably linked with so-called “Asian values”. Since around the 1960s, many of mentioned groups also started to believe that “Asian values”, including collectivism, are responsible for the rapid economic development of some East Asian economies (Easterly, 2021). Lee Kuan Yew, the first and longest-serving Singaporean prime minister (1959-1990) said: “Asia has never valued individual over society”, because in Asia, according to Lee, “The individual does not exist as a separate entity”, only exist “in the context of his family”

and society does not need individuals. Instead, according to Lee, society needs “discipline more than society” (Christie & Roy, 2001, p. 9). Lee also later stated that the key to Singaporean economic success was the “Asian values” of collectivism. On the other hand, a lack of individualism is blamed for restricting consumers from expressing their desires (De Meyer, 2014).

A possible consequence of the high degree of collectivism may explain the bottom-up initiation of grassroots democracy in Vietnam, which has significant potential to create a considerable impact on the organization of social and economic life in rural areas, predominantly agricultural (Beresford, 2008; Anh L. & Hanh L., 2017; Fforde, 2011; Larsen, 2011). Grassroots democracy occurs at the lowest level of political administration. Ordinary people are close to decisive bodies and participate in decision-making, impacting their communities. Power distance is significantly shortened, and collectivism plays a decisive role in this phenomenon. The mechanism seems to be different than it is observed in connection to central-level political administration.

Power distance

The relationship between the ruling elite and society is shaped by power distance. It also defines the approach to the economy. In Hofstede’s study (2010), Vietnam is assessed as having a relatively considerable power distance. According to Ronald Inglehart (1997), larger power distance is correlated with traditional authority rooted in history, sometimes in religion. It might represent a solid ideological attachment to the Vietnamese political system, which resembles religion. Especially when adding an intense cult of personality bestowed on Ho Chi Minh.

In January 2021, the thirteenth National Party Congress appointed 74-year-old Nguyen Phu Trong as CPV's general secretary for the third time, regardless of the two-term limit and the age limit, which Trong already exceeded at the previous Party's congress in 2016. Breaking CPV rules was paired with a growing personality cult that started to develop during Trong's second term. In 2019, the CPV published a 600-page hagiography of its leader describing him as an "intelligent, brave, and pure leader" who made Vietnam stronger, "shoulder to shoulder with the powers of the five continents, as Uncle Ho respectfully wished" (Strangio, 2021a).

Another aspect is the separation of the ruling elite from society, in a similar form as the imperial or royal court was separated from its subjects in the past. All mentioned factors have a considerable impact on the form of formal institutions in the country. The larger power distance societies accept authoritarian rules. However, Vietnam's level of power distance allows for establishing grassroots democracy at the lowest administrative level.

Power, wealth, and status consistency with people's positions are also associated with power distance. At the same time, family is always considered the most valuable circle of any individual. Loyalty to family and helping the family members is always more important than loyalty to the employer or the state (Hofstede et al., 2010). Thus, in Vietnam family is valued higher than the nation or the employer, and social status is consistent with wealth and power. It has several severe direct and indirect consequences. One is a higher degree of consent to corruption or mismanagement of public sources and nepotism. It is also associated with weaker public control of the behavior of elites. Formal censorship of media exists alongside informal forms where it is not proper to inform about scandals.

Lack of loyalty to employers illustrates the survey conducted in the 2010s in three southern,

most industrialized provinces of Vietnam which revealed that around 10% of factory workers do not come back to work after the Tet (Lunar New Year) holiday and stay with the family. Employers are not informed about their plans in advance (Perkins & Tu Anh, 2011). Similarly, in terms of any family celebrations, Vietnamese employees will most probably not go to work even if their day off application has been refused.

Deliberating deeper, placing family above loyalty to the country or employer, might cause a lack of transparency in the economy, and blurred corporate governance rules, as mentioned in the previous section. Rent-seeking and family support at the expense of public goods are common and widely accepted (Lan, 2009). It also causes the tendency to widen inequalities in society, which is happening in Vietnam. Although with a relatively weaker dynamic than other middle-income countries e.g., Malaysia or the Philippines (Hofstede et al., 2010).

Masculinity vs. femininity

Vietnam is ranked as a relatively feminine country. Thus it is more conciliatory, which is detectable at the state level, for example, in the famous foreign policy doctrine of being “friends with everyone”. Balancing between leading superpowers is the second example. From the trade perspective, Vietnam developed an extensive FTAs network and was strongly supportive of TPP. The country can negotiate and conclude many trade agreements, including complex and demanding ones like the EVFTA.

The feminine dimension is reflected in solidarity with the poor and weak, which might be attached to economic and social policies. Access to education, healthcare, and a minimum wage is better secured in Vietnam than the countries with a similar level of GDP. It is visible in several statistics, for example, HDI (0.74 points in 2019) with significantly higher

education index and life expectancy than countries of its wealth level (UNDP, 2020).

According to Hofstede's study (2010), feminine countries are more aware of environmental protection and global warming. Vietnam is relatively well equipped in terms of environmental protection from an institutional point of view. The country joined the Paris climate agreement in 2015 and revised its National Development Plan of Energy, giving absolute priority to the renewable energy source and resigning from coal power plants. Vietnam has also tightened environmental protection regulations, especially after a marine disaster in central provinces caused by the Taiwanese Formosa Plastics Group in 2016 and the immediate residents' outcry.

This has consequences for foreign investors. For example, European companies cannot set up factories in sectors with connotations for pollution, like chemicals (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, 2021). Several chapters of the EVFTA are connected to environmental issues. Vietnam's awareness of environmental problems helped to conclude the EVFTA negotiations, making the Agreement advanced in terms of environmental protection, renewable energy, and sustainable development.

Uncertainty avoidance

Hofstede (2010) calls treatment of the threat from an unknown future or situation in a particular cultural circle avoidance of uncertainty. This attitude has a significant impact on economic decisions. Vietnam was placed near the end of the scale, together with China. Other ASEAN members are also close to the bottom of the ranking, although Japan is just outside the top ten.

It can be interpreted in the way proposed that countries with weak uncertainty avoidance, like

Vietnam, tend to be less precise and more oriented on feelings than the formal laws but also more optimistic and tolerant. Going deeper, in some countries, including Vietnam, laws are created with excessive dynamism. However, they are usually not precisely defined and, in consequence, interpreted in different ways.

From an institutionalist perspective, uncertainty drives the creation of institutions. More formalized ones have a stronger impact on reducing uncertainty (Heiner, 1983). This means that the dominance of informal institutions in Vietnam, a weak uncertainty avoidance country, for example in property rights protection or corporate governance, should not be a surprise.

Indulgence

Subjective well-being attached to the overall quality of life is defined in Hofstede's study (2010) as indulgence. It is also influencing economic activities. Some other researchers called it well-being vs. survival (Inglehart et al., 2014) or indulgence vs. restraint (Minkov, 2011). More precisely, indulgence is understood as “a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun”, whereas restraint is “a conviction that such gratification needs to be curbed and regulated by strict social norms” (Hofstede et al., 2010, p. 281).

Vietnam is ranked relatively low, which might have a positive impact on economic decisions in a developing country and influence consumer behavior. The Vietnamese middle class does not focus only on price when choosing food products for daily consumption; other factors such as health are also decisive. Market research conducted by TNS Global in 2015 revealed that Vietnamese people are planning to spend more on education (38% of respondents) and food and beverages (26%). It suggests that people want to choose higher-quality/more

expensive products (WB & MPI, 2016; Kanchan, 2015).

Indulgence is also correlated with placing social order over personal freedoms, like freedom of speech (Hofstede et al., 2010). It can be observed in Vietnam, where the opposition against the restriction of some freedoms or censorship is not considerable. Similarly, opposition to draconian COVID-19 restrictions in 2020-2021 was non-existent despite the country's substantial impact on economic activities. This characteristic is also often associated with collectivism and “Asian values”.

Confucianism and “Asian values”

The set of Confucian and Asian values is also present in Hofstede’s (2010) approach under the name of long-term orientation, which was initially called Confucian dynamism. However, Confucianism and “Asian values”, as the most common cultural traits used to explain the economic performance of East Asian countries, need more attention.

The roots of Confucianism are reaching 500 B.C. in China, where Kong-Fu Ze (Latinized as Confucius) created the system of norms, rules, and thoughts. It shaped and is still shaping the informal institutions of East Asians: Chinese, Koreans, Vietnamese, and to some extent, other Asian nations. In the Confucian ideology, the stability of society is achieved by five unequal relationships: ruler-subject, father-son, older brother-younger brother, husband-wife, and senior friend-junior friend (Hofstede & Bond, 1988).

Hofstede’s (2010) long-term orientation is attached to Confucius's ideas. Measurement of this dimension in Minkov’s study (2011), based on Confucian values: (1) persistence; (2) thrift; (3) status in the relationship; (4) sense of shame; (5) reciprocating of gifts and courtesies; (6)

high respect for tradition; (7) sense of saving the “face”, and (8) individual stability. In Hofstede’s long-term orientation, Vietnam was ranked in the middle, behind South Korea, Taiwan, Japan, China, and Singapore. Vietnam’s relatively low position might be connected with the nation’s specific history, which is different from other Asians and higher reliance on other than long-term orientation, Confucian values.

One of the characteristics of Confucian societies, given the example of overseas Chinese communities, is the lack of separation between business and family matters. Running a family business is common, and it is treated as part of family life in Vietnam. According to Hofstede (2010), the second characteristic of long-term orientation is so-called “horizontal coordination,” which is also connected with collectivism. In other words, it is a network of connections that is crucial in making business decisions for Vietnamese entrepreneurs, as was already mentioned in the section about collectivism (Quang T. & Rowley, 2014).

Confucian values are often considered one of the most critical elements, according to Herman Kahn (1979), which enabled the economic development success of some East Asian economies. Kahn proposed the neo-Confucian theory in which Confucian philosophy's historical and cultural background in East Asia was supposed to be responsible for rapid development (Kahn considered Japan, South Korea, Taiwan, Singapore, and Hong Kong). The hypothesis remained unproven until the publication of the Chinese Value Survey by Michael Bond and Geert Hofstede (1987; 1988). Vietnam seems to have many similarities with Kahn’s sample countries which might suggest that traits desirable for economic development occur in Vietnam.

Summary and assessment

This section provides a summary and short assessment of analyzed formal, and informal institutions. Based on mostly Western experience, properly designed formal institutions are a precondition for economic development, while informal institutions develop in absence of formal ones. Vietnam managed to achieve high economic growth partly based on informal arrangements, e.g., in property right protection or corporate governance. They are, however, empowering local elites and firms' managers, giving them incentives to rent-seeking behaviors. Thus, to maintain a high level of growth, in the next stage of transformation, the formalization of institutions seems to be necessary (e.g., Gates, 1995; Riedel, 2015; Ellett & Diep, 2020).

Formal institutions

No doubt democracy is important, but in the context of Vietnam's FTAs' domestic consequences, it has lower significance. The opposite opinion could be formulated concerning efficient bureaucracy and judiciary. Vietnam has identified deficiencies that do not serve developmental purposes and hamper economic development. Although the EVFTA negotiations were completed in a relatively reasonable timespan (2010-2015), many obstacles made them far from smooth. Vietnam employed the best human resources for FTAs negotiation processes, especially EVFTA and TPP, which were conducted simultaneously. Delays in these processes revealed a shortage of high-level human resources who were able to conduct the negotiations. The other matters are administered at the lower professional level. Complicated regulations and procedures, together with overlapping competencies of government entities, make it more difficult. Similar observations might be drawn about the judiciary.

Property rights are treated differently in Vietnam than in developed countries. This is partly due to the heritage of communist ideology and partly to the Confucian tradition, where the collective has paramount importance to the individual. The result is dissonance between Western and East Asian traditions. In Vietnam, IPR protection has typical features for a rapidly developing country. A similar process has been observed in the HPAEs when they were on the same level of development. IPR is treated not strict enough, and awareness is still relatively low. Highly influenced by informal institutions is also corporate governance. In other words, habits, customs, and traditions play a more critical role than formal codes and regulations.

The financial market in Vietnam is between two contradicting forces. One is the tendency of liberalization in line with the other liberalizations, e.g., the free flow of goods and services. The second is the fear of the financial crisis. Vietnamese decision-makers are learning not only from their own mistakes but also from others' experiences. Thus, the financial market in Vietnam is still protected from international influence and competition. It gives needed stability, especially in vulnerable sectors such as agriculture. On the other hand, it goes against the economic liberalization required by FTAs commitments, especially ongoing AEC and EVFTA.

The significant role of well-managed public finances in accelerating economic development is not contested. Multiplication of taxes is not making the system more efficient.

Decentralization with delegation part of taxation on the provincial level further complicated the tax system, which, in addition to low-quality administrative staff, makes it even more inefficient. Low-quality, corrupt tax administration seems to be the biggest problem in

Vietnam's public finance management (Thanh S. et al., 2015).

The expenditure part of public finances is typical for developing countries, with over 70% of current expenditures in the budget. Thus, almost all of Vietnam's public investments are part of local contributions to the ODA projects. Repayments for all development loans are also making the budget quite tense (Leung, 2015; Thuy N., 2020b).

Demand for social welfare and labor rights is typically increasing with developing industries, as it is in Vietnam. Additionally, as a socialist country, Vietnam is committed to securing equality in society. Hence, both the social welfare system and labor rights protection started to be developed. The social welfare system is more advanced than in other countries with similar economic development levels. The problem is its limited scope due to the shortage of money in the budget. Labor protection is disrupted. Many prerogatives exist just "on paper" as employees many times do not want to request their rights for fear of losing their jobs (Kidd et al., 2016; Thang N. et al., 2011).

Of all the above-mentioned formal institutions' assessments, some are more consistent with the liberal, developed countries' view, thus also more compatible with FTAs commitments, including the EVFTA. Among them are elements of bureaucratic and judiciary systems, property rights, and public finances. However, many are not implemented and enforced in practice. For example, most of the corporate governance rules, labor rights, social welfare, grassroots democracy or professional bureaucracy and judiciary staff recruitment and training.

Informal institutions

The informal institutions' assessment is challenging as they are not strictly defined. The most

common term, usually associated with Vietnam and all East Asian countries, is Confucianism, sometimes referred to as neo-Confucianism. However, it has a broad meaning and might be understood differently by different groups of people, nations, or ethnic groups. In this summary, the author refers to some common denominators.

Some of Hofstede's cultural dimensions attract more attention in terms of economic research. Collectivism, which is usually associated with more considerable power distance, gives ground for a specific way of policy planning and enforcement. They have a significant impact on formal institutions and their changes. Collectivism also defines the legal approach to property rights and corporate governance. It reflects historical tradition and national ideology, where individualism is considered a threat to the nation's unity. Growing individualism, however, usually together with growing wealth, causes changes in many aspects of lifestyle and the whole economy (Hofstede et al., 2010; Long D. & Huong P., 2002).

The high degree of the cultural dimension called femininity in Vietnam is associated with a compromising attitude. It results in one of the highest among ASEAN members number of FTAs concluded by Vietnam. It also correlates with higher awareness of climate change and environmental issues (Hofstede et al., 2010; Banerji et al., 2018; IMF, 2018).

Promoted by Confucius, persistence and thrift are observed in Vietnamese tradition. It has an impact on economic development. Confucian values related to human and social relations also greatly influence economic reality and shape formal institutions. Confucian values, in general, were widely discussed in connection with East Asian economic success, highlighting that these values were essential factors boosting and accelerating economic development, in a similar way as Max Weber referred to Protestant values in connection to northwestern

European economic success in the nineteenth and early twentieth centuries (Minkov, 2011; Hofstede & Bond, 1988; 1987; Kahn, 1979; Weber, 1930).

The problem of the superiority of formal or informal institutions is unsolved. For example, Claudia Williamson and Carrie Kerekes (2011) argued that informal institutions are mostly responsible for securing property rights. Similarly, Wesley Kaufmann, Reggy Hooghiemstra, and Mary Feeney (2018) consider informal institutions more profoundly impacting bureaucratic procedures than formal rules. The example of North and South Korea might give some hints for this discussion. While no one can deny their common historical and cultural roots, their formal institutions strongly determine the current development and well-being level in both countries.

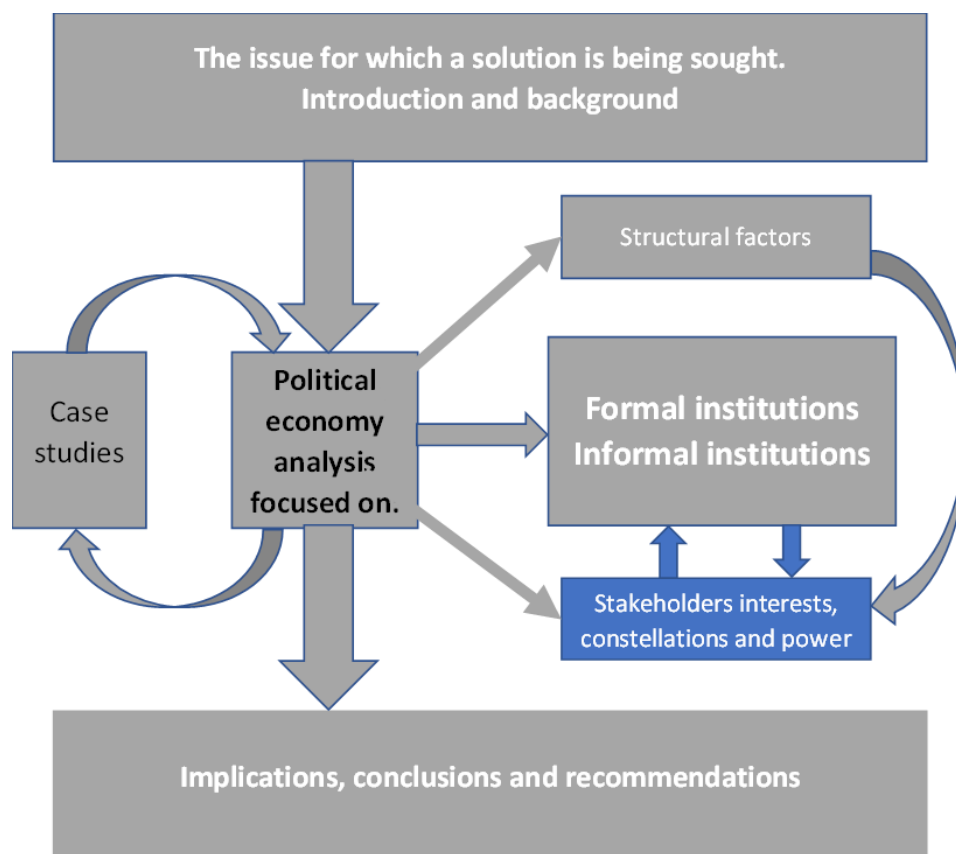
Notable researchers have however proved the superiority of overall institutions over other development factors. William Easterly and Ross Levine (2003) have tested three hypotheses, that is, geographical, institutional, and policy, and found that the decisive impact on economic development comes from institutions. Thus geography and environment (classified as structural factors in this research) have no direct impact on economic development but might shape the form of institutions. Before examining that element, the next chapter unpacks the complex issues of organizations, their interests, and constellations.

Chapter 5: Organizations as Agents of Institutional Change

Organizations are another pillar of the adopted research framework based on the theoretical concept of NIE. They play a significant role in the economy because transactions and rules enforcement is not costless. The second reason is information asymmetry. Organizations are the agents responsible for forming the institutional structure. At the same time, they are created as a function of institutional constraints, first informal and later, formal (North, 1990; 2005a).

Organizations are managing the process of institutional change, which leads to economic change. Thus, organizations' quality and power will be reflected in economic performance. Following North's concept (2005b), the quality of organizations depends on the quality of human capital, stock of knowledge, and institutional structure. Hence, a study of the FTAs' influences must include an analysis of organizations. Figure 5.1 below shows the stage of the research (in blue color) in this dissertation framework.

Figure 5.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

Identification and review of organizations

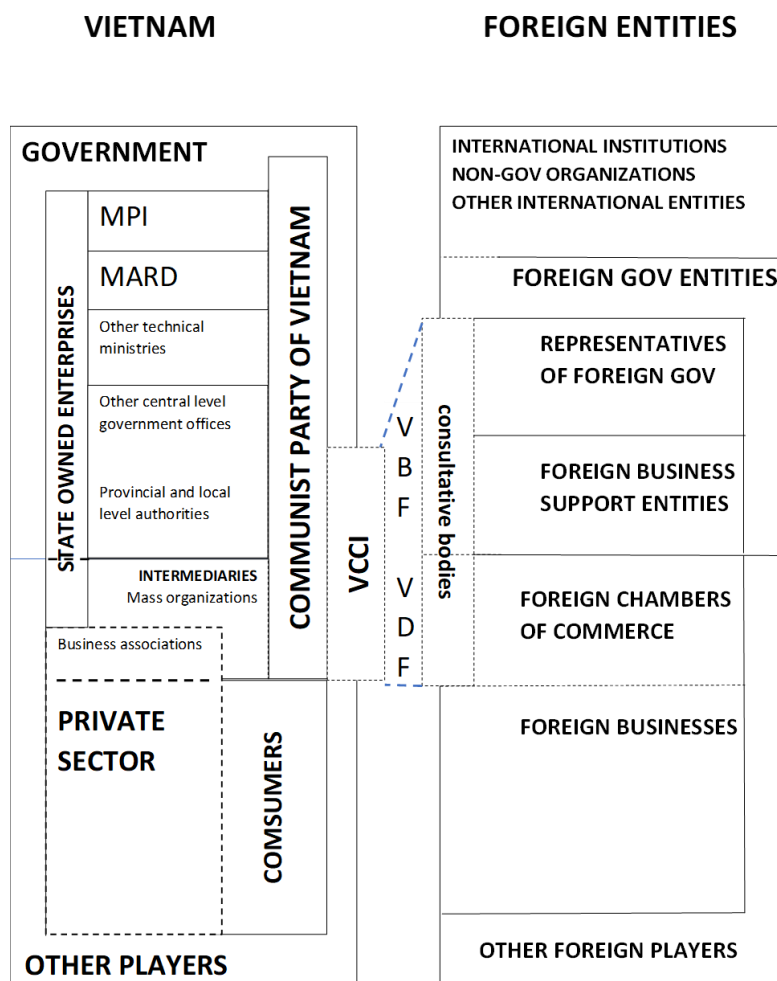
Organizations are much easier to define than institutions, and their selection is not controversial. For this study, organizations are grouped into two main sets with different, sometimes opposing, economic interests. The first contains all Vietnamese entities and the second non-Vietnamese. Among Vietnamese organizations, political and economic bodies are analyzed separately.

The CPV plays a leading role in politics and strongly influences economic bodies. The CPV members are present in government, state institutions, and economic organizations.

Additionally, the CPV strongly influences other organizations, including social, educational, and cultural. The independent private sector in Vietnam is a relatively new element of economic life. In the 2010s and 2020s, this has become more dynamic and vibrant.

Similarly, foreign organizations can be divided into foreign government entities, such as embassies, and foreign business entities, such as chambers of commerce. Moreover, international organizations (e.g., UN, IFI) and foreign NGOs also play some roles in Vietnam's FTAs network development. Figure 5.2 illustrates the division of the stakeholders into specific organizations. As it is visible, vertically situated entities, such as CPV, SOEs, or VCCI, are crossing other horizontally situated ones, which means they are overlapping. It also shows the leading role of CPV and the embedment of SOEs into their line ministries or other government bodies. The top of the chart is occupied by non-economic organizations, like political on the Vietnamese side and governmental, intergovernmental, and NGOs on the foreign side. In the middle there is a link between Vietnamese and foreign consultative bodies consisted of both, government representatives and business. VBF and VDF are examples of high-level communication platforms.

Figure 5.2: Organizations in the political economy analysis of the FTAs' impact on Vietnam



Source: Author

Vietnamese political organizations review

Communist Party of Vietnam (CPV)

The CPV in its current form was established in 1930 by the unification of smaller communist entities. Ho Chi Minh was the first leader of the new movement fighting for Vietnamese independence. At the Seventh National Congress of the Communist Party in 1991, Ho Chi Minh Thought (*Tư tưởng Hồ Chí Minh*) was adopted as formal CPV ideology; it comprises Marxism-Leninism, French Revolution principles and Vietnamese cultural nationalism (CPV, 1991).

Historically CPV legitimacy laid on the struggle for independence and reunification. CPV, however, was more than just a political movement as a famous study done by Samuel Popkin (1979) explains. The Party substituted the state in providing, ironically, protection of property rights, arbitrary use of force, corruption, and even freedom from political predation. After 1975 however, the Party needed a new legitimacy impulse, which became the economic performance marked by *Đổi Mới* reforms agenda.

CPV legitimacy was threatened even more after the retreat of communism, especially in Vietnam's closest allies such as the Soviet Union and CEE nations, and the fall of COMECON. Strong voices for political changes in Vietnam, including full democracy and pluralism of the political scene, appeared even within the CPV. However, the Party's switch to performance-based legitimacy saved its existence in the time of the most profound crisis (Hiep, 2012; Jandl, 2014). Hence, it can be argued that focusing on economic development is strongly motivated by the survival of the political system itself, not by overall Vietnam's well-being.

Nevertheless, CPV undertook deep internal reform, including increasing transparency. In contrast to China's case, criticism of the Party was allowed, although not openly. The CPV became more pluralistic within its organization which accommodated a wide range of individuals with different ideas and agendas about the country's development and CPV legitimacy (London, 2015; Jandl, 2014), for example, pro-business and pro-Western liberal Prime Minister Nguyen Tan Dung (2006-2016) in contrast to his successors, Nguyen Xuan Phuc (2016-2021) and especially Pham Minh Chinh (nominated in 2021), from a security service background, considered as a more ideological communist.

The CPV is the only political party in Vietnam. Its monopolistic position is ensured in the current Constitution of the country (2013). Hence, despite numerous reforms and liberalization of the economy in general, CPV continues to hold absolute power over the country's strategic directions and controls a wide range of activities, not only political but also social and economic (Quang T. & Rowley, 2014). Unfortunately, the CPV is drained by many weaknesses typical for developing Asian countries. For example, a lack of transparency, nepotism, and cronyism. Some commentators compare the isolation of CPV high-rank officials from society and the lack of top-down diffusion of information to the historical situation of the imperial court with a similar level of isolation (Markussen & Quang-Thanh, 2019). However, due to the reform path, the power of the CPV is slightly diminishing.

Several top-down organizations are functioning under the CPV umbrella, with the Vietnam Fatherland Front (VFF) as the leading one and kind of liaison entity linking CPV with many smaller mass organizations, including those business-oriented as the VCCI. VFF's position is secured in Vietnam's Constitution (2013, Article 9, point 1). Other constitutional socio-political organizations operating under the CPV umbrella are, for example, the Vietnam Trade Union (which evolved into the VGCL), the Vietnam Peasant Society, the Ho Chi Minh Communist Youth Union, the Vietnam Women's Society, and the Vietnam Veteran Society.

Some associations emerged from informal groups in the 1990s. This process was spontaneous and out of Party's control but it provided the standard for further law amendments. As such, it played a similar role as "fence-breaking" practiced by the local officials. The importance of it is worth emphasizing because some of these organizations played important roles in, for example, monitoring of development project implementation, reporting of corruption cases or even policymaking later on, especially in agriculture and rural development (Kerkvliet, 2003;

Vasavakul, 2003). The process mentioned transformed informal settings into formal ones, once again confirming the strong reliance on informal institutions in Vietnam, strong enough to influence the formal framework.

Government administration

The government administration is divided into central, provincial, and local levels. The leading players at the central government level who are responsible for economic policies are the prime minister and his cabinet, especially such ministries as the Industry and Trade (MIT), MPI, MoF, MARD, MoH, MST, MoT, and, in terms of foreign economic relations, Ministry of Foreign Affairs (MoFA).

The process of decentralization and delegation of some prerogatives of central government and decision-making processes to the local level started in the late 1990s and was articulated in public administration reform in the first decade of the twenty-first century. Local authorities gained the power to regulate the FDI inflow and business activities within their provinces, creating robust competition between them, and making the business environment more friendly for investors.

According to some business circles, decentralization boosted and accelerated the process of dynamic, pro-market changes (Confidential Interviews with the Vietnamese Leader of Chamber of Commerce, and the Leader of Foreign NGOs in Vietnam, 2021). However, the other side of the coin shows that this competition is unhealthy and unfair for several reasons. First, the provinces vary in structural factors endowments such as geographical conditions, natural resources, or demographics. Second, they start from different levels of development in terms of infrastructure and existing economic activities. Finally, in many cases, the

competition turned into personal rivalries between strong Party leaders and their families.

To sum up this problem, some researchers, like those embedded with CIEM, prefer to see elements of “localism” in the decentralization process (Cung, 2008). However, more frequently, the process is attached to cronyism, corruption, and nepotism which create “para-states” inside the country (Thang L. et al., 2006; Painter, 2008; Roberts, 2010; Quang T. & Rowley, 2014). Moreover, the competencies of both levels overlap in many cases, and coordination between the central and provincial level authorities is weak, which can be concluded not only from the literature but also from the author’s personal experience.²³

Vietnamese economic organizations review

Vietnamese state sector

The state sector is the core of Vietnam's “socialist-oriented market economy”. The country has around 2,000 SOEs, according to Vietnamese official sources. However, this number does not include companies in the equitization process, nor the ones that state have minority shares but with the decisive vote (Guild, 2021).

SOEs are not only significant economic players but also political ones. Managers of the biggest SOEs are sometimes more powerful than some ministers. Justified voices say they played a considerable role in the FTAs negotiations, including the EVFTA, pushing for a stronger defense of the privileged position of SOEs or at least longer transitional periods.

Undoubtedly some of the SOEs leaders were the most prominent group opposing deep liberalization of the economy and its integration with foreign markets (Confidential Interview

²³ For example, during the process of opening the representative office of the Polish Trade and Investment Agency in HCMC in 2016-2017, Vietnamese authorities were not clear about which stages of the process should proceed through the central government in Hanoi and which through the local HCMC authorities. Both levels claimed broader competence in conducting the procedures.

with the Former Leader II of the EuroCham and Diplomat, 2022).

However, in recent years, especially after the adoption of NGFTAs with far-reaching SOE reforms commitments, their role has been diminished, in favor of big private corporations. Some of these companies emerged from equitized SOEs, and SOEs managers turned into private entrepreneurs, using their old political connections to raise their businesses. Thus, intended state-led capitalism is transforming into crony capitalism (Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021; Beresford, 2008; Gainsborough, 2010; Malesky & London, 2014; Knutsen & Khanh, 2020).

Vietnamese private sector

Vietnamese private business is relatively young. It was not powerful before but it is changing now. It started to be formed after the first economic liberalization of *Đổi Mới*. Many local entrepreneurs lived abroad before they started their businesses in Vietnam. Including the owners of the biggest business empires in Vietnam, like Pham Nhat Vuong, founder of VinGroup; Nguyen Thi Phuong Thao, and Nguyen Thanh Ha, founders of VietJet; and Tao Ngoc Tu, owner of Vifon. These people have already run businesses abroad and had international contacts, which they further used when developing businesses in Vietnam. The first private company opened by *Việt Kiều* (overseas Vietnamese) was Highlands Coffee, founded in 1998 by David Thai. In 2002 CPV was allowed to enter the business sector by its members.

Some of these companies grew into big business empires and acquired significant economic and political positions. Political connections are one of the most crucial preconditions for successful business in Vietnam. Thus, they replaced the SOEs as the economic support of the

Party's activities and often formed similar opaque networks of connection between politicians and business, perhaps even more harmful for Vietnam's reforms agenda than SOEs because foreign donors seem to overlook them, pushing for further privatization of state assets (Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021; Sakata, 2020).

Before the first Vietnamese private companies were established, farmers produced in the *de facto* private sector. The communist experiment failed before it seriously took off. Thus, farmers sell their surplus production at market prices. Similarly, SOEs functioned under market rules even before formal liberal reforms started (Confidential Interview with the leader of the Vietnamese Government Think Tank and the Vietnamese Entrepreneur trading with the EU, 2021).

In agricultural supply chains, farmers are the first link; they grow the crops and raw materials for agricultural production. Moreover, some farms can process their harvested crops, at least the basic initial steps, as in the case of coffee (Confidential Interview I with the Vietnamese Farmers Family, 2021). The next part of the value chain is the agents involved in trading and distribution. The final part is usually the big processing and exporting companies.

Participation of Vietnamese small and medium enterprises (SMEs) in agricultural supply chains is meager but growing (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, and the Leader of the Vietnamese Chamber of Commerce, 2021).

Business associations

Several business associations fill Vietnam's socio-economic landscape. Entities with more

general characteristics include the Hanoi Association of Small and Medium Enterprises and the Vietnam Young Entrepreneurs Association. Some are formed around certain professions, e.g., the Vietnam Association of Financial Investors, while others are formed around industries, e.g., the Vietnam Textile and Apparel Association. Organizations in the agricultural sector gather farmers, processing companies, and even intermediaries and traders. This group, for example, features organizations formed around certain commodities, such as coffee and cocoa (the Vietnam Coffee and Cocoa Association, or VICOFA), and cashews (the Vietnam Cashew Association, or VINACAS). Many of the structures mentioned above overlap, and it is not uncommon that one company is a member of several different associations (EuroCham, 2021b; Quang T. & Rowley, 2014).

One business organization, the VCCI, is above all and has the closest links with the CPV. The VCCI was established in 1963 and used to have a different character in its early age, more ideologically and less business-oriented, as private entrepreneurship was not lawful. After economic liberalization, however, the VCCI evolved into a dynamic business organization (Kerkvliet, 2003). It was possible thanks to several people, including Vu Tien Loc, who led the VCCI from 2003 to 2021. Vu Tien Loc gained unprecedented power and popularity, one of the strongest within CPV outside of the formal government structure²⁴. He held many other important positions instead of being the chairman and president of the VCCI only (VCCI, 2021).

The VCCI also serves as an umbrella organization for smaller business groups, including Vietnam Women Entrepreneurs Council, promoting many female business leaders and politicians. It publishes its newspapers and magazines: “Business Forum Newspaper” and

²⁴ The author’s experience proves that titles and positions are essential in Vietnamese organizational culture and that held positions give access to high-rank officials in politics and business.

“Vietnam Business Forum Magazine”. VCCI, similarly to government offices, has representative offices in most of the provinces of Vietnam. It is also part of the VBF consortium, one of the most crucial high-level communication platforms between the government of Vietnam and the business community, including foreign business and the diplomatic community. Vietnam International Arbitration Centre, where the business disputes are settled, is also under the VCCI (VCCI, 2021).

In sum, Vietnam has a high level of social participation in various mass organizations and associations. However, the process of gathering people in such entities is top-down. All such organizations function as tighter or looser branches of the CPV. Thus, they are all much more political than economically oriented.

Foreign organizations review

Foreign entities operating in Vietnam can be divided into a few groups. The first is governmental, i.e., embassies, delegations, consulates, trade, and investment promotion offices. The second and most numerous is a group gathering commercial entities, especially those associated with the chambers of commerce. International organizations play a role, especially in development assistance. The final group is foreign NGOs, whose power and influence on Vietnam’s economic life, however, are marginal. Nevertheless, they provide vital voices in the debate, especially regarding social problems such as poverty reduction and inequality.

Representatives of foreign governments

The highest level of foreign country representatives in the host country is an embassy led by an ambassador. The embassy and its diplomats care for their countries’ interests, including

economic issues. In such a country as Vietnam, personal contacts and connections are essential. Hence, individual diplomats can achieve their goals by exploiting their personal networks. It explains why some countries that are not especially powerful on a global scale are quite successful in formulating their stance on Vietnam and selling their products²⁵. Good diplomatic skills can be crucial in succeeding in numerous trade deals. From achieving the SPS licenses, through the process of approval of individual products and entities, to effective distribution in the most capable and efficient retail network.

According to EU treaties, 27 EU MS form the common market. Hence, all the trade issues are excluded from the individual member's competence and centralized within the EU institutions (Communication Department of the EC, 2021). The EU authorities are represented abroad by its delegations, led by the heads in the rank of ambassador. The EU Delegation to Vietnam, based in Hanoi, played a vital role in facilitating the EVFTA negotiations, consultations, and promotion.

Besides embassies and consulates, foreign governments maintain other entities to support their countries' activities and businesses. One of the most popular forms is trade and investment promotion offices, which are usually without a diplomatic umbrella and thus have higher flexibility in their operations. They also work closer to the business and chambers of commerce.

²⁵ Belarus is one of the most notable examples, where the senior diplomats, through many years of their careers, developed close personal relations with many decision-makers in Vietnam. Thanks to the fact that they mainly served exclusively in Vietnam ("Soviet model" of diplomatic service), sometimes with short breaks at home, and the ability to communicate in the Vietnamese language made them quite influential. For instance, Belarus has been granted the opportunity to be the leading country of prestigious international fairs in Hanoi – Vietnam Expo for two consecutive years: 2016 and 2017, which allowed them to allocate far more exhibitors in minimal venue space than other countries, one exhibition hall being given to Belarus only. At the same time, Belarus was promoting its products in the prestigious annual Lunar New Year event organized by HAPRO, the biggest SOE operating in food products distribution and retail. Other countries (e.g., the EU members) attempted to do so, but the organizers rejected them.

Foreign chambers of commerce and business associations

Another important and influential group of organizations in Vietnam is foreign chambers of commerce and business associations. One of the biggest and most influential is the European Chamber of Commerce in Vietnam, in short, EuroCham. According to themselves, EuroCham (Vietnam) is the second-biggest European Chamber of Commerce in the world, outside Europe²⁶. EuroCham is not only significant in the number of its members, but it is also influential. The EuroCham's management has regular meetings with high-level officials in Vietnam, including the prime minister, and in the EU – on the commissioners' and leaders of the European Parliament level (Confidential Interview with the Former Leader II of the EuroCham and Diplomat, 2022).

EuroCham, with VCCI and four other foreign chambers (American, Korean, Japanese, and British), leads the VBF consortium. VBF was established in 1997 on the initiative of then Deputy Prime Minister Nguyen Tan Dung and played an essential role in the reform dialogue. However, since the premiership of Nguyen Xuan Phuc (2016-2021), its role has been marginalized.

International organizations

Vietnam has been a member of the United Nations (UN) since 20 September 1977. Right after joining, in 1978, the first UN branch offices opened in the country, such as the UNDP, UN Industrial Development Organization (UNIDO), and Food and FAO. Their first focus was on afterwar reconstruction and humanitarian aid. The UN agencies' activities later expanded into “strengthening institutions, policies, social protection, health, education, agriculture, and

²⁶ According to EuroCham 2016 annual report presented in EuroCham Annual General Meeting (AGM) in 16 March 2017.

more” with the primary goal of promoting economic development in line with the Millennium Development Goals and the Sustainable Development Goals (UN, 2021).

FAO and the International Fund for Agricultural Development (IFAD) are directly involved in the agricultural sector and its development. On the wave of *Đổi Mới* and deep systemic agricultural reform, FAO has become one of the technical assistance providers and knowledge and is involved in formulating policies to mitigate the adverse effects of climate change (FAO, 2021a). IFAD is a financial branch of the UN agricultural projects aimed at eradicating rural poverty (IFAD, 2021).

The ILO is one of the most essential international entities working with Vietnamese authorities. Vietnam joined the Organization in 1992 in line with certain commitments on the adoption labor rights regulations. ILO is providing technical assistance in implementing several international conventions on labor rights that Vietnam has signed. To strengthen its support, ILO Hanoi Office was inaugurated in 2003. Improvement of labor conditions and labor rights protection is on the agenda of both NGFTA: EVFTA and CPTPP (ILO, 2021).

Finally, the IFI present in Vietnam are essential players in the country’s economic landscape. They are also called Bretton Woods Institutions, named after the Bretton Woods conference, where most of these institutions were formed. The most important from a developmental point of view is the WB. The WB returned to Vietnam in 1993, after years of isolation caused by military conflicts and before the USA lifted its embargo. Vietnam used WB concessional loans and was one of the leading receivers until 2017 when the country gained a lower middle-income status. At the same time, the WB was Vietnam’s number one donor of development assistance, with a 20% share of the total sum. However, Vietnam has never

followed strict policy recommendations or so-called *Structural Adjustments*, which were imposed on most of the WB and IMF aid recipients. (WB, 2021c; SBV, 2012; Cling, Razafindrakoto & Roubaud, 2009a).

Another important international organization operating in Vietnam is the Manila-based ADB. Although ADB was not established at Bretton Woods, it is regarded as a part of the Bretton Woods System. South Vietnam was a founding member of the ADB in 1966. However, after reunification in 1975, the new Vietnamese state was kept in political isolation from the Western world. Hence, it was outside of ADB's scope as well. The membership was resumed in the 1990s (ADB, 2021a; SBV, 2021). Similar to the WB, the ADB offered Vietnam various kinds of financial support instruments, including concessional loans. Due to Vietnam's "promotion" to the middle-income group, concessional loans were replaced in 2018 by another kind of credit (ADB, 2021a).

Foreign NGOs

Numerous foreign NGOs operate in Vietnam in various fields, from humanitarian, child welfare, gender equality, healthcare, and environmental issues to socio-economic matters, even with political aspects. It might be surprising, especially if compared with the situation in China, that foreign NGOs promoting the rule of law, civil society, free-market economies, human rights, and Western-style democracy are fairly active in Vietnam. Most of them are more or less strongly affiliated with certain political parties back in their homelands, with Germany being the most significant one. The most active NGOs in Vietnam are the Konrad-Adenauer Stiftung, the Friedrich Naumann Foundation for Freedom, and the Friedrich-Ebert-Stiftung.

Although the NGOs' power is significantly lower than other stakeholders such as chambers of commerce or business associations, not to mention government entities and international organizations, they cannot be ignored. Their work in providing more independent expertise on specific topics, including FTAs, might impact public opinion, consumers, businesses, and even policymakers. Lacking effective enforcement power while being determined to implement grassroots democracy, the central government allowed NGOs to promote GDD, as local Party leaders were reluctant to give up some power to the democratically elected representatives (Hayton, 2010; Confidential Interview with the Leader of Foreign NGO in Vietnam, 2021).

Organizations and institutional change

According to an adopted framework, institutional change is the most crucial driver of economic change. This research assumption acknowledges that institutional change results from path dependence and strategic policy choices of the country. However, in many cases, it is not enough and the decisive element is the external force. Organizations as political entrepreneurs have control over allowing external forces to penetrate the system and trigger the changes in it. Economic entrepreneurs are critical in the following stages in the process of shaping the political direction preferably, depending on their abilities and power. They might also initiate bottom-up incremental changes leading to profound institutional change.

The fact that international economic integration in general, and the trade and investment agreements in particular, are one of the main incentives for broad institutional reforms which are sometimes “painful” and, in a normal situation, would be opposed by a particular group

of interests, is well acknowledged by many researchers and policymakers (Zoellick, 2014; Lamy, 2012; Thanh V. & Duong N., 2009; Painter, 2003). However, as in the case of WTO accession, the researchers identified different effects in different countries. It is therefore not consistent if we compare relatively similar cases from other political and economic systems such as the cases of the CEE post-communist countries or China and Vietnam. While the Chinese authorities managed to pacify certain interest groups and implement market rules in SOEs, those in Vietnam initiated several moves and compromises to maintain the *status quo* in the form of the privileged position of its SOEs (Tu Anh, 2014; 2017; Ferrantino, 2010; Lan, 2009).

This section analyzes three leading organizations' approaches to FTAs and institutional change. First is the political side, with the leading role of the CPV. Second are local economic entities, and third are foreign businesses. In the case of the EVFTA, the focus is on European businesses.

Vietnamese political organizations

The ruling elite in Vietnam is free from the limitations imposed on democratically elected politicians, like electoral cycles, accountability to domestic constituencies, and public opinion. Despite having absolute control over all state authorities and their branches, legislative, executive, and judiciary, the CPV has to continuously prove its legitimacy to stay in power (Hiep, 2012; Jandl, 2014). It produces tensions and proves that the Party is not a monolith. The ideological direction used to be a major area of conflict within the CPV as substantial numbers of members were skeptical of economic integration and overall globalization. For most of them, this course of action leads to an inevitable collapse of the one-party system led by the CPV, similar to what happened in CEE (Hiep, 2017a; Duc H., 2012).

Even within the camp that supports the central policy direction, discrepancies occur in how to deal with, for example, economic integration. The most destructive line of disagreements is conflicting personal interests connected to corrupting practices and cronyism (Confidential Interview II with the Leader of Vietnamese Government Think Tank, 2021). The anti-corruption campaign launched in 2016 by CPV head, Nguyen Phu Trong did not change much. Critiques claim the main goal of the campaign was the eradication of former Prime Minister Nguyen Tan Dung's (2006-2016) appointees, many of them in the SOEs, as they posed threat to the *status quo* of the current Party line (Sakata, 2020).

Thus, powerful SOEs leaders were replaced by the most successful private entrepreneurs, five of which were even listed in the 2019 *Forbes* billionaires ranking (Việt Nam News, 2019). Their influence on the CPV decisions is even bigger than it was in the case of SOEs. These businesses serve as new “national champions”, with similar privileges in access to state resources. On the other hand, they are prone to government control and responsive to its policies which might secure stable economic growth in some circumstances (Sakata, 2020; Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021). Nevertheless, the problem with rent-seeking remained the same, no matter whether it was SOE or a private company now. It has a long tradition based on *xin-cho* (in English, begging-giving) relationship between a company and a state auditor (Ngo & Tarko, 2018). Neither WTO nor any FTA was able to reshape this habit.

European diplomats currently serving in Hanoi note that most Vietnamese politicians and bureaucrats serving in government administration and dealing with the EVFTA are enthusiastic and committed (Confidential Interview with former Senior Diplomat at the EU

Delegation to Vietnam, 2021). This impression is consistent with the general CPV line directed toward a friendly relationship with all countries, especially with those of economic significance for Vietnam. The EU as a bloc is undoubtedly among them. It also must direct and manage a delicate counterbalance to Chinese influence (Hiep, 2017a). However, it is a pretty shallow understanding of this constellation, as the EU authorities need to be aware of Vietnamese decision-makers real political agenda.

To sum up, it should be emphasized that considering Vietnam as a strong state and CPV as powerful is a common mistake of newcomers or shallow observers. Many formal rules (laws) are not obeyed, and the state does not have power or does not want to properly execute them. It depends on the interests of various state actors. Informal arrangements in many cases, including economic transactions are widely in charge. The ruling elite's decisions are often driven by some interest groups, e.g., SOEs, the pharma sector or more narrow, one company (VinGroup). Moreover, local elites have far-reaching autonomy that depends on their networks, not on formal rules. Nevertheless, the myth of a strong state that serves both domestic and external purposes persists (Hayton, 2010; Gainsborough, 2010; 2017). It helps to gain recognition and trust from foreign leaders, and engage in ambitious trade agreements.

Vietnamese economic organizations

The most potent Vietnamese economic organizations are the large, influential companies, defined as those with significant shares in the local market, in their respective sectors. All are currently politically connected to the CPV or some of its members, even if formally they are privately owned (Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021). In terms of business associations, they are also under the CPV. Moreover, a more significant bottom-up movement is lacking, for example, among farmers aiming to

establish their product's geographical indications (GI), which would be protected by the EVFTA provisions (Confidential Interview with former Senior Diplomat at the EU Delegation to Vietnam, 2021).

Big businesses

As indicated in the previous section, big business groups emerged as powerful players in the Vietnamese economy, and more often in political life. Among them, VinGroup needs special attention as it emerged as a *chaebol*-like conglomerate entering various sectors of consumer goods and services. VinGroup also became one of the largest employers in the country, giving the company additional importance. Some experts and observers claim that certain government policies were designed to protect VinGroup's business interests, including regulations concerning the automotive industry. Moreover, the company enjoys a protective umbrella from the state security service which tries to mute the group's critics. The lack of checks and balances in the political system allows these pathologies to develop (Thiem, 2020; Hiep, 2019; Reed, 2019).

It can be claimed that VinGroup is a game changer in the development agenda of Vietnam. As such, it effectively influences government policies under the postulate of protection of national industries, which is against the spirit of free trade and the EVFTA. VinGroup practices hinder institutional change as it preserves informal norms of doing business, also identified as crony capitalism (Sakata, 2020). It also impedes local competition and the development of SMEs.

Small and medium enterprises (SME)

The Vietnamese SMEs were supposed to be one of the biggest winners of the EVFTA. At

least, it was the intention of the negotiators on both sides of the table. It is mainly not because of the tariff reduction but because of the new generation provisions which aim to produce an equal business environment and simplified bureaucratic procedures. However, the main obstacle is relatively modest knowledge about the EVFTA and the European market overall among Vietnamese SMEs. This is despite efforts engaged by the EU and Vietnamese authorities to inform the business community about the Agreement and the European market. Vietnamese companies need more training, guidelines, and consulting to be able to benefit from the EVFTA (Confidential Interview with the Vietnamese Businessman trading with the EU; the Senior Management of the EU investor in Vietnam; and the Leader of the EU MS Trade Promotion Office in Vietnam, 2021).

For local Vietnamese SMEs, one significant change is associated with the EVFTA: the pressure on the authorities to provide an equal footing for all business entities. Although SOEs are still privileged in some areas, like access to land, they are no more overwhelmingly favored. Uneven competition still exists as foreign investors have had conferred privilege, but the position is changing to a more equal environment. However, a more significant problem now is cronyism. Large Vietnamese companies with access to politicians and CPV officials can influence the authorities' decisions in their favor, like mentioned VinGroup (Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021).

Consequently, in terms of corruption, local SMEs do not have enough power to resist requests from, for example, tax auditors for “irregular payments”, even with no inaccuracies in their tax reports. Hence, the cost of doing business for them is the highest. It is the reason, SMEs are the biggest advocates of the proper implementation of the EVFTA (Confidential Interview with the Vietnamese Businessman trading with the EU, 2021).

Another problem is connected with the Vietnamese attitude to business profiles and lifestyles. The majority of the urban population in Vietnam is first- or second-generation city dwellers. They still have strong ties with their families in the countryside and consider their hometown as their real home, thinking of their city home as temporary and not stable. However, the city lifestyle and city office jobs attract them, as is reflected in the business model of young SMEs. These are mostly service companies, and they are the most modern and successful. Vietnamese people do not want to engage in business far from city centers and ‘get their hands dirty’.

Consequently, not many SMEs are run by educated and skilled young Vietnamese entrepreneurs who would be able to integrate into the GVC by supplying foreign-invested companies in Vietnam. The second dimension of this problem is an investment pattern. Vietnamese investors are reluctant to risk their money investing in manufacturing activities. Instead, they choose the growing real estate market, which is not beneficial for the long-term development of the Vietnamese economy. It also elevates property prices to an extremely high level, posing the danger of overheating. According to the European business community in Vietnam, this attitude is in contrast to that in Europe and could be an obstacle to business cooperation in light of the EVFTA (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, and the Vietnamese Leader of the Chamber of Commerce, 2021).

Foreign investment consequences

First-generation FTAs opened the door for foreign investors. However, they treat Vietnam as a workbench for labor-intensive, low-value manufacturing. Vietnam is relatively abundant

with a cheap workforce. The number of skilled workers is relatively low, which raises their salary demand. Nevertheless, more and more Vietnamese middle-class families prioritize education. Hence, the number of skilled workers in the market is growing, which might be a significant incentive for foreign investors to start more sophisticated businesses in Vietnam.

For Vietnam, it would be a chance to build a local value chain using transferred technologies. It is desirable by all Vietnamese authorities and experts, and something that Vietnam has not yet been able to competently achieve. The EVFTA would be an additional argument for companies attracting them to Vietnam. European hi-tech companies are less restrictive in terms of sharing their knowledge with host country businesses. It allows us to hope that the technology transfer will not fail, as it happened in the cases of Japanese and Korean investors (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, and the Senior Officer of the UN Office in Vietnam, 2021).

European market and European products

It is commonly acknowledged that with entry into the EVFTA, Vietnamese businesses received unique opportunities to successfully enter the EU market. This possibility was not made available for other ASEAN countries, except Singapore, whose manufacturing capability has further declined. At the same time, however, “Vietnam” as a brand was virtually non-existent in Europe. The most promising sector appeared to be agriculture, especially those products that were associated with Vietnam, like coffee.

However, this all required building a strong brand paired with a solid marketing strategy. These elements were not managed well by Vietnamese entrepreneurs. According to the German Trade Promotion Office in Hanoi, some attempts were made to enter the German

market with the brand of some food products but all failed. The success in the EU market of more sophisticated Vietnamese products, especially those promoted by VinGroup, like cars, is doubtful, even by optimistic Vietnamese economic experts. One main reason is the fact that they function domestically as a monopolist, with similar protection to SOEs before (Confidential Interview with the Leader of Vietnamese Government Think Tank; the Leader of the EU MS Trade Promotion Office in Vietnam; the Leader of Foreign NGO in Vietnam; the Vietnamese Businessman trading with the EU; the Vietnamese Leader of Chamber of Commerce, 2021).

Some parts of the Vietnamese population, including decision-makers, especially older ones, want to break away from the image of poor Vietnam. It includes the quality of locally produced products, with monotonous and generally not attractive packaging, compared to Western products. It would explain the enthusiasm for working on closer relations with the EU, associated primarily with Germany, France, Italy, or Sweden and their high-quality products. It is reflected in current consumers' choices in Vietnam, observed by the author and his interviewees.

For example, German, French, Belgian, Dutch, and Italian products are almost blindly considered good and can be sold for any price, even if they are not well known in Europe and not of top quality. In contrast, top-quality products from Poland, Hungary, and the Czech Republic, former socialist countries but EU members now, are not popular in Vietnam and are difficult to sell. Despite not being inferior to the quality of Western European products, they are also treated as such in Europe (Confidential Interviews with the Leaders of the EuroCham; the Leader of the EU MS Trade Promotion Office in Vietnam; the Leader of Foreign NGO in Vietnam, 2021-2022).

Foreign organizations

The approach of foreign entities in Vietnam to Vietnam's FTAs consequences is analyzed from the point of the EVFTA, the Agreement adopted as central for this research. The EVFTA is the project proposed by the EC. Hence, any entities connected to the EU administration and the EU MS are assumed to be positively biased about the Agreement or *ex officio* support it. Similarly, this extends to the European NGOs active in Vietnam. They put reasonable efforts to promote the EVFTA and train the Vietnamese side to make use of it. They are big advocates of profound institutional change in Vietnam as the EU will also be a winner. Optimism outside of the political and NGO circle, however, is less.

EVFTA implementation concerns and monitoring

The European business community is objectively skeptical about Vietnam's ability and willingness to implement the EVFTA in a coherent, and sustainable way, as expected by the EU. This assessment is largely based on their experience with the WTO adjustment. According to the business community, the Vietnamese side is unwilling to cooperate genuinely to implement and enforce the EVFTA. This view is widespread and repeated in all author's interviews with European businesspeople in Vietnam (Confidential interviews with European business community members in Vietnam, 2021-2022).

Many signs prove unwillingness or even opportunistic behavior in the enforcement of the EVFTA. A striking example is the pharmaceutical sector, where after the introduction of the Agreement, European exporters were satisfied overall until the Vietnamese government imposed several additional NTBs, including a new drug registration procedure that is not in line with the WHO standard. The extension of marketing authorization poses multiple

problems and takes years instead of just three weeks. Some cases are still ongoing since 2018 when Vietnam changed its procedures. As a result, the export volume of medicines from the EU to Vietnam decreased in 2020. Industry insiders claim that the pandemic should boost exports because European products are well-prepared to cure the symptoms of diseases caused by the coronavirus (Confidential Interview with the Senior Management of the EU investor in Vietnam 2021).

Another example concerns the monitoring of the EVFTA implementation. The European side failed to set up an effective entity that would be able to monitor Vietnam's implementation process. It is especially striking for those who remember the many shortcomings in Vietnam's WTO implementation process. According to a former diplomat working in European Parliament, the EC is not paying enough attention to the problems signaled by the business community. The EU authorities responded to the business community's demand after the EVFTA entered into force and designated one person in Brussels, in the EC headquarters, to be responsible for the process. However, this person's duties and responsibilities were not clarified.

Moreover, conducting sophisticated processes from a distance is virtually not possible. The EuroCham sector committees, with knowledge and expertise, are eligible to deal with the monitoring process but their power had been diminished. Before sending the disputed issue to the higher political level, the Vietnamese side, which co-chairs the working group, must accept the request. The Vietnamese side is naturally not interested in giving equal access to their market, as in the EVFTA provisions. Thus, the effectiveness of this mechanism is low (Confidential Interviews with the Leaders of EuroCham, 2021-2022).

EVFTA benefits for EU businesses

The European business community praises the EVFTA for its content. It is hard to find anyone who would criticize the provisions and general understanding of the Agreement. The senior members, however, are pessimistic in terms of the outcome of the EVFTA. The main obstacle has been outlined and continues to be Vietnam's unwillingness to play fair in the implementation and enforcement processes.

For example, the simplification of procedures for European SMEs is not yet visible. Thus, no incentives for newcomers have been made. It is easier to sell the product if the company was already in the Vietnamese market. Those companies, however, do not need the EVFTA because they do their business in Vietnam already. They might reap higher income because of the tariff reduction and other financial incentives but the benefits will not spread equally in the supply chain. Big multinational companies based in some EU MS, especially Germany, France, Italy, and the Netherlands would be the only winners on the EU side.

Many Vietnamese do not want to ease access because the market is attractive and foreigners are coming anyway. If operating were easier, the market would be overcrowded. This attitude, however, is against the EVFTA spirit and is harmful to a business in the long term because allowing equal competition would benefit local consumers (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam; the Leader I of the EuroCham, 2021).

In terms of investments, for large, influential, European companies, which are present in the region, especially in China, Vietnam is attractive but not big enough to accommodate their demands with all their existing supply chains. The EVFTA has not much altered this situation.

The EVFTA's restrictive rules of origin (RoO) have not motivated businesses to invest in developing their supply chain in Vietnam. The tariff elimination benefits are not significant enough to compensate for the cost of the investments in the sector.

Moreover, Vietnam's decentralization has often proved ineffective in attracting serious investors. Locating a chemical processing plant in a remote province seems impossible for European companies. Despite much higher environmental standards in Europe, higher awareness, and their assurance of clean technologies that prevent any environmental damage, local communities do not trust them. People have in mind disasters caused by Chinese and Taiwanese investors and do not differentiate them from European ones. Disinformation may play a role.

For similar reasons, investments in green technologies are welcomed. According to many experts, EVIPA might influence investors' decisions. However, European investors' activities show no sign of a significant increase yet (Confidential Interview with the Leader of the Vietnamese Government Think Tank; the Leader of the EU MS Trade Promotion Office in Vietnam; the Vietnamese Leader of Chamber of Commerce, 2021; Thuy B., 2021). One of the biggest obstacles for European investors is still "cultural differences" between the two sides. This view is observed by the author and was expressed by all his interviewees.

Informal constraints, organizations and enforcement abilities

Informal institutions are the oldest element in the NIE framework and the most stable one.

They might be considered opportunistic as they hinder formal institutions' reforms and their

enforcement, a necessary element of institutional change (North, 1990). This section evaluates informal institutional features identified in the previous chapter and their significance in Vietnam's enforcement ability.

Cultural dimensions and the EVFTA

Several cultural dimensions from Hofstede's (2010) concept served in the analysis of the institutional change process caused by FTAs in Vietnam. For instance, Western individualism is opposed to collectivism, which is common in Asia and linked to "Asian values". A relatively high level of collectivism is believed to be responsible for solid family businesses based on personal trust. They started to grow in Vietnam once the economic activity had been liberalized and formed a network of connections relatively hermetic for outsiders. The European business community in Vietnam has observed this problem. One of the expected outputs of the EVFTA is decreasing the importance of informal ties in favor of formal and transparent ones, as it is in Europe (Confidential Interview with the Senior Management of the EU investor in Vietnam, and Leader I of the EuroCham, 2021).

Coupled with power distance, collectivism creates privileged groups in the country, usually gathered around the ruling elite, including the wealthiest and most influential entrepreneurs. As a result, it leads also to undesirable phenomena in the business system, like cronyism, which hampers any efforts to create an equal playground for all business entities in the country. It poses a challenge for the EVFTA implementation in Vietnam (Quang T. & Rowley, 2014; Li P. & Redding, 2014; Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021).

The same dimension is responsible for more loyalty to people's inner circle, especially family

and friends, than to the state, an employer, or even the CPV. It is again considered an element of “Asian values”. However, it produces tension in the workplaces, especially in foreign-invested companies, where the management is not familiar with the local attitudes. In extreme cases, it can hamper the production process and bring severe damage to the company. Regulated in the EVFTA labor rights are hoped to bring some incentives to Vietnamese workers to modify their habits and respect for the employer. The process might take a long time, even until a new generation enters the job market.

Hofstede’s (2010) feminine cultural dimension is reflected in a milder approach to disputes, more willingness to negotiate and reach an agreement, and more awareness of equality, women’s rights, and environmental problems. It might be behind several essential features of Vietnamese political and economic development. EVFTA provisions on environmental and social issues were not posing negotiation problems with the EU. The implementation, however, is not in line with the commitments, which reflects other dimensions, like high power distance.

A low level of uncertainty avoidance is described by Hofstede (2010) as a tendency to excessive and imprecise legislation. This phenomenon in Vietnam is considered a significant obstacle to proper EVFTA implementation and an element hindering smooth business development (Confidential Interview with the Vietnamese Businessman trading with the EU, 2021).

Hofstede’s (2010) indulgence might be one of the elements influencing consumer decision-making. For example, a low level of indulgence, as it is in Vietnam, makes people focus less on the price of the product and more on its utility. Thus, Vietnamese consumers’ preferences,

detected in TNS Global market research (2015), oriented toward healthcare and education should not be surprising (Kanchan, 2015). It might explain Vietnam's focus on developing its pharmaceutical industry, even at the expense of violating the EVFTA commitments. It also potentially can help to pose enough pressure on politicians to implement EU SPS standards.

Countries with a low level of indulgence tend to accept more state control in exchange for security, which is observed in Vietnam. During the COVID-19 pandemic, even with a minimal number of infections, Vietnamese people still accepted all imposed restrictions without complaints. Another reflection on this cultural dimension is the acceptance of state security policies that restrict investment in some sectors and some areas. *Ad hoc* government actions aimed to protect specific Vietnamese group of interests but violate the FTAs or the WTO is also acceptable by the population (Confidential Interviews with the Leaders of the EuroCham, and the Senior Officer of the UN Office in Vietnam, 2021-2022).

Asian vs. European way

Concerning so-called "Asian values" and all sets of features called Confucian or neo-Confucian, first of all, the "Asian values" explanation has been used primarily in a political context, primarily against Western colonization and then as justification for authoritarian rules, restriction of freedoms, and lack of human rights respect (Robison, 1996). Moreover, the concept was built on selective variables which have no empirical justification (Sen, 1999).

During colonial times, the Vietnamese had two opposite visions of a future independent country. One was promoted by Phan Boi Chau, who supported the restoration of the monarchy and praised the Asian way of development. The other rejected Vietnam's authoritarian and feudal past and opted for republican, Western-style modernization. This

vision was advocated by Phan Chu Trinh. They both were fascinated by Japan and its rapid transformation but from opposite perspectives. Chau saw Vietnam as led by an emperor and a strong army, while Trinh focused on human rights, social development, and economic modernization (Goscha, 2017).

In the end, a successful independent movement, led by communists, borrowed from both approaches, although with more “Asian” features. It is reflected in Ho Chi Minh's ideology, which called for wiping out individualism (Ho Chi Minh, 1969). Confucianism was neglected, but its values have been adopted by communist ideology. More recently, after the economic reforms of the 1980s, Vietnam seemed to follow the Western modernization path (Hiep, 2017a). From the beginning of the transformation, Vietnamese authorities attempted to strengthen relations with Western countries, including the USA and the EU. They acted more dynamically than any other Asian developing country. The EVFTA is one notable result of these efforts. Additionally, Vietnamese consumers value Western products and lifestyles (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

Summary of Vietnam’s readiness for institutional change

The summary of this chapter is based on the assumption that FTAs bring about formal institutional change. The impulse for pushing institutional change has been identified at this stage, as formal institutions are being reshaped. In the second step, the stakeholders’ approach has been analyzed with evidence for facilitating and hindering forces within specific organizations. Finally, informal institutions shaping stakeholders’ behavior, reveal mostly constraints visible in the implementation and enforcement of proposed reforms.

Informal institutions influence formal ones and shape organizations' approaches. In some

cases, informal institutions fill deficiencies in the formal institutional arrangement. The most prominent example is the famous “fence-breaking,” which allowed it to overcome economic problems at the early stage of development. Another example is that Vietnamese shareholders seldom use their statutory rights given by the liberal, new laws of the companies as the CIEM revealed in its joint report. New laws give minority shareholders broad protection rights. At the same time, majority shareholders are reluctant to cooperate and consult with them. The company charter and enterprise law are not used in practice (Abrami, 2014; Toan L. & Walker, 2008).

This has two reasons. Michael Backman (1999) noted that in Asian business models sharing power is avoided. Backman did not include Vietnam in his sample, but as has often been proved, Vietnam shares similar traits with other neo-Confucian countries. The second explanation lies in the nature of Vietnamese businesses, which are often controlled by a family. Hence, relying on interpersonal relations is more important than the company charter or other formal rules. Both explanations are compatible with Hofstede’s (2010) cultural dimensions concept.

Another observation shows that the laws in Vietnam are still not respected and are still treated loosely. A joint survey of the Mekong Private Sector Development Facility and the International Finance Corporation revealed that 36% of managers believe that such an institution as the Control Board in the company exists “just on paper” because the law requires it. However, in reality, it does not fulfill its functions (Freeman & Lan, 2006). Although this survey was carried out some time ago, just after some important regulations entered into force, these traits were still observed more recently (Lan, 2009; Quang T. & Rowley, 2014; Ahmadjian, 2014).

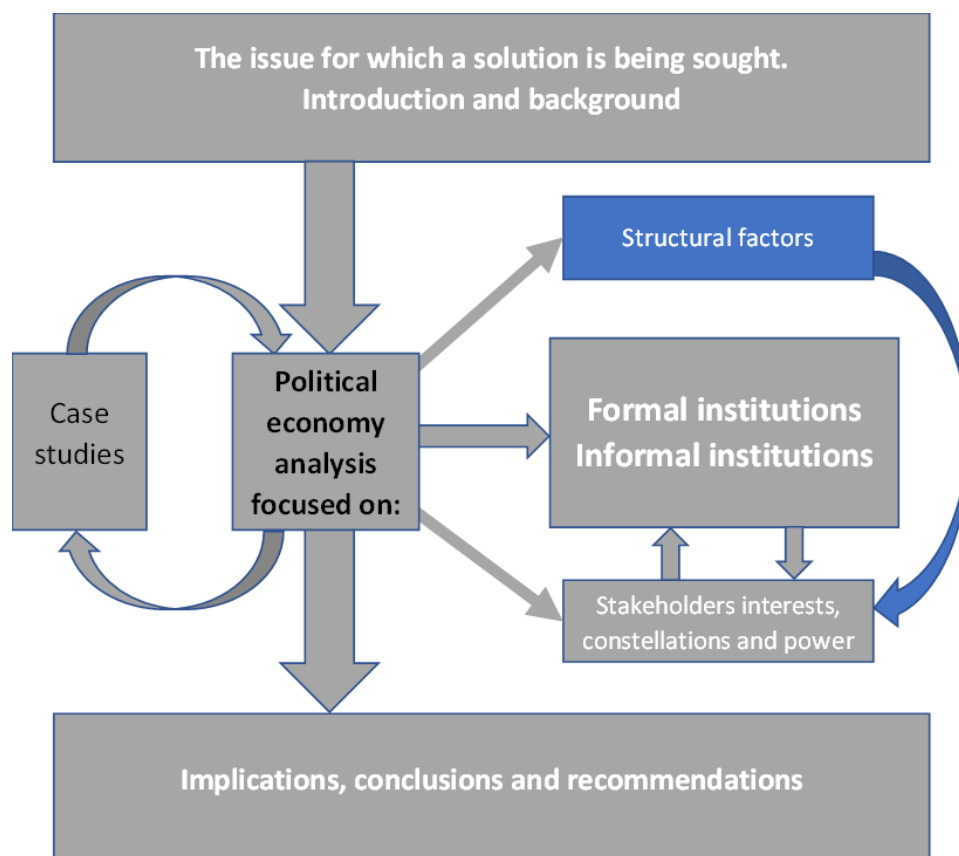
It can be argued that external forces like EVFTA are used by the CPV to legitimize their power and position Vietnam closer to developed Western countries. Hence, genuine institutional change may occur only when it is in the interest of major influential organizations and, more importantly, does not conflict with informal norms. Alternatively, these informal norms might evolve to be more compatible with profound formal institutional change. Everything mentioned above is under the influence of other forces that are structural factors, including the COVID-19 pandemic.



Chapter 6: Structural Factors and COVID-19

Structural factors are the third element of the political economy analysis based on the research framework adopted in this project, after institutions and organizations. It is visible in the below Figure 6.1, the box in blue color. When focusing on initial concepts and an outline of the dissertation proposal, two aspects (institutions and organizations) seemed to be overwhelmingly significant, while structural factors appeared marginal, at least in the short and medium term, as in the case of climate change or demographic changes. This doctorate has been completed in 2022, during a devastating global pandemic. Hence, the structure of this chapter has been rebuilt. A separate section about the coronavirus pandemic's impact on Vietnam's economic development and institutional change in general, while the FTA implementation process and its impact on the agricultural sector, in particular, has been added as a separate subchapter.

Figure 6.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

Structural factors might be confused with the external force influencing institutional change. However, as indicated in the introductory chapter, they are not the same. No organization has control over structural factors, and they do not depend on the institutional setting of the country. In contrast, an external force is, first, brought by some powerful organizations, in many cases, under their control, e.g., the level of implementation of the FTA. Secondly, it depends to some extent on the current institutional setting, e.g., informal institutions allowing a certain level of influence and formal rules justifying external force influence. In other words, an external force is a tradeoff for decision-makers that allows them to keep power while developing the economy.

Structural factors impact review

Structural factors are often mentioned in available literature as important ones which might change the predicted pattern in economic performance directly or indirectly by impacting certain organizations. However, it predominantly refers to long-term impact. The short- or medium-term impact is usually connected to hardly predictable extraordinary events, which might be assessed *ex-post*. Hence, as indicated in the previous paragraph, they are often omitted in economic forecasting and policy impact analyses, but some exceptions are worth mentioning.

One example is Susanne Lohmann's (2006) research on the impact of structural factors on various financial markets, which may drastically challenge existing patterns. The first of these factors is an entirely predictable demographic bomb that is already ticking. The second is climate change and all its consequences. Last but not least, surprisingly, in 2006, Lohmann cited (p. 525) among unforeseeable factors: "a highly lethal disease spread quickly and globally". Indeed, this factor placed financial markets and whole economies in an unpredictable situation in 2020, making forecasting or finding new patterns and remedies almost impossible for economists.

Sudden shocks like pandemics or wars have a solid short- and medium-term impact on the economy. Moreover, they are usually prolonged and reshape the entire institutional setting of the country, pushing the economy on a different track. For example, adopting export-oriented industrialization in East Asia was, to some extent, a response to structural factors such as numerous armed conflicts in the region between the 1930s and 1970s. The strategy resulted in the economic success of HPAEs. Later it influenced some ASEAN members:

Malaysia, the Philippines, and Thailand. Among mentioned conflicts was the American War in Vietnam which had an enormous economic impact not only on the countries which participated in it, both Vietnamese states, or on which territories the fight was conducted, except Vietnam, also Cambodia, and Laos but on the entire East and Southeast Asia (Stubbs, 1999; Kim W., 2009).

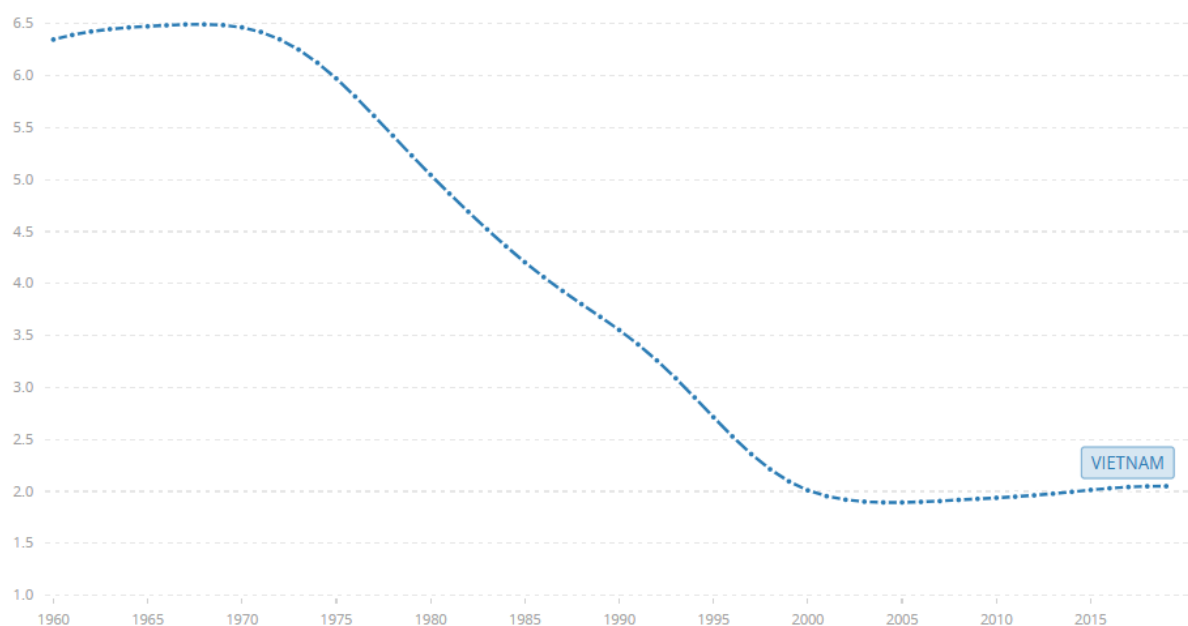
Demographic and social aspects

Demographic situation

Since the end of long-lasting wars and the beginning of *Đổi Mới*, Vietnam has benefited from its demographic situation. Rapid population growth was also accelerated by improving healthcare and overall living conditions. At the same time, the share of elderly in the population was relatively low due to mentioned above historical reasons and harsh living conditions exacerbated by internal and external conflicts. As a result, a reservoir of a young workforce was substantially enlarged. This rapid growth continued until the first generation born after the Indochina Wars reached reproductive age.

Economic growth caused a real improvement in living conditions and increased the size of the middle class but at the same time caused a sudden demographic change catalyzed by rapid urbanization. Hence, increasing the size of a family was not economically beneficial as children were not treated as a cheap source of labor for everyday farm work. Instead, having children meant educating them to offer them a better future (ADB, 2019). Taken altogether, this caused a dramatic decline in the fertility rate, which dropped from 6.5 children per female in the 1960s and early 1970s to around 2.0 in the twenty-first century, below natural replacement as shown in Figure 6.2 below.

Figure 6.2: Fertility rate per woman in Vietnam 1960-2019



Source: WB, 2021a

In this situation, Vietnam's fertility rate does not ensure the replacement of generations. Thus, if this trend does not change, Vietnam's population will soon decrease, as has happened in many more developed countries. The ADB (2019) predicts the path of aging in Asian economies based on Japan's experience. If this transpires, Vietnam will reach the "super-aged" society level with more than 20% share of those age 65 or above in less than 40 years. This prediction will have a massive impact on the economy.

Suppose Vietnam fails to overcome several middle-income traps that may be waiting. In that case, the impact will be more severe or even devastating because a large reservoir of the relatively young labor force is the biggest comparative advantage in Vietnam's global, liberalizing economy so far. This includes Vietnam's relative benefits in such advanced deals as the EVFTA and the CPTPP. Various studies have proved a robust positive correlation between economic growth and rapid growth of the working-age population (e.g., Bloom &

Williamson, 1998; Bloom & Canning, 2004), and Asia and Vietnam are no exception.

Vietnam is still an attractive trade and investment partner due to its abundant labor force and vast consumer market. If the aging society problem is not properly addressed, these advantages may diminish, and expanding welfare state measures would seem to be inevitable. Some EVFTA provisions, for example, connected to sustainable development or capacity building, offer technical support, which indirectly might help address these issues (Hoang H., 2020).

Another problem is growing pressure on public finances together with an aging population. Especially if the country moves toward a welfare state, as was suggested in Chapter 4, the retirement age must be extended. It is now 55 for women and 60 for men, with many exceptions allowing some groups to retire much earlier. Switching from “retirement age” to “pensionable age” might be the solution, where the person reaching a certain age is allowed to work if they wish and their health allows, but they are already eligible to receive a pension.

Paradoxically, agriculture might serve as a buffer, especially if it is more automated and does not require too much physical force. In agriculture, working hours are not fixed, and the retirement age is not strictly executed. At the same time, it allows supporting the living of a poorer part of society, especially those who work in the informal sector and cannot count on a government pension. However, the government will have to focus on investment in social services in rural areas and increase connectivity by building up the transport and communication infrastructure.

As argued by Daron Acemoglu and Pascual Restrepo (2018), technology is another panacea for a growing population of advanced age. In other words, robots and artificial intelligence

might maintain a high level of economic growth and living standards, replacing many manual jobs and significantly diminishing the aging factor of the population. The above observation was confirmed in other studies, including the ADB 2019 report. Vietnam should revise its strategy and build capacity for high-tech growth. It is again one of the benefits countries might reap from the EVFTA. However, all mentioned opportunities are available but not without significant expenditure.

Another challenge when dealing with an aging population is a relatively low level of education, especially among older citizens. This kind of demographic change ADB (2019) defines as “Type-2” with fast aging and below-median education population. One major conclusion is that lower education decreases the chance of engaging older people in other activities that they might learn at an advanced age. No easy solution exists, including the opportunities given by the EVFTA. This may be the argument supporting migration from the regions of labor force abundance. The question will have to be answered by Vietnam’s decision-makers in the future as education is responsible for the country’s human capital.

Human capital

Despite a growing population in Vietnam and a potentially more extensive reservoir of the labor force, the quality of human resources is not growing accordingly. Even a healthy level of budget expenditure on education, i.e., 5.5% of GDP (approximately 20% of state budget expenditure, as for the first years of the 2010s) is not improving the situation. Vietnam's education system is backward and does not prepare for the modern labor market (Quang T. & Rowley, 2014; Hwang & Duc V., 2022). In the 2010s, the curricula were still over-imbued with communist ideology instead of practical skills (author’s communications in 2008-2017).

For example, when Intel invested in a microchip factory in Vietnam in 2010, it quickly realized that it could not recruit workers with the required basic skills of problem-solving, critical thinking, or even effective teamwork and communication. Local workers needed to undertake extensive training to meet Intel's requirements (London, 2015). The author's experience is similar. In the 2000s-2010s, recruiting people with skills needed in office work was challenging. Most of the foreign entities did not even invite candidates to interview who had no experience from foreign, developed countries, either education or job experience.

Above example illustrates relative failure of formal education in Vietnam in producing high-valued labor force, despite of quantitatively high spendings on education. At the same time, positive role of foreign investments in building properly prepared human capital (Hwang & Duc V., 2022; Angelino, 2017). It can be assumed that FTAs as one of the forces facilitating these investments play constrictive role in human capital improvement in Vietnam.

The Vietnamese education system is under constant reforms but knowing that these changes will be reflected in quality of workforce in the medium-term future, it is difficult to assess the current trend. For example, in the newly created (October 2018) World Bank's Human Capital Index (HCI)²⁷, Vietnam is ranked 40th out of 176 countries, the highest among lower middle-income countries and second in ASEAN just after the leader of the ranking – Singapore (World Bank, 2021c). Another example shows decent results achieved in the 2012 and 2015 Programme for International Student Assessment (PISA) by Vietnamese students. It has not yet changed the dynamic of the overall labor force quality. However, it might be a positive sign for the future (Baum, 2020). Environmental factors seem to be more difficult to manage.

²⁷ HCI is based on some social measures connected with education, health, and nutrition.

Geographical and environmental aspects

Geographical features and natural resources

Vietnam is a tropical country located in Southeast Asia and occupies the eastern coastline of the Indochina Peninsula. According to historical records, primary human activities are concentrated in two main river deltas, where they have been present for at least the last 4500 years (Diamond, 1997). They are the main source of food, as the valleys are rich in water and suitable for agriculture and the climate is relatively mild compared to the northern mountains. These two centers became the country's leading manufacturing and business centers in the twentieth and twenty-first centuries. They are the Red River Delta in the north, with Vietnam's capital, Hanoi. In the south is HCMC, which is currently the most populous city and, at the same time, the most economically developed and wealthiest business center in the country.

Agricultural land is the country's most valuable natural resource. It covers around 34.8% of Vietnam's territory (CIA, 2020). Geographical conditions all together favor the development of agriculture, the cultivation of many types of plants, and the expansion of the range of plant species cultivated in different regions of the country. The largest share of arable land is used for growing rice, the production of which is heavily regulated by the state, and a considerable amount of various vegetables, fruits and nuts. Additionally, the cultivation of several cash crops has been supported by state policy. Among them, some are native to Asia, like black peppercorn or tea, and some are foreign, like coffee, cashew nuts, natural rubber or cotton. Vietnam has also developed livestock farming, forestry, fishing, and aquaculture (FAO, 2021a).

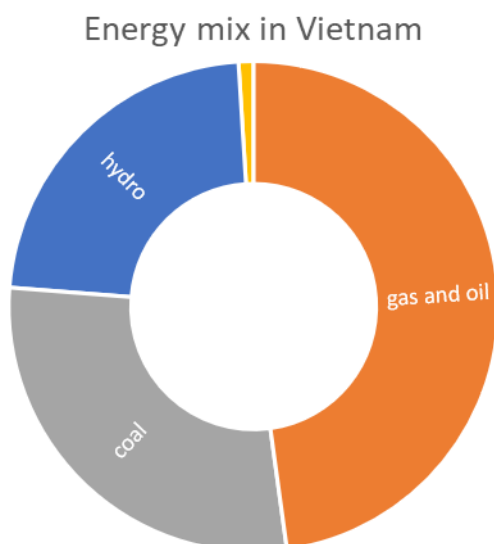
Not only agriculture has been known and carried on in Vietnam for millennia. Non-renewable natural resources have been exploited since ancient times, for example, gold, silver, copper, zinc, tin, and iron ore. Additionally, since the industrial era began, other minerals have been mined. Nowadays, for example, titanium, bauxite, manganese, and mineral construction materials have increasing importance in the country's economy. However, the biggest economic and environmental impacts have been noticed from energy resources, mostly coal and offshore oil and natural gas deposits. The newest hydrocarbon beds were discovered in the 1990s (Kusnir, 2000; CIA, 2020).

Natural resources determine many economic policies of the country. The relative abundance of fossil fuels and their relatively low-cost exploitation (most of the coal deposit lies close to the earth's surface and is mined with the opencast method) determine the energy mix Vietnam is using. Until 2016, the state priority was to expand coal energy plants, the most economically efficient solution in the short term. In the aftermath of the UN Climate Change Conference (COP21) in Paris in December 2015, the government shifted its priorities to renewable energy sources. According to Prime Minister Nguyen Tan Dung, Vietnam committed itself to reduce greenhouse gas emissions by 8% by 2030 (Dung N., 2016; Shah, 2016).

Vietnam produces 28.7 % of its energy from coal (with the previous plans to expand to 56% by 2030), 48.3% from gas and oil, 23% from hydro plants, while renewable energy – 0.1%, as it is visible in figure 6.3 (Stratfor Global Intelligence, 2016; Shah, 2016). Changing these proportions requires the major rebuilding of many sectors of the national economy. Vietnam is on the right path, and newly signed FTAs, especially the EVFTA, would make this task better organized. The EU offers many incentives for the development of renewable energy.

This energy is far more expensive than traditional coal-fired power plants but investing in it is inevitable to limit the climate change dynamics.

Figure 6.3: Vietnam's energy mix in 2016



Source: own drawing based on Stratfor Global Intelligence (2016)

Climate change

Climate change is probably one of the biggest challenges for the global economy and humanity overall. However, some regions in the world will be impacted much more than others. This section tries to locate Vietnam in the frame of the climate change problem, considered an element influencing the FTAs implementation and economic performance.

Vietnam is a country with an extensive meridian distribution of 14°52' or 1653.16 km, resulting in a wide variety of climate zones within a relatively small territory. According to the Köppen–Geiger climate classification system, the country lies in seven climate types from tropical (A) in the South and Central part, to temperate (C) in the North, plus dry (B) in some spots. Monsoons strongly influence the climate. Most of the country typically has two main

seasons, dry and rainy. However, the colder North has four distinct seasons, spring, summer, autumn, and winter. Mountainous areas or those with higher elevations above the sea level have higher temperature amplitudes and might be colder in winter (Beck et al., 2018).

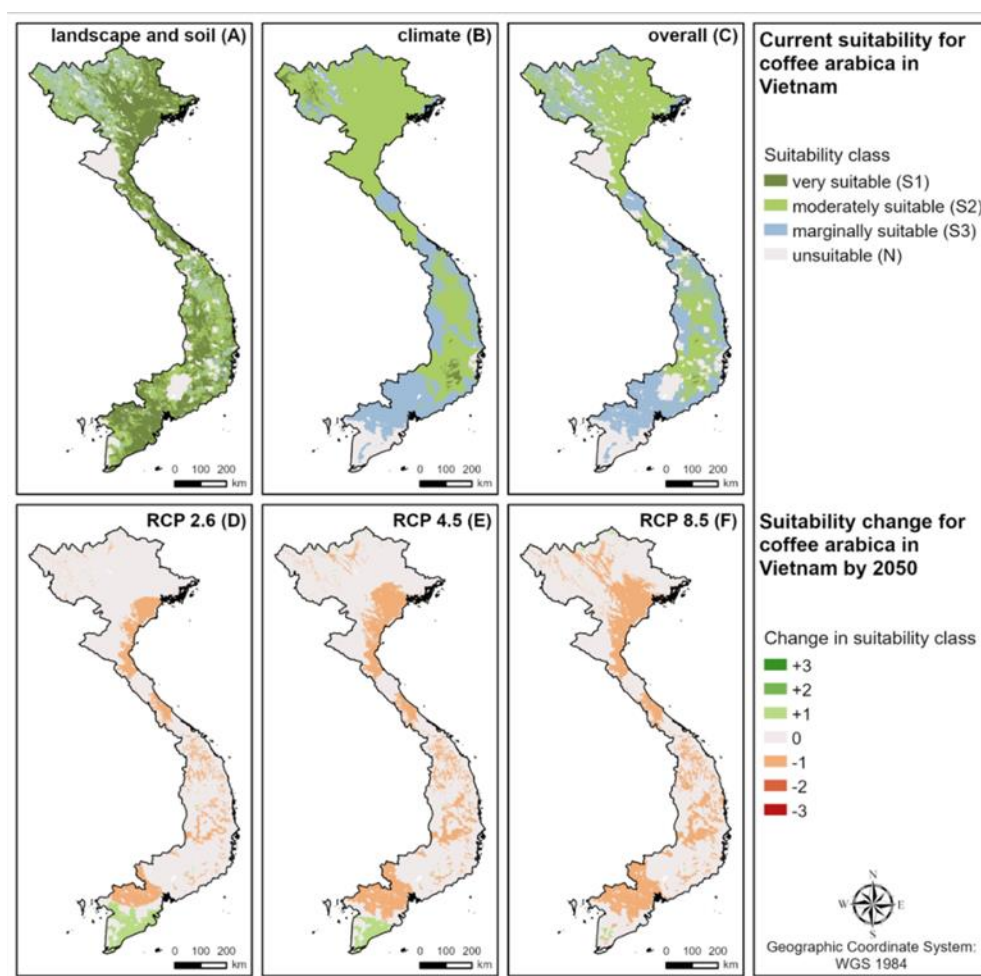
Vietnam's tropical climate determines the early human activities within its territory and the development of economic sectors in the preindustrial era. It especially applies to agriculture and the usage of other natural resources such as forestry and fishery. Vietnam is among the countries with the highest risk of tragic climate change consequences. According to Standard & Poor's research based on three indicators: population living below five meters altitude, agriculture as a share of GDP and GAIN Vulnerability Index²⁸, Vietnam is the second most vulnerable to climate change country after Cambodia (Kraemer & Negrila, 2014; Chen et al., 2015). One tragic example was the worst drought in close to a century, which has hit the south of the country, partly explained by the 2015/2016 *El Niño* phenomenon. The coldest winter in over 60 years in the North and high daily temperature amplitudes was also unusual and caused massive loss of crops and livestock, especially in the poorest mountainous areas.

When the focus shifts to agriculture, no single area of production benefits from recent climate changes. According to climatologists, the coffee sector would suffer the most due to severe evapotranspiration and intensive droughts. Arabica seems to be much more vulnerable than robusta, which might reverse the current trend in the Vietnamese coffee sector. Figure 6.4 highlights changing coffee suitability conditions in Vietnam, based on an average climate change scenario (Grüter et al., 2022). Innovative climate-smart technologies could cope with climate change, but Vietnam's coffee sector needs more capital to invest in them. It is one

²⁸ Notre Dame University Global Adaptation Index (ND-GAIN) is part of the Climate Change Adaptation Program of the University of Notre Dame's Environmental Change Initiative (ND-ECI). The index follows a data-driven approach to highlight which countries are best prepared to deal with global changes brought about by overcrowding, resource constraints and climate disruption.

reason Vietnamese coffee production stakeholders look forward to the introduction of the EVFTA, which will facilitate the inflow of much-needed investments into the sector (Giap, 2019). The second most vulnerable are cashew nuts, essential cash crops in Vietnam (Gibbens, 2022).

Figure 6.4: Map of suitability areas for arabica coffee growing in Vietnam under climate change scenarios between 2020 and 2050



Source: *The Independent* (Cockburn, 2022)

From the political point of view, climate change issues have been gradually elevated into the problem of national security in Vietnam. Except of food security, connected with agricultural

production, climate change might influence water and natural resources management as well as energy security (Gverdtsiteli, 2023). Thus, GoV which switched from ideological into economic rationalization and integration (Gainsborough, 2010), is now including climate problems in the economic policies and trade agreements. This move gave the CPV more legitimacy at home, but most importantly, more recognition abroad (Gverdtsiteli, 2023). The actual effectiveness of these provisions is questionable so far, although the propaganda goal is undoubtedly achieved.

The geographical and environmental features mentioned have a considerable impact on the Vietnamese economy's structure and the path of its development. They might influence decision-makers responsible for institutional reforms as different biophysical world might produce different result of certain institutional arrangement (Ostrom E., 2005; Easterly & Levine, 2003). Moreover, the role of structural factors does not expire. They shape economic reality, giving the conditions for growth or limiting it. This is evident in the example of climate change and its consequences for Vietnam and its agriculture. In many cases, climate change debates became conflicts between countries, growing to the level also considered a political factor, together with other interstate conflicts. As such, climate change is more often considered as security issue, that is observed in Vietnam's approach.

Political factors

Trade wars

According to a widely accepted definition, trade wars are a severe type of economic dispute between two or more countries (Encyclopedia Britannica). Trade wars are a type of economic warfare that can have different intensities and have been present throughout economic history since international trade has been exercised (Shambaugh, 2002; Forland, 1993).

Many studies consider the most recent trade war between the USA and China, initiated by US President Donald Trump in March 2018, as the most severe economic conflict since the Great Depression in the 1930s (e.g., Hanson, 2020; Jiang, 2020; Kapustina et al., 2020; Li M., Balistreri & Zhang, 2020; Petri & Plummer, 2020; Zreik, 2020). The ADB (2019) emphasized the gravity of the problem in its Asian Economic Integration Report, listing a few reasons. The first is the conflict between the two biggest economies globally and the two biggest exporters and importers. When the trade war started, China was the largest exporter of goods, while the USA was the largest importer (WB, 2020e). Both countries were involved in intermediate trade and an enormous number of value chains supplying many industries in many countries. Hence, the overall economic effect of the trade war would impact many economies, not just the two major parties involved in it. The consequences are expected to be long-lasting (Itakurat, 2020).

Although the primary purpose for the US President to initiate the trade war was a substantial trade deficit on the American side, the real reason was much more complex. Other countries have a trade surplus with the USA and are being labeled as currency manipulators, e.g., Vietnam. However, it is unlikely that Vietnam will be targeted as it lacks China's political power and growing military potential, which the USA has tried to limit (Kapustina et al., 2020; Jiang, 2020). There are other dangers, among them relocating Chinese outdated and pollution-generating technologies to Vietnam and influx of Chinese and American consumer goods that are unable to reach their initial intentional markets (Tuan H., Trang N. & Tho, 2018).

Nevertheless, Vietnam seems to be one of the biggest winners of US-China trade disputes,

meaning that many foreign companies are relocating their production facilities out of China, and Vietnam is one of the most popular choices. One reason is Vietnam's geographical proximity, but the others relate to the country's advantages, among them the newly entered into force EVFTA and expected institutional adjustments connected with it (Jamrisko, 2019). On the other hand, high environmental and food safety standards prescribed by the EVFTA might prevent mentioned dangers of attracting low quality production facilities and consumer products from China.

The process of relocation started before the trade war erupted, as multinational corporations realized that relying too heavily on one country in their supply chains was incredibly risky. Particularly if a country was losing comparative advantages compared to others in the region, thus, it could be assumed that a trade war would accelerate this process. The global COVID-19 pandemic and China's political situation have also speeded it up. As a result, starting in 2018 and increasingly growing since 2020, the operation of big supply chain changes has been observed in East Asia. For example, Apple started relocating its production facilities from China to Vietnam, Malaysia, and India (Li L. & Cheng, 2021; Onishi, 2021a; Gerstl, 2022).

China's political situation

The internal situation in China is undoubtedly impacting its trading partners and all economies in the region. China became more assertive in terms of human rights and industrial espionage. One reason might be refocusing its economic interests inward and on the region, thanks to RCEP and other agreements. As a result, the EU decided to suspend the ratification of the EU-China Comprehensive Agreement on Investment, which would potentially give European investors a strong incentive to relocate their businesses from China

(Yee, 2022; Pritesh, 2021b). This move made Vietnam an interesting place for investors if the country keeps reforming its institutional setting.

Vietnam became one of the most integrated regional supply chain economies, which is mostly based on China-based foreign-invested companies. Moreover, Vietnam is the biggest and most dynamic ASEAN member which shares a border with China. Geographical proximity to one of the most industrialized regions of China gives Vietnam a privileged position in attracting investors willing to expand or diversify their supply chains in the region. Thus, political tension between China and Western countries might benefit Vietnam in several ways. Other geopolitical turbulences might have negative impact on Vietnam.

Other geopolitical and global economic turbulences

Among others, the most significant recent (2022) geopolitical turbulence that may affect Vietnam is the Russian invasion of Ukraine. Vietnam cautiously did not choose a side in this conflict although it abstained from voting in favor of the UN General Assembly resolution condemning Russian invasion of Ukraine. There is also not much coverage of the war in the Vietnamese media. Most news follows the Russian narrative but with a more neutral stance. Vietnam has traditionally close ties with Russia, relations which remember the Soviet Union and Vietnam's struggles against the USA and China. Until now, Russia has been the country's most significant weapon supplier. The Vietnamese army is heavily dependent on the Russian supply of spare parts and maintenance facilities (Gerstl, 2022). Economic significance is not as profound. Tourism may be the most important field of cooperation. Russian tourists and expatriates have settled around the areas of Vietnamese tropical beaches, especially in Nha Trang, Mui Ne, and Phu Quoc. Most places provide services in the Russian language and accept the Russian ruble; at least, they did before the invasion of Ukraine.

On the one hand, Russia is a longstanding ally of Vietnam. On the other, Vietnam may feel dwarfed by its powerful neighbor, China. According to Le Hong Hiep (2017a), China has invaded Vietnam ten times since the tenth century. The last time was in 1979, not counting military actions on the Spratly and Paracel Islands. Hence, naturally, Vietnam opposes the usage of military force by stronger states against smaller ones.

When this dissertation is completed, the situation is still unfolding and the outcome is unclear. Hence, it is not easy to draw any far-reaching conclusions. Considering Ukraine's and Russia's importance as suppliers of some commodities, problems caused by the war might negatively impact all global markets. In such situations, the most vulnerable economies are developing countries like Vietnam. The war in Ukraine might be as challenging to the global economy as the COVID-19 pandemic was.

COVID-19 pandemic impact

The global pandemic is one of the structural factors which had and still has an enormous impact on the global economy. The COVID-19 impact has also been significant from the point of view of this dissertation as it reshaped the scope of this research. This section opens with a brief introduction to the COVID-19 situation in Vietnam and its development from 2020 to 2022. Finally, it analyzes the COVID-19 impact on the economy and economic integration with the EVFTA as the main focus. It also examines agriculture during the pandemic season.

COVID-19 in Vietnam

Vietnam started the fight against the virus before the first infections in the country. The first government decision with the guidelines for diagnosing and treating the disease caused by the new coronavirus was issued on 16 January 2020. The first case was confirmed a week later, and the government immediately cut all flight connections with Wuhan. Hence, when infected people appeared on Vietnamese soil, the state was prepared relatively well, as the decision-makers observed the situation in China with considerable attention and learned how to handle the outbreak. Right after the Tet holiday (Lunar New Year), the government declared a state of epidemic in the country. It imposed strict countermeasures to prevent the spread of the virus, including the closure of schools, universities, and travel restrictions with mandatory 14-day quarantine for travelers from the infected destination, which was extended to all travel three weeks later. Shortly before, all visa services for foreigners were suspended. Foreigners who held valid visas but stayed outside of Vietnam were not allowed to enter the country despite possessing valid visas or resident permits. Strict social distancing measures were also introduced.

After the EVFTA entered into force, immense pressure was applied to the Vietnamese authorities by EU businesses and authorities to allow travel opportunities for key European individuals to help boost the new level of economic relations (Onishi, 2020). By that time, Vietnam was considered one of the most successful countries in dealing with the coronavirus pandemic, together with New Zealand and Taiwan. This lasted until June 2021, when a new wave of infections erupted and all plans for re-opening the economy were cancelled. This time, the number of daily cases grew systematically, reaching its peak of almost 15,000 at the beginning of September and consequently decreasing to three thousand in the middle of October 2021. Then it started to rise again, marking the start of an enormous explosion of

Omicron infections that occurred in February 2022.

At the same time, Vietnam started its vaccination program which was late compared to other countries in the region. One reason for this is that until the second half of 2021, COVID-19 did not hit the country to the same degree it did in most of the world, so the authorities did not rush to buy foreign, expensive vaccines. The other reason is that according to several sources, Vietnam aimed to develop its own vaccine, which would be used not only for the Vietnamese population but for generating income from sales (Anh L. & Anh B., 2020; Flower, 2021; Confidential Interview with the Senior Officer of the UN Office in Vietnam and the Vietnamese Businessman trading with the EU, 2021).

Consequently, when a severe outbreak hit Vietnam in June 2021, the share of vaccinated people was below 1%. The government immediately ordered several kinds of vaccines and introduced effective measures to reach as many citizens as possible as quickly possible. As a result, by October 2021 over 30% of people had received their first dose and 8% were fully vaccinated (Strangio, 2021b). According to the Vietnamese MoH (2022), the country became the leader in the region, having fully vaccinated over 70% of the population (VnExpress, 2022a; 2022b).

Economic impact

The economic impact of the pandemic, although low compared to other countries, is hardly comparable to any other economic turbulence in post-war Vietnam. On the other hand, it is more severe in open economies like Vietnam has become in the last two decades. According to most sources, government reactions from the beginning were quite reasonable (e.g., Fforde, 2020; Leung, 2020; WB, 2020c). Except for social and travel restrictions, many decisions

directly impacted the economy. Among them were interventions by the SBV on the policy rate, the extension of the deadline for the corporate and personal taxes obligations (Resolution 41), and the release of a special support package for vulnerable groups of people and business entities (Resolution 42). Rice export was also temporarily suspended for food security reasons (WB, 2020c; Leung, 2020).

In the first half of 2020, preparation and adaptation to new normality caused a significant slowing down of GDP growth, not observed since the beginning of the economic renovation, in the middle of the 1980s. According to the WB, 1.8% GDP growth was observed in the mentioned period. Nevertheless, the country managed to avoid the panic observed in other parts of the globe. Inflation did not increase despite the loosening of monetary policy by the SBV and expanding credit by the commercial banks. The fiscal shock has been absorbed by relatively high foreign currency reserves, which Vietnam was able to collect during the economic boom in pre-COVID-19 time, and new borrowing action had minimal scope. Vietnam also kept its trade surplus due to the structure of its import. A sharp decrease in export revenues was compensated by a similar decline in import spending as most of the import is used as supply for export-oriented industries. FDI declined, but moderately, which means Vietnam maintained a relatively high level of capital inflow in the first half of 2020.

To boost the tourist industry after shutting down borders from outside visitors, the government successfully introduced Plan No. 1749 with the slogan “Vietnamese people traveling to Vietnam”. This program was based on vouchers issued to local people to use as cash coupons in travel destinations. Domestic flight tickets were also subsidized. As a result, a large number of local travelers helped the tourist industry survive in the short term as long-term perspectives do not look promising (Duong P., 2020). Vietnam Airlines also secured a

stable level of revenue, perhaps the only global airline in the first year of the pandemic to do so. However, the COVID-19 outbreak in July 2020 halted the travel program (Bohane, 2020).

Consequently, Vietnam ended the first year of the pandemic with modest (2.9%) but still GDP growth as the only country in SEA (Flower, 2021). In the first half of 2021, Vietnam was in an exclusive group of two countries, together with China, which the WB praised for its outstanding economic performance during the COVID-19 pandemic (Allard, 2021). The situation changed in the second half of 2021 when the Delta variant erupted. Authorities kept a strict “zero-COVID” policy, justifying it by a weak healthcare system and unvaccinated population. Amid the outbreak, it became clear that defending this strategy would be disastrous for the economy.

Additionally, in November 2021, China shut down the land border with Vietnam, fearing the virus's spread ahead of the Winter Olympics in Beijing, which was scheduled to open on February 4. After nearly two months of negotiations, China partly allowed some goods to be moved across the border, mostly agricultural, short-lasting products but did not resume full operations on its border with Vietnam (Boudreau, 2022; Chau M., 2022; Zhou L., 2022; Confidential Interview with the Vietnamese Businessman II, 2022). However, economic damage had been done, which is confirmed by the statistics. Vietnam noticed a GDP contraction in the third quarter of 2021 for the first time since the 1980s. The last quarter of 2021 indicated a slow recovery (Brown, 2022a).

In general, for an apparent reason, the impact of the pandemic varied depending on sectors of the economy. The service sector was predictably the most affected, including the tourist industry, which contributes approximately 10% to the national GDP, according to the WB's

2019 data. Industry and construction slowed down their planned expansion. Agriculture almost avoided the negative consequences of the COVID-19 crisis. It is worth mentioning that some sectors benefited from the pandemic situation, e.g., e-commerce and courier services.

COVID-19 and Vietnam's FTAs

COVID-19 has impacted economic activities around the world, including in SEA. One of the aspects of this impact is economic integration. This section summarizes the overall pandemic impact on FTAs in general and the EVFTA in particular.

Economists noted that participation in FTAs positively assists countries in recovery. It might be argued that Vietnam, as the fastest-integrating country in the region, benefits from its FTA network. Especially mega-regional agreements, which include several different economies, seem to help mitigate the harmful effects of the pandemic. The COVID-19 and economic crisis did not hit them simultaneously with the same strength, giving some opportunities for trade and investment cooperation. Indeed, the newly introduced RCEP might be an impulse, especially in e-commerce which grew in Asia at record speed, doubling its market share in the last two years (Suvannaphakdy, 2021). The CPTPP has some importance in COVID-19 mitigation but is significantly lower. Vietnam's trade partners that are not members of the RCEP are geographically distant and were also impacted quite strongly by the virus, except for Canada before the Omicron variant. In terms of Vietnam's reforms as a part of the CPTPP commitments, some have been stalled, as cross-border data flows and other parts of digital economy development (Leung, 2022).

The EVFTA might have lower importance as a recovery driver for Vietnam due to its bilateral

character and geographical distance. Although the health policies are not in the competence of the EU bureaucracy, each member state deals with pandemic prevention by imposing its measures. It produces differences in the level of infections among EU countries. Hence, it also makes the whole EU economy work smoother. When one country or region was under lockdown, another would substitute in producing certain goods or services. At the same time, a high level of integration caused a faster spreading of the virus as the free movement of people within the Schengen Zone was just temporarily disrupted.

Nevertheless, the EVFTA entered into force during the pandemic on 1 August 2020, and it seemed that COVID-19 did not delay this process. What was delayed were specific institutional reforms committed by the Vietnamese side to focus on the COVID-19 fight. One of the notable examples is the SOEs reform. It slowed down some investment activities from the European side, although it did not change the overall trend.

COVID-19 and institutional change

In many countries in the world, the coronavirus pandemic has been used as an excuse to introduce greater control of society and seize large percentages of state resources and its economy by politicians in power and their associates. The temptation to do so is much greater in countries lacking democratic control and free media such as the situation in Vietnam.

Already the relatively weak rule of law has been under another threat in Vietnam as authorities decided to choose which laws and agreements they will respect, justifying their decisions with COVID-19 security measures. One such decision was the cancellation of all entry visas and resident cards issued before March 2020. Several intergovernmental agreements have also been violated, undermining Vietnam's credibility as a reliable

international partner, especially those connected to educational, scientific, or cultural cooperation. Weakened rule of law in Vietnam is reflected in the WB's WGI ranking, wherein 2020 Vietnam's position deteriorated after systematic improvement over the past five years (WB, 2022a).

Another backlash on institutional change occurred in the efficiency of bureaucracy. Massive corruption mechanisms have been revealed in connection to COVID-19 security policies. Bidding procedures have been abandoned or simplified, allowing the network of cronies to expand in the already corrupt health sector. The most significant example is the scandal with Viet A medical company, which sold overpriced COVID-19 test kits allegedly endorsed by the WHO, collecting \$175 million in revenues. However, locally developed tests did not have WHO certification and were distributed under blurry circumstances as part of a massive national testing campaign that cost the government over \$1.26 billion, four times more than the whole vaccination program.

The media have been praised the project as a great success until Phan Quoc Viet, the CEO of Viet A company, was arrested and put on trial. When the scandal was revealed, indignation engulfed the whole of society, but the media gave no sign that something might not have been appropriately managed before the arrest. It shows how hermetically sealed is the system led by the CPV. Moreover, it shows the weakness of Vietnamese bureaucracy, in this case, the MoH and the medical certification system. The system has been additionally undermined during COVID-19 when much space for law abuse has been made available to fight the pandemic. This option was all the more attractive without independent media control over bureaucratic processes. The sad reality is that the mentioned scandal is widely considered to be only the tip of the iceberg (Hai N., 2022; Thiem, 2022).

The second example of weakening the efficiency of Vietnamese bureaucracy is connected with the use of information and communication technology (ICT). The COVID-19 pandemic speeded up the digitalization of the market in many countries, including Vietnam. Online shopping or food ordering has become part of everyday life for a significant part of Vietnamese society. ICT is also widely used by the government to enhance its bureaucratic capability, in the anti-COVID-19 policies, like collecting health declarations, travel histories, and tracing people with risk exposure. COVID-19, however, not only boosted ICT usage in government administration but also exposed its shortcomings. It is most visible in the quality of the locally developed software. Several mobile phone applications introduced for supporting government COVID-19 responses were not compatible with each other and did not work smoothly.

In consequence, it often increases rather than decreases the number of producers, as users have to switch to paperwork bureaucracy. Similar problems have been observed in other government-sponsored online services, including ASEAN Single Window (ASW), patent, or trademark registration. Another problem is still the low level of internet users among the older part of the population and those living in remote, rural areas, which make them excluded from the system (Quynh T. & Duong P., 2021; Confidential Interview II with the Leader I of the EuroCham, 2022).

COVID-19 impact on agriculture

Pandemic restrictions imposed by nearly all governments globally impacted all economic activities, including agriculture. The low level of infections in Vietnam, paired with a low level of connectivity of rural areas in the country, underdeveloped infrastructure, and relative

isolation of the rural population, contributed to a minimal COVID-19 impact on Vietnamese agriculture in general (Confidential Interview II with the Vietnamese Farmers Family, 2022). More significant problems occurred regarding cash crops produced for export markets; coffee and cashew nuts were among the main ones.

In general, all parts of the coffee supply chain were affected by the outbreak of the coronavirus pandemic. At first – farmers, farmworkers, and initial processing plants (roasting). The coronavirus pandemic and strict sanitary restrictions imposed as a response to its limited mobility worsened the work conditions of these workers. The instability of the supply chain resulted in fluctuating prices, leveraging further uncertainty for the whole sector and all parts of the supply chain (Morton, 2020). Although this problem occurred in Vietnam on a minimal scale, many other coffee-growing countries struggled with the pandemic restriction, which then placed pressure on the whole sector (Rueda, 2020; Perez, Batista & Jha, 2021).

In consequence global coffee supply deficit was estimated at 10.7 million bags in 2021-22 and eight million bags in 2020. Exceeding demand caused the price rise. London Robusta price, which is used as a benchmark in Vietnam robusta dominated market, climbed from \$1,073 per ton in April 2020 to \$2,384 at the end of 2021. At the same time, New York Arabica's price grew even more, by over 150%. Additionally, one non-COVID-19 factor plays some role in the price increase, for example, the weather conditions in South America were far from optimal for coffee growing in 2020 and 2021 (Sài Gòn Giải Phóng, 2022).

Several surveys on consumer trends confirm that people did not stop drinking coffee during the pandemic outbreak. Research shows that they drink more or less the same amount

(Castellana et al., 2021). What was changed is the drinking pattern, from out-home to in-home drinking. Hence, many of them use instant types of this drink. Considering that arabica is preferred by coffee shops, including big coffee chains, robusta is mostly used as the instant equivalent of coffee brewed in coffee shops. As a result, demand for robusta increased significantly, leveraging its high price level, while the arabica noted a low price. This situation was beneficial for robusta coffee bean exporters, among them Vietnam, the world's largest producer and exporter of robusta (Horio, 2020; Anh N. T., Tung H. & Hien V., 2020).

The situation of cashew nuts varies even more, depending on the location. Vietnam internally is doing relatively well during the pandemic. However, disruption in supply chains in other industries paired with the increase in container shipment costs caused the leading importers to shift their focus from the EU and the USA to geographically closer Africa. Before the pandemic, all African countries produced fewer cashew nuts than Vietnam alone. However, their processing capacity seemed to be frozen by wrong policies and overall economic crises in this part of the world. The COVID-19 situation is opening their chance again, as is apparent in the trade statistics.

Nevertheless, the volume of produced and exported cashew nuts in Vietnam is growing despite mentioned obstacles. Asian markets are successfully replacing traditional ones in Europe and America. According to MARD (2021), in the first 11 months of 2020, a 13.2% increase has been recorded. However, the overall value of the cashew export decreased by 1.8%, to \$2.94 billion, due to a 13.3% drop in the price in the global market. In the first 11 months of 2021, the volume exceeded 525 thousand tons, marking 12.2% growth. The value also grew this time, estimated at around \$3.5 billion, as global price stabilized.

Demand is shifting to Asia, but in general, the USA, the Netherlands, and China remain Vietnam's biggest cashew importers with shares of 32.3%, 14.5%, and 12.6%, respectively. However, the regional differences and turbulences are significant. For example, demand from Japan increased sharply by 62.1%, when most of the European countries bought less than a year before, with the most profound drop from Spain – 33.3%. With fewer investments in the sector, the highest value of investments comes from the EU and the USA. Vietnamese industry also suffered from lower than before supply of raw cashews from Africa due to their COVID-19 restrictions and the shift in the export of processed cashew nuts to the EU (MARD, 2021; Nguyen K., 2020; Thuong, 2020).

Summary of all structural factors impact

Some structural factors might have a decisive impact on the economic performance or development perspectives, like in the case of armed conflicts or global pandemics. However, even in less extreme cases, structural factors might significantly influence a country's development. They can cause a switch in a stakeholder's approach to institutional settings, which is already happening in the demographic and climate change examples.

Structural factors are independent of a country's organizational and institutional setting. In many cases, their economic impact is negative, as is seen in climate change, armed conflicts, or natural disasters. Nevertheless, some structural factors might produce a positive effect, at least for some countries. If such a situation occurs, institutions then have to prepare themselves for maintaining a higher and broader level of economic activity, and organizations ready to seize the opportunity must be put in place. This occurred with Vietnam and the

current situation for 2022.

As a result of structural factors such as the China-US trade war, the global pandemic, and China's political situation, many international companies decided to leave China. According to Bloomberg (2022), nearly 25% of European investors are considering relocation from China. Vietnam has managed to be a primary destination for companies such as Apple, Samsung, Adidas, Puma, Nike, Under Armour, Steve Madden, Hasbro, Google/Alphabet, Microsoft, and Nintendo, to mention the biggest (Li L. & Cheng, 2021; Brown, 2022; Braw, 2022b; Hutt, 2022).

COVID-19 summary and prospects for the future

The pandemic caused a significant slowdown in the Vietnamese economy, although the country avoided recession in contrast to most of the world. In 2020 GDP grew by 2.94%, in 2021 by 2.59%, and the projection for 2022 is estimated at 6.5% below the newly announced government target of 7%. The ADB forecasts for 2023 is 6.7% (ADB, 2022; Nikkei Asia, 2022). COVID-19 had also halted influx of foreign investments in Vietnam, especially from Europe, despite of introduction of EVFTA during pandemic restrictions (Hoan, 2022).

Many local business activities have been also negatively affected by the COVID-19 restrictions. Especially during the third COVID-19 wave, which emerged in the middle of 2021 and met with different responses than in previous waves. For example, the so-called “factory quarantine” was imposed in the southern provinces, which was hit by the virus, ordering factory workers to remain in their workplace. While retail mainly was operating in a more or less regular manner, restaurants and cafes in many areas mainly were closed since the middle of the year, harming the sector. Nevertheless, foreign investors did not turn away

from Vietnam. For example, during that time Lego announced its intention to build its first carbon-neutral factory in Binh Duong province (Onishi, 2021b; Confidential Interview with the Vietnamese Businessman II, 2022).

Real household income per capita declined in 2020 and 2021, reversing the long-lasting positive trend. Stable wage growth observed in over a decade has also been reversed. Lower incomes were paired with job losses, especially in the low-paid informal sector in big cities. This meant that migrant workers from rural areas were now the most vulnerable group in society. In contrast, the rural population working in agriculture was not hit with the same severity. The impact of the pandemic on this group was relatively minimal. In general, however, the lack of developed financial institutions and, consequently, widely available, affordable banking services forced people to deal with their financial problems using their informal networks (WB, 2022a).

The COVID-19 pandemic resulted in significant commodity price fluctuations and shortages of certain materials and components for global production. Vietnam, however, was one of the least affected economies, and its trade even expanded. In some cases, Vietnam was filling the gaps, especially in 2020, the first year of the global pandemic. The only exception was the second half of 2021, when the pandemic went out of control, especially in the southern provinces (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

In general, Vietnam's health system managed relatively well during the pandemic, especially in light of an efficient vaccination campaign. Similarly, it coped well, like all pandemic prevention systems, before the second half of the 2021 outbreak. Some researchers and

interviewees credited this to wise government response and the efficiency of the bureaucracy (Fforde, 2020; Leung, 2020; Confidential Interview I with Leader I of the EuroCham, 2021).

In light of corruption scandals and other severe shortcomings of the system, it might be argued that such an assessment was quick and shallow. Reasonable government response would not be effective without a certain amount of luck which, paired with its relatively isolated population from the rest of the world, produced an effect we could observe until the fourth COVID-19 wave in 2021.

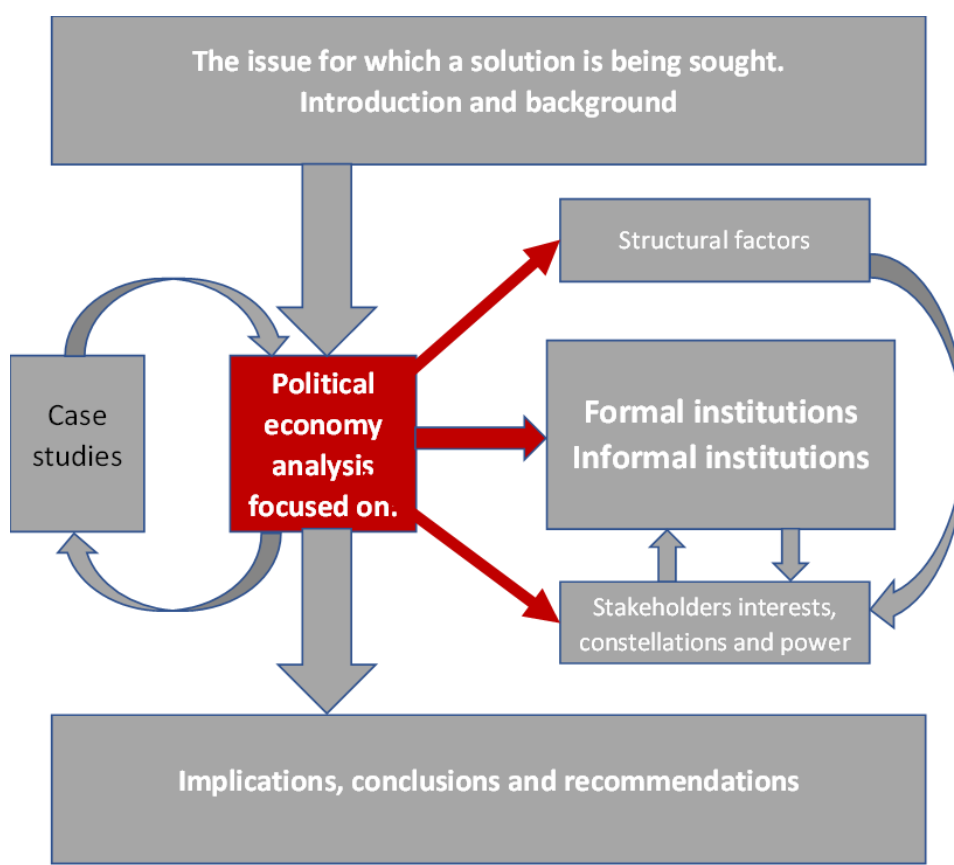
The pandemic was not as severe in Vietnam as in the majority of the countries. It, however, revealed severe weaknesses in Vietnam's institutional setting and economy. All state bureaucracy and the rule of law have lowered their reliability and transparency standards, which conflicted with the EVFTA's obligations. Digitalization has also been seriously tested and showed many shortcomings. Despite this, Vietnam introduced two significant FTAs during COVID-19, the EVFTA in August 2020 and the RCEP in October 2021.

Implementation of the provisions of the FTAs mentioned has the potential to push for broader institutional change. The next chapter researches the FTAs as external forces shaping institutions and breaks down the EVFTA into provisions to examine their possible impact on institutional settings.

Chapter 7: FTAs as Potential Factors of Institutional Change

This chapter aims to provide findings as the output of a political economy analysis, marked in red color below (see Figure 7.1). After defining the institutional setting of Vietnam which was formed as a result of path dependence and strategic policy direction, and analyzing two other elements: organizations and structural factors, this chapter examine the FTAs as external force potentially responsible for institutional change.

Figure 7.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

FTAs and institutional change

External forces were identified by some development researchers as the crucial element initiating institutional change and in consequence economic change in HPAEs. For example, Wonik Kim (2009) argues that developmental success originated in the colonial legacies of various East Asian states, and the ability to break away from them. Colonial legacy refers to “path dependence” from this dissertation framework. South Korea, Taiwan, and some other countries were able to break this path of inherited colonial institutions, which were, in general, ineffective in the longer term, as proven by the example of the Philippines. However, breaking the pattern was directed from outside, imposed by the USA as a conditional element of providing substantial development aid (Stubbs, 1999). The question is whether FTAs might play a similar role in Vietnam’s case.

First-generation trade agreements

In Chapter 3, the path of Vietnam’s reforms and the current stage of trade liberalization, including several trade agreements in which Vietnam is participating, was presented. An initial assessment has been also completed. Hence, this part attempts to draw together all issues concerning Vietnam’s FTAs consequences, excluding the EVFTA.

Traditional FTAs consequences

ASEAN was the first economic integration project which Vietnam joined. Although the economic effect is often questionable (see Chapter 3), the ASEAN FTA network might have some positive, short-term impact. Especially in terms of grouping the most developed partners from the region: Japan, South Korea, and China, called ASEAN+3. In the *ex-ante*

ASEAN+3 evaluation, Vietnam seemed to be the biggest winner in terms of export, import, and GDP growth (Mukhopadhyay & Thomassin, 2010). Nevertheless, ASEAN and its FTAs failed to enhance the institutional quality of its members (Djafar & Milberg, 2020).

The first agreement which Vietnam individually signed after joining the WTO was the VJEPA. Japan traditionally included more elements than most regular FTAs and this was the case with the VJEPA. Several exceptions and transitional periods made this agreement relatively weak in its overall impact on Vietnam. The significance of VJEPA might be viewed by increased Japanese investments and ODA projects, which although important, did not trigger needed reforms.

The VKFTA was Vietnam's third bilateral FTA, and it was initiated and concluded despite the existing FTA between South Korea and the ASEAN, as both partners were willing to increase the level of bilateral obligations and trade liberalization (Thanh P. & Jeong, 2016). However, it was just slightly broader than the AKFTA, with a similar number of exclusions as the agreement with Japan. It has had a considerable economic impact on Vietnam due to massive Korean investment in the manufacturing sector. However, it did not give the expected impulse for technological change. The VKFTA did not push for any institutional adjustment, which in consequence, did not give long-term impulse to the Vietnamese economy.

Both Japan and South Korea share some cultural similarities with Vietnam and were regarded as development patterns to follow. They were also natural partners for Vietnam to seek closer economic ties which are mutually beneficial. While integration agreements with them undoubtedly brought some impulses for the growing Vietnamese economy, the overall effects were below expectations. One of the reasons is the characteristic Asian informal setting, with

its lack of transparency, and the hermetic environment of the companies that did not allow Vietnam to learn much from its partners. It prevented the transfer of technology on the expected scale. Thus, technological change was not materialized. No noticeable impact on institutional change has been detected as well.

Summary and assessment

Traditional trade agreements did not push for top-down, supply-side institutional change in Vietnam. However, they could produce a bottom-up effect (demand side), similar to the famous “fence-breaking” in the early stage of Vietnam’s post-colonial reforms. The CIEM survey helps verify this assumption. Data from the survey conducted in 2014, when Vietnam was developing its own FTA network but before the implementation of two NGFTAs, show limited knowledge about FTAs by various Vietnamese businesses: 42% admitted that they had heard about concluded FTAs in general, but only 16% wanted to take advantage of them (CIEM, 2015).

Regarding FTAs under negotiation at that time, the highest awareness was about the EVFTA: 53% confirmed that they have some knowledge; in terms of the TPP, it was 46%; the VKFTA was 38%, and for other FTAs including the RCEP the percentage was below 20%. The numbers looked much worse when the CIEM asked about preparation for the FTAs, willingness to benefit from them, and deeper information about these FTAs. The majority of them (63%) did not undertake any preparation for any FTA and did not have deeper knowledge about any of the FTAs (CIEM, 2015).

Another survey, conducted in 2015 by the GSO, included some 3500 businesses of many types, operating in Vietnam, i.e., SOEs, foreign-invested companies, and private ones. Results

revealed that the majority were not prepared for the implementation of FTAs. They mentioned several elements such as lack of capability and awareness of lack of competitiveness was one of the most common. However, 84% of them were mainly enthusiastic about Vietnam's policy direction toward FTAs (Thang T. et al., 2016). These conflicting views might result from the mass-media propaganda of government successes, presenting all positive sides of the agreements without reference to any challenges.

Nevertheless, Vietnamese businesses were also pessimistic about the government's capability to carry out deep institutional reforms. 80% of them believed that the reforms would only exist in document form, the media and political rhetoric, rather than in real life. The reason given was an overall lack of resources, not only financial but primarily high-quality human resources. This impression was intensified by the fact that enterprises had not seen an improvement in the business climate over the past several years of their activities (CIEM, 2015; Confidential Interview with the Vietnamese Businessman trading with the EU, 2021).

What can also be detected from the traditional FTAs impact was the lack of expected, significant improvement in terms of productivity and competitiveness of the Vietnamese economy. Currently, Vietnam has one of the lowest productivity rates in Asia and among ASEAN members. The Asian Productivity Organization (2021) scores Vietnam at 12.74 points, behind Laos (14.16), ahead of Cambodia (6.83), and Myanmar (8.07) only. Moreover, these numbers have not improved much over the decade since 2010 (Thang T. et al., 2016; Thu N. H., 2018).

Competitiveness is more challenging to measure. However, some tools, such as the GCI, indicate that Vietnam did not significantly improve its rank position in the ranking, despite

participation in a wide range of FTAs. Moreover, other ASEAN members with a lower level of FTAs participation showed more remarkable improvement, for example, the Philippines (scoring on a scale of 1 to 7) rose from 4 to 4.6 over seven years (2009-2015) while Vietnam, in the same time frame only moved from 4 to 4.3 (Schwab & Porter, 2009-2010; Schwab, 2011-2015).

In general, as was evaluated briefly in Chapter 3 and in more depth here, traditional FTAs although perhaps helped to attract more investors, did not trigger anticipated reform, particularly with the development path of Vietnam. Neither did productivity nor competitiveness improve, nor did the push for greater economic structural changes which would have allowed Vietnam to move up in the GVC. In other words, their impact was certainly not strong enough to initiate substantial institutional change. Multilateral agreements, like CPTPP or RCEP, might have potentially more power to push for the reforms.

Mega-regional trade agreements

This section summarizes Vietnam's membership in two mega-regional trade agreements: CPTPP (former TPP) and RCEP. Vietnam's intention to join the TPP confirmed a firm course in the direction of an open trading economy. It is even more significant if we consider the fact that many more advanced and more liberal economies from the Pacific Rim region made the decision not to join this mega-regional group.

Participation in the RCEP, in contrast to the EVFTA and the TPP/CPTPP, did not force Vietnam to introduce any demanding adjustments, as the scope of the commitments remained in the frame of a traditional FTA, except for modest trade remedies and competition provisions. Moreover, RCEP gathers partners which had been previously linked to each other

through a series of bilateral agreements. Thus, the RCEP did not reach the level of NGFTAs at any point. Nevertheless, it is hard to disregard the RCEP, least of all because of its size and the fact that it grouped all of Vietnam's significant trade partners in the Asia-Pacific region, except for India, which withdrew from the agreement in November 2019. As a result, as much as 62.1% of Vietnam's overall trade value became integrated under one FTA, which is almost double as much as the value of trade within the original TPP – 32.2%, and almost six times more than the trade value with the EU – 10.7% (GSO, 2020b).

However, the long-term impact of mega-regional deals mentioned above will be perhaps lower than it is in the case of the EVFTA. The RCEP is an overlapping agreement that affiliates several countries to Vietnam that are already linked through more robust or weaker economic deals. This might explain why Vietnam did not rush to ratify the RCEP and only confirmed it one year after signing (29 October 2021). In terms of the CPTPP, it was evident that after the withdrawal of the USA from the TPP, the agreement is no longer so attractive to Vietnam. First of all, again, most of the other members already had strong FTAs with Vietnam, except for Canada, Mexico, and Peru. Second, data presented by VCCI's WTO and Integration Centre showed that the direct benefits from the EVFTA in the medium term will be at least twice more than those derived from CPTPP, although CPTPP came into force more than a year and a half earlier (VoV, 2021b).

When considering mega-regional agreements, such as the TPP/CPTPP or the RCEP, the focus on political motivations should be clear, as in some cases they are much more profound than the economic ones (Wilson, 2015). Observers have raised issues of non-transparency and the strict confidentiality of TPP negotiations. These concerns have not gained trust among stakeholders, particularly in the USA. This highlights the political fragility of the

aforementioned deals (Bown, 2017). In terms of economic effects, the CPTPP might have medium- and long-term positive effects on Vietnam's economy, measured by econometric models, quantifying the effects of tariff reduction. This would only be relevant if CPTPP were paired with the RCEP and had some new members, specifically all current APEC members (Lee & Itakura, 2018). Moreover, such grouping would be able to mitigate negative effects of some structural factors, e.g. trade wars, global pandemics (Kimura, 2021). However, such scenarios are relatively hard to imagine, for primarily political reasons.

Ending the discussion about the TPP, in the author's opinion, if the EVFTA and the TPP were to enter into force simultaneously, Vietnam would not be able to absorb that extensive widening of trade opportunities. Hence, American withdrawal from the TPP might be more beneficial than the opposite scenario partly because Vietnamese production capabilities are currently not large enough to fill such huge markets as the EU, Japan, South Korea, and ASEAN, to mention just the biggest Vietnam FTA partners, plus the USA. Somehow, the "losing" American market is compensated by gains in other markets, like the EU or Japan.

A similar effect was observed by Adam Fforde (2002) when Vietnam lost significant shares of Taiwanese and Singaporean markets as a result of the AFC in 1997. Vietnamese goods instead flew to more distant places such as the EU and closer places such as China and ASEAN. However, the USA remains Vietnam's biggest export market without the TPP. How much more can the Vietnamese economy produce for this one market? Various data confirm that it is not much more (e.g., Lien, 2020; Dodwell, 2020; Confidential Interview I with Leader I of the EuroCham, 2021). If this is correct, then all export increases to the American market would be at the expense of other markets and thus it is a classic trade diversion.

An important detail is that all markets, especially those the most developed like the EU, the USA, and Japan, have their technical standards, distinct from each other's, which Vietnamese producers must comply with to sell their products there. Complying with all standards is possible for substantial companies, but few businesses in Vietnam have such capabilities. Thus, it is much better to concentrate on one technical standard, for example, the EU.

Another critical factor that makes the EVFTA more influential in terms of institutional change drivers is that the new generation character of the CPTPP was weakened when the USA left the agreement (Duong N. A., 2022). The lack of the world's biggest economy significantly lowered the motivation of the Vietnamese authorities to strictly comply with the CPTPP commitments, as the USA also had the most substantial political power to supervise and rebuke other members in case of their procrastination in reforms. It is also argued from a theoretical perspective that agreements with more members have lesser power to demand proper implementation of the provisions (Johns & Peritz, 2015). Hence, the CPTPP has certainly lower potential as an external force with a path-breaking effect.

Moreover, as Edmund Malesky commented during the Regional Outlook Forum (2022), substantial obligations concerning labor rights, such as freedom of assembly, independent labor unions, and rights to collective bargaining, were not placed in the TPP itself but in the individual annex between Vietnam and the USA. Once the latter withdrew from the agreement, the former was no longer obliged to align with it. In such circumstances, the EVFTA is the only force pushing for such reforms in Vietnam, and it justifies the approach undertaken in this research.

EVFTA and institutional change

After the USA withdrew from the TPP, the new agreement in the form of the CPTPP relinquished its previous power as the game changer for participating developing countries. However, the CPTPP still holds most of its new generation provisions intact. As previously cited studies have noted, the overall economic impact on Vietnam will not be as profound as it is in the case of the EVFTA. Hence, this section focuses on the impact of the EVFTA provisions and examines their role in Vietnam's institutional change.

Tariffs and rules of origin

Tariff reduction or elimination and the associated RoO are the essence of all traditional FTAs and are also present in the NGFTA. The EVFTA aims to eliminate nearly 100% of duties on both sides over a ten-year perspective. In August 2020, the EU removed 85.6% of tariff lines which covered 70.3% of Vietnam's total exports to the EU. The maximum transitional period on the EU side is seven years, which means that in 2027, the agreements will be fully in force. It ensures the elimination of 99.2% of tariff lines, equivalent to 99.7% of Vietnam's exports to the EU (data from 2016, after concluding the negotiations). On Vietnam's side, tariff elimination started from a level of 65%, which covered 84% of total EU exports to Vietnam. With a few minor exceptions, the remaining import duty will be eliminated by 2030. Before the EVFTA came into force, Vietnam applied tariffs on over 50% of agri-food products from the EU and 78% of industrial goods (EC, 2021; Delegation of the EU to Vietnam, 2019; Cung et al., 2017; EVFTA, 2016).

Tariff reduction schedule and their consequences

A considerable number of transitional periods currently protect Vietnam's agricultural sector.

Table 7.1 demonstrates various categories of products that are still protected by tariffs after the EVFTA came into effect, and the expected date of nearly total removal of these tariffs.

The EVFTA allows Vietnam to keep its tariffs on approximately 2.6% accumulated value of the EU agricultural products export after all transitional periods are fulfilled (Delegation of the EU to Vietnam, 2019; EVFTA, 2016; Annex 2 - Reduction or Elimination of Customs Duties, 2020).

Table 7.1: Tariff protection of the Vietnamese agricultural sector and a schedule of tariff removal

Product	Current Vietnamese import duty	Import duty gradually removed by
Beef and lamb	20%	August 2023
Frozen pork	15%	August 2027
Fresh pork, offal, and hams	Up to 25%	August 2029
Poultry and offal	Up to 40%	August 2030
Dairy products	Up to 15%	August 2025
Most cheeses with a Geographical Indication	Up to 15%	August 2023
Wines and spirits	50%	August 2027
Spirits	48%	August 2027
Beer	35%	August 2030
Food preparations	Up to 40%	August 2027
Bakery and pastries	Up to 40%	August 2025
Chocolate	30%	August 2027

Product	Current Vietnamese import duty	Import duty gradually removed by
Pasta	20-38%	August 2027
Certain pasta with meat filling	20-38%	August 2030

Source of data: EVFTA

Tariffs will also protect the European agricultural sector in certain transitional periods. For example, import duties on pangasius (catfish), one of the leading Vietnamese food products exported to the EU, will be eliminated after three years (in 2023). The EU also introduced zero-duty tariff limits that are regulated and have unchangeable volume for items such as rice, starches, eggs, or sugar (EC, 2021; Delegation of the EU to Vietnam, 2019; EVFTA, 2016; Annex 2 - Reduction or Elimination of Customs Duties, 2020).

Overall, tariffs, their level, and their complexity are a relatively significant burden on Vietnam's competitiveness, as the GCI (2019) highlights. This index ranks Vietnam 96th and 72nd out of the 141 measured countries regarding tariff levels and their complexity, respectively. Nevertheless, in the case of the EU-Vietnam trade, they are not the most significant obstacles. Vietnamese tariffs are disturbing access from other directions, making the market somewhat inaccessible, and at the same time, potential FTA partners are more attracted to it.

The WTO accession obliged Vietnam to liberalize its tariffs based on the Most Favored Nation scheme. Moreover, Vietnam enjoyed participation in the Generalized System of

Preferences (GSP), and formed the Early Harvest Agreement²⁹ with the EU, before signing the EVFTA. The most significant obstacle in the EU-Vietnam trade scenario derived from the NTB. In this category, Vietnam was ranked much lower in the GCI at 121, which was almost the lowest score in the whole of Asia (Schwab, 2019). The NTB includes all issues connected to the TBT, the SPS, the IPR protection, the GI recognition, and a strict RoO. These issues are presented in the following sections of this chapter.

Rules of origin

FTAs would not exist without a properly defined RoO, which prevents benefiting from the re-export of imported items. According to the Economist Intelligence Unit (2014), one of the biggest obstacles for countries to knowingly exploit the FTAs they have been participating in is the strict regulation of the RoO. Two further barriers are (i) granting certificates of origin and (ii) a lack of technical support to overcome these issues. These obstacles impact Vietnam's most promising export sectors to reap their benefits from the EVFTA.

The RoO of a particular product can be defined in several ways. For the EVFTA, it is a double transformation, which means that, for example, for apparel, the final product, and textiles, must be made in that particular country, no matter where the cotton was harvested, and the yarn was produced (Record, 2016). One more critical factor is that countries that enjoy similar FTAs with the EU might supply materials and sub-products for further processing or manufacturing to each other, and the RoO will still be preserved. This approach to the RoO follows the EU's GSP and was previously applied to the NGFTA with another

²⁹ The Early Harvest Agreement is one of the branches of the bilateral WTO accession deal. It came into effect in January 2005, and it suspended quotas on apparel export from Vietnam to the EU. On the other hand, Vietnam offered the EU at least equal treatment as have been given to the USA and Japan and reduced tariffs on European yarns, textile, apparel, fibers, motorbikes, and some beverages and pharma licenses. Initial services trade liberalization was also included in the deal (EC, 2019).

ASEAN member, Singapore.

Well-defined RoOs, as evident in the EVFTA, are likely to increase overall export costs in two ways, by raising production costs and by imposing additional administration costs.

According to a study conducted by Doan N. Thang and Xing Yuqing (2018), RoO will most likely eliminate SMEs from the quest for EVFTA benefits. One of the positive effects might be attracting investment into the industries producing sub-products for further use, as was explained with the example of the garment industry. This means incentive is sufficient to integrate the supply chain in the country. However, the real challenge is building the tracing, verification, and certification system, especially when focusing on the low traceability of products, like in the agricultural sector, as was admitted by Nguyen Do Anh Tuan, Director of the Institute of Policy and Strategy for Agriculture under MARD, during a conference on TPP and EVFTA implementation issues in 2016.

In sum, the RoO, similarly to tariffs, have no direct or easily detectable impact on the institutional setting. They, however, determine trade profitability to a large extent and can also influence investment decisions in specific sectors. Thus, they might positively impact the economy as a whole, and boost development. On the other hand, their impact might be the opposite, for example, as a result of trade diversion. In terms of the RoO, the situation is more complicated. As mentioned in the garment industry example, strict RoO might attract more investment into the sector, but when investors expect that the EU might conclude other FTAs with better-situated sector partners, the investment will not take place. In terms of agriculture, strict RoO practically eliminates certain Vietnamese products (e.g., cashew nuts) from EVFTA benefits.

Customs, trade facilitation, and trade remedies

Issues connected with customs and trade facilitation are included in Chapter 4 as trade remedies in Chapter 3 of the EVFTA. The former regulates customs legislation and procedures and is an effective instrument for facilitating trade flow. The latter covers anti-dumping, countervailing duties, and global and bilateral safeguard measures.

Customs procedures and administration

With no transitional period for these provisions, they are supposed to be implemented immediately after the EVFTA took effect. Most of the provisions from the mentioned chapters are convergent with the Revised Kyoto Convention commitments under World Customs Organization (WCO) which Vietnam joined in 2008, that is, before the EVFTA. Hence, Vietnam adopted mentioned measures in the amended 2014 Law on Customs. However, one exception still has to be clarified, and it is the treatment of privileged enterprises (e.g., SOEs, enterprises granted special rights or privileges, and designated monopolies). Vietnam has to ensure transparency of the customs procedure for these groups of entities (EVFTA, 2016; Law on Customs No. 54/2014/QH13, 2014; WCO, 2006).

The revising and amending of the legal framework is not the primary concern as this was a relatively smooth process, but the practical implementation remains at a rather low level in Vietnam. The EVFTA went beyond all WCO conventions and committed the parties to widen the scope of responsibilities of the GDVC. This included the SPS and the IPR and meant that customs declarations had to incorporate relevant information in mentioned areas. However, low-quality customs administration makes the process disrupted.

For anyone who has dealt with foreign trade with Vietnam, it is not a secret that the quality of

customs service is at a low level. The survey coordinated by the WB in 2005 and 2012 confirmed it. The 2005 survey placed GDVC as the second most corrupt after Cadastral and the Housing Agency, while in 2012, Customs was recorded as the third most corrupt, overtaken by the traffic police who were in second place. Even if we assume that the situation improves, which is possible despite not reflecting it in the CPI (2021), the author's personal experience seems to prove that the improvement is still prolonged (Vietnam State Inspectorate and WB, 2013; TI, 2021).

One of the facilitators of customs procedures within ASEAN is ASW. The project was proposed in 2005 and initiated ten years later. The ASW system was designed to cover not only simple traditional customs procedures, but also those more complex strategies required by the WTO, like TBT, the SPS, and the IPR, which is also in line with the EVFTA requirement. However, by the end of 2021, only five members of ASEAN (Cambodia, Malaysia, Myanmar, Singapore, and Thailand) started the live operations of the ASW, allowing the ASEAN Customs Declaration Document exchange (ASEAN Secretariat, 2021). Vietnam is to date behind schedule.

Trade facilitation and remedies

Trade facilitation policies are implemented by various entities. According to the WB consultants and the governmental think tank researchers, different ministries and government offices implement their strategies without effective coordination with each other. For example, transport infrastructure is managed by the MoT. The MoF deals with customs procedures facilitation. The MIT supervises logistic services. However, if a whole supply chain organization is involved, several ministries are responsible for it, namely Planning and Investment, Agriculture and Rural Development, Environment and Natural Resources,

Science and Technology, and even ministries dealing with security issues (Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021; Duc P. et al., 2016). Thus, the problem with the lack of efficient bureaucracy is distinctive in Vietnam. The solution lies not in a better construction of the formal institutions, but in a radical overhaul of informal institutional settings, which shapes people's behaviors and accepted norms.

The administration of trade remedies looks slightly better. Before joining WTO, Vietnam did not have trade defense regulations. They were created during the first wave of institutional reforms pushed by the WTO membership requirements. As a result, the Vietnam Competition Administration Department was established. It is responsible for trade remedy practices like safeguarding, anti-dumping, and anti-subsidy measures.

Before the EVFTA, Vietnam had successfully used the aforementioned policies to defend its rights on four occasions against the EU. However, EVFTA goes slightly beyond the WTO, ensuring that regulations are thorough and precise, particularly in terms of transparency and anti-dumping rules. One of the elements is widening the current definition of "lesser duty rule". Some bilateral safeguards measures might be used in the ten-year transitional period in case of a justified threat to domestic industry posed by the expansion of imports boosted by tariff removal from the other party of the Agreement (Chaisse & Sejko, 2018).

The above findings highlight that these current provisions impact several elements of Vietnam's institutional setting. The most direct impact is supposed to incentivize bureaucracy to make it more efficient; Vietnamese customs is still the least efficient part of Vietnamese bureaucracy, which overall is extremely inefficient. Thus, starting from a low base level, it would be easier to achieve some progress. It however requires remodeling of the informal

institutional setting.

According to the GCI, border clearance efficiency in Vietnam was at a moderate level in 2019. However, it rapidly deteriorated during pandemic restrictions more sharply than in other countries (Confidential Interview with the Vietnamese Businessman II, 2022). This issue was represented in the DB ranking 2020, where the trading across borders category ranks Vietnam in 100th place out of 190 countries (WB, 2020a). Increasing efficiency and transparency of border control procedures would undoubtedly bring gain, positively impacting economic performance through many channels, from trade to reliability to overall competitiveness. It might also limit the pool of inept and ill-qualified customs officers and any other party actively involved in border control procedures. Well-trained staff will also assure a proper understanding of the technical standards of traded products.

Technical barriers to trade (TBT)

Technical barriers might concern various aspects of technical standards and regulations, such as size, shape, design, labeling, and packaging. The EVFTA provisions (Chapter 5) cover a broader scope of TBT than the WTO TBT Agreement. Vietnam has agreed to make many concessions, despite an initially low level of harmonization with the EU standards, around 40% (Tuan N. D., 2016; Jensen, 2016). For example, the EVFTA requires harmonization with international standards used in the EU, without exception. Specific rules of labeling and marketing have been introduced, which are new concepts for Vietnam. The EVFTA also included special annexes of detailed product specifics for pharmaceuticals and motor vehicles (EVFTA, 2016; WTO, 2012).

Technical standards usually vary depending on the country. Isolation from foreign trade as it

is under an import-substitution strategy gives no incentives to align with global standards. It was the case of some Vietnamese sectors that were protected from international competition, a strategy known as “infant industry protection”, until the early 2000s. In consequence, protected industries developed based on technical strategies that were not compatible with the rest of the world, for example, the motor vehicle industry (Lim, 2021). Hence, adjustment to technical EU standards is challenging in some sectors in Vietnam.

One example is the pharmaceutical industry, where Vietnam failed to implement fully the WTO obligations. Under EVFTA guidance, the liberalization of Vietnam’s pharma market was supposed to develop and mature. However, instead of a broader market opening, Vietnam still attempts to impose other barriers, which results in further difficulties and makes the situation more complex than before EFTVA (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

The new Law on Pharmacy adopted in 2016, effective since 1 January 2017, has shown some progress but at the same time, efforts with market liberalization have stalled. The reason for this change was that Vietnam's decision-makers opted to prioritize the local pharmaceutical sector, requiring a range of special protection measures to develop this area. They effectively eliminated cheaper suppliers of satisfactory quality generic drugs from the market for the benefit of the most significant pharmaceutical corporations, and above all, by creating a reasonable share of the market for domestic manufacturers. The law also prioritized FDI in the sector, bringing more advanced medicines and technology to the local manufacturing sector (Law on Pharmacy No. 105/2016/QH13, 2016; Trang, 2017; Angelino et al., 2017; Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

To sum up, introducing new standards required by the EU is seen to benefit companies that have the potential to export to the European market. However, many firms cannot afford costly investments in the production processes to align with the EU standards, automatically excluding them from competition in the European market. Other companies produce for other markets as well, for example, East Asia, where Japan has especially strict and distinctive technical standards.

In general, the TBT does not directly impact formal institutions themselves, except to prioritize the more efficient bureaucracy needed in any procedural paths. They, however, shape several of the most sophisticated and most protected state industries in Vietnam, like motor vehicles or pharmaceuticals. The struggle to protect the Vietnamese pharma sector indicates complex interactions between several organizations and their interdependence. Especially in terms of relations between business and politics in Vietnam and the role of informal norms, which prevent full and genuine implementation of TBT provisions in the pharma industry.

Measures for sanitary and phytosanitary standards (SPS)

Chapter 6 of the EVFTA contains SPS measures and standards which are entirely new to Vietnam. Thus, they impose one of the biggest problems in Vietnam's EVFTA adjustment. It is also characterized by a low level of harmonization with European standards (Tuan N. D., 2016; Jensen, 2016). One reason that the EVFTA SPS provisions imposed a meaningful challenge for Vietnam is that they are significantly different from those in the WTO. For example, the Agreement committed parties to create a verifiable pest list according to scientific standards. Vietnam resisted providing such a list to the potential exporting country in the negotiations of the market licenses, as explained later in this chapter.

The EVFTA introduced sophisticated procedures of equivalence and regionalization to make them more operational than in the WTO. The EU also requires recognition of World Organization for Animal Health (OIE) standards (EVFTA, 2016). The reason behind Europe's high pressure on various SPS issues lies in growing consumer concerns about health and environmental matters (Swinnen, 2015). Vietnam is not free from similar predicaments, which is matched with people's growing awareness due to the relative ease of access to independent media, for example, via social media, and this has created pressure on authorities to provide safer and more transparent food safety procedures. From the author's professional experience, this issue posed a considerable trade barrier in agricultural products between the EU MS and Vietnam in the pre-EVFTA era. Two real-life examples illustrate this problem, i.e., apples and pork.

In 2015, Poland (EU MS) attempted to obtain an import permit for apples from the Vietnamese authorities. However, despite the unquestioned quality and high EU phytosanitary standards, obtaining the relevant documents proved to be challenging. One main difficulty was the number of entities responsible for SPS issues like certification, licensing, and controlling, which highlights the inefficiency of Vietnam's bureaucracy. The second problem was a lack of consistency with international standards, for example, those set by the International Plant Protection Convention, of which Vietnam is a member. Moreover, Vietnam used outdated and unreliable sources of information to defend their negotiation stand. As a result, obtaining phytosanitary permission from the Vietnamese side had little connection with accurate phytosanitary measures.

The second example concerns pork. In 2016 Vietnam suddenly began to reverse pork

shipments from Europe based on alleged sanitation problems. No cases were confirmed of imported meat that did not follow the strict sanitary regime. The real problem, however, was located somewhere else. At that moment, Chinese border guard authorities strengthened control over smuggling certain goods from Vietnam, including pork. Because of its low-quality, low-sanitary standard, and comparable price to imported products, Vietnamese pork was expelled from its market by imported equivalents. Thus, under political pressure, the Department of Animal Health (DAH) of MARD attempted to secure the market share for local producers.

A few months later, when small outbreaks of African Swine Fever (ASF) appeared in Europe, Vietnamese authorities (NAFIQAD) excluded whole countries where this outbreak appeared, from the list of pork importers, despite the OIE standards which recommend exclusion of the regions where the disease was present. At the same time, Vietnamese DAH tolerated pork produced locally, despite the outbreaks of ASF in Vietnam and some other countries where the ASF was present, e.g., Brazil. Lack of consistency, a weak factual basis, and acting under political pressure, are the sad realities of the Vietnamese administration dealing with the SPS, which highlights the continual structural weaknesses and shortcomings of Vietnam's bureaucracy.

The consequences of adopting European standards in the SPS are fairly significant. First, Vietnam must increase its scientific capacity immediately. Not many well-equipped or efficiently-run laboratories operate at the same sophisticated levels as in Europe (Tuan N. D., 2016). A substantial level of investment in capacity building is therefore required. This situation may be inevitable, and the Vietnamese government will have to act sooner or later. The global pandemic raised the potential danger caused by pathogens, but it also raised

people's awareness about SPS. Another correlation is growing income and level of education, which has caused greater awareness and concern about health issues in every society.

Vietnam is not an exception.

To sum up, the SPS problems highlight the problems of the quality of Vietnamese government administration and its connections with politics. Hence, it is an example of solid interrelations between specific organizations and the weakness of formal institutions. The EVFTA SPS provisions are well-designed and an excellent option for Vietnam to push for SPS improvement.

Intellectual property rights (IPR) and geographical indications (GI)

IPR are part of property rights, which are considered critical drivers of progress and economic development. Moreover, according to many economists, the protection of IP, is a key driver of progress. The EVFTA (and the EVIPA), adopts the IP definition used in the TRIPS Agreement, “copyright and related rights, trademarks, GI, industrial designs, patent rights, layout-designs (topographies) of integrated circuits, protection of undisclosed information and plant varieties” (Sections 1 to 7 of Part II of the TRIPS, 2017).

The EVFTA secures one of the most sophisticated IPR protections of any FTA ever signed. The entire Chapter 12 and many references in other chapters are directly or indirectly connected to the IPR. IPR protection was among the most significant concerns from the European side. This is not unexpected considering the initial legal base in Vietnam and the experience that European producers had with other developing countries when they attempted to enter the market.

IPR protection and administration

The level of IPR protection in the 2000s in Vietnam was low, not only due to a weak legal base but also because of a lack of public awareness. The awareness of the existence of IP has only just begun to make itself present in the public consciousness. This is confirmed not only by the author's experience but by current publications (e.g., Huu, 2021) and by interviewees (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

Vietnam's Law on Intellectual Property (2005) is constantly under review and updated to meet the requirements of newly negotiated and adopted trade agreements. The last amendment was undertaken in 2019. Vietnam has been a member of the WIPO since 1976 and the Phonograms Convention since 2005. However, Vietnam did not adopt the WIPO Internet Treaties³⁰, to which it was committed as part of the preparation for CPTPP and EVFTA. The process seems challenging for Vietnam due to the limited capacity of the legislative and ratification processes, which makes the procedure quite lengthy. The most up-to-date action for entry into force of the EVFTA is the March 2021 adoption of the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. From the sectors connected to agriculture, Vietnam adopted the International Convention for the Protection of New Varieties of Plants in 2006 (Law on Intellectual Property No. 50/2005/QH11, 2005; EC, 2019; WIPO, 2021).

Trademarks and patents are the elements of IP that were regulated in the Vietnamese legal system before the EVFTA negotiations. However, the EVFTA considers the broader scope of trademarks, including sounds, which Vietnam had to include in the existing law, similar to patent and trade secret protection. The biggest challenge in this field for Vietnam might be

³⁰ Internet Treaties is the common name for two WIPO treaties: The WIPO Copyright Treaty and the WIPO Performances and Phonogram Treaty, both formed in 1996.

simplifying and accelerating the trademark and patent registration procedure, including the possibility of registration online. Doubts are considerable, however, that this process is working efficiently, which was confirmed by the European business community in Vietnam, who were advised to use local intermediaries to assist in this process³¹.

To administrate the issues connected with IPR, Vietnam has established three responsible institutions, i.e., (i) the National Office of Intellectual Property (NOIP) as a top coordinator agency under the MST, dealing with industrial property rights; (ii), the Copyright Office of Vietnam, administrating copyright; and finally (iii), the Plant Variety Protection Office, responsible for plant varieties rights (Law on Intellectual Property Rights No. 50/2005/QH11, 2005; Falak, 2020; Barbour-Lacey, 2020; Linh H., 2019).

A considerable threat in this bureaucratic matrix is due to a lack of efficiency. This is especially relevant when no strict distinction of tasks between the above-mentioned entities and overlapping areas of competences is present. In case of any disputes, entities that are seeking to enforce their IPR can potentially use an administrative procedure, a civil court action, or a criminal prosecution. However, pursuing justice, no matter which path entities choose, is costly, and what is crucial in the case of IPR, extremely long³². Hence, similarly to inefficient bureaucracy, an efficient judiciary system is lacking in the case of IPR protection in Vietnam.

³¹ The author tried to enter the NOIP website (www.noip.gov.vn) several times in August 2021 to initiate trademark or patent registration, but each time failed, despite the chosen VPN location. However, at that time, several Vietnamese law firms were offering such services.

³² In 2008, a well-known EU food company invested resources to develop its trademark visibility in the Vietnamese market, which, together with good quality products and attractive prices, turned into initial success. However, the local partner broke the partnership agreement, stole the trademark, and started to pack low-quality products using its former partner's trademark. Thanks to connections, the local partner replaced the original products with his own in the distribution chain. The trademark lost its reputation, and the EU company was expelled from the market. The investigators of the case recognized the arguments of the EU side, but it took six years, during which the market position was irretrievably lost. The case found its conclusion after the EVFTA was signed.

Vietnam's IP resources

IPR protection serves countries that possess considerable IP resources. In other words, it mainly benefits developed, wealthy nations. Thus, opposition or reluctance to protect the IPR in developing countries is understandable. In many cases, it is simply a lack of strict enforcement of existing laws on IPR. Nevertheless, it seems to be an unavoidable way to a higher level of development, where the economy starts producing its IP. Vietnam is at this stage.

The prospect of IPR protection improvement in Vietnam lies in its IP resources, including innovations. As previously mentioned in this chapter, IPR protection is directly linked to the level of innovation in any country. The history of developed economies highlights this inextricable link. A country that does not have its own IP resources is also less enthusiastic about protecting someone else's IP. Vietnam's IP resources, innovation capability, and potential are still relatively low, but they are growing. Innovation capability might be measured by the GII, mentioned in Chapter 2, which scores Vietnam high above the average of its development level to create the intellectual product. The country is ranked 42 for a second consecutive year (2019-2020), which is much higher than five years before when it was ranked 71. Vietnam noticed one of the fastest increases in innovation capability, according to the GII; it is also ranked the highest among lower-middle-income countries, and its performance is named "above expectations" (WIPO, 2020).

Moreover, Vietnam is efficiently extracting more innovation outputs concerning its inputs. This assists with improving both its market and business sophistication level, which is even higher than average for upper-middle-income economies (WIPO, 2020). All this evidence,

together with the growing value, visibility, and reputation of Vietnamese brands (e.g., VinGroup, Vinamilk, and Sabeco, among others) seem to prove that Vietnam is becoming more equipped in its IP. Thus, it is potentially more willing to adopt the IPR protection standards present in developed economies, and required by the EVFTA.

IPR in agriculture

One of the sectors which might be impacted negatively by the new IPR protection measures imposed in the Vietnamese legal framework is agriculture (Zanetti, 2016). For example, the EVFTA established an additional IPR category which is five years exclusive right for all data concerning the enhancement of efficiency or improving the safety of agricultural products, including test results and surveys. Vietnam has already implemented these provisions in its legal framework. The impact of this regulation is particularly significant for the domestic food industry. Some chemical substances and other technologically advanced materials developed abroad will be less accessible for Vietnamese producers and more expensive. On the other hand, it might encourage foreign investors possessing such advanced methods to enter the Vietnam market with a low risk of stealing their IP. It would also incentivize the development of domestic research institutes and equip them with modern technology and knowledge.

IPR protection in agriculture has also a positive side. Vietnam has massive potential in specific sectors that have been under the planner's scope for some time, for example, rice. Vietnam was known in the past for its low-quality rice. Rice farmers are a vast population, accounting for around 9.5 million households and, in 2014, earning no more than one million VND per month (around HK\$400). Improving the quality of the rice produced would raise the price and benefit farmers (Rosen, 2014). Such high-quality rice was developed in 2017 by

an agricultural engineer, Ho Quang Cua, and his team and labeled ST25. It was named “World’s Best Rice” in 2019 (Oanh, 2021). Unfortunately, defects in Vietnam’s IP law made it impossible to register ST25 rice as IP by its creators. Instead, several American and Australian companies attempted to register it in their markets (Ngoc B., 2021). Smart usage and promotion of ST25 rice could have provided a solution to low-quality rice and paired with it, low price (Pillalamarri, 2021).

To summarize, IPR protection is essential in institutional change. Property rights are one of the institutions responsible for progress and development. Improving their protection gives an impulse for the whole economy, as was historically observed in developed countries. ST25 rice gives an excellent example of how excellent IPR protection can pay off in the longer term.

Moreover, raising IP awareness is an important challenge for the Vietnamese mindset, as proved by the author’s experience and the interviewees’ opinions (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021). This also shows how difficult it is to change an existing informal institutional setting in the form of social norms. However, this process is inevitable for a developing economy and crucial to overcoming the middle-income trap.

It is highly possible that without such external force as the EVFTA, Vietnam would not have committed to such extensive IPR protection as it has done in the Agreement. Evidence from other developing countries on the same or a higher level than Vietnam indicates that it is not on their agenda. This is mainly because these measures are costly and give short-term disadvantages to local businesses. The most significant example is China which, despite

being a more advanced economy than Vietnam in many aspects, did not consider adopting such strict IPR protection.

Geographical Indications (GI)

GI are part of IP. However, due to their importance and specifics, GI have a separate part in the EVFTA: Subsection 3 of Chapter 12 on IPR. European businesses have made enormous efforts towards protecting the originality of their products. Hence, the GI concept was promoted in various trade deals that the EU has signed. However, as a concept little known outside Europe, GI has caused tensions in the EU FTAs negotiations with third, non-European parties (Swinnen, 2015), including the EVFTA, where the extent of GI protection is the widest (Quyen, 2018).

The geographical indication and protection concept is over 300 years old and was initially used exclusively by winemakers to describe all environmental factors, crop types, and farming techniques applied in the winemaking process. The first such protection was granted in 1716 to Chianti wine in Tuscany (Reinert, 2020). The first legal recognition of GI under EU law took place in 1992; it was then developed into a more sophisticated system used for other agricultural products (Tosato, 2013). Vietnam has managed to obtain recognition for three products: Phú Quốc fish sauce, Mộc Châu tea, and the subject of a separate sectoral case study in this dissertation, Buôn Ma Thuật coffee. These are protected by GI regulations present in the EVFTA, together with 169 European products which Vietnam agreed to recognize (Nhân Dân, 2019b).

The biggest challenge connected with the GI implementation is scant knowledge about the concept among Vietnamese businesses and consumers, especially compared to over a century

of tradition of GI in Europe. Thus, the impact of these provisions is difficult to assess. For Vietnamese businesses, obtaining GI might serve as an initial step in the process of building a global brand which is widely recognized in the EU. It is also an incentive to switch to more sustainable organic production (Quyen, 2018). Overall, however, GI would be only important and potentially beneficial for producers aiming to export to the EU. Coffee may be the best example of a Vietnamese sector that would benefit from GI.

Trade in services and electronic commerce

Several tradable services and e-commerce are the new elements regulated in Vietnamese law. The text of the EVFTA regulates around 320 distinctive elements for specific sectors. Among them, significant attention is placed on the financial sector, which is one of the most significant formal institutions. As highlighted in Chapter 4, the characteristics of the Vietnamese financial sector are remarkably different from those in developed countries, including the EU. Nevertheless, according to what is closer to free-market principles, Vietnam is committed to gradually liberalizing and opening its financial sector. Selected joint-stock commercial banks' minority shares are currently available for European investors (Hoang N. & Ryu, 2022). Vietnam is also removing restrictions that will allow further unrestrained competition in the sector including liberalizing regulatory requirements for several new banking products.

One of the challenging parts of the financial market liberalization in Vietnam is the redefinition of the role of the SBV. In the pre-EVFTA era, the SBV was clearly in a conflict of interest, serving as an owner of the SOCB and the banking supervisory body. The situation was fairly blurred as no central government unit was appointed to exercise the ownership duty over the SOCB. Hence, the SBV currently stands in this role as the highest banking

authority in the country. The positive side of SBV monetary policy is that their exchange rate is quite balanced.

However, the SOCB can be seen to hinder the modernization of the banking sector in Vietnam. Technological upgrading is triggered by the inflow of foreign capital and foreign-invested companies. The spillover effect is minimal due to the resistance of the SOCB. Information and Communication Technology Development Index 2017 (ICT Development Index)³³ placed Vietnam in 2017 in 108th position out of 176 countries and territories, far behind its regional rivals Malaysia (62nd), Thailand (78th) and China (80th) (UNITU, 2018). Low numbers of engineers, IT experts and other professionals are further obstacles in this process (Hoang N. & Ryu, 2022). Not only state-owned banks but also SOEs must be reformed to comply with EVFTA commitments.

State-owned enterprises (SOEs)

SOEs provisions are connected with fair competition, antitrust, mergers, and subsidies and are extensively covered in Chapter 11 of the EVFTA. They secure an equal playing field and competitive neutrality for all economic entities in the market.

According to the OECD, competitive neutrality has eight elements, which are (i) streamlining operations, (ii) commercialization of returns, (iii) efficiency of cost allocation mechanism, (iv) public service obligations accounting, (v) transparent public procurement, and (vi-viii) tax, regulatory, and debt neutrality (OECD, 2012). All mentioned need to be improved in Vietnam, especially regarding the SOEs' privileged position (Zhang, 2016). Many of them are also

³³ Measurement constructed by the UN International Telecommunication Union (UNITU) based on information and communication technologies globally recognized as decisive for the telecommunication sector (UNITU, 2022).

separately addressed in the EVFTA.

Several formal institutions can shape these elements, such as the financial market, public finances, an efficient bureaucracy, and the judiciary. The most significant, however, is corporate governance. Corporate governance rules and best practices requested by the EVFTA are consistent with the “OECD Principles of Corporate Governance” which are used by non-OECD countries as well, e.g., China. The OECD principles are also widely recognized and supported by major international organizations such as the IFI or Global Governance Forum (OECD, 2015; EVFTA, 2016; Toan L. & Walker, 2008).

Position of SOEs in Vietnam

The ideological position occupied by SOEs and their special status and protection accorded by the government has been one of the most challenging negotiation points in the EVFTA formation process. This divisive issue was prominent between groups of international donors, foreign investors, and the Vietnamese government. Hence, Article 51 of Vietnam’s new Constitution (2013), which confirms the leading role of the SOEs in the economy, did not meet donors' expectations (Wells-Dang, 2014).

SOEs possess a privileged position not only in CPV ideology but also in economic reality. They create only 10% of employment but, at the same time, consume over half of the government investment, over 60% of commercial credits, and over 70% of ODAs (Mierzwa, 2016). Despite the ongoing equitization process, initiated in 1990, the results are modest. For example, according to a government source, in the last period before entering into force of the EVFTA (2017-2020), only 22 out of the planned 127 SOEs have been equitized (Son L., 2020). According to international sources, the number of equitized companies in 2016-2020

was 37 out of 178 planned SOEs equitizations (Guild, 2021). Both sources are not mutually exclusive and show a shallow level of fulfillment of the government's plans and obligations. Moreover, the biggest SOEs are mostly intact. The share of value generated by the state sector decreased just by 0.7% between 2010 and 2017 (Sakata, 2020).

Additionally, politicians started to blame the COVID-19 pandemic for the slow pace of equitization although the real reasons for this process were more complex. Nicholas Lardy argued in Voice of America News (2020) that Vietnam attempted to avoid or at least mitigate the mistakes of China, which faced a situation where over 40% of SOEs were loss-making. However, on the other hand, Vietnam is even more reluctant to allow oligarch-style privatization observed in the former Soviet Union in the 1990s after its collapse. Both are considered nightmare scenarios for Vietnamese decision-makers (Fforde, 2007).

SOEs reforms

SOEs pose many problems for Vietnamese authorities in dealing with international partners, in this case, EU negotiators. SOEs enjoy a superior position in several major fields: land use, equity financing, debt financing, and access to subsidies. The Vietnamese government has also made several major commitments: nondiscrimination and commercial conditions of competition for all, abandonment of non-commercial assistance, and equitable access to civil courts (Zhang, 2016). According to the Vietnamese government's development agenda, however, SOEs are focused not only on bringing in profit but also entitled to serve the nation, completing projects which are important from a social point of view, although not economically profitable. This stand is written in the Socio-Economic Development Plans (2011-2015 and 2016-2020) and was confirmed during the annual VDF in 2015 (Mierzwa, 2016).

The political elite is reluctant to actively reform the SOEs for various reasons. Among explanations are fear of losing control over some state resources, growing unemployment as a result of changing managerial patterns and national security concern. However, another explanation is well-documented (e.g., Lan, 2009, Hayton, 2010; Thiem, 2020), although shameful. SOEs served as a secure back-office for potential employment for the politicians themselves in an emergency when they lose their government positions.

Moreover, it is a reservoir that can be traded and offered to extended family members or cronies. In this light, the SOEs reform path resembles the way presented by the World Bank Development Research Group (2000), that the middle-level elite, in Vietnam's case, CPV officials and local authorities attempt to delay or manipulate the reforms imposed by the central government. It would explain why government consequently fails to reach the goal of equitization, which it imposes on itself alone (Das Gupta, Grandvoinet & Romani, 2000). Another reason mentioned by the CIEM official, and cited by more liberal CPV newspaper *Tiền Phong*, is the growing crony network, opportunism, and personal interests among the SOEs elites (Nga, 2017).

Nevertheless, the reform of SOEs over 30 years (before joining the EVFTA) did result in some limited success. However, in terms of management, their economic performance is still below expectations. An unsolved problem with cronyism and corruption is a result of low salaries awarded to SOEs managers, which mirrors a similar pattern in the civil service. Therefore professional, highly skilled managers are not interested in leading an SOE. Instead, they are often the CPV apparatchiks (Lan, 2009; Marko, 2016). Thus, the need to improve SOEs' economic performance is severe, which according to some studies might add as much

as 9% to 16% to Vietnam's GDP, despite any trade agreements (Petri, 2016; Minor, Walmsley & Strutt, 2018).

SOEs EVFTA adjustment

Vietnam agreed to implement various measures that will assure nondiscrimination in any activities of business entities, equal treatment of all entities, including the SOEs, local private and foreign companies, and complete transparency. Vietnam also made a firm commitment to regulatory neutrality, technical cooperation, and non-commercial assistance (Haddad, 2016; Marko, 2016). For example, in any purchasing decision, the SOEs should apply a commercial consideration only, inclusive of such elements as price, quality and logistics. International standards would assure the regulatory neutrality of corporate governance in the SOEs.

They should also be transparent, by which the EVFTA means that all required information about the company structure, products, finances, and operations, for example, the ownership and organization structure, voting procedures, assets, and revenues, should be available. This dataset contains information about government bodies involved in certain SOEs, and all exemptions, favorable treatments, immunities, and non-conforming measures that Vietnam may use in the public sector and on which the Vietnamese side strongly insisted during the negotiation process.

Nevertheless, Vietnamese negotiators obtained several exemptions on SOEs issues such as transitional periods for SOEs with lower annual revenues (below \$283 million during three previous years) and for provincial and local SOEs. In other words, only the biggest central-level SOEs are covered from the day the EVFTA enters into force. Others have five years of preparation. Another exemption is SOEs that deliver public services or maintain non-profit

activities.

Additionally, national defense, public security, and sectors ensuring economic stability are exempted from the EVFTA provisions. Moreover, the energy sector is treated as strategic. It includes oil, gas, and coal exploration and exploitation (Petrovietnam, Vinacomin), and energy generation (EVN). The list also includes financial security areas and transportation, and all mass transport, publishing, printing, and audio-visual sectors (EVFTA, 2016).

In terms of the financial market, the EVFTA comprises a Memorandum of Understanding (MoU) on Bank Equity, which allows EU financial institutions to raise their ownership of charter capital to 49% in two Vietnamese joint-stock commercial banks (Massmann, 2020). This MoU proposes the agreement with five years validity only and excludes state-owned Vietnamese banks, the so-called “big four”: Vietinbank, Vietcombank, BIDV, and Agribank.

To sum up, it is beyond dispute that reform of the Vietnamese state sector is inevitable. In the current stage, SOEs consume an extensive part of state resources compared to their output. They also distract several formal institutions. Reliance on informal norms is still extremely common, which constrains the implementation of formal rules. Correction of this imbalance will give a positive impulse for institutional change and potentially produce positive economic output. External forces proved to be crucial in SOE reform initiation (Knutsen & Khanh, 2020). Consequently, a competitive environment, without privileges and monopolized access to government procurements should be the standard.

Government procurement

Government procurement includes all spending of public money by the state authorities at

any level of administration. It includes (i) the purchase of goods or services, (ii) investment in complex (physical) infrastructure (like transport or communication) and (iii) soft infrastructures like healthcare, education, or social insurance systems. As a result, government procurements are responsible for a large part of the world economy. Globally, they are on the level of 12% GDP (Bosio & Djankov, 2020).

In Vietnam, this level is substantially higher, but different sources classify it differently. The GSO presents the lowest number. However, European and international sources estimate it at around 30-40% annually in the period from the 1990s to the COVID-19 pandemic in 2020. At the same time, Vietnam has had one of the highest investment-to-GDP ratios in the world at around 30% annually (Delegation of the EU to Vietnam, 2019; GSO, 2020b; Thuy B., 2020; Thu T., 2020). Despite profound reforms needed for the WTO accession, Vietnam still reserved its right to keep control over some parts of economic processes, including public procurements. Hence, Vietnam did not join the Agreement on Government Procurement (GPA)³⁴ in the WTO framework.

Chapter 9 of the EVFTA focuses on government procurement and addresses these issues similarly to the GPA under the WTO. Despite being out of the GPA, Vietnam committed to opening its rich and advantageous procurement market for all EU contractors. It refers to contracts managed by several government entities, including the Ministry of Defence (in the clause that they would not directly be connected with national security and defense), the MoH, and its 34 hospitals. It also includes contracts offered by various state monopolies: the Electricity of Vietnam (EVN), the Vietnam Railways Corporation, and local authorities, for example, the Hanoi and HCMC people's committees, which manage an extensive portfolio of

³⁴ GPA has a plurilateral character, which means that participation is not obligatory for the WTO members. Hence, of 2021, GPA has 21 full members plus 35 observers (WTO, 2021a).

public procurement, especially in infrastructure projects.

Vietnam has to follow the National Treatment and nondiscrimination principles, which means that all planned government procurements have to be published online and in specially designated procurement newspapers, to make the information easily accessible. This change is revolutionary for Vietnam, where SOEs used to be responsible for all state investments, complemented by foreign donors in the form of preferential financial support (WB or ADB) or bilateral ODAs. To enable this process, the EU has granted Vietnam a 15-year transitional period, the longest of transitional periods under the EVFTA.

In 2013, Vietnam introduced its Law on Bidding (No. 43/2013/QH13), but with many inconsistencies with the EVFTA that had to be amended before the end of the transitional period. For example, as Nguyen Thi Thu Trang, Director of the WTO, and Integration Centre under the VCCI, admitted in a conference after concluding the negotiations on the EVFTA, Vietnamese bidding regulations were not aligned with the EVFTA commitments. Trang cited differences including electronic means of communication, bidders' joining and selection process criteria, the importance of price and the deadlines for submitting specific documentation. Another expert from the WB Vietnam country office, during the same conference, estimated that around two-thirds of Vietnam's regulations were not consistent with the EVFTA in terms of public procurement (VCCI, 2016; VNA, 2016; Law on Bidding No. 43/2013/QH13, 2013).

The implications for Vietnam's institutional setting appear significant as pushing for deeper reforms in this part of the economy, inevitably diminishes the position of SOEs. It also undermines the power of the politicians and the CPV in particular, which softens

authoritarian political regimes. It can be summarized that seemingly a small matter that could be considered public procurement, in fact, indirectly, is remodeling many formal institutions. From efficient bureaucracy, financial markets, and public finances, on the one hand, to social welfare on the other. It certainly changes the way of thinking of society in the way that Hofstede's power distance is shortened. In the new circumstances, every company might be granted a government contract because the rules are equal for all entities, European and Vietnamese and Vietnamese overall, as it means state-owned and private ones alike.

It can also be debated that the liberalization of the government procurement market in Vietnam comes at the right moment for several reasons. The capacity of the state to manage infrastructural projects without concessions from the WB and support from the ADB is relatively limited. ODAs granted on a bilateral basis under the OECD rules are not as generous as before. These are the result of Vietnam's growing GDP and advancement to the middle-income countries group. In such circumstances, public-private partnerships might be the best solution for Vietnam, and to make the public-private partnership work in an efficient, open and fair way, competitive bidding would seem to be a crucial part of this process. It can also be argued that depriving CPV of control over procurement has a similar weight to recognizing full labor rights.

Labor rights

Labor rights protection is not included in traditional trade agreements and only a short reference is made to them in Article XX's WTO text (WTO, 2012). However, this matter began to be covered by the NGFTAs, including the EVFTA. The EVFTA extensively covers sustainable development in Chapter 13, and this subject is even mentioned in the preamble of the Agreement. Additionally, Chapter 17.2 establishes a separate specialized committee on

these issues (EVFTA, 2016).

Sustainable social development, including labor rights protection or human rights aspects, is disconnected from the trade benefits and is excluded from the dispute settlement mechanisms. Requirements in these areas focus on the ILO standards³⁵. It indicates, moreover, that such regulations must be effectively enforced. The weakness of this provision is that the EVFTA provides no consequences for violating this rule.

Vietnam has joined most ILO conventions, and it was not a difficult or controversial issue during the negotiations, especially in terms of forced labor and child labor. Despite having a recent history of such violations (Marshall, 2011; Confidential Interview with the Senior Officer of the UN Office in Vietnam, 2021). The important exception is Convention 87, which aims to secure the right to the formation of independent worker's organizations (Buckley, 2022).

The main problem is not with Vietnam's reluctance to ratify the Convention. Instead, it is worrying that Vietnamese authorities attempt to manipulate the facts, masking their real intentions and using double voices depending on the audience. Some observers claim that it is a different understanding of the term independent labor unions. However, in Vietnam, the only labor union is the VGCL, which is affiliated with the CPV and forms a branch of the CPV. Hence, its role is political, not socio-economic.

The situation did not change after the announcement in English by the Vietnam News Agency

³⁵ ILO standards are referred to as the Core Labor Standards formulated in Declaration on Fundamental Principles and Rights at Work (1998), which include 1) freedom of association, 2) the right to collective bargaining, 3) the abolition of forced labor in any forms, 4) the elimination of child labor, and 5) a no-discrimination policy in terms of employment and occupation (ILO, 1998).

that the new Vietnamese Labor Code would permit the formation of independent unions. Nor was any change observed when a pro-government English-speaking vlogger confirmed this statement in November 2021 (Buckley, 2021). At the same time, the Vietnamese-speaking media provide no information. Moreover, *Công an Nhân dân*, a Ministry of Public Security newspaper published several articles in April 2021 (in Vietnamese without any available translation into English) claiming that the VGCL was the only legal representative of workers. In addition, anyone who denied this or suggested that an independent union could be set up must be considered an enemy of the government, intending to overthrow it.

The new Labor Code indeed allows the establishment of some entities not affiliated with the CPV, called workers' organizations (WO). However, the WOs are not independent unions and in fact, not even unions. They can be formed at an individual company level with limited rights. Moreover, authorities do not specify how a WO can be created and what are the formal requirements, which supposed to be regulated by a separate decree. At the same time, the new Labor Code confirmed the position of the unions as entities affiliated with the CPV and being part of the nationwide structures of the VGCL (Buckley, 2022).

Vietnamese legislators aimed to fulfill the EVFTA requirements by allowing WO to be formed, but at the same time, not changing the *status quo*, meaning that real independent associations were not allowed to operate, which is not what the EVFTA provisions required. Hence, Vietnam still has the task to fulfill, and the solution is relatively simple to achieve, for example, by issuing a decree clarifying the requirements of WO establishment and allowing them to be genuinely independent. However, all of this is dependent on actual government intentions.

Another problem is the right to peaceful assembly, which has been non-existent in Vietnam. Finally, aside from Vietnam's level of commitment, the current level of implementation remains low. From the author's experience, and according to interviewed observers, most companies in Vietnam employ workers without a formal contract or do not pay them social insurance. Employees do not complain because they are easy to replace (Confidential Interviews with the Leader of the EU MS Trade Promotion Office in Vietnam and Leader I of the EuroCham, 2021).

In sum, labor rights are one of the key new generation elements of the EVFTA. All intentions are indeed to support workers' rights and overall welfare. However, the lack of enforcement mechanisms, paired with a lack of goodwill from the Vietnamese authorities to implement them, make these provisions relatively meaningless. Labor rights are one of the formal institutions selected in this research as crucially important for economic development. Moreover, the protection of labor rights might make this development more sustainable. The second element of sustainable development is environmental protection.

Environmental issues

Placing key environmental issues, including renewable energies, in trade agreements is a new trend with increasing popularity, more than other components of sustainable development, like human or labor rights protection. The CPTPP, for example, dropped some provisions of labor rights protection after the withdrawal of the USA from the agreement. However, essential environmental commitments remained intact (Malesky, 2022).

In the EVFTA, these are gathered primarily in two chapters. Chapter 7 contains provisions for investment in renewable energy generation and Chapter 13 is devoted entirely to sustainable

development, including social, labor, and environmental aspects. The provisions refer to international conventions, memorandums, and other documents on environmental protection, mostly on non-binding character, for example, “Agenda 21 on Environment and Development” (1992), “United Nations Framework Convention on Climate Change” (1992), “Convention on Biological Diversity” (1992), the “Johannesburg Plan of Implementation of the World Summit on Sustainable Development” (2002), “The future we want, and the Outcome Document of the United Nations Summit on Sustainable Development” (2012), “Kyoto Protocol to the United Nations Framework Convention On Climate Change” (2012), “Transforming Our World: the 2030 Agenda for Sustainable Development” (2015) and “Paris Agreement” (2015) (Chapter 13.1, p. 218-219, Chapter 13.6 and 13.7, p. 222-223). Moreover, sustainable development provisions, including renewable energies in the EVFTA, are neither linked to trade benefits nor subject to dispute settlements. Those issues are covered in separate chapters.

Environmental protection and climate change are uncontroversial, as both Vietnam and the EU take them seriously. For example, in October 2018, before the EVFTA was signed, Vietnam and the EU signed a Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade, which aimed to prevent illegal logging and promote legal sources of timber and strengthen forest management. This was also reflected in domestic documents, such as the Decision 899 QD/TTG from 2013 on “Restructuring Agriculture Sector Toward Increasing Added Value and Sustainable Development”. Updated in the 2021 plan on the energy sector, the “National Power Development Plan for the period 2021-2030, with a vision to 2045” confirms the direction toward renewable energy (Minh V., 2021).

Unfortunately, the state's capacity to properly implement high environmental standards is low.

One of the shortcomings is the lack of highly educated cadres. Another reason is the authoritarian political system in which a small group of people benefit from economic activities which degrade the environment and then do not have a genuine interest in protecting the common resources. The interest will appear once the authority of the ruling group and social order is threatened, as the example below shows (Ortmann, 2020).

Despite Vietnam's commitments to high environmental standards such as the energy mix, these matters have not improved. Coal energy production almost tripled between 2015 and 2020 (Johnson, Chau & Aramayo, 2021). Similarly, an environmentally friendly approach was not apparent in the resolution of the Formosa disaster in April 2016³⁶, where Vietnamese politicians together with a Taiwanese investor initially denied Formosa's responsibility for the immense environmental damage (Dung T., 2019). Dealing with the catastrophe revealed shortcomings and conflicting interests between local communities and their welfare on one side and influential foreign investors supported by Vietnamese central-level politicians (Binh H. & Mai N., 2016).

Given these issues, the EVFTA does not promote investments that are not environmentally friendly. The European stand is apparent and does not focus on economic benefit exclusively. Moreover, the EVFTA contains a solid commitment to providing technical assistance to Vietnam to support its efforts in reducing carbon and creating a range of "green" solutions for business. Renewable energy promotion is an example of this direction.

³⁶ Marine life disasters caused by polluted seawater have affected the coastlines of four provinces in Central Vietnam. Responsibility for the damage lies with Formosa Ha Ting Steel, a Taiwanese-invested factory. Formosa and several Vietnamese officials denied the factory's responsibility for the disasters. Mass protests pushed the authorities to change direction and Formosa to admit its liability. This resulted in a final settlement and a \$500,000 fine paid by the investor.

Critics say, however, that the environmental provisions have weaknesses. For example, the reliability of the *precautionary principle*³⁷ as a global environmental standard is questionable in the EVFTA. Moreover, provisions promoting a climate-resilient economy are not binding, and overall, the Agreement prioritizes trade over the environment. Nevertheless, the same critics admit that the EVFTA has the potential to export high European environmental standards to Vietnam (Heyl et al., 2021).

Environmental issues have become an essential element in Vietnamese development plans and have had a massive impact on agriculture and the livelihood of the rural population, the most fragile part of Vietnamese society. The environmental part of the sustainable development provisions in the EVFTA is designed to be more likely to be implemented as expected by the EU negotiators, favoring the overall welfare of the Vietnamese people. Environmental issues should be taken seriously in any business disputes with foreign investors.

Dispute settlements

Commercial dispute resolution mechanisms are becoming increasingly common in the Vietnamese business reality. For example, in 2021, 39 dispute settlements were rendered against Vietnam in the WTO (WTO, 2021b). However, in terms of all anti-dumping lawsuits, sources note over a hundred cases against Vietnam already. They are especially prevalent during the pandemic and the growing protectionism connected with it. The affected sector is agriculture, especially seafood, but also steel and footwear (Barai et al., 2017; Phuong T., 2020).

³⁷ Precautionary Principle is established in different international agreements and treaties when the outcome of cumulative factors is uncertain and may pose threat to human health or environment (Ekardt, 2020).

Dispute settlement issues are significant for the EU, and they are placed in both the EVFTA and EVIPA. The latter covers investment dispute settlements while the former covers all other commercial disputes. This section treats the topic as one because, technically, little difference exists between the two kinds of disputes, despite their division into two separate legal documents. The most significant difference, for now, is that the EVFTA was ratified and entered into force in August 2020, when until October 2022, EVIPA is still in the ratification process.

International dispute settlement mechanisms emerged after the Second World War when the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) was signed and then adopted by the UN in 1958. The document regulates the recognition of foreign arbitral awards³⁸. As of 2021, 168 countries are signatures to the New York Convention; Vietnam joined in 1995 with three reservations narrowing the scope of application of the agreement (New York Arbitration Convention, 2021).

In addition, a growing network of international investment agreements was designed to strengthen the diplomatic protection of foreign investors. As a result, in 1965, the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States was signed in Washington (in short: Washington Convention), which established the International Centre for Settlement of Investment Disputes (ICSID). Until now, the ICSID has dealt with the most extensive number of investment disputes globally. Most of the developed countries and many developing countries, for example, most of Africa, joined the ICSID. Among EU members, only Poland did not (ICSID, 2006). Vietnam is still not a party to the Washington

³⁸ According to Prof. Bhatia's Textbook on Legal Language and Legal Writing (2010), In legal terminology, an arbitral award (or arbitration award) is the same as a verdict in a court of law. In principle, it is determined "on the merits by an arbitration tribunal in an arbitration" process (Bhatia, 2010, p. 130). This term is primarily used in international dispute settlements.

Convention. However, adopting the ICSID rules would undoubtedly help reform the Vietnamese arbitration system, making it more aligned with EU standards described in the EVFTA and the EVIPA. The other institutions involved in resolving these issues are the Stockholm Chamber of Commerce, the International Chamber of Commerce, and the London Court of International Arbitration.

Dispute settlement in Vietnam

Commercial dispute settlement, in general, is a concept virtually unknown in Vietnam until the end of the twentieth century. The first arbitration entity in Vietnam was formed in 1993 within the VCCI and was named the Vietnam International Arbitration Centre (VIAC). However, the scope of its activity was minimal, primarily due to a lack of proper legislation regulating these issues, which is one reason for the low popularity of this mechanism among foreign investors. A growing number of cases handled by the VIAC in more recent years (the 2010s) is explained by the low effectiveness of Vietnam's courts, not by the advantages which the VIAC offers (Linh N., Anh D. & Giang C., 2017).

On the wave of WTO preparation in 2003, the dispute settlement mechanism was included for the first time in the national legislation in the Ordinance on Commercial Arbitration (Ordinance No. 08/2003/PL-UBTVQH11). In 2010 it was replaced by a more advanced Law on Commercial Arbitration (Law on Commercial Arbitration No. 54/2010/QH12, 2010). This law's framework is based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration (in short: UNCITRAL Model Law), which was adopted in 1985 and amended in 2006.

Dispute settlements are not only connected with the formal institutional setting, which might

be translated into the rule of law or broader, efficient judiciary and bureaucracy. The process of aligning with international standards in dispute settlements also shapes informal institutions. This procedure, for example, exploits the rule of “social morals” or “social ethics,” which used to be a completely abstract concept in the Vietnamese legal system before. In Western legislation, it was adopted as the formal rule. It often refers to the appointment of tribunal members or judges and to the arbitration process itself³⁹. As of 2022, it remains informal in Vietnam, as an unwritten norm (Linh N. et al., 2017).

Chapter 4 of this dissertation has focused on several important issues that continue to impact Vietnam’s judiciary system causing a disassociation with international standards and the EVFTA. One of the main features is a lack of transparency as all arbitration processes are deemed confidential and conducted in closed proceedings. Furthermore, some analysts also noted that Vietnam is a civil law country that does not help to develop standard interpretations of the law as it takes place in a customary law system, where precedent is binding on judges (Toan L. & Walker, 2008). Another problem frequently mentioned in various international reports is the relatively low-quality lawyers and the insufficient number of well-trained specialists in international dispute settlements (Nicholson & Quang N., 2017; WB, 2019a; Phuong C. & Van D., 2020; Confidential Interview I with the Leader I of the EuroCham, 2021).

Vietnam’s alignment with the EU standards

Dispute settlement rules adopted by the EVFTA and EVIPA are generally considered one of

³⁹ No legal document in Vietnam explains “social morality” or “social ethics,” with a tiny exception in Article 123 of the Civil Code, which states: “common standards of conduct as between persons in social life, which are recognized and respected by the community” (Civil Code. Law No. 91/2015/QH13, 2015, p. 38). Hence, when it does appear in Vietnamese legislation, it should be understood as something in the line of local morality, which does not violate the ethical standards of Vietnamese society.

the most advanced of any international agreements ever signed, more advanced than the WTO rules. Dispute settlement rules are formulated in Chapter 15 of the EVFTA and Chapter 3 of the EVIPA. It must be noted that Vietnam has some exclusions in this regard, namely, a five-year transitional period, counted from entry into force of the agreement, for Vietnam to prepare for a new tribunal system (Linh N. et al., 2017, p. 27).

The primary and controversial rule introduced by the EVIPA is the right of various business entities to sue governments through the international tribunal. However, this mechanism incorporates many restrictions. For example, the company cannot sue the host government just because some new state policies might affect the profit of the foreign investor.

Governments have full rights to protect their public interests. Thus, contrary to criticism, the dispute settlement mechanism set in the EVIPA has not transferred most power to the private sector against the authority of the state. The EVIPA has established a special tribunal to deal with those investment dispute settlement cases.

The entirety of the EVFTA and the EVIPA were considered by Vietnamese officials as a significant challenge as they wrestled with Vietnam's low capacity to implement new legislation, especially that which was not in line with the interests of the most prominent stakeholders. However, as Nguyen Khanh Ngoc, Vice-Minister of Justice (2016) pointed out, the dispute settlement mechanism proposed in the EVFTA never existed before in any form in Vietnam. Vietnam would have to train more lawyers specializing in international trade dispute settlements to successfully implement the EVFTA and the EVIPA dispute settlement mechanism, to seize maximum advantage from it. Another Vietnamese official, Nguyen Do Anh Tuan from MARD, admitted (2016) that the dispute settlement mechanism in Vietnam had a low capacity or, in many cases, like IPR, no capacity to deal with it, plus a deficiency

of real professionalism.

The implementation and enforcement of the EVFTA and the EVIPA problem might be more easily solved by using the local Law on Conclusion, Accession and Implementation of Treaties (No. 41/2005/QH11), known as the Treaty Law 2005, which allows the use of an international agreement, such as the EVFTA and the EVIPA, to be applied directly in national legislation if it is “explicit and specific enough for implementation” (Treaty Law, 2005, Article 6.3). Agreements that are not explicit and specific enough require incorporation of their provisions into national legislation (Law on Conclusion, Accession, and Implementation of Treaties No. 41/2005/QH11, 2005). This is not the case for the EVFTA and the EVIPA because the texts are clear enough.

To summarize, the issues connected to dispute settlement remain extremely challenging considering the gap between Vietnam’s institutional setting and expected adjustment. It requires an institutional change in the formal rules, especially inefficient judiciary and bureaucracy, and fundamental change in informal norms connected to how the problems were solved before, and how transparent and fair the process was. Implementation of these provisions would give more confidence to foreign investors which might result in economic benefits for Vietnam.

Investment liberalization and protection

Investment issues can be divided into several parts. Part connected with liberalization postulates more open, access to the market by foreign investors and more transparency. They are the main objectives of Section B of Chapter 8 of EVFTA. In contrast to a traditional FTA approach to investment liberalization, the EVFTA adopts a “positive list,” which means the

text must explicitly list (“positively”) all commitments of investment liberalization, especially in the area of setting up a new company or acquisition of an existing one, setting up a branch or representative office. The part of the EVIPA that deals with protection consists of three chapters: (1) Investment Protection Standards; (2) Investment Dispute Settlement and, (3) Permanent Investment Tribunal and Appealed Tribunal. It focuses on non-discriminatory treatment between foreign and local investors, and between foreign investors (EVIPA, 2018).

Mentioned investment provisions are fairly consistent with the provisions of previous agreements to which Vietnam has been a signatory, particularly the CPTPP but also the AANZFTA, with one exception. EVIPA forbids nationalization and expropriation except those made explicitly for public purposes. In this case, an investor must receive a total compensation of all invested assets. The investor is also allowed to freely transfer their assets out of the host country when appropriate for the investor (EVIPA, 2018; Law on Investment No. 61/2020/QH14, 2020; Cung et al., 2017; Dimopoulos, 2019).

Summarizing all the above, the EVIPA may provide the highest possible level of investment protection. Implementation and enforcement of mentioned provisions might considerably impact Vietnam’s institutional setting. First of all, strengthening the rule of law, efficient bureaucracy, and judiciary. Elements listed as one of the most considerable obstacles for foreign investors (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, 2021). The second element is the strict protection of the property rights of investors. Investment liberalization and protection provisions have also impacted corporate governance and the financial market by facilitating equal conditions for all economic entities.

Summary

Presented above findings confirm two main patterns. Traditional trade agreements might have a positive impact on trade and investment in Vietnam, as it is mentioned above. Their actual effect is however still debatable, as trade creation is in most cases paired with trade diversion. The other problem is that in most cases, the increase in imports is higher than in exports, in the cases of AEC, ACFTA, VKFTA and VJEPA. The agreements with Japan and South Korea might be considered valuable for Vietnam through a prism of an increased volume of investments and ODA. However, none of mentioned traditional FTAs has the potential to cause institutional change that can trigger long-term economic change.

In contrast, EVFTA seems to have potential in both dimensions. It widens access to the second-biggest export market for Vietnam. Additionally, as a detailed analysis of the EVFTA provisions proved, it pushes for formal institutional change which might cause genuine and deep change leading to economic change and rapid development. The scope of the changes, however, will depend on the remaining elements of the framework, the enforcement ability managed by organizations that, in many cases, are steered by informal norms and follows path dependence. Thus, the ability to break this pattern will be the way to success.

Additionally, EVFTA provisions contain incentives for the modernization of the Vietnamese agricultural sector. At the same time, a positive indirect impact on supply chains might also be assumed.

Chapter 8: Supply Chains and Agricultural Sector Case Study

Agriculture in Vietnam entered the twenty-first century not only as the sector securing food for the country's population but also as an important sector of the economy driven by export to a large extent. Agriculture is still the biggest reservoir of the labor force and the most significant concentration of people living in poverty. Although on a much smaller scale than it was at the end of the previous century.

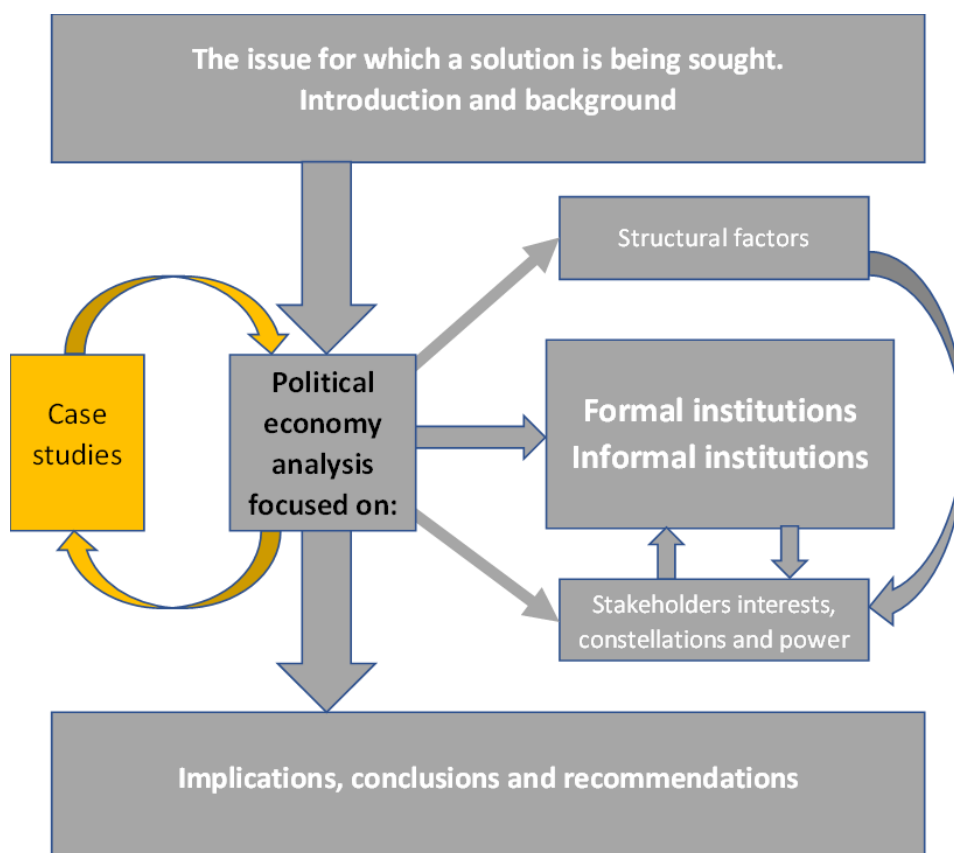
In the context of trade liberalization and economic integration, agriculture remains vital from many points of view, e.g., food security, trade policies, labor force migration to urban areas, investments, and technology diffusion. While trade liberalization in general might be beneficial for the country as a whole, this might not be the case for agriculture. Trade liberalization distorts the market through changes in the relative price level of traded and non-traded products. Consequently, the allocation of resources might be reorganized, especially in the short term and in poorer countries with no proper policies of cushioning adverse trade effects on agriculture (FAO, 2003). Vietnam is not an exception, although the country is trying to develop some defense mechanisms and strengthen institutional capacity that will allow some mitigation of the negative effects of trade liberalization.

Economic integration opened the market for foreign products, which are often more competitive than local ones. At the same time, it gave more export opportunities for Vietnamese products. Another consequence is the development of manufacturing industries, many of which are labor-intensive. Consequently, the rural population became the labor force's reservoir for new factories located in the urban areas. All the mentioned reasons are

considered crucially important in developing agriculture in Vietnam and, according to WB's Vietnam Development Report 2016, placing the sector at its turning point. The resources are exhausted, and a moment comes when Vietnamese agriculture has to start "gaining more from less" (p. 1).

This chapter examines the direct and indirect impact of FTAs on Vietnam's agricultural sector and its supply chains. The indirect impact might be found in changing institutional environment, while the direct one is derived from such provisions as tariffs or SPS. Figure 8.1 illustrates the location of this part of the research in the overall framework.

Figure 8.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

FTAs' impact on agricultural supply chains and GVCs

This section treats agriculture as one of the sectors of the national economy. It nevertheless refers to the agriculture specifics and its differences connected to exceptional opportunities and challenges connected with FTAs participation. The section concentrates on supply chains and GVC as the frames of economic activity. Hence, it starts by explaining the importance of the supply chain and its stage in Vietnam. Then it examines the GVC and Vietnam's participation as a crucial element of the economy integrating with the global markets. GVC upgrading opportunities are analyzed in the context of reaping benefits from FTAs' participation. Finally, special characteristics of agricultural supply chains in Vietnam are examined in a liberalizing and integrating economy.

Domestic supply chains in Vietnam

In the political economy analysis of the FTAs' consequences, supply chains examination gives additional insights into the economic gains and losses. Supply chain efficiency is one of the main components of trade facilitation. Some researchers claim that it is the critical one (e.g., Duc P. et al., 2016; Lamy, 2018). The supply chain setting covers its management, organization, transport infrastructure, and logistics services. An efficient domestic supply chain reduces the cost of trade for the exporting country and, as a result, makes the country more competitive against its foreign partners.

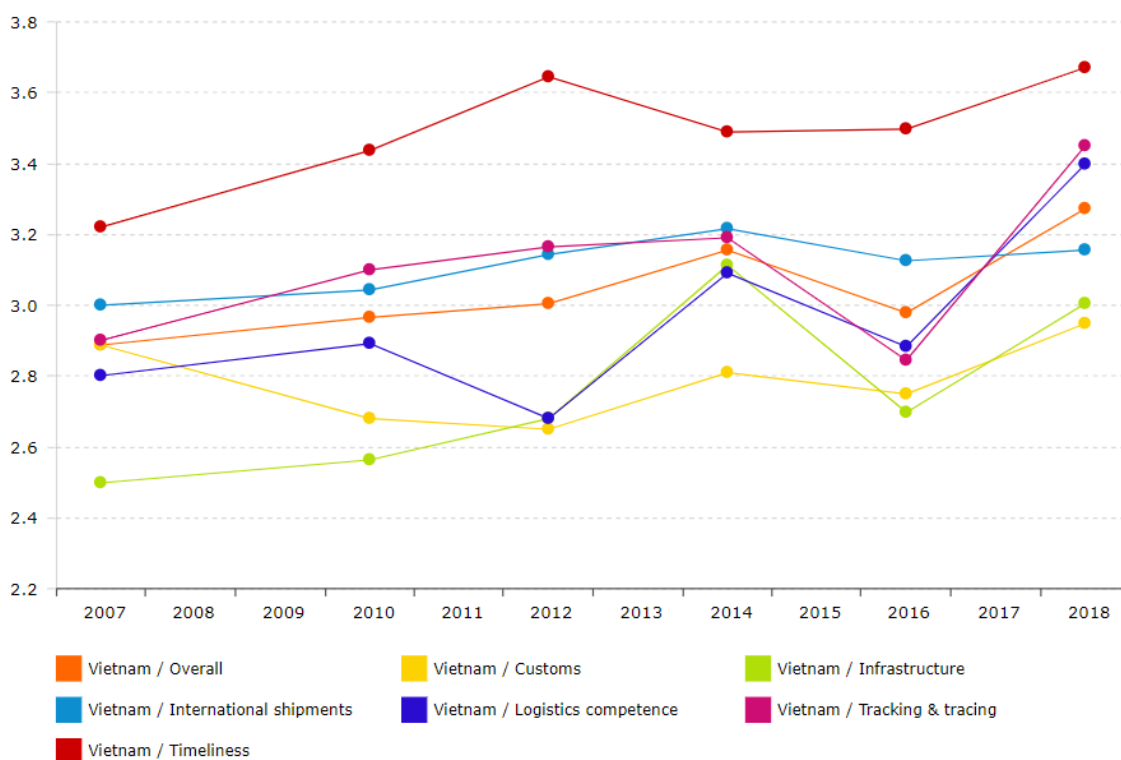
As for the 2020s, supply chains in Vietnam are still in the relatively early stage of development. One of their characteristics is the significant share of SOEs operating in the

business-to-business model. In contrast, private companies opt for direct contact with the market or business-to-customer. The private sector seeks to vertically integrate its value-supply chains where personal connections seem instrumental and crucial (Quang T. & Rowley, 2014). Therefore, despite attempts, supply chains have not developed satisfactorily due in part to the weakness of Vietnam's private sector, especially SMEs (Busch, 2017).

Except for the vibrant private sector, another characteristic of an effectively functioning supply chain is a high level of connectivity. It requires a well-developed infrastructure. This means not only transport infrastructure but also communication in the form of the internet, and a stable supply of electricity and water. According to the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), and the WB (2021), Vietnam has reduced its trade costs significantly in the 2010s, to a level lower than China and most ASEAN members. However, agricultural trade cost remains relatively high, which is typical for other developing countries.

The LPI indicates precisely how countries maintain their logistic capabilities in trade (Arvis et al., 2018). Vietnam is fairly assessed, in 39th position out of 160 countries, and is recently improving. However, not all components of the index look promising, as illustrated in Figure 8.2. Customs procedures (2.85) and infrastructure (3.01) still lag behind Vietnam's competitors, although slowly improving. The introduction of the ASW for all border control procedures did not enhance the efficiency of the customs services so far. International shipments (3.16) have had a similar level throughout the whole decade of the 2010s. Logistic competence (3.40) plus tracking and tracing (3.45) improved the most. Timelines (3.67) were always assessed as the highest and continue to improve (WB, 2021b).

Figure 8.2: Vietnam's Logistics Performance Index components 2007-2018



Source: LPI (WB, 2021b)

Vietnam as a part of GVCs

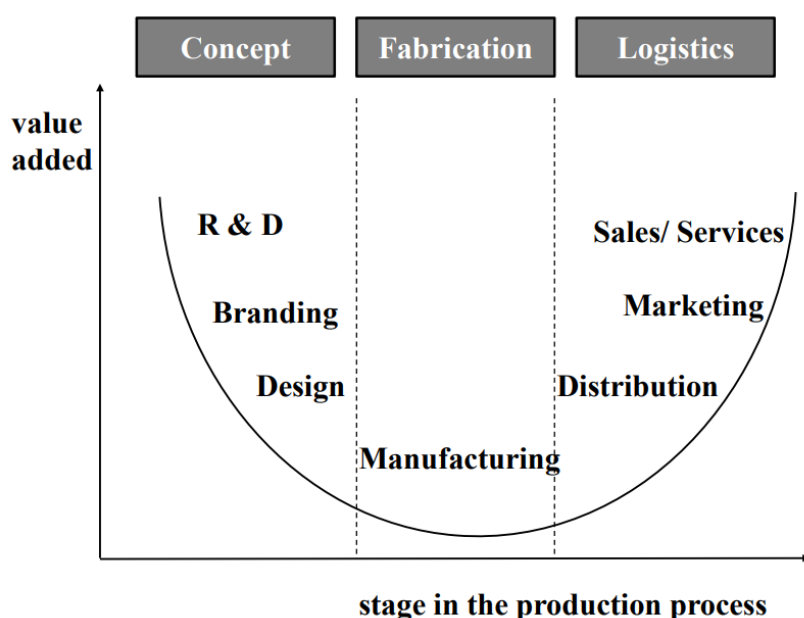
Vietnam started to integrate into the GVCs since economic liberalization was initiated in the 1980s. The FTAs that country concluded have facilitated mentioned processes by opening new opportunities for Vietnamese businesses to join the GVCs. Agreements with developed economies, besides posing a challenge, gave more extensive opportunities to join the chain not only at its lower level but also to upgrade in the GVC.

Vietnam still occupies the lower sections of the GVC (2022), primarily in manufacturing, as Jean-Paul Rodrigue, Claude Comtois, and Brian Slack's (2006) chart in Figure 8.3 below shows. However, most value-added processes appear at the entrance and end of the chain.

This is most visible in the garment and electronic industries, but it can be applied to other

sectors, including food production. In such a combination, for coffee, research plus the selection of the best bean and farming process branding should be paired with the development of a well-recognized brand. The design might refer to logotypes and packaging. Manufacturing would be all roasting processes and preparation for the packaging. In general, the concept and logistics are weak in Vietnam. Consequently, Vietnam occupies a low position on the chart, serving as a supplier to well-known brands of food products like Nestle, the biggest single buyer of Vietnamese coffee.

Figure 8.3: The “smile curve” of GVC



Source: Adaptation of 'smile curve' initially proposed by Acer's founder, Stan Shih (Rodrigue, Comtois & Slack, 2006)

GVC upgrading and the EVFTA

A position in the GVC can be upgraded in several ways, as mentioned in the literature. For example, John Humphrey and Hubert Schmitz (2002) proposed three of them. The first is process upgrading which means improvement of production efficiency. It might be achieved

by applying more advanced technology or a more sophisticated production process organization. The second is product upgrading, which refers to introducing a new, improved, or higher-quality product. The third proposed way is functional upgrading. Functional upgrading can be defined as moving up in the “smile curve” from Figure 8.3. In other words, widening operations from manufacturing only to R&D, branding, design, distribution, marketing, and sales. Additionally, so-called social upgrading relates to labor rights, working conditions, and other social protection measures (Barrientos, Gereffi & Rossi, 2011).

Extrapolating the above processes to the coffee industry, the first method would be achieved by investing in more technologically advanced machines and staff training. The second could be reached by switching to more valuable beans like arabica, which are preferable in most export markets, including the EU. The third way is developing brands and maintaining all distribution, marketing, and sales, such as in the case of Trung Nguyen or Highlands Coffee companies. Fourth, social upgrading might be matched with obtaining a globally recognized certificate, such as “Fair Trade” or “Rainforest Alliance”.

The above methods of GVC upgrading are possible thanks to trade agreements with more developed partners, such as the EVFTA. It is one of the strong arguments of FDI proponents, who claim that local companies have a chance to learn from more advanced business partners who invest in the country. According to Juraj Stancik (2007), such knowledge spillover might occur horizontally to the entities from the same stage of the GVC but not necessarily from the same sector, for example, distribution or managerial systems. It can also occur vertically, which means overflow to the same industry on all levels of the value chain. Indeed, it is what decision-makers expect from the EVFTA (Confidential Interview with the Vietnamese Leader of Chamber of Commerce, 2021).

Spillover, however, depends on local companies' capacity to absorb the innovation overall, not only those coming from FDI. In only a few cases were local companies able to build linkages with foreign-invested firms allowing them to achieve GVC upgrading (Kozul-Wright & Fortunato, 2020; Djafar & Milberg, 2020). It can be argued that special economic zones or export processing zones in Vietnam which were created following the advice of UNIDO (1995) and other international development players are not suitable for knowledge spillover. Local companies have no access to foreign investors, which generally only use cheap Vietnamese labor to produce exclusively in their export markets. In most cases, cooperation with local partners is minimal or does not exist.

Moreover, what Adam Fforde (2002) pointed out and what is observed more recently by stakeholders, foreign investors in Vietnam do not create valuable jobs, just those of low wages requiring minimal skills and in the end reap large profits (Confidential Interview with the Former Leader II of the EuroCham and Diplomat, 2022). Here again, a desirable institutional setting seems to be crucially important. A well-understood way to attract valuable FDI to the country is by establishing the rule of law, respect for the contracts, fair competition without favoring the SOEs or other local partners, and a well-defined and well-protected IPR.

Vietnam has already been successful in attracting a large number of FDI in specific sectors without the NGFTAs in place. However, it did not cause the expected knowledge spillover. No developing country except China can demand technology transfer from foreign investors to local cooperates (Kapur & Suri, 2014). Hence, the problem now is to attract the proper kind of FDI and integrate them into the local supply chain.

In other words, the quality of investments instead of their quantity should be more important. The economy must be involved in the GVC to be able to start catching up with more advanced countries and eventually generate its own innovations (Kaur, 2014). However, at a particular stage of development, attracting more investment without a selection process, which would enable decision-makers to direct the flow of economic upgrading in specific sectors or fields, is counter-productive. For example, in the 2010s, Vietnam imposed several incentives to attract hi-tech FDI⁴⁰ and large manufacturing projects from preferable industries (Decree 12/2015/ND-CP)⁴¹. These efforts, however, failed to produce technology transfer. Many of these investors withdrew from Vietnam after some benefits expired, e.g., JVC, Panasonic, Sony, and Toshiba (Confidential Interview with the Senior Officer of the UN Office in Vietnam, 2021).

In the pre-EVFTA era, Vietnam failed to integrate foreign investors into the local economy, as the IMF report reveals (Baum, 2020). An excellent example here is the motorcycle industry. The sector was protected against competition from more advanced countries which allowed local entrepreneurs to catch up with the frontiers. However, the industry was not able to absorb new technologies and failed to develop to a satisfactory level (Lim, 2021). This means developing the capacity to compete with certain industry leaders without effective knowledge spillover might be nearly impossible in a free competition environment. Moreover, it is generally widely acknowledged that the EVFTA makes the country attractive to foreign investors without domestic policies facilitating FDI inflow. Thus, the focus should be placed

⁴⁰ For example, Samsung obtained a corporate income tax exemption for ten years due to its hi-tech investor status. Additionally, the company was awarded a 50% discount on tariffs paid to the Vietnamese government for the following ten years and a privileged position regarding access to the land use permit (Berger et al., 2016).

⁴¹ For example, it consisted of a four-year corporate income tax exemption and a 50% cut for another 11 years. Additionally, it reduced the cost of the land use rent by half outside the industrial zones and exemption from tariffs for imported materials and components for further production.

on making Vietnamese businesses capable of absorbing new knowledge.

The EVFTA is so far only Vietnam's FTA that has the potential to accelerate this process, as European companies are more willing to share their experience and knowledge than their Asian counterparts. High protection of the IP and prevention from transfer the technology is evident in the example of Japanese carmakers or Korean Samsung, which imports all modules, ready for assembly in Vietnam. Similarly, Americans imposed much harsher restrictions on IP transfers abandoned by them, TPP (Confidential Interviews with the Leader of the EU MS Trade Promotion Office in Vietnam; and the Senior Officer of the UN Office in Vietnam, 2021; Berger et al., 2016; Hatch, Bair & Heiduk, 2015).

Vietnam's obstacles towards GVC upgrading

This section summarizes a discussion on major obstacles concerning GVC upgrading in Vietnam. One of the most serious is the low-quality labor force. As a result, the ability of Vietnamese businesses to absorb the new technologies brought by foreign investors is fairly low. This issue has already been addressed several times in this dissertation.

The Vietnamese labor force is relatively educated compared to other countries at the same stage of economic development. However, in terms of maintaining a high pace of development and being able to move up in the GVC, Vietnam needs better quality of its human capital, as various sources have also reiterated (e.g., Perkins & Tu Anh, 2011). The main problem in forming the desired level of skills is the underinvested, backwards education system. The scarcity of skilled labor and high demand, especially from foreign entities operating in Vietnam, caused an enormous increase in wage expectations from well-educated

Vietnamese people⁴². However, FDI proved to be much more effective in elevating the quality of human resources of host countries than integrating its industries into GVC (Djafar & Milberg, 2020).

Apart from those mentioned above, several other obstacles make it difficult to upgrade the GVC position for the country. Transport infrastructure is one of them, and it is also one of the weakest points of the supply chain in Vietnam. Despite decent public investment in infrastructure in Vietnam, supported by the ODA and other development assistance, transport infrastructure improvement failed to maintain the pace of increasing trade volume. According to the Global Infrastructure Hub (2021b), the gap between the investments needed and the observed investment trends in Vietnam amounts to \$102 billion. The biggest underinvestment is in the road sector, with a \$55 billion gap.

The obstacles mentioned would be addressed by a more efficient institutional setting. This means, for example in terms of bureaucracy, the elimination of overlapping competences of various government entities would speed up public investments, locate them in desired areas and secure better allocation of resources, as would better IPR protection, faster and more transparent procedures of customs, issuance of investment permits, access to land and other resources, fair competition, dispute settlement, and modern labor regulations. These are the main ones mentioned by the VCCI survey in 2016 (Berger et al., 2016). The EVFTA provisions address everything listed above. Hence, the EVFTA gives many incentives for GVC upgrading.

⁴² In the author's experience, in 2008, a local economic expert, educated in the West and speaking at least three languages fluently, would be satisfied with a salary of around \$600-800 per month. The average for Hanoi at that time was below \$100 per month. Ten years later, offering a salary of \$2500-3000 per month for the same category of an employee was not enough, and the average wage was around \$150 per month (VoV, 2021a).

Agricultural supply chain

Although agricultural supply chains are usually shorter than those in industry, they are more vulnerable and difficult to manage. A typical chain contains only a few stages, i.e., 1) farm, 2) silos, 3) processing plant, 4) warehouse, and 5) consumer (Denis et al., 2020). How the product is transported and distributed is also crucially important. A large number of factors impact the decision-making process in agricultural supply chain management, including weather, grain quality, varieties that can and cannot be mixed, and often, many participants, e.g., smallholder farmers. The agricultural supply chains are also the most prone to be integrated under leading food companies (Gereffi, 2015), as can be observed in terms of companies like Nestle, Unilever, Tyson Foods or more recently, the VinGroup in Vietnam.

The major problems connected with the agricultural supply chain in Vietnam are underdeveloped cold transportation and storage infrastructure. In the context of new SPS and quality measures, high-level laboratories with modern equipment and capable, highly educated staff are needed. The other physical constraint is an enormous fragmentation of farms, making over 70% of them smaller than 0.5 ha (WB, 2016b). Additionally, most of them use traditional farming methods without machinery and lack high-quality human capital. From a regulatory perspective, a proper legal framework enabling the development of large-scale agro-business is lacking.

An overall vision of how to improve logistics in the sector is lacking, although this would increase efficiency and limit the vast food losses during transportation. At the beginning of the 2020s, the primary retail market for agricultural products was wet markets and small family shops, which are believed to cover an overwhelming share of food distribution channels (Confidential Interview with the Leader of the EU MS Trade Promotion Office in

Vietnam, 2021).

The situation is slightly different in the main urban areas, especially Hanoi and HCMC, where several chain supermarkets operate with integrated supply chains. However, it does not change the fact that food supply chains are highly fragmented and lack modern logistics systems, especially cold transportation and cold storage, crucial in a tropical country such as Vietnam. The result is colossal food losses, according to the WB Development Report (2019a), in some cases exceeding 50%, and loss of quality of the food delivered, posing a threat to human health.

The importance of EVFTA for agricultural supply chains in Vietnam

The EVFTA, like the other trade agreements, reduced the tariffs on a wide range of exported goods. It potentially paved the road for many European, high-quality products to the Vietnamese tables. The mentioned assumption is challenged in this section. According to the author, the EVFTA will have a limited direct impact on the agricultural market in Vietnam, but it might have indirect consequences.

Despite the EVFTA provisions such as tariff reduction and other measures which potentially facilitate the influx of European food products to the Vietnamese market, the reality proves to be different. As mentioned in the previous section, fragmentation, and underdevelopment of Vietnam's food distribution channels, together with the attachment of Vietnamese people to traditional sales channels such as wet markets and family stores have a decisive importance in preventing the expansion of European food products in Vietnam.

According to European businesses and observers, the lack of European distribution chains is

one of the biggest obstacles to entering the Vietnamese market. For obvious reasons, they are not able to reach traditional distribution channels. Moreover, previously present in the Vietnamese market French (Casino Group) and German (Metro Group) exited the market in somehow controversial circumstances in 2016, after the EVFTA negotiations were completed but before entering into force the Agreement. Their places were taken by the Thai Central Group and the TCC Group. The latter belongs to Charoen Sirivadhanabhakdi, who is consolidating his position in the Vietnamese market by acquiring Sabeco, a leading beer producer, and 20% shares of Vinamilk (Knutsen & Khanh, 2020).

Other shares of the market of modern distribution channels belong to local VinGroup, Korean Lotte Group, and Japanese AEON Co., Ltd. Hence, Vietnam no longer has a European distribution channel. Entering Korean, Japanese, Thai, or local supermarkets chains is almost impossible, except for well-established brands on the market like Dutch Lady or Zott (Confidential Interviews with the Leaders of the EuroCham; the Leader of the EU MS Trade Promotion Office in Vietnam; the Senior Officer of the UN Office in Vietnam, 2021-2022).

Another problem with European food products is the lack of recognition of many brands or even countries. While Germany, France, and Italy have satisfactory reputations as reliable and responsible food suppliers, the same cannot be said of Poland, Romania, and the Czech Republic. Poland, for example, is the largest European poultry and apple producer and exporter. It is also a top exporter of milk, dairy, and other animal-origin products (FAO, 2021b). However, despite the high quality proved by the EU standard, most of Poland's food export goes to developed countries such as the EU MS or the USA, not to Vietnam.

Vietnamese importers have a relatively strong negative bias toward Polish and other CEE products. It, together with the attractiveness of Western European food in other third markets,

redirecting them to more traditional for European exporters markets (e.g., North Africa), might effectively prevent EU food products from entering the Vietnamese market (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, 2021).

Additionally, the gap between consumer food preferences in Vietnam and European products is significant. This issue has sources in food culture, climate, and other elements (Hansen, 2020). Hence, a fear by Vietnamese food producers that the market will be swamped by superior European products is unlikely to materialize in the short or medium term. Some studies have indicated that Vietnamese animal-origin products, especially poultry, pork, and dairy products, may be the most at risk (e.g., Philip et al., 2011; Baker et al., 2014; Petri, 2016).

Moreover, Vietnam has experienced balancing between trade agreement provisions and satisfying its people and industries in favor of the latter. It did not hesitate to close the market for European products for an unjustified reason when the local producers were in danger of losing their profit, as it was mentioned in the previous chapter (Confidential Interview with the Former Leader II of the EuroCham and Diplomat, 2022). It also can sell its products to nearby countries that do not have an FTA with the EU, like China or ASEAN members.

More than a direct, quick impact from the EVFTA, medium- and long-term consequences are likely to be observed in the Vietnamese agricultural sector and its supply chain. One is switching to more eco-friendly production. This has two main aspects. Firstly, production processes are becoming less harmful to the environment, for example, by more efficient and cleaner water management and utilization of wastes. Secondly, a further aspect of eco-

friendly production is connected to the final product, which is of higher quality and meets exacting safety standards.

Several factors are accelerating this process which might be summarized in several of the EVFTA provisions. First of all, Vietnamese agriculture must become more competitive if it wants to survive in the free-market environment facing high-quality foreign food products. The result is an indirect incentive to invest in the production, which will be able to not only enter the EU market but also compete with EU products in the local Vietnamese market. Second, the direct incentive to switch to eco-friendly products is the high EU level of SPS and the benefits of the GI.

Another indirect effect of the EVFTA and other FTAs is expected to increase the total factor productivity (TFP) of Vietnamese agriculture in the coming years. This assumption can be drawn based on two main factors. One is an observation of similar middle-income agricultural economies in the past, which liberalized their markets, such as Thailand and China. The second is the decline in the TFP in Vietnam from 2008 to 2010, and a strong expectation of the reverse of this trend based on growing investments in agriculture and increasing labor productivity caused by (i) the developing economy and (ii) a decrease in the share of the labor force engaged in agricultural production. Both mentioned factors are additionally accelerated by the expected effects of the EVFTA provisions (WB, 2016b).

The EVFTA can also be credited with contributing to improving logistics, especially in the long run, by making supply chains more efficient. First, this is reflected in all provisions that call for a reduction and simplification of procedures, especially in terms of border control and formalities connected to cross-border trade. Forcing Vietnam to treat the EU as one economy,

not as separate 27 entities, dramatically reduces the number of procedures and expertise that Vietnamese authorities used in the past.

In terms of institutional change and its impact on agriculture, several elements are worth mentioning. First, strengthened property rights give the landowners more security and less uncertainty about their future and allow needed investments. IPR protection gives incentives for research entities to develop new, more efficient crops, such as rice variety ST25.

Improvement of bureaucracy's efficiency is connected to the elements mentioned in the previous paragraph.

Enforced institutional change would accelerate any process of regulatory adjustment. A healthy financial market, together with accessible financial services, will positively impact the development of agricultural entrepreneurship. It would also mitigate vulnerability to weather conditions and natural disasters by providing insurance and managing commodity markets in the way it is in developed countries, offering several financial instruments to the sellers and buyers. Proper management of public finances, including a fair and efficient tax system, would give the authorities greater investment opportunities in most rural areas.

Together with a social umbrella, labor rights protection would increase the overall welfare of the rural population and contribute to the development of rural areas. All mentioned elements of institutional change are postulated in the EVFTA.

Cash crops case studies

Two commodities are chosen as examples for a case study in this analysis: coffee and cashew

nuts. The choice was based on the importance of these commodities in the overall trade of agricultural products. In 2018, the value of coffee exports reached \$3.54 billion, \$3.34 and \$0.82 billion for cashew nuts, respectively, of which \$1.34 billion was exported to the EU (GDVC, 2020).

These are the two top-value exported commodities, which account for 18.8% of agricultural product exports and 2.6% of overall export value. Coffee and cashews are essential, and not only domestically, as currently, but Vietnam is also the top player in the global market in both commodities. After Brazil, they are currently the second-biggest producer and exporter of coffee (ICO, 2019). Vietnam is also the largest producer and exporter of raw cashew nuts globally, accounting for 24.9% of global production volume and 25.4% of global exports (Yun, 2018).

Other reasons for choosing coffee and cashews as the model for this study include the fact that the history of both commodities in Vietnam is relatively short, being introduced in the nineteenth century by the French. Both were developed due to directed policies undertaken at the political level, and both were selected and subsidized by the government as “created winners” according to the developmental state model (Woo-Cumings, 1999; Karagiannis, 2002). These subsidies were almost entirely removed on the day of the WTO accession (Chaisse & Sejko, 2018). At that moment, coffee and cashew nuts were already well-established export commodities in Vietnam.

Additionally, the impact of FTAs on both sectors in Vietnam is almost unmentioned in the literature, which, in terms of coffee, was also observed by Nguyen Dinh Dao (2020), who has currently written about determinants of coffee and rice export using a quantitative stochastic

gravity model. Some recent papers research FTA's impact on agriculture in general, for example, the joint work of Pham Hoang Linh, Nguyen Khanh Doanh, and Nguyen Ngoc Quynh (2019). Some articles about the coffee supply chain (Giang N. & Sarker, 2018), corporate social responsibility, and sustainability of the coffee sector in Vietnam were also published recently (Manh-Hoang, Huang & Thi-Nga, 2020; Thi-Nga, Kumar & Manh-Hoang, 2019). However, they do not exhaust this research gap.

In terms of cashews, the literature is even more modest. Some journal publications and conference presentations deal with cashew production practices and the value chain in Vietnam (e.g., Chau N., 1998; Que & Manh, 2006; Dendena & Corsi, 2014; Duy et al., 2015). A comparative study between the Tanzanian and Vietnamese cashew sectors was also conducted (Kilama, 2010). FTAs' impact on the cashew sector in Vietnam is researched in the broader context only, as the overall impact on agriculture and agricultural commodities export or cash crops, including cashew nuts (Coello, 2008; 2009). Hence, it is clear that this field, together with the developing new economic situation under the structural factors (pandemic, trade war) creates a research gap that this dissertation tries to fill.

Coffee case study

Coffee is the berries from the *Coffea* plant, with two main coffee bean types: arabica from *Coffea arabica*, and the robusta form, *Coffea canephora*. The former is sweeter and more “delicate” while the latter is more bitter mostly because it contains nearly double more caffeine. Robusta is also easier to grow, it has a higher yield per tree and it is less sensitive to insects. Thus, robusta is cheaper – around half price of the same amount of arabica. About 75% of global production is arabica, with Brazil as the biggest producer, and 25% is robusta, mostly in Vietnam; however, the gap is narrowing year by year (Parari, 2014; National Coffee

Association of USA, 2020).

Coffee trees require rich soils, mild temperatures, relatively frequent rain and shadowed sun. Hence, the best conditions could be found in subtropical and tropical humid climate zones, and on hilly slopes partly exposed to the sun. This is why most of the coffee plantations in Vietnam are located in South and Central Vietnam, especially in Central Highlands, Dak Lak province. The other coffee-growing countries are Brazil, Colombia, Ethiopia, Indonesia, and the Philippines. The highest consumption per capita is observed in North European countries, i.e., Sweden, Finland, Norway, Germany and also in North America. The popularity of coffee is also growing in Vietnam, which offers a special way of brewing it (VICOFA, 2020; Calderone, 2016a; 2016b)

Development of the coffee sector in Vietnam

Vietnam can be considered a latecomer in the coffee producers' circle. Initially, coffee was introduced to Indochina by Catholic missionaries in the middle of the nineteenth century, like many other commodities at that time. Coffee was primarily cultivated by smallholders on a minimal scale. However, strong government support enabled the coffee sector to emerge in Vietnam and be considered as export revenue. As a result, Vietnam became the second-largest coffee producer and exporter globally (FAO, 2021b; D'haeze et al., 2005).

The first instant coffee factory was established in 1969 in Bien Hoa, Dong Nai province (South Vietnam). The factory functioned under the name of Coronel Coffee Plant because it was established and managed by French engineer Marcel Coronel. He aimed to produce inexpensive coffee for export to supply the French market. After the defeat of South Vietnam by the communist forces in 1975, Coronel left Vietnam, and the factory was nationalized as

all other private enterprises. The production was continued under the name of the Bien Hoa Coffee Plant, and the output was mostly exported to the Soviet Union and other COMECON countries.

In 1983 it was renamed Vinacafe and then successfully introduced its “3-in-1” product which was not only exported but also supplied to the local market. After the dissolution of COMECON and the collapse of trade in the former socialist bloc, Vietnam successfully found new importers for its coffee and coffee products. Vinacafe’s “3-in-1” brand was registered in over 60 countries worldwide. At the same time, production grew dynamically thanks to various incentives given by the government to coffee farmers and producers.

After the SOEs reform, known as Decision No. 91/TTg and No. 90/TTg, Vietnam National Coffee Corporation was created in 1995 as an SGC, which gathered most coffee producers, including Vinacafe. As was proved by some researchers, the effectiveness of the group was low (Tu Anh, 2014; Anh D. T. & Son N., 2013). In 2004 Vinacafe was equitized and became a joint-stock company (Vinacafe BH, 2016).

In the period between 1998 and 2003, the coffee market in Vietnam entered dynamic private enterprises, which changed the sector. Initially, Trung Nguyen became the leading brand of Vietnamese coffee. This started in 1996 in Buôn Ma Thuot and coffee farmer Dang Le Nguyen Vu. Then, a poor peasant, Vu studied coffee and expanded his business idea into a small I franchising model, which was new in Vietnam. The success of this approach, together with the successful introduction of Trung Nguyen’s G7 brand, instant “3 in 1” coffee, made the company one of the most important coffee companies in Vietnam.

International players have gained the chance to compete in the local market because Vietnam had to loosen market entry restrictions due to WTO rules. As a result, in 2017, the state-owned Vinacafe lost its top position in the instant coffee market to Nestle and then local Trung Nguyen.

Another prominent local player was Highlands Coffee which copied the business model of Starbucks. The company was founded in 1998 by David Thai, a Vietnamese-American entrepreneur. He was the first *Việt Kiều* (overseas Vietnamese) who registered a local company. Consequently, Vinacafe failed to rebuild its reputation among local consumers. Strong local Trung Nguyen and Highlands Coffee⁴³ marketing, together with new, dynamic small companies are making the operations of state-owned Vinacafe even more difficult (Euromonitor, 2019; Trung Nguyen, 2020; Hoang L., 2020).

Coffee supply chain

Robusta is much more popular in terms of coffee types cultivated in Vietnam due to its easier adaptation and bigger output. Currently, it represents 97% of the production in Vietnam. The Central Highlands region produces over 80% of all coffee produced in Vietnam. Despite the unwavering leadership position of robusta, the popularity of arabica in the decade preceding the COVID-19 pandemic was growing (ICO, 2019).

According to some sources, it could be seen that Vietnamese producers failed to improve their product quality to the level to compete with Latin American coffee, especially Brazilian (Leung, 2015; Confidential Interview with the Senior Officer of the UN Office in Vietnam, 2021). One reason was the relative lack of strong, globally known coffee brands in Vietnam.

⁴³ In 2012, 50% of Highlands Coffee's shares were sold to Jollibee, a Philippine fast-food chain, forming a joint venture with Viet Thai International Joint Stock Company (Highlands Coffee, 2018).

Hence, most coffee is sold as low-grade and cheap green beans with little processing involved. The interview with coffee farmers from Dak Lak province revealed that coffee beans usually go through a long chain of middlemen. They run small processing plants with low-quality equipment and storage facilities. The product ends up in the exporting company (Confidential Interview I with the Vietnamese Farmers Family, 2021). This fragmentation makes the bargaining power of single farmers close to zero, while the bargaining power of small intermediaries is also not high when facing more prominent trading companies.

Another problem is the lack of a tracing mechanism, which means that the exporter cannot determine which beans were delivered from which farms. Thus, the incentive is small to improve the farmer's output quality if the product is not detectable by the final buyer. If local quality certifications exist, they are still not recognized globally. As a result, most coffee ends up as material for the lowest quality processing into instant coffee drinks. The multinational enterprises trade 90% of them, with Nestle being the largest single receiver of Vietnamese coffee (Duc P. et al., 2016).

The above observation is expressed despite the type of coffee beans cultivated by the farmers. However, a positive trend was observed in the late 2010s, when the number of mentioned middlemen was reduced, and some quality measures started to be applied. Due to affirmative action by some domestic private enterprises that are involved in creating its complete value chain, such as Trung Nguyen or new players, ChestBrew and Lang Thang (Confidential Interview with the Senior Officer of the UN Office in Vietnam, 2021). These companies required higher-quality beans and high SPS standards; their production process was more advanced, and in the process, also needed more sophisticated and advanced certification platforms.

Despite the dynamic increase in coffee consumption in Vietnam, only around 6% of the coffee produced in the country is consumed locally. According to estimates, the consumption of coffee in 2021 reached 2.6 kg per person. The growth is impressive, keeping in mind that it was just 0.43 kg in 2005 and 1.38 kg in 2015. However, compared with the top consuming countries: Finland, Sweden, and Iceland, which noticed 12.5, 11, and 9.5 kg per person, respectively, Vietnam is still a modest market (Anh D. T. & Son N., 2013; Ipsos, 2013; Ha T., 2018; Galland, 2019).

In the segment of coffee chains, Highlands Coffee is a non-questionable leader with around 38% of the market share, followed by local Coffee House (16%), foreign Starbucks (14.3%) and the local Phuc Long (11.3%). Trung Nguyen has reduced its share in this market segment, to 8.3% in 2018. However, it is still the most popular coffee brand in general indicated by Vietnamese coffee drinkers, according to research by the Financial Times. Further consumer trends revealed that among five SEA nations, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, Starbucks is the most popular coffee chain in all but not in Vietnam, where it is far behind local brands (Bowring, 2016; Vietnam Industry Research and Consultancy, 2019).

Impact of existing FTAs on the coffee sector in Vietnam

When the direct effect of trade liberalization is mostly positive on the coffee sector as the importer's tariffs were reduced, the indirect effect is not clearly defined. For example, preparation for the WTO accession accelerated a series of reforms, including the SOEs reform as mentioned before. The coffee sector was gathered into one SGC and named after the biggest one, Vinacafe. According to research conducted by Vu Thanh Tu Anh (2014), the return on assets of the coffee sector under the SGC was the lowest among all SGCs, and

equal to zero.

Vietnam's FTAs, with two of its three biggest Asian trading partners, Japan, and South Korea, removed tariffs on coffee. Hence, Vietnam became the largest coffee supplier for Japan in 2020, which was additionally fueled by a coronavirus outbreak (Horio, 2020). In South Korea, the popularity of Vietnamese coffee increased throughout the period from 2010 to 2020, including the pandemic. However, linking this fact with the FTA between both countries is problematic (Rural Agricultural Development Policy and Strategy Institute, 2021).

Coffee was one of the commodities given special status in the ASEAN-India FTA. It raised disagreement in the negotiation process as India was attempting to develop its coffee sector. Vietnam was considered a strong competitor, which was a threat to domestic production in India. Thus coffee, together with pepper and some other commodities were classified as "Special Products", which were entitled to keep their tariffs until December 2019. After that, they were reduced to 45% of the initial rate from January 2010 (Mohanakumar, 2012).

First-generation FTAs which Vietnam has entered, did not impact the coffee sector.

According to many observers, the growing popularity of Vietnamese coffee may be triggered more by the growing number of tourists visiting Vietnam rather than trade agreements (Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam, 2021; Gerstl, 2022). The number of countries exporting coffee is limited, and entry costs are fairly steep. Hence the market was relatively stable for years before the COVID-19 pandemic.

Main expected implications from EVFTA on the coffee sector

Not many publications discuss the possible impact of the EVFTA on the coffee sector. The

general view of Nguyen Do Anh Tuan, a high-level official of the MARD (2016), is that the impact will be positive. However, the prevalence of robusta beans and the processing technology is imposing a significant challenge as European consumers prefer coffee from arabica beans that are processed differently than is traditional in Vietnam.

The EVFTA removed all tariffs on imported coffee from Vietnam, 7-11% on unroasted beans, and 9-12% on processed products. Additionally, the Agreement encouraged Vietnamese decision-makers to improve the quality of exporting products. For example, one of the government goals for its coffee placed in the “Vietnam Sustainable Coffee Plan Till 2020 and Vision to 2030”, was obtaining the GI (Thang T. C. & Phuc V., 2016). Consequently, the GI of Buôn Ma Thuột coffee has been recognized by the EU and several other countries, including the biggest importers of Vietnamese coffee: the USA, Japan, South Korea, the UK, and Switzerland (Viet & An, 2019). While this is a positive sign, the coffee sector in Vietnam needs more impulses for its development. It should also be desirable to develop a nationwide system of certification that would give special recognition to the entities producing the best quality beans.

In general, restructuring the coffee value chain in Vietnam is a task that should be maintained by the private sector, as it is already, in many cases, happening. However, the government can support it by some means, for example, by facilitating access to the financial sector for smallholders. A well-functioning futures market in Vietnam would be helpful, giving the farmers a certain level of stability in the global price fluctuations and lower risk in planning their activities. The other government responsibility is land assessment. High-level experts and equipment should be involved in verifying specific locations suitable for coffee growing. Proper expertise should be provided as an agricultural extension service for the farmers and

private entrepreneurs. Granting GI recognition for Buôn Ma Thuột coffee was undoubtedly a positive development. However, further steps could be taken to promote Vietnam as a coffee-growing country together with the creation and marketing of strong brands for European consumers.

While the direct impact of the EVFTA on the Vietnamese coffee sector is uncertain, the indirect impact has the potential to be more profound and positive. It depends, however, on the enforcement power of organizations managing the process of formal institutional change.

Cashew nuts case study

The cashew plant is a perennial, evergreen tree (*Anacardium occidentale*) that can occur in many varieties. The most efficient six-meters type produces the first fruits after one year, and after three years, economic harvesting is possible. Cashew trees, cashew apples (fruits), cashew nuts (seeds), and their by-products, may serve multiple purposes in several industries. The most common are raw or roasted cashew nuts as a snack or an addition to cooked dishes. A valuable and nutritious oil can also be extracted from the nut's shells. Other uses include cashew apples, which can be eaten raw or cooked; they can also be used to produce vinegar, jam, chutney, pickles, soft drinks, and strong alcoholic beverages. Cashew tree bark is a source of cashew gum that is used for medical or industrial purposes (Malik & Bhadauria, 2020; Oliveira et al., 2020).

In the twenty-first century, the global cashew nut market has been consolidated with Vietnam as a world leader producing over 2.67 million tons of cashew nuts (with shell), 45% of total global output (2018), India and Côte d'Ivoire produced 786 and 688 thousand tons respectively, together over 25% (FAO, 2021b).

Development of the cashew sector in Vietnam

Cashew trees began to be cultivated in Vietnam in the mid-nineteenth century, first in household gardens only, without economic usage. In the 1970s, they started to be planted on bare hillsides for soil erosion. A small volume of raw cashew nuts (unshelled seeds) was produced at that time (Anh D. T. & Son N., 2013). During the economic renovation process, cashew nut production has been selected as “created winners”. The sector got government support and emerged as the leading global player. In 2003, Vietnam became the biggest cashew producer in the world. To avoid the mistakes of other countries (e.g., Mozambique), the Vietnamese government imposed a 20% export tax on raw cashews in the 1990s (McMillan M., Rodrik & Welch, 2002).

Vietnam’s cashew sector started with three processing factories in 1988 with a capacity of 1000 tons per year, and by the end of the century rose to 62 plants, primarily big SOEs, with 250,000 tons annual output. The number of plants increased to over 500 in 2020 with a bigger share of small plants and a capacity equal to 1.2 tons per year. Lafooco, the SOE that started as a small plant in 1985, was the biggest producer of cashew nuts in the country in the 2010s. It is one of the examples of a successful SOE, which was modernized to produce a high-quality product that meets the EU phytosanitary and safety standards, and US Department of Agriculture organic food standards. In the meantime, in 1990, the Vietnam Cashew Association (VINACAS) was established, facilitating the sector's development until the present (Tomiyama, 2020; Small, 2015).

Cashew supply chain

The main growing areas are located in the south, where the climate is the most suitable. Binh

Phuoc province alone produces half of the whole Vietnam's cashew nuts output. However, in recent years, over 60% of the cashew nuts in Vietnam are processed from imported raw products. No plans have been made to increase the acreage of cashew cultivation. In terms of technology used by Vietnamese roasters, VINACAS President Pham Van Cong states that cashew processing technology is the "secret" of the industry, and it is behind the tremendous global success of Vietnam's cashew sector (VoV, 2018; VINACAS, 2020; Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021).

A dual private-state structure characterizes cashew nuts production in Vietnam. The trees are cultivated by farming households, and the processing part is undertaken mainly by SOEs, which are also linked with foreign markets. The regular employment in Vietnam is around 0.8-1.0 workers/ha, which is relatively high compared to other cashew-growing countries. A relatively large labor force is available in rural southern provinces but increasing competition from new factories and rising wages reduced the revenues of processing companies (Que & Manh, 2006; GSO, 2020b).

Cashew nut processing includes labor-intensive stages, where workers must obtain specific skills. Hence, they are not easily replaceable. In addition, direct contact with cashew oil, which occurs during the shelling and peeling processes, harms the skin, causing several diseases. In Vietnam, these processes are manual to ensure better product quality.

Unfortunately, high-value export products, linked with a low level of economic development and poverty in rural areas, have resulted in overexploitation of the labor force and, what is worse, usage of prisoners and drug addict detainees to do the job, as it has been reported by the Human Rights Watch (Amon, 2011; Marshall, 2011). The situation has improved in recent years also due to the systematic switch to the mechanized processing of cashew nuts,

according to VINACAS and Ethical Trading Initiative Norway, which are working together to solve the problem (Henning, 2018).

Nevertheless, as has been proved, using forced labor helped the Vietnamese cashew nut industry to achieve better competitiveness and obtain a leading position in the global market. Positive changes have also occurred. According to some agricultural experts, Vietnam successfully transformed its cashew nut industry from a commodity to a branded product (Ha H., 2020).

Impact of existing FTAs on the cashew sector in Vietnam

Vietnam's export of agricultural commodities was originally driven by their relatively lower price and high volume. However, new FTAs, especially with developed economies, such as Japan, South Korea, and then the EU, motivated producers to improve the quality of their goods. Hence, according to the VINACAS, the cashew sector invested in technology to increase its capability of high-quality processing (Anh N. T. et al., 2020; Vy N., 2020).

The RCEP might potentially have a slightly positive impact on the Vietnamese cashew sector thanks to removing strict NTBs protecting markets in Japan, South Korea, Australia, and New Zealand. Second, the RCEP, as a comprehensive trade and investment agreement, will open new FDI opportunities for mentioned countries in Vietnam's cashew sector (Hai H., 2020).

On the other hand, it is unclear how the harmonized RoO will work. Restrictive adherence to these rules will exclude most Vietnamese cashew nuts from the RCEP tariff removal.

The CPTPP has made a significant impact on the cashew industry, with a reported sharp increase in exports to the Canadian market, according to VINACAS. Other CPTPP members

that are also RCEP members (Japan, Australia, and New Zealand) are expected to import more cashew nuts (Vy H., 2020; Giang H., 2020). Both CPTPP and RCEP may have a positive impact on the sector. However, strict RoO can eliminate the benefits of tariff removal.

Main expected implications from the EVFTA on the cashew sector

A dearth of publications has assessed the development of cashew export to the EU. The general assessment made by Nguyen Do Anh Tuan from MARD (2016), shows a low level of positive impact. The other predictions are also cautiously optimistic (Anh N. T. et al., 2020). However, the current data show that cashew export to the EU decreased in 2020; the pandemic may be to blame.

The EVFTA seems to have no direct effect on the industry, despite the removal of tariffs (7-12%). The main obstacle to exporting to the EU market under the EVFTA is a strict RoO regime. Nevertheless, the long-term impact of the EVFTA might be somewhat positive because of potential investments into the cashew sector from the EU MS (Thuong, 2020; Hai H., 2020). The cashew sector might also benefit from the overall improvement of business climate and institutional setting as an indirect effect of the EVFTA.

Summary

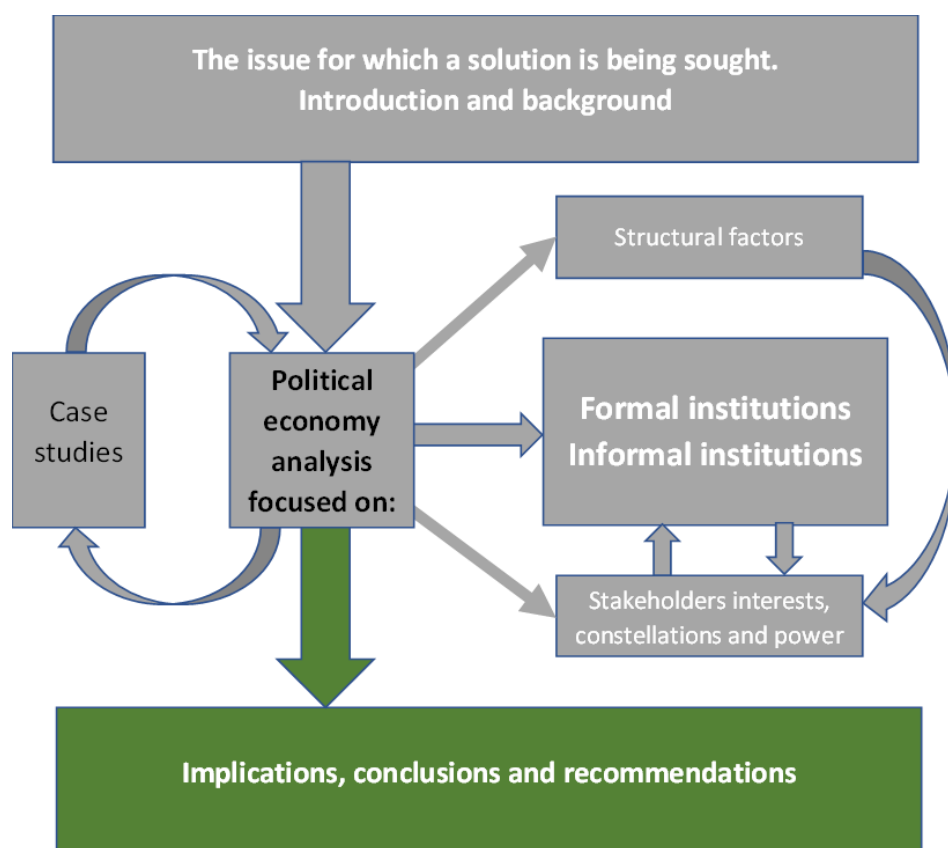
Vietnam managed to reform its agriculture and become a competitive producer of certain food products. Although its success is based on cheap price and the size of its production. In the next stage of its development, the country should prioritize quality over quantity, to be able to survive in developed markets, such as the EU, and benefit from the FTAs. One crucial element which needs to be improved is agricultural supply chains, with special attention on cold transportation and storage infrastructure.

In the case of previously highly subsidized cash crops, this formula was nearly exhausted after accession to the WTO in 2007. Additionally, FTAs' commitments forced Vietnam to remove the remaining privileges. Thus, as examined above, the coffee and cashew nut sectors have to function in a free-market environment. While coffee might benefit from the EVFTA, for cashew nuts the Agreement does not have considerable importance. For both commodities, their success will depend on the improvement of the quality of the products and building strong internationally recognized brands, despite Vietnam's participation in the FTAs.

Chapter 9: Summary, Discussion, Conclusions and Policy Recommendations

The purpose of this chapter is to summarize the findings and their implications. Consequently, it provides meaningful conclusions as an output of the political economy analysis, which is graphically presented in Figure 9.1 below.

Figure 9.1: Stages of political economy analysis with the step taken in this chapter highlighted



Source: amended version of Fritz et al. (2009) of the WB figure

Besides summarizing and concluding the analysis, this chapter also tries to explain the dissertation's contribution to existing knowledge. Last but not least, this chapter sought to

formulate policy recommendations for Vietnam to secure stable economic development.

Summary of the study

In general, impact of traditional FTAs is unclear. NGFTAs and the EVFTA in particular, has already produced some effect in terms of formal institutional change. However, informal constraints slowing down the process. Lack of proper enforcement power is the biggest obstacle. Relative government failure in implementing certain provisions can be supplemented by bottom-up incremental institutional change with spillover effect. It can happen thank to investment liberalization and protection which was enhanced by FTAs. It facilitates global value chains upgrading. It together with proper institutional environment create favorable conditions for SMEs development which are able to absorb knowledge from foreign high-level investments and push for the changes in informal norm, ending up in effective institutional change. This process however, has its history.

General summary

Vietnam has achieved remarkable growth in the last three decades (from the end of the 1980s until the coronavirus pandemic in 2020). Moreover, quantitative growth is relatively balanced with the qualitative value of development. One of the possible explanations of economic performance lies in the NIE approach, which is linked to institutions and institutional change.

Path dependence and strategic policy direction

The communist revolution sought to break up the inherited development path in various dimensions, including political, economic, and social. According to NIE economists and

historians, political change is the easiest, as it may be completed overnight. However, economic and social changes need much more time as it requires reshaping people's minds. In other words, change the informal institutional setting (North, 2005b; Abrami, 2014). Hence, economic and social change was not completed. In post-war Vietnam, after reunification in 1975, Vietnamese path dependence can be defined by Confucian heritage, the French colonial past, and the communist system (Makino & Tsang, 2011).

It can be argued that the communist experiment in Vietnam and connected with it changes in the formal institutions were too revolutionary for local informal institutional arrangement, and hard to implement, e.g., collectivization. Following Richard Scott's (2014) logic, the cultural-cognitive dimension of the institutions did not fit into the system. Thus, the changes were initiated by "fence-breaking", which, if successful, were implemented into the formal system. This means that, contrary to common belief, the informal part of the institutional setting started to change the formal one (Stark, 1986). It indicates the power of informal institutions in Vietnam.

In that way, institutions come back to their more historical path, practiced for generations before. The elements initially adopted were mostly beneficial for the country and its development, surpassing the shortcomings of the communist system. The next stage is to eradicate or modify those elements of informal institutions which are hampering this development. In other words, break the path and redirect it more efficiently. To simplify, the question in this dissertation was whether the NGFTAs as an external force can have the power to push institutional change in the desirable direction.

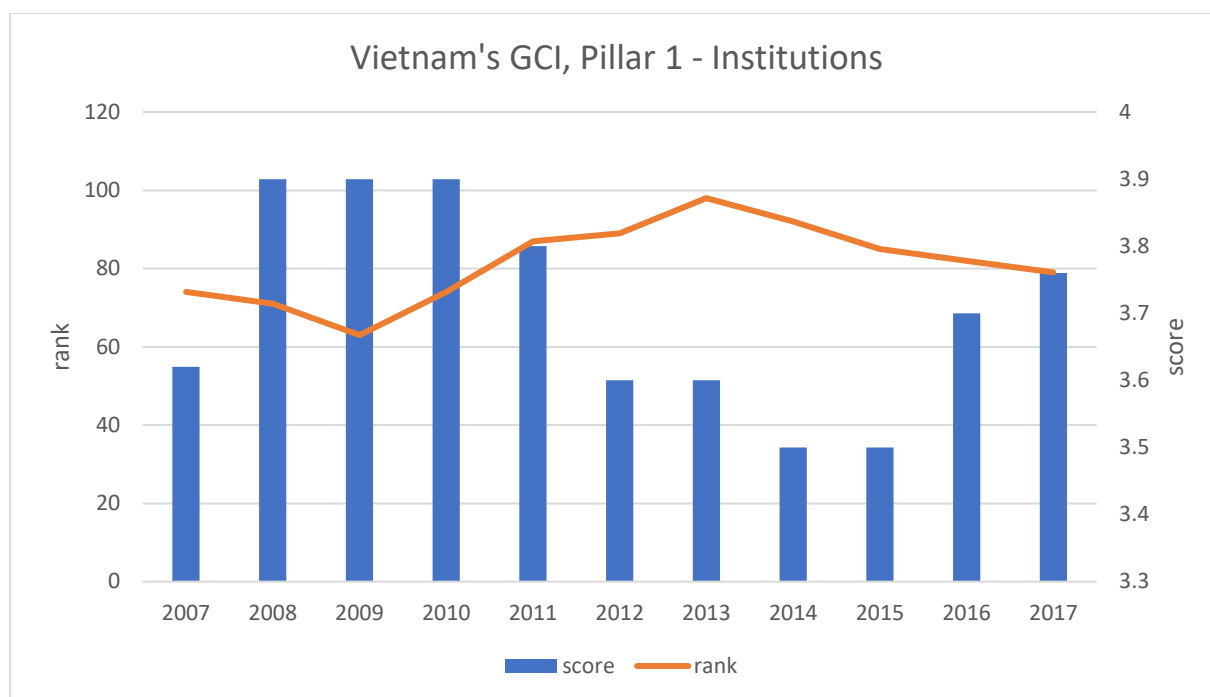
External forces and institutional quality

A foreign policy aimed at economic integration paved the way for external forces to influence the direction of institutional change. However, Vietnamese authorities very often did not intend to fulfil committed agreements (Gainsborough, 2010). It explains many problems with, for example, the EVFTA implementation.

One of the first major external forces in the *Đổi Mới* era that guided reforms was WTO membership requirements. Trade and investment liberalization connected to it was responsible for an economic boom. Though, the legal adjustment posed a significant challenge, which tested the power basis of several interest groups. It gave the impulse for institutional change. Unfortunately, due to mentioned Vietnamese approach, this impulse was to a large extent wasted, as many reforms were halted or even reversed, as SOEs example shows (Tu Anh, 2014; 2017; Confidential Interview I with the Leader I of the EuroCham, 2021).

A new impulse for more profound institutional change came with the external force, concluded in 2015 TPP and EVFTA. Both were paired with many commitments to institutional reforms from Vietnam. Modest improvement in the indexes measuring the quality of institutions was observed after it. For example, the GCI shows improvement after joining the WTO in 2007 and then gradual deterioration until 2015. Two later rankings mark improvement again (Figure 9.2). Unfortunately, in 2018, the WEF changed the ranking methodology making the latter results not comparable with the former ones.

Figure 9.2: Vietnam's Pillar 1 institutions GCI scores and ranks 2007-2017



Source: Author's calculation based on GCI reports 2007-2017

The WB's WGI shows a similar trend from which we can also extract the institutional quality measurement. Improvement in the quality of the regulations (blue diagram in Figure 9.3 below), which is closely related to formal institutions, is detectable in 2017 and 2020. It might refer to reforms undertaken due to the pressure of enforcing the NGFTAs. The rule of law (green diagram) improved in 2017 but deteriorated in 2020. This might relate to COVID-19 restrictions when many decisions violated existing domestic laws and international agreements Vietnam voluntarily signed. Government effectiveness (orange diagram) has always been relatively high compared to other ASEAN members. The 2020 result may be linked to effective COVID-19 policies.

Figure 9.3: Vietnam's three elements of WGI dynamism from 1996 to 2020



Source: WB's WGI

In general, before pre-2008 NGFTA negotiations (see Chapter 4), elements of institutional setting defined by the WB's standards represented a low level of adjustment to the international level. It slightly improved after the conclusion of NGFTAs. The mentioned exercise is presented for reference only as other findings bring at least ambiguous results. One of the reasons might lie in Prime Minister Nguyen Xuan Phuc's (2016-2021) policy announced in Resolution 19 (19-2016/NQ-CP), which aimed to improve the business climate by addressing certain indicators from the WB and WEF rankings. However, mentioned resolution focused on lifting the scores in these indexes, not on the real improvement of, for example, bureaucratic standards, as observers and experts noticed (Sakata, 2020). It created

bias which distorts the perception of the quality of Vietnam's institutions.

Mentioned above shows the data reliability problem which posed one of the several limitations of this study.

Limitations

The coronavirus pandemic travel restrictions was among the biggest limitations met during the work on this dissertation. It eliminated the possibility to conduct interviews in person in Vietnam. Taking into consideration the reluctance of Vietnamese people to use online communication channels in terms of topics involving the situation in their own country, the collected dataset may be different from the one expected before the project started.

Several other limitations can be also identified in this study. This research focuses primarily on an economic perspective influenced by institutions and organizations, the pandemic also disrupted the result. It caused putting more weight on the institutions than the organizations. This approach, on the one hand, helps to center on complex reality and make it easier to understand but, on the other hand, might overlook complicated overlapping interests and incentives between stakeholders. In this context, it is entitled to ask what motivates the CPV members in their actions, such as pushing for more FTA participation without clearly visible economic benefits from them. Another critical question is about the ideology that might be stronger than the economic interest of individuals or the whole nation (Hudson & Marquette, 2015).

The concept of "political economy analysis" is used with more accent on "economy". A further limitation might be listed, that is, the narrowed-down selection of FTAs. The main

scope is placed on the EVFTA, which, according to mentioned empirical studies, is supposed to impact Vietnam's development more than any other FTA. All the above means that undertaken approach leaves space for further study.

It is worth mentioning that political economy tools were constructed and first emerged in wealthy democratic countries with developed free-market institutions (Harriss, Hunter & Lewis, 2003; North, 2006). Hence, the tools are easier used in highly developed industrial democracies. The data used in political economy research are also not always collected in developing, non-democratic countries or are collected in a different pattern (Weingast & Wittman, 2006a; Kono, 2015). The other reason for much more significant interest in studying institutions in the developed world is that the social trust and acceptance of mentioned institutions are much higher than in developing countries (North, 2006). As a result, a much larger volume of literature from the mentioned discipline treats the developed world or major developing countries such as China or India. At the same time, it is a gap that this dissertation might fill.

Institutions and economic development

This section summarizes the analysis in the context of the first research sub-question: "What is the impact of FTAs on Vietnam's institutions, and how it could be extrapolated on economic performance and the agricultural sector?" which focuses on the impact of FTAs on the institutional setting of Vietnam and its link to economic performance. The EVFTA is taken as a reference to the most significant agreement of its kind, of which Vietnam is part. Agricultural sector issues are described in the following section.

Efficient bureaucracy and judiciary

Efficient bureaucracy and judiciary, without a doubt, support economic development. Assessing a reliable and comparable measurement of bureaucratic efficiency, however, is challenging. Hence, well-known international indexes do not include this category. Nevertheless, it has been acknowledged by various sources, including the author's own experience and his interviewees, that the Vietnamese standard of bureaucracy is still relatively low, although improving.

In terms of the judiciary, some components of GCI may refer to its quality. Judicial independence is among them, and it was assessed at 40.9 (3.5) points, which gave the country 85th position out of 141 countries in 2019. Assessment of the efficiency of the legal framework in settling disputes was also not impressive, as Vietnam was ranked 76th in the same year. Moreover, both components did not improve in the past decade, which demonstrates how difficult it is to establish a well-functioning bureaucracy and judiciary in the country (Confidential interviews with leaders of European and local business communities and the EU MS trade promotion office in Vietnam, 2021; Schwab, 2019, Pritesh, 2021a).

A significant number of EVFTA and EVIPA provisions refer to efficient bureaucracy and judiciary, including provisions regulating trade remedies (Chapter 3 of the EVFTA), customs procedures and trade facilitation (Chapter 4), TBT (Chapter 5), SPS (Chapter 6), IPR, including GI (Chapter 12), government procurement (Chapter 9), dispute settlement (Chapter 15 of the EVFTA and Chapter 3 of EVIPA), transparency (Chapter 14 of the EVFTA), investment protection (Chapter 2 of EVIPA).

Bureaucracy and judiciary are involved in most of the implementation processes, the element

which, in the unanimous opinion of many experts, observers, and participants of the market, is Vietnam's weakest point in terms of economic liberalization and policymaking. The high degree of formal requirements and low result in actual improvement confirms observers' assessments and allows a conclusion of relatively robust informal constraints linked with certain stakeholder interest in preserving the *status quo* (Confidential interviews with leaders of European and local business community in Vietnam, the EU MS trade promotion offices and government think tanks, 2021-2022).

General trends are few when dealing with issues associated with bureaucratic efficiency. The first is digitalization, which seems inevitable in the widespread usage of ICT. The second potential enhancement of bureaucracy efficiency is simplification. Both are overlapping and addressed in the EVFTA. It was observed by the author and his interviewees that the process of bureaucratic simplification and informatization was slowly going on. However, as it was observed, the COVID-19 pandemic delayed it (Quynh T. & Duong P., 2021; Confidential Interview I with the Leader I of the EuroCham; the Leader of Foreign NGO in Vietnam; the Vietnamese Leader of Chamber of Commerce, 2021; and Vietnamese Businessman II, 2022).

The third approach to efficient bureaucracy and judiciary is adopting “good” standards and the elimination of abnormalities. In other words, “good” standards may be explained as serving the public interest, transparency, fairness, timely responsiveness, and resource efficiency (Whitton, 2001). Abnormalities refer to such phenomena as corruption, cronyism, or arbitrary decisions. Although the mentioned standards are not easy to achieve, the EVFTA promotes and advocates this approach in various direct and indirect ways (e.g., Chapter 4.2, p. 35; Chapter 6.6, p. 58-59; Chapter 8.2, p. 96-97; Chapter 12.17, p. 188; Chapter 12.38, p. 200; Chapter 14.1, p. 237; Chapter 17.5, p. 270).

It can be argued that the EVFTA has high potential as a force enhancing bureaucratic and judicial efficiency. It sets high standards of procedures in various fields, dealing with the country's public administration and its judicial system. FTAs also enhance processes of simplification and digitalization of bureaucracy. However, informal constraints in the form of certain norms and habits that have existed in Vietnamese society for a relatively long time hinder the changes. Additionally, the interests of certain groups that benefit from the current system also play a significant role. Both are quite resistant to reforms and formal changes. Hence, the process of institutional change that the EVFTA is influencing may last longer than any transitional period provided in the Agreement.

Property rights protection

Property rights protection is widely considered a crucial element in securing economic development. The EVIPA regulates the physical property rights of investors in both parties of the Agreement (Article 2.7, p. 25). More attention, however, is on IPR as part of overall properties, which are more challenging to protect. They have been among the biggest concerns of potential investors and business partners from developed countries, including the EU. As it was mentioned before, the EVFTA gives one of the most sophisticated solutions to protect IPR among any FTAs ever signed. Vietnam has adopted almost all required amendments of property rights protection into its regulations.

The weakest point is enforcing the new IPR laws, which the WB's experts stressed. However, the same experts admitted that to some extent, it is a problem in 90% of countries in the world, including developed ones (Duc P. et al., 2016; Zanetti, 2016). Weak actual IPR protection in Vietnam is proved by GCI, which ranks Vietnam in 105th position among 141

assessed countries in the last two editions, 2018 and 2019. Moreover, the situation is not improving. In 2015 Vietnam was ranked 88th in the same category, and in 2010, 93rd. At the same time, innovation capability, measured by GCI, is slowly growing (Schwab, 2019; 2018; 2015; 2010).

Similar to bureaucratic and judicial “good” standards, institutional change in the IPR protection system is only on the formal side. An overall understanding and acceptance of the IP are required, in the same manner as physical property. The EVFTA and other trade agreements, which have stressed IPR issues before, initiated the rise of awareness of IP existence among Vietnamese people. Among entrepreneurs, who possess their trademark and are an educated part of society, the adoption of this change is relatively smooth. On the other side of the spectrum is a large section of the less educated population and middle-aged businessmen, who developed their companies under a more “loose” perception of laws and regulations, widely accepting mentioned “fence-breaking” practice. These two groups need more time and effort from other stakeholders to reshape their views. These stakeholders might be, for example, the Vietnamese government, EU diplomatic and trade missions, EuroCham, NGOs, or even private companies interested in preserving their IPR (Confidential Interview with the Senior Management of the EU investor in Vietnam, 2021).

Corporate governance

Modern corporate governance rules secure fair competition between business entities which is especially important when countries with different informal norms enter a complex trade agreement, as is in the case of the EVFTA. Provisions regulating corporate governance are present in many chapters of the Agreement, especially those focusing on SOEs, capacity building, and transparency. Unfortunately, Vietnam’s corporate governance quality remains

low, as the GCI ranking shows. Vietnam was placed in 104th position out of 141 countries in 2019 (Schwab, 2019).

Vietnam has formally adopted most of the EVFTA requirements, which means the formal institutional framework is aligned with global standards. However, informal constraints are prevailing. Many adopted rules are not respected by the companies' management, who treat them as "on paper" only. Moreover, local shareholders accept this violation and do not demand their statutory rights. Vietnamese corporate governance structure is also not able to deal with modern government-business-related challenges like climate change (e.g., Toan L. & Walker, 2008; Hai B. & Nuno, 2008; Lin N., 2009; Walsh, Trung N. & Schrage, 2021). Hence, enforcement will not be possible without simultaneously changing the perception of new formal rules and, consequently, the behaviors of stakeholders and shareholders.

Financial market

The consensus is that the financial market facilitates economic development. Vietnam has started to cautiously develop this area. Vietnamese decision-makers seem to follow a thoughtful strategy that does not hinder trade and investment relations yet. Nevertheless, as the country entered a higher stage of its development, and signed several FTAs with more sophisticated businesses entering the country, the system urgently needs to be reformed.

In general, the EVFTA refers to the financial sector in Chapter 8 on liberalization of investment, trade in services, electronic commerce, and a few others, e.g., competition policy (Chapter 10) or SOEs (Chapter 11). It lists such standards as: "the Core Principle for Effective Banking Supervision of the Basel Committee, the Insurance Core Principles of the International Association of Insurance Supervisors, the Objectives and Principles of

Securities Regulation of the International Organization of Securities Commissions” (Article 8.42, p. 15).

The EVFTA does not contain provisions on deep financial liberalization and integration or monetary policies of the parties, as it is within the EU itself. However, the Agreement ensures equal rules for all economic entities, including the financial market. It also requires fair access to credit for all actors in economic life, including SMEs or farmers. Limited liberalization is also on the agenda. European banks will have access to 49% of shares of selected Vietnamese joint-stock commercial banks.

In consequence, decision-makers show no enthusiasm for liberalizing and reforming the financial sector. For example, foreigners have limited access to banking services. The underdevelopment of the Vietnamese financial system is reflected in the GCI, where Vietnam holds a relatively low position, 60th in 2019 but has slowly improved since 2017 (Schwab, 2017; 2018; 2019).

One of the indirect consequences of developing Vietnam’s FTAs network is a modernization of the banking sector. Many foreign-invested companies have facilitated the adoption of new technologies and online services. However, the inflow of foreign capital also caused excess liquidity in the banking sector and credit expansion has been directed into many real estate projects (Hoang N. & Ryu, 2022; Confidential Interview with the Senior Officer of the UN Office in Vietnam, 2021). This is potentially dangerous as property prices skyrocket and cause an effect of a “pumped bubble” observed in many economies before financial crises occur.

Although formal changes in the Vietnamese financial market triggered partly by the EVFTA are desirable for economic development, they are not enough to cause positive institutional change. The financial market in Vietnam is characterized by a high level of informality that hinders the enforcement of formal rules and creates competition for banking entities through informal lending. Hence, the reforms' success will depend on overcoming informal constraints in a relatively short time.

Public finances

FTAs in general and the EVFTA, in particular, have an enormous impact on the country's public finances. Initially, reducing or removing tariffs, which is the main provision of all FTAs, lowers the tax base. Secondly, the EVFTA requires imposing international standards of tax administration and supervision. Lastly, taxation is used in the EU to regulate specific policies, e.g., environmental or social protection measures, which are included in the modern EU's FTAs.

Provisions on public finances supervision are present in Chapter 8, the same as financial market regulations; for example, it ensures global standards in fighting against tax evasion and avoidance (Article 8.42, p.15). Despite these measures, Vietnamese standards remain low. The number of cases on tax avoidance matters with the participation of online businesses, high-earners or high-level officials is an example (e.g., Strangio, 2022; Việt Nam News, 2022; Jiji Press, 2022; Quynh T., 2020; Tung N., 2020). Hence, Vietnam's GCI rank on budget transparency, for example, is 84th, among 141 assessed countries in 2019 (Schwab, 2019).

Similar to most of the provisions requiring formal institutions' reform, they also strongly impact informal institutions. In terms of public finances, establishing auditing bodies that

monitor administration dealing with public money, for example, is not enough.

Understanding of ethical standards must be improved, including public interest and other elements present in the description of an efficient bureaucracy. In other words, the informal institutional setting has to be seen to evolve as well.

Social welfare and labor rights protection

The EVFTA is one of the first trade agreements that consist of measures regulating labor rights protection and influencing social welfare. They are included in Chapter 17 on sustainable development and cover labor rights and environmental issues that impact overall welfare. The EVFTA Preamble states that the goal is “to raise living standards, promote economic growth and stability, create new employment opportunities and improve the general welfare” (Preamble, p. 2). Nevertheless, labor rights concepts and cooperation between employees and employers are relatively new phenomena in Vietnam. Thus, they do not hold a high standard as reflected in the GCI, where Vietnam was ranked 93rd and 82nd, respectively, in 2019 (Schwab, 2019).

Vietnam has adopted almost all international standards of labor rights present in the ILO conventions and the EVFTA. The authorities, however, are reluctant to implement the provisions which give Vietnamese workers the right to establish independent workers’ unions, including peaceful assembly. The resistance within the CPV is strong and has even led to the manipulation of facts. Enabling the creation of a type of WO not aligned with the CPV structure and presenting them as the fulfillment of ILO Convention 87 is one example. Some highlighted WO currently do not possess attributes of independent labor unions (Buckley, 2022). The fact that it was presented differently in both the English and Vietnamese-speaking media reveals the hypocrisy of some CPV officials and does not help with the reform of the

system.

Vietnam's approach to environmental protection has different dimensions. The country committed to high environmental standards in the 2010s, which was triggered by two elements. On the one hand, they are structural factors, especially natural disasters, which were believed to be caused by the anomalies connected with the climate change consequences. On the other hand, they are anthropogenic environmental disasters caused by manufacturing activities that are connected with rapid and, in many cases, uncontrolled industrial development.

Political declarations however are not emerged into tangible actions, as the Formosa disaster in April 2016 proved (Dung T., 2019). The interests of the large foreign investors in Vietnam are well guarded by politicians and other stakeholders benefiting from it, at the expense of the local population whose livelihood has been destroyed (Binh H. & Mai N., 2016). In this context, the EVFTA plays an essential role in providing guidelines and incentives for several environmental policies and better implementation mechanisms. One example is renewable energy promotion. Moreover, the EVFTA provides adequate technical assistance for Vietnam, raising awareness of the importance of environmental issues among the Vietnamese population, which means impacting not only formal institutional settings but also informal ones. FTAs, including the EVFTA, do not provide precise standards to be followed in terms of other social welfare measures.

In sum, despite formal measures protecting labor rights in the EVFTA, the enforcement mechanism is lacking due to solid political resistance from the Vietnamese authorities.

Environmental standards look much better as these issues have no political connotations and

serve people's welfare only. However, the authorities are showing signs of resistance, perhaps economically motivated. Hence, effective institutional change requires the strengthening of enforcement power. It seems to be a test for the CPV to reveal the true intention of their FTAs involvement. It also shows how organizations' constellation influence FTAs implementation.

FTAs as challenge for institutions and organizations

FTAs implementation and developmental effect are the subject of the second research sub-question that this dissertation is answering: "How does the institutional setting of Vietnam and its organizational constellations determine FTAs adjustments, and how do they influence developmental output?" FTAs cannot eliminate the conflicting interests of specific organizations, especially the privileged ones, which hold some power. In Vietnam, the CPV is an undisputed, monopolistic political actor but is not a monolithic one. Conflicts of interest are inevitable between fractions or government bodies that end up with mismanagement of public finances. For example, overlapping competences of government bodies and their decentralization create a breeding ground for corruption.

SOE reform has been consequently hindered by strong interest groups opposing it – SOEs managers and rent-seeking bureaucrats. They were able to significantly weaken Vietnam's commitments to WTO, and FTAs, including TPP and EVFTA. The same group of bureaucrats is supporting big local companies which means crony capitalism replaced state capitalism with the devastating result for the economy in the longer term (Ngo & Tarko, 2018; Confidential Interview with the Leader of Vietnamese Government Think Tank, 2021). The EVFTA has still some potential to facilitate the problem-solving process as it aims to promote simplification of bureaucratic procedures, transparency and equal business conditions for all entities participating in economic activities. It gives some hope to SMEs and experts.

The Vietnamese businesses and analysts perceived the EVFTA as positive, as was expressed during the seminar of Asia Society in April 2021 (Linh N., 2021). However, the major problem for the EVFTA or any trade agreement is the lack of general knowledge among businesses. VCCI survey conducted in August 2020, when EVFTA entered into force, revealed that 77% of its members admitted that they do not hear or just heard basics about the EVFTA. This means they have no information about the Agreement they can utilize in their business activities. For the CPTPP, this percentage was even lower: 70% (Reed, 2020).

On the European side, most businesses gathered in EuroCham in the survey conducted by EuroCham in 2020 rated that EVFTA will positively impact their activities in the long (85%) and medium term (78%). Moreover, they also believe that the Agreement is equally beneficial for Vietnamese businesses and Vietnamese society. For example, 88% see a positive impact on overall welfare and transfer of technologies, 85% on environmental protection, and 65% on labor rights protection (Thanh D., 2020). However, they are companies which are doing business with Vietnam even without the EVFTA. For the newcomers, the EVFTA has a much lower impact on business decisions than the trade war, the COVID-19 pandemic, China's human rights record, and other factors independent from Vietnam.

The EuroCham optimism is consistent with some kind of naivety of the EU bureaucrats and decision-makers. Lack of enforcement ability on the EU side and an ill-designed monitoring system show a high level of misunderstanding of Vietnam's institutional setting, especially its informal part, by EU authorities (Confidential Interviews with the Leaders of EuroCham, 2021-2022). Outsiders, who are not involved in business with Vietnam, criticize the EU for trading human rights for economic benefits (ASEAN Today, 2019b). However, the truth lies

in between, as the intentions of EU negotiators were noble. The EVFTA, if implemented properly, would cause profound institutional change, pushing Vietnam on a track similar to CEE countries joining the EU, albeit without the change in the political system (Confidential Interview with former Senior Diplomat at the EU Delegation to Vietnam, 2021).

On the other hand, EuroCham's optimism might have some justified hopes behind it. It is connected with the deeper integration of the Vietnamese economy into the global system, including GVC. Foreign-invested companies successfully implement standards required by the EVFTA. These standards are then followed by their local suppliers and have the potential to spill over into broader parts of the economy causing a shift in informal norms.

Consequently, incremental changes are made which might result in effective institutional change (Hamilton-Hart & Yeung, 2021; Yeung, 2014). As it was presented in this dissertation, structural factors are accelerating the process of Vietnam's deeper integration into GVC.

Structural factors summary

Previous chapters identified several structural factors that impact Vietnam's development and its main policy direction, including economic liberalization. They are long- or medium-term effects in most cases, but some elements immediately affect the policies. Hence, they influence economic development in the short term as well. The most profound is the COVID-19 pandemic, which started in Vietnam in January 2020. This section summarizes the analysis answering the third research sub-questions: "To what extent do structural factors, including COVID-19 pandemics, facilitate economic liberalization and development?"

Structural factors impact economic development and liberalization in two ways: directly, for example, by delaying implementation of some FTAs provisions or changing trade patterns,

and indirectly, for example, by changing investment and trade conditions in other countries. Significant factors like trade wars and other international market turbulences created challenges and opportunities for Vietnam. Although still not fully understood, a structural factor with global consequences is climate change, which has already had a visible impact on agriculture and other sectors of the economy. However, the worst is yet to come, as environmentalists claim, plus internal factors like the demographic situation, especially an aging society.

Climate change and an aging society, have influenced the Vietnamese government's response to specific policies, including their FTAs negotiation stand. They are mostly directed at securing social welfare and influencing public finances. Hence, it is not surprising that Vietnam agreed to implement high environmental standards written in the EVFTA. Other factors, like the COVID-19 pandemic, trade wars, and some other turbulences between the most major world economies have influenced trade and investment patterns observed in Vietnam.

In terms of trade, most of the effects are short- or medium-term. For example, the disruption of supply chains caused by the COVID-19 pandemic resulted in shortages of certain products that Vietnam could supply, e.g., coffee. In a similar pattern, Vietnam was substituting China in supplying some goods to the American market due to the trade war. On the other hand, Vietnam was also experiencing adverse effects that disrupted its supply chains. However, all these fluctuations did not significantly change Vietnam's trade structure or its direction.

Several structural factors shape the behavior of major investors, who are, in some cases, withdrawing from China. Trade war with the USA and COVID-19 pandemic is among the

major ones. Other turbulences, including security concerns of some countries and reported human rights violations in China, play a political role in regulating investment flow, as the suspension of the EU-China Comprehensive Agreement on Investment proved. Vietnam seems to be the preferred location for investors pulling out of China in all mentioned cases.

Structural factors might also influence decision-makers' motivation for institutional reform. For example, the pandemic slowed down or even suspended the adjustments required by the NGFTAs considered crucial for institutional change to occur, such as SOE or bureaucratic reforms. Although these measures met with overall approval by Vietnamese society, they were against the spirit of the EVFTA. Slowing down and changing the direction of government bureaucracy reform, for example, was observed in the multiplication of procedures, overlapping competencies of several government bodies, and conflicting and frequently changing laws. Some degree of public administration incompetence, and corruption, also became more apparent during the COVID-19 crisis. The additional burden of bureaucratic procedures and loosening of rules of law puts a shadow on the generally well-perceived government response to the COVID-19 pandemic (Quynh T. & Duong P., 2021; Confidential Interview II with the Leader I of the EuroCham, 2022).

COVID-19 caused some delays in FTAs' negotiation processes or their ratification, as was in the case of RCEP. Negotiations with other FTA partners seem to be stalled (e.g., EFTA, Israel). However, it did not significantly delay the introduction of the EVFTA. Nevertheless, structural factors in some aspects, seem to be more powerful than any FTA, as the previous section proved. Especially when it comes to investment decisions. Thus, structural factors might have serious indirect economic consequences.

Economic consequences and developmental output

Finally, the last two sections of the summary part of the dissertation combine previous partial conclusions into the general answer to the main research question: “How do free trade agreements influence economic performance and the agricultural sector in Vietnam?” This part deals with the economic and developmental consequences of FTAs on Vietnam, and the next one summarizes this influence in the context of the agricultural sector.

Vietnam has adopted into its legal system the majority of the EVFTA provisions. It resulted in the redefinition of the formal institutional setting. To make institutional change effective, rewriting the formal rules is not enough. Other elements must follow, including informal norms and enforcement characteristics (North, 1990). In most cases, informal constraints follow the institutional path dependence, representing the country’s historical experience coded in people’s behaviors. Enforcement relates to two main problems. The first lies in the cost of measurement of the expected performance. The second and more critical is that enforcement depends on the organizations, in this case mostly the CPV, which are ordering and supervising the reforms. Hence, the enforcement power will depend on the CPV’s utility function. It includes the individual interests of the high-rank members of the Party.

As long as two other elements, informal norms and enforcement power, do not follow the direction of the formal changes, the change in economic performance might not be observed. According to historical experience, the inability to create a low-cost enforcement mechanism is one main obstacle to economic development (North, 1990). As such, it is also present in Vietnam.

In general, in the WTO regime, further reduction of tariffs usually has at least ambivalent

output, as many analyses, among them Shintaro Hamanaka (2014), proved. Other provisions, especially in the medium and long term, can give some benefits, especially those oriented on technical assistance, capacity building, and all set of provisions called “new generation”. It should be emphasized that such benefits cannot be taken from the FTAs linking similar countries in terms of the level of development (lower-middle-income in the case of Vietnam), in terms of environmental conditions (which means that similar agricultural products are produced), in terms of geographical location, in terms of resources endowment, including human resources, in terms of technological advancement and innovations, and other factors of production, as it is within ASEAN (with the notable exceptions of Singapore and Brunei). It is only possible when a developing country, like Vietnam, enters FTA with a developed one.

Direct economic and developmental results

Direct economic consequences from any FTA are mainly derived from tariff reduction and some trade facilitation measures and are observed in trade statistics. However, it is not always or not only trade increase but much more often, changing the trade structure, in both ways, as both Viner’s phenomena usually occur, that is, trade creation and trade diversion. Changing the trade patterns does not always result in positive developmental output.

The first-generation FTAs in Asia, which Vietnam joined in the 2010s, have a limited long-term developmental impact when they serve well in short-term trade and production expansion. As several analyses confirmed the trade creation effect, and trade diversion, occurred because of tariff reduction (Dobson & Petri, 2014; Pangestu & Armstrong, 2018; Park C.-Y., 2018). Similar phenomena are expected to appear in terms of the EVFTA (Duong M. & Strutt, 2019). Overall, the direct economic effect that can be credited to tariff reduction is somewhat limited. One reason is the fact that Vietnam already had low tariffs after joining

WTO. The second reason is strict RoO which block, for example, the lion's share of garment production from benefiting from tariff removal. It is also hard to say that it brought any developmental boosters.

Another direct consequence of trade agreements, or more precisely, investment liberalization, protection, and facilitation agreements, is the growing investment attractiveness of the liberalizing countries. It must be emphasized that investment facilitation and liberalization have mostly non-discriminatory character, which means the same rules are applied to investors from non-member countries. Another characteristic of such agreements is that to produce an investment increase, at least one party to the agreement should be relatively wealthy, with a high level of available capital. In most cases, it is a high-income economy. This condition is met in terms of several of Vietnam's FTAs, for example, VJEPA, VKFTA, CPTPP, RCEP, and EVFTA. However, the strongest investment facilitation measures are present in the NGFTAs, such as CPTPP and EVFTA (investment part of the EVFTA and EVIPA).

When both VJEPA and VKFTA are believed to accelerate investments in Vietnam by Japan and South Korea, respectively, with the other agreements, it is not the case, at least in the early stage. For example, the EU investments in Vietnam are more or less on the same level before and after the introduction of the EVFTA, according to Vietnamese MPI data. The first seven months of 2020, before the EVFTA introduction, noticed \$650 million, which gives around \$93 million per month. The remaining five months of 2020 observed an increase to around \$150 million average per month, while in the first seven months of 2021, this level dropped to around \$53 million monthly average, \$370 million in total (Thuy B., 2021). These numbers might change when the investment part of the Agreement (EVIPA) will enter into

force.

It is hard to draw any conclusion from these data, as the EVIPA is still not ratified and other factors, listed in the previous section, play a significant role. The quality of the investments from the EU may tell us more than their quantity. The trend is strong to expand green technology projects that receive additional incentives from the EVFTA, besides the investment liberalization chapter. It also confirms the desired direction of the Vietnamese policymakers, which focus on bringing high-value investments with a high level of technological advancement and environment friendly, not bringing any investments for any price.

For example, German and Danish companies, leaders of green energy in Europe, have already committed to new investments in Vietnam after August 2020. It has to be mentioned that Vietnam has been attractive to investors even before signing the NGFTAs. However, due to its hard and soft infrastructure limitations, it is running out of capacity to accommodate more investments. Hence, the opportunity to manage the process in the way expected by the Vietnamese planners has to be counted as a positive impact of the EVFTA (Thuy B., 2021; Pritesh, 2021a). The positive impact of bringing desirable investment from Europe to Vietnam might be even more significant after the EVIPA enters into force.

To sum up, tariff reduction has brought, at best, ambivalent results on the trade side. While it impacted the trade in previous FTAs, it did not in terms of new agreements, including NGFTAs. On the investment side, no major investment in such sectors as textiles/garments or food processing would respond to tariff reduction and RoO of the EVFTA. The principal interest of investors is directed into sectors that gave other incentives, not linked to tariffs,

like renewable energy. It might be cautiously considered one of the main sources of the direct economic impact of the EVFTA so far. The strong impact of the mentioned structural factors must be taken into consideration as well.

Indirect consequences with their economic and developmental significance

In contrast, indirect economic consequences, or the potential for them, can be caused by almost all the FTAs provisions, especially those characterized as “new generation”. These consequences would be primarily the result of institutional change and are more long-lasting. They are also more desirable as drivers of development. A summary of FTAs' impact on institutions was provided in a previous section. The ability to develop effective enforcement and influence the informal constraints, alongside the formal institutional change, is the key to profound economic change and desirable economic development. This section briefly summarizes the possible economic consequences of mentioned above formal institutional changes.

The EVFTA provisions have the potential to shape the efficiency of bureaucracy and judiciary by imposing formal changes and influencing informal ones. Without a doubt, effective institutional change in this aspect will create favorable conditions for economic development. Elimination of pathologies allows for more efficient allocation of resources. A predictable and reliable judiciary system will also increase investor confidence in the market, both foreign and local. As mentioned on several occasions, bureaucratic obstacles and red tape are cited by foreign and local observers and participants of the Vietnamese market as the main impediment to development.

Despite the ongoing discussion on profound differences between Western and Asian cultural

models coded in informal institutions, most debaters agree that in the more advanced stage of development, paired with an integrated economy strengthening formal property rights is desirable for further economic development (e.g., Rodrik, 2007; Ellett & Diep, 2020). Most counterarguments claiming destructive character for developing country economies refer to historical examples, where the overall global economic conditions varied significantly from the ones observed in the 2020s, when strict international IPR protection has been already in place. Moreover, rapidly developing countries like Vietnam are gradually obtaining their IP, which they want to protect. ST25 rice is one of the notable examples.

Setting global standards of corporate governance as OECD standards, as described in the EVFTA, has several immediately recognizable advantages. First, they have verified a reliable organization's rules that aim to ensure a fair business environment, including SMEs and foreign investors. Second, it produces a more fair and competence-based management system, including human resources management. Both ensure a more predictable business climate in the country.

A properly functioning financial market facilitates economic development. Creating a fair and predictable playground in the financial services and modernization of the sector, as the EVFTA requires it, is undoubtedly beneficial for the whole Vietnamese economy. Similarly, with the public finances. The introduction of modern management and monitoring processes will make the system more efficient and reliable.

As postulated in the EVFTA, simplifying the tax and customs systems will also contribute to the overall efficiency of public finances, despite opposition, as the budget loses some proportion of its revenue from customs duties. However, it is not necessarily the case, and

these losses might be replaced by other forms of revenues, connected with growing trade, for example from VAT. As empirical studies show, the budgetary effect of customs duties reduction because of the EVFTA, is insignificant (Stevens et al., 2015).

Another common consensus refers to inequality in society. As an example, the OECD report (2014) might be cited, which empirically concluded that a 1% increase in inequality lowers GDP by 0.6-1.1% (Causa, De Serres, & Ruiz, 2014). The above results show a robust correlation between these variables. The state can mitigate growing inequality which usually occurs when the economy is rapidly growing, by imposing specific social care programs. Labor rights protection is a part of the social protection of citizens, for example, against some employers' exploitative policies. Hence, proper implementation of the EVFTA labor rights protection provisions has overall developmental potential.

FTAs and the agricultural sector

The agricultural sector is considered the most vulnerable in terms of economic liberalization's negative consequences. Thus, it is the most protected sector in international trade (Goodhart, 2015). Agriculture is also the most socially sensitive, thus people usually are prone to accept much higher protection of their country's agriculture versus industry (Kuo & Naoi, 2015). It explains Vietnam's protectionist attitude toward agriculture in the first-generation FTAs. Such measures are not used in NGFTAs but at the same time, these agreements gave several incentives for improving competitiveness in agricultural production.

The negative impact of FTAs on agriculture is mostly through tariff reduction, minimalization of NTB, and trade facilitation mechanisms, making it easier for foreign products to reach the local market. If they are more competitive in price and quality, then the local producers are in

a disadvantaged position. In the EVFTA, the sudden negative effect of tariff reduction has been mitigated by imposing several transitional periods on the most vulnerable products. The others have already enjoyed minimal or zero tariffs. Hence, the EVFTA has no significant direct effect.

The indirect impact of FTAs can be observed in several dimensions. The first and the fastest noticeable effect is on the supply chain and overall logistics channels. In terms of the EVFTA, the agreement promotes the production of high-quality, healthy food that meets EU standards. It also influences investments into developing its own brand and obtaining recognition of GI. All mentioned incentives have a potentially positive impact on Vietnam's agriculture.

NGFTAs contain provisions that aim to protect the natural environment and promote biodiversity. The sustainable development chapter in the EVFTA is one example. The Agreement is also creating favorable conditions for renewable energy production. These elements might contribute to the improvement of Vietnam's natural environmental conditions and create a cleaner base for food production. Potentially more profound and long-lasting consequences of the FTAs on the agricultural sector are through institutional change. For example, simplifying administrative procedures of import licensing, customs clearance, and SPS certificates might significantly contribute to the efficiency of the whole sector.

Some EVFTA provisions also have potentially negative short- and medium-term consequences if they are implemented without proper care. For example, most of the analyses expect growing efficiency of SOEs after restructuring. The agricultural sector and its SOEs however, are not following the trend observed in other sectors. As Minor, Walmsley and Strutt's (2018) study shows, the productivity improvement is minimal or in some cases, not

observed at all. Moreover, in the short term, they are expected to notice a decline in the growth rates concerning the 2020 baseline. In the medium and long term, recovery in the form of modest growth of over 1% is forecasted. For comparison, the manufacturing and services sectors are expected to grow over 10%, almost immediately after the reforms are imposed. A similar pattern is observed in the export changes. On the other hand, imports will increase in agricultural goods with a higher dynamic than export, which in consequence will lead to a growing market share of foreign food products in the market. The EVFTA would additionally accelerate this process if local producers fail to gain a competitive market position.

The example above shows that SOE reform in the agricultural sector has to be more carefully designed. However, the publication mentioned did not take into account factors analyzed in this dissertation, such as consumers' preferences, distribution, retail channel characteristics, and informal constraints effectively protecting the Vietnamese market against newcomers. All above might mitigate the negative short-term consequences of the SOE reform.

The NGFTAs seem to have a mixed direct impact on separately studied coffee and cashew nuts. For coffee, the effect is expected to be positive. Despite tariffs, European coffee processors, mainly German, Italian, Belgian, and Polish (whose imports from Vietnam grew 54% in 2019 before the EVFTA entered into force), imported a significant volume of Vietnamese coffee, and this amount will most likely increase (Statistics Poland, 2020).

Obtaining a GI certificate for Vietnamese Buôn Ma Thuột coffee will have marginal importance if Vietnam fails to develop a recognizable coffee brand (Ly, 2020; Van H., 2020).

Cashew nuts are not a well-established product on European tables. Moreover, most cashew

nuts produced in Vietnam do not meet strict RoO requirements, as they are processed from imported materials. Both sectors might benefit from investments, although coffee to a greater extent. Coffee and cashew nut industries would benefit equally if the EVFTA triggers institutional change. This again will depend on the level of enforcement.

Discussion on external forces contribution. Examples from the region

After summarizing this research in the context of the research questions, it is interesting to ask additional questions. “Why could Vietnam not undertake reforms causing formal institutional change by itself, without external forces which are the NGFTAs?” The answer has several dimensions. Moreover, NGFTAs and WTO were not the first external forces that facilitated changes in Vietnam’s development path. Below are some examples from Vietnam and the region.

The impact of external forces on Vietnam

During its recent history, Vietnam has been vulnerable to external forces which shaped internal politics and economic decisions. Communist ideology is the most notable example. The lack of monolithic leadership within the CPV in the post-war period made Vietnam additionally prone to external forces. Opposition in the Party against liberal and free-market reforms has always been strong. One of the most vocal critics of Western model reforms, including signing the BTA and joining the WTO, was Politburo member Nguyen Duc Binh, who claimed that Vietnam is not opposing the globalized world but can “only join the proletariat-led globalization” and will not join “bourgeois-led globalization” (Duc H., 2012, Vol. II, p. 349). Such efforts stand behind the delay in WTO negotiations and, in consequence,

postponed Vietnam's membership in the organization, two years behind schedule (Vuving, 2022).

It is widely accepted that one of the main motivations for the CPV elite to push for the EVFTA and TPP earlier was the political calculation of more liberal Party members, as they assumed that it would give the CPV international recognition, hence also internal approval. As the country stayed in deep international isolation until the 1990s, which hindered its economic development. Participation in trade agreements gave twofold benefits. On the one hand, it helped to come out of the shadow of international isolation. On the other hand, it could bring more welfare to the Vietnamese people without losing the CPV's political control over the population.

Many policymakers in Vietnam also believe that the EVFTA might help the country to obtain the "market economy" status in the WTO, which will make the dispute resolution and anti-dumping procedures more favorable for Vietnam (Hoang H., 2020; Confidential Interview with the Former Leader II of the EuroCham and Diplomat, 2022). Moreover, it was potentially easier for the reformist wing of the CPV to legitimize Vietnamese reforms by binding them with FTAs. Hence, the official justification of law amendments was the alignment with TPP/CPTPP and EVFTA. The same was previously observed when Vietnam was preparing for WTO accession.

Before the WTO and NGFTAs there were other external forces which pushed for some reforms which would result in institutional change. Despite CPV propaganda, early *Đổi Mới* economic liberalization in the 1980s, praised for its success, was triggered by the sudden withdrawal of Soviet assistance (Abrami, 2014). Similar examples can be found in the region.

A likewise debatable although more widely accepted cause of the AFC was pressure for financial liberalization from the IMF and WB (Lim L., 1998; Chang, 2000). Another example is the development of export-led industrialization in HPAEs in the 1960s and 1970s, which would not be possible without substantial US aid. In contrast, India, which was outside the American scope of subsidies, had little incentive to switch to this model (Abrami, 2014; Kim W., 2009; Stubbs, 1999).

Similar examples of external forces with path-breaking effects are abundant not only in Asia but around the world, with the example of the CEE post-socialist countries exploited in this dissertation. A stable and prolonged impulse that results in incremental change is crucial for institutional change to persist. It might be initiated by NGFTA provisions. Short and sudden external shocks might not have such power (Campbell, 2004).

To continue the discussion, we can refer to FTAs as powerful external forces in countries closer to Vietnam, such as China and other ASEAN members. China is an appropriate choice because of its political system and a similar pattern of economic reforms, although the geographical and demographic size is vastly different. Other ASEAN members are similar to Vietnam in size, have reached similar levels of development, have a similar colonial history and are located in the same region, although working under different political systems. Both comparisons, to China, and other ASEAN members, are often exploited in the literature (e.g., Painter, 2008; Malesky & London, 2014; London, 2014b; Minh N. & Chen, 2017; Carney & Witt, 2014; Fforde, 2009a; Khan H., 2013; Hill & Menon, 2018; Hansen, Bekkevold & Nordhaug, 2020; Aba, 2021; Gerstl, 2022).

FTAs potential as a game changer

This dissertation has already proved that traditional FTAs have extremely limited power as external forces for triggering institutional change. Hence, the rest of this section focuses on deeper agreements, especially on NGFTAs. In addition to the CPTPP, such agreements in the region include the EU's NGFTAs with Japan, South Korea, Singapore, and Vietnam. Moreover, some "first-generation" agreements have features that make them more advanced than traditional FTAs, for example, agreements signed by Japan, Australia, New Zealand, and the USA. In terms of the EU's agreements with Japan, South Korea, and Singapore, they had little path-breaking effect for one important reason. These countries' institutional quality was close to that of the EU; thus, no major adjustment was required. In such cases, NGFTA confirmed high institutional standards paired with outstanding economic performance.

Vietnam is the only country in the mentioned group with lower-middle-income status and whose institutional standard presents significant shortcomings. As such, NGFTAs might play a significant role in pushing for more profound reforms leading to institutional change. A similar role NGFTA could play in other ASEAN members. Indeed, the EU proposed an agreement with the whole ASEAN bloc, before starting bilateral talks. However, most of the ASEAN countries were not ready to reform their institutions. Hence, the EU started negotiations with selected members from which only Singapore and Vietnam succeeded. Malaysia, Thailand, the Philippines, and Indonesia initiated talks but could not conclude their agreements. The reasons are usually linked to lower institutional standards, e.g., rule of law, and the inability to improve them.

ASEAN

Starting from the mega-regional TPP, four ASEAN members joined the Agreement: Vietnam, Malaysia, Brunei, and Singapore. The two latter members are significantly different

economies. Hence any comparison with Vietnam would be problematic. Malaysia, however, joined the pact but with some exceptions: the discriminatory *Bumiputera* system (policies designed to favor ethnic Malays, originally intended to be a temporary measure, following the 1969 ethnic riots) and the national sovereign wealth fund were left untouched. Moreover, SOE reform and the TPP dispute settlement system were put under a transitional period (Sauve, 2018; Nawawi, 2018).

The impulse for more profound institutional change was eliminated. Consequently, through the lack of other incentives, the *status quo* was preserved. Malaysia decided to stay in the Agreement after the US withdrawal but eventually did not ratify it, which eliminated the need for committed adjustments. Similarly, FTA negotiations with the EU are on hold since 2012. Thus, no new commitments have been made. Without external force, Malaysia did not introduce reforms that would bring the country closer to high-quality institutional standards, for example, in terms of nondiscrimination measures.

Thailand used to be a regional leader, after Singapore, in terms of the number and intensity of trade agreements. As the literature proves (e.g., Chirathivat & Mallikamas, 2004) the impact on the economy and institutional setting was initially positive. However, a bigger number of relatively shallow FTAs did not give much impulse for internal reforms and caused an “overcrowding” effect (Komolavanij et al., 2008). Moreover, the power of different interest groups was significantly reoriented by the military coup in 2014, making the country more oligarchic and crony (Kanchoochat, Aiyara & Ngamarunchot, 2021). The economic growth and institutional quality have also deteriorated (Schwab, 2014).

In analyzing Thailand’s case, it is visible that the country did not engage in the FTA which

required deeper reforms, like the one with the USA. Thus, the potential external force has not been activated. Several trade deals caused limited reforms, especially in the field of investment and trade liberalization but without deeper formal institutional change. Repeated military coups made them an element of path dependence. Moreover, the lack of consistency in strategic policy direction puts the country in a stagnant position, visible in, for example, the failure to keep pace with its competitors in attracting investments (Jamrisko, 2019).

The Philippines seems to be locked into a path-dependent course of development based on an oligarchic system created by colonial powers. Hence, a few families or clans have control over the economic resources and political decisions. They are well-prepared to use any business opportunity which arises from the growing economy, effectively isolating the majority of the population from the fruits of the growth. At the same time, the state lacks enforcement capacity and a state-interest-based direction, with interconnected private-family interests in a corrupt network of oligarchs turned into politicians and their cronies in their place.

External forces, which properly fit into specific local informal institutions, would be useful as path-breaking impulses that initiate incremental institutional change. However, any change diminishing the influence of the group will be rejected. Thus, the Philippines did not engage in any FTA requiring deep institutional reforms. Moreover, prioritizing crime control over rule of law (“war on drugs”) isolates the country from the democratic world, causing the suspension of the negotiations with the EU on FTA. Thus, the failure of Philippine development might be considered, as Adam Fforde (2009a) called it, “successful resistance to alien intention” (p. 161).

To sum up, not all external forces are beneficial for the country, as the above examples prove. However, they are the most successful way to break harmful path dependence (Hamilton-Hart & Yeung, 2021). Moreover, some external forces are pushing for formal institutional change which might trigger an incremental shift in the informal setting, thus, effectively imposing institutional change over a longer time. One of these forces might be the NGFTA which as visible, helped to initiate formal change in Vietnam. At the same time, this change has yet to be initiated in mentioned ASEAN examples to such a broad extent.

China

For the 30 years up to the COVID-19 pandemic, China has been the undisputable economic development leader. The development resulted from enormous institutional change, which was undertaken after the failure of the communist economic experiment. This dissertation asserts that the change is driven by three forces. However, not all three of them had an equal impact on the reforms. It might be argued that before WTO accession, an external force, which was a WTO requirement, was one of the prime direction pointers. After its accession in 2001, China was still committed to some international treaties, which facilitated institutional change (Zoellick, 2014). However, due to their apparent economic success, Chinese decision-makers started to be a more confident and external force as the driving factor of institutional change was diminished. Other reasons are the size of China's economy, highly developed supply chains, and political power, which allow China to dictate its conditions when attracting valuable investors.

Most of the FTAs' new generation provisions described in this dissertation might serve as a reference point to China. For example, IPR protection measures have reached a certain level, as reflected in its CPI ranking, although the regulatory framework may be overvalued, as the

implementation and enforcement do not keep up with the changes (Thomas, 2018; Schwab, 2019). Moreover, the reliability of China's data reported to international organizations is questionable, after the scandal of data manipulation revealed by the WB (Zumbrun, 2020). In sum, China's IPR regulations have improved significantly, although, not going beyond TRIPS commitments, as in the case of CPTPP and EVFTA, and even those have been violated (Thomas, 2018; Volper, 2007). Another observation is the international trade disputes connected to IPR on the WTO forum, where in 2021, four cases were registered against China, and none against Vietnam (WTO, 2021b).

The next example refers to China's SOEs. China maintains a vast state sector, and its role has increased in recent years. The sector is plagued by the same problems as in Vietnam: lack of effectiveness, corruption, and cronyism. Limited SOE reforms were pushed by an external force: alignment with the WTO requirements (Zhou W., Gao & Bai, 2019). However, during Xi Jinping's chairmanship, in the situation with no solid external force driving the reforms in the direction of an equal economic playground for all business entities, the focus was redirected to promoting the state sector as the leading force in the economy (Yu, 2019).

Significant discrepancies exist between the Chinese standard of labor rights protection and that required by CPTPP and EVFTA. All mass organizations, including labor unions in China, are under Chinese Communist Party control. Moreover, Xi Jinping reinforced this control and reversed some significant achievements of his predecessors. Germinating pluralization of civil society organizations and inclusion of NGOs in labor rights protection has been halted (Howell & Pringle, 2019). As a result, collective bargaining, freedom of assembly, and independent labor unions, some of the NGFTAs' requirements, have not been implemented (Frenkel & Yu, 2014). Lack of external force promoting more pronounced labor rights

protection led to the opposite outcome.

It has to be mentioned that China officially applied for CPTPP membership in September 2021. While some analysts are enthusiastic, assuming that this will push China to adopt more liberal economic rules, such as better IPR or labor rights protection and reforms to its state sector, the majority remain skeptical and consider this move a strictly political gambit. In their opinion, China cannot switch its direction to being more pro-market and less repressive without significant changes in its political leadership. Moreover, with its size, China would not be able to gain significant exemptions and transitional periods in terms of its subsidized SOEs, which are significantly more prominent than those in any other country (Solis, 2021; Tiezzi, 2021). If China takes CPTPP membership seriously and accepts all responsibilities, the CPTPP would play the role of external force initiating formal institutional change. However, observing the direction of current changes, this seems to be unlikely.

Conclusions

Vietnam is on the way to achieving civilizational transformation and becoming a modern, wealthy, and developed country with an accountable government, a free civil society, and a dynamic middle class. Vietnam is on the greatest developmental path in its long and dramatic history. It can be achieved through effective institutional change. According to NIE, it consists of three elements: reforming formal institutional settings, reshaping informal norms, which means informal institutional change, and enhancing enforcement power.

Final concluding remarks

Vietnam is achieving the above institutional change based on major policy direction, which managed to overcome many harmful elements in its path dependence but not all. For some of these elements, the informal constraints are the ones to blame. As Vietnam could not develop outside the global economic flow, it changed its strategy to being “friends with everyone”. One of its elements was building close economic ties with other countries, especially the most developed ones. This move, however, came at the cost of accepting external forces pushing for internal reforms, which bring Vietnam closer to global standards in economic activities and relations.

The first important step was membership in WTO. However, the reforms lost momentum due to strong opposition from certain interest groups and informal constraints. Another external force that might initiate profound changes is engagement in NGFTAs. As it was proved, the EVFTA is relatively successful in pushing for formal institutional change. It is also trying to reshape informal norms, for example, in the approach to IPR, the rule of law, or corporate governance, however with limited success. An increase in enforcement power is the element on which NGFTAs do not have a greater bearing.

Consequently, the institutional setting is improving but not at the expected pace. Looking deeper into this problem, it is visible that government policies are not causing practical actions. A lack of proper understanding by certain stakeholders is involved. Therefore, they are not acting in an aligned and coordinated manner. Second, which is connected to the previous problem, Vietnam has not developed proper mechanisms for the implementation of certain reforms and policies. This has two reasons: firstly, a lack of capital and other physical resources and the still relatively low-quality or insufficiently high-quality human capital.

When a state fails repeatedly in proper implementation attempts, this might be achieved by a market shift that activates other actors such as businesses, including foreign-invested companies. They are free from the above-mentioned state's shortcomings as they possess physical resources and can attract high-quality human resources. These entities by enforcing, for example, IPR, modern corporate governance standards or labor rights protection might cause the spillover effect into a broader spectrum of economic actors, including those in rural areas and involved in most backward agricultural activities. Thus, they might cause a shift in informal norms causing incremental changes leading to successful institutional change.

A similar bottom-up process might be initiated by a growing middle class, which would demand more freedoms, including democracy. It consequently might push for more transparency and equal market rules (Acemoglu & Robinson, 2006), all elements that are present in the EVFTA. Whether this process can be initiated in Vietnam as in other countries, only time will tell.

As mentioned, agriculture has been impacted in several dimensions by the FTAs. First-generation FTAs were constructed to avoid direct impact on the sector. In some cases, agriculture was partly excluded from the agreements (e.g., VKFTA, VJEPA). In other cases, Vietnamese agriculture has been negatively impacted, as in the case of AFTA. Regarding the EVFTA, agriculture is protected by several transitional periods that minimize the direct and sudden negative impact on the sector. However, the indirect consequences of broader FTAs might have an impact on Vietnamese agriculture. In most analyzed cases, potentially positive consequences are connected to creating incentives for cleaner, more healthy, and higher-quality food products.

The EVFTA, for example, promotes sustainable development and renewable energy production, which might contribute to Vietnam's quality of the natural environment. It would not happen without substantial investments in Vietnamese agricultural supply chains. While the impact on cashew nut production is relatively limited, the coffee sector is more likely to benefit, especially from the EVFTA, which gives incentives to developing brands, GI recognition and other measures which make the product more competitive not only in the EU market but globally.

To conclude domestic influences of FTAs on Vietnam, it must be emphasized that when traditional FTAs, which Vietnam pursued since WTO accession, also called first-generation FTAs, helped Vietnam to knock the economy out of post-war, communist experimentation stagnation, gave the first blow which contributed to CPV survival in power and gaining their legitimacy. It such meaning that they were politically motivated. They did not give impulse to institutional change. Moreover, after obtaining middle-income status, their economic benefits diminished as Vietnam passed the factor-driven stage of development and entered the efficiency-driven where all the most accessible opportunities and comparative advantages, such as cheap labor or good geo-economic location, are exhausting (Thang N., 2016).

This means that Vietnam needs to improve productivity and competitiveness in this stage and prepare for the next stage, which is the innovation-driven one. Without proper investment in the physical infrastructure and human capital, this would not be feasible. A driver of these processes might be an effective institutional change that can be obtained with the support of external forces such as NGFTAs and the EVFTA in particular. NGFTAs, with their broad agenda, are giving true and accountable motivation for policymakers to pursue reforms leading to institutional change and creating optimal conditions for economic development.

Contribution to existing knowledge

This study tried to explain the domestic consequences of FTAs in Vietnam using an institutional perspective. It has shifted focus from numerical variables only to a mixed approach. As such it integrated several entities which are responsible for shaping the content of the FTAs at first, introducing it into economic life, and finally, being impacted by the above-mentioned elements transmitting FTAs content into economic performance. The former are organizations, the latter might be institutions which are formed by adopted FTAs provisions. Informal norms are playing a crucial role in Vietnam's case. Without understanding this informal part, it is not possible to deal with the formal one properly. Thus, it explains the relative failure of the EU approach to the EVFTA implementation.

Another value of this research is its timing. The years from 2020 to 2022 were marked by several unprecedented events, including the global pandemic. Others, like geopolitical factors, redefined both the world order and Vietnam's position. From the perspective of this research, the introduction of the NGFTAs in 2020-2021 and Vietnam's approach to these challenges are notable. These elements underline the significance of the time when this dissertation was completed.

Moreover, the author's experience and his interviewees' opinions enriched the findings and made them relatively unique. It is a valuable complement to the massive volume of literature which was collected, reviewed, and triangulated with primary data. All mentioned elements contributed to the body of knowledge about FTAs consequences and Vietnam's development, filling part of the existing gap.

Directions of future research

There are several directions of future research, which this dissertation uncovered, especially connected to NGFTAs. The EVFTA has been placed in the center of interest and it will be useful to continue follow up studies on its consequences in Vietnam in the longer term.

Another interesting topic connected with the EVFTA is its impact on the EU MS, as this context has not been exploited yet. Comparison of enforcement powers of bilateral versus multilateral new generation agreements, like EVFTA versus CPTPP is also untouched area that might bring high practical value. Wider regional studies of ASEAN commitments and their realization on the view of growing institutional differences of its member states might attract additional attention. Moreover, institutional development in Vietnam, triggered by external forces and initiated internally is the topic useful for policymakers and enforcement bodies.

Recommendations and policy suggestions

This section suggests how to overcome identified limitations, which hinder making full use of the NGFTAs and unfold all potential that Vietnam has in terms of economic development.

First are obstacles in the process of institutional change analyzed through this research. The second obstacle relates to another element of the economy according to NIE, that is, organizations.

When Vietnam is quite successful in reforming formal institutions, some achievements in the evolution of the informal norms are mentioned in this research. Enforcement power, however, remains the weakest point of the process. One of the reasons for this is the lack of accountability of the ruling elite and the lack of free media. This means CPV does not have a democratic mandate and does not have a threat of not being elected. As a result, scandals like

the one with COVID-19 testing kits, considered the tip of the iceberg, will not be resolved.

Searching for remedies, returning to Chapter 4 and the list of formal institutions might be helpful. The first on that list is a democracy, considered by many researchers (e.g., Rodrik, 2007) as crucially important for the country to develop. Although it may not be the case in Vietnam, this research proves that democracy would indeed solve the problem to a certain extent. It is the lacking force which is likely to significantly increase enforcement power by making decision-makers accountable. It would also keep in check business managers, especially those from SOEs or private companies connected to the government in their economic activities. Democratic mandate establishes a check and balance element in the political and economic decision-making processes, which is extremely needed in Vietnam. Moreover, as Amartya Sen (1999) proves, political freedoms provide information and incentives to serve the fulfillment of economic needs.

Another recommendation that might be proposed from the above political economy analysis is that Vietnam has to reorient its organizational setting. This means a stakeholders' network that first selects FTAs partners (political decisions made by the CPV), negotiate (political and technical process maintained by the government bodies with the support of other groups of interests), and in the end, reacts to FTAs' commitments (all parties involved in the economic activities). In the current system, too many conflicts of interest and overlapping competencies hamper overall economic development and hinder proper institutional setting arrangements. Better understanding between economic players, mutual respect, and a common goal of overall economic development and an increase in welfare should be the priorities.

Stakeholders should concentrate on genuine institutional change, which will leverage

economic performance and oust several informal institutions, despite reforming formal institutions, refreshment, or reconfiguring the ideological base of the CPV as the central organization responsible for formulating the policy directions, implementing, and supervising them. This means a fossilized and outdated framework of the CPV agenda, including a kind of verbal stride between socialism (“socialist-oriented...”) and capitalism (“... market economy”) that should be updated. It will help to eradicate phenomena named in the literature as “poor government” (Koh, 2011), practicing the “muddled approach” (Du Venage, 2011). This conclusion might be summarized by one more call for improvement of human capital and the creation of appropriate conditions in the country to avoid “brain drain”, as observed in other middle-income countries.

One step to solving the problem of communication and mutual understanding is maintaining a comprehensive forum of consultation between different stakeholders, similar to the VBF, which includes various government bodies, private businesses, and foreign partners: diplomatic community, chamber of commerce and other supporting business entities. These consultations would help the policymakers direct the reforms in the most beneficial way for the country and its economy. It includes talks about FTAs and their forms, as VBF was the first platform where the frame of the EVFTA was discussed.

On the other hand, Vietnam should avoid the danger that every FTA might pose. According to the classical understanding of trade and its benefits, parties should maximize their benefits by focusing on the production of goods in which the country has a comparative advantage. In the case of EVFTA, Vietnam is supposed to focus on the textile, apparel, and seafood sectors, ignoring the others, including more advanced industries such as electronics, and computers, to achieve quantitative creation of trade. However, this strategy would lead to a certain

middle-income trap, where all the resources are engaged in low-cost, simple manufacturing. Instead, the focus should be directed toward more qualitative than quantitative growth (Capra & Henderson, 2013; Wahl, 2017). To achieve this, favorable institutional conditions must be put in place, for example, well-protected IPR, modern corporate governance rules with transparency and fair competition for all business entities, equal access to the financial market and well-protected labor rights.

Above institutional environment would allow private business sector to develop, especially SMEs. At the same time, antitrust and antimonopoly legislation should be properly enforced, preventing any company to acquire privileged position. As this research showed, private business empires became more powerful than the SOEs, and much more dangerous for Vietnam and its developmental agenda. Improving human capital, together with growing middle class and entrepreneurship would produce the desirable conditions for building creative SMEs with capability to benefit from the FTAs provisions and absorb the knowledge brought to Vietnam by foreign investors.

To conclude this discussion, it should be noted that Vietnam has chosen to engage in high-level FTAs as one of only a few Asian countries and the only one with lower middle-income status. Except for Vietnam, only Japan and Singapore joined two NGFTAs (FTA with the EU and CPTPP). Malaysia and Brunei joined CPTPP but did not ratify their membership. South Korea has an NGFTA with the EU. Hence, Vietnam found itself a member of this elite club of highly successful Asian economies (Japan, South Korea, and Singapore) that are at the same time members of the NGFTAs. Will Vietnam be the next equally successful economy? Time will tell. It is not an exaggeration to say that Vietnam is on the right track.

References

- Aba, F. X. (2021). Institutional Change and Macroeconomic Variables in the ASEAN—Indonesia, Vietnam, and Cambodia: The Effects of a Trade War between China and USA. *Economies*, 9(95).
- Abrami, R. M. (2014). Pictures of the Past. Historical Influences in Contemporary Asian Business Systems. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 589-610). Oxford, New York: Oxford University Press.
- Acemoglu, D., & Restrepo, P. (2018, June). The Race between Man and Machine: Implications of Technology for Growth, Factor Shares, and Employment. *American Economic Review*, 108(6), 1488-1542.
- Acemoglu, D., & Robinson, J. A. (2006). Path of Economic and Political Development. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 673-692). Oxford, New York: Oxford University Press.
- Acemoglu, D., & Verdier, T. (1998). Property Rights, Corruption and the Allocation of Talent: A General Equilibrium Approach. *The Economic Journal*, 108(450), 1381-1403.
- Acemoglu, D., Johnson, S., & Robinson, J. A. (2001, December). The Colonial Origins of Comparative Development: An Empirical Investigation. *The American Economic Review*, 91(5), 1369-1401.
- ADB - Asian Development Bank. (2019). *Asian Economic Integration Report 2019/2020. Demographic Change, Productivity, and Role of Technology*. Manila: Asian Development Bank.
- ADB - Asian Development Bank. (2021a). *Asian Development Bank Member Fact Sheet. Viet Nam*. Manila: Asian Development Bank.
- ADB - Asian Development Bank. (2021b). *FTA Database*. Retrieved from Asian Regional Integration Center: <https://aric.adb.org/trade-investment>
- ADB - Asian Development Bank. (2022, April). *Economic Indicators for Viet Nam*. Retrieved from Asian Development Bank. Viet Nam and ADB: <https://www.adb.org/countries/viet-nam/economy>
- Adelman, J. (2003). The Politics of Money in Mid-Nineteenth-Century Argentina. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 233-249). London and New York: Routledge.
- Ahmadjian, C. L. (2014). Corporate Governance and Business Systems in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 332-357). Oxford, New York: Oxford University Press.
- Allard, T. (2021, March 26). China set to lead recovery of East Asian and Pacific economies: World Bank. (E. Davies, Ed.) *Reuters*. Retrieved March 26, 2021, from <https://www.msn.com/en-xl/money/markets/china-set-to-lead-recovery-of-east-asian-and-pacific-economies-world-bank/ar-BB1eYxAy?ocid=msedgntp>

Allison-Reumann, L., & Murray, P. (2021, January 30). What Does the ASEAN-EU Strategic Partnership Mean? *The Diplomat*. Retrieved February 10, 2021, from <https://thediplomat.com/2021/01/what-does-the-asean-eu-strategic-partnership-mean/>

Altenburg, T. (2011). *Industrial Policy in Developing Countries. Overview and lessons from seven country cases*. German Development Institute.

Amon, J. J. (2011, September 7). The Rehab Archipelago. Forced Labor and Other Abuses in Drug Detention Centers in Southern Vietnam. *Human Rights Watch*. Retrieved December 17, 2020, from <https://www.hrw.org/report/2011/09/07/rehab-archipelago/forced-labor-and-other-abuses-drug-detention-centers-southern>

Andreoni, A. (2020). Technical Change, the Shifting 'Terrain of the Industrial', and Digital Industrial Policy. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 369-393). Oxford and New York: Oxford University Press.

Angelino, A. (2017, February). Human capital shortages in the Vietnamese industry. A firm-level analysis. *c.MET Working paper 01/2017*.

Angelino, A., Khanh, D. T., Ha, N. A., & Tuan, P. (2017). Pharmaceutical Industry in Vietnam: Sluggish Sector in a Growing Market. *International Journal of Environmental Research and Public Health*, 14(976), 1-18.

Anh, D. D. (2010, April 14). Trade Liberalization and Institutional Quality: Evidence from Vietnam. *MPRA Paper No 31485*.

Anh, D. T. & Son N. V. (2013). Vietnam Agricultural Value Chain in the FTA of Asian Region. *FFTC.NACF International Seminar on Threats and Opportunities of the Free Trade Agreements in the Asian Region*. Seoul: Food & Fertilizer Technology Center - Agricultural Policy Platform.

Anh, L., & Anh, B. (2020, August 14). Việt Nam đặt mua 50 - 150 triệu liều vắc xin ngừa COVID-19 của Nga. *Tuổi Trẻ*. Retrieved January 30, 2022, from <https://tuoitre.vn/viet-nam-dat-mua-50-150-trieu-lieu-vac-xin-ngua-covid-19-cua-20200814134708875.htm>

Anh, L. & Hanh L. T., (2017). *Vietnam Legal Research*. New York: New York University School of Law. Retrieved from <https://www.nyulawglobal.org/globalex/Vietnam1.html>

Anh, N. N., Minh, N. N., & Binh, T.-N. (2016). Corruption and economic growth, with a focus on Vietnam. *Crime, Law and Social Change*, 65, 307-324.

Anh, N. T., Duc, L. M., & Chieu, T. D. (2016). The Evolution of Vietnamese Industry. *UNU-WIDER Working Paper No. 19*.

Anh, N. T., Tung, H. T., & Hien, V. T. (2020). The Impact of Exports on Economic Growth in Vietnam. *Journal of Economics and Business*, 3(4), 1491-1499.

Annex 2 - Reduction or Elimination of Customs Duties. (2020, June 12). *Official Journal of the European Union*, 63, 166-1002. Luxembourg: Publications Office of the European Union.

- Aoki, M. (1988). *Information, Incentives and Bargaining in the Japanese Economy: A Microtheory of the Japanese Economy*. Cambridge: Cambridge University Press.
- Armanovica, M. (2012). *EU-Vietnam economic and trade relations*. Brussels: European Parliament.
- Aron, J. (2000). Growth and Institutions: A Review of Evidence. *The World Bank Research Observer*, 15(1), 99-135.
- Arvis, J.-F., Ojala, L., Wiederer, C., Shepherd, B., Raj, A., Dairabayeva, K., & Kiiski, T. (2018). *Connecting to Compete 2018. Trade Logistics in the Global Economy. The Logistics Performance Index and Its Indicators*. Washington D.C.: World Bank Group, International Bank for Reconstruction and Development.
- ASEAN Secretariat. (2015). *ASEAN Community*. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat. (2018). *ASEAN Statistical Highlights 2018*. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat. (2020a). *ASEAN Key Figures*. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat. (2020b). *ASEAN-China Economic Relations*. Retrieved from Association of Southeast Asian Nations: <https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-china-economic-relation/>
- ASEAN Secretariat. (2021, October). *What is the ASEAN Single Window?* Retrieved October 24, 2021, from Asean Single Window Portal: <https://asw.asean.org/>
- ASEAN Today. (2019a, July 12). EU-Vietnam trade deal prompts concern in Thailand. *ASEAN Today*. Retrieved October 21, 2021, from <https://www.aseantoday.com/2019/07/eu-vietnam-trade-deal-prompts-concern-in-thailand/>
- ASEAN Today. (2019b, August 14). EU-Vietnam trade deal shows EU will bend human rights standards if the price is right. *ASEAN Today*. Retrieved October 20, 2021, from <https://www.aseantoday.com/2019/08/eu-vietnam-trade-deal-shows-eu-will-bend-human-rights-standards-if-the-price-is-right/>
- ASEAN. (2010). *Hanoi Declaration on the Adoption of the Master Plan on ASEAN Connectivity*. Hanoi: ASEAN Secretariat.
- ASEAN. (2020, May 5). *External relations*. Retrieved May 5, 2020, from ASEAN: <https://asean.org/asean/external-relations/>
- Asian Productivity Organization. (2021). *Asian Economy and Productivity Map*. Retrieved from Asian Productivity Organization: <http://www.apo-tokyo-aepm.org/>
- Athukorala, P.-C., & Tien, T. Q. (2012, August). Foreign Direct Investment in Industrial Transition: the Experience of Vietnam. *Journal of the Asia Pacific Economy*, 17(3), 446-463.
- Aulakh, P. S., & Kotabe, M. (2008). Institutional changes and organizational transformation in developing economies. *Journal of International Management*, 14, 209-216.
- Ayerst, S., Brandt, L., & Restuccia, D. (2020). Market constraints, misallocation, and productivity in Vietnam agriculture. *Food Policy*.

- Baccini, L., Impullitti, G., & Malesky, E. J. (2019). Globalization and state capitalism: Assessing Vietnam's accession to the WTO. *Journal of International Economics*, 119, 75-92.
- Backman, M. (1999). *Asian Eclipse: Exposing the Dark Side of Business in Asia Revised*. New York: John Wiley & Sons.
- Baker, P., Vanzetti, D., & Huong, P. T. (2014). *Đánh giá tác động dài hạn hiệp định thương mại tự do Việt Nam - EU (Sustainable Impact Assessment EU-Vietnam FTA)*. Hanoi: MUTRAP.
- Banerji, A., Gjonbalaj, A., Hlatshwayo, S., & Anh, L. V. (2018, September). Asian Women at Work. *IMF Finance & Development Magazine*, 55(3), 12-17.
- Bannerman, G. (2015). The Free Trade Idea. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 37-56). Oxford, New York: Oxford University Press.
- Barai, M. K., Lam L. T. A. & Hong N. N. (2017). Vietnam: achievements and challenges for emerging as a FTA hub. *Transnational Corporations Review*, 9(2), 51-65.
- Barbour-Lacey, E. (2020, April 24). A Guide to Intellectual Property in Vietnam. *Vietnam Briefing*. Retrieved March 30, 2021, from <https://www.vietnam-briefing.com/news/guide-to-intellectual-property-vietnam.html/>
- Barkin, S. J. (2015). Trade and Environment. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 439-456). Oxford and New York: Oxford University Press.
- Barrientos, S., Gereffi, G., & Rossi, A. (2011). Economic and social upgrading in global production network: A new paradigm for a changing world. *International Labour Review*, 150(3-4), 319-340.
- Barro, R. J. (1996). Institutions and Growth: An Introductory Essay. *Journal of Economic Growth*, 1(1), 145-148.
- Barro, R. J. (2003). Determinants of Economic Growth in a Panel of Countries. *Annals of Economic and Finance*, 231-274.
- Basu, S. D., & Chongvilaivan, A. (2010). Rationale for free trade agreements (FTAs) in Southeast Asia. In R. Rasiah, & J. D. Schmidt (Eds.), *The New Political Economy of Southeast Asia* (pp. 257-278). Cheltenham, Northampton: Edward Elgar.
- Bates, R. H. (2003). Social Dilemmas and Rational Individuals: An Assessment of the New Institutionalism. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 27-48). London and New York: Routledge.
- Bates, R. H. (2006). The Role of the State in Development. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 708-722). Oxford, New York: Oxford University Press.

- Baum, A. (2020, February). Vietnam's Development Success Story and the Unfinished SDG Agenda. *IMF Working Paper 20/31*.
- Beamer, G. (2002, Spring). Elite Interviews and State Politics Research. *State Politics and Policy Quarterly*, 2(1), 86-96.
- Beck, H. E., Zimmermann, N. E., McVicar, T. R., Vergopolan, N., Berg, A., & Wood, E. F. (2018). Present and future Köppen-Geiger climate classification maps at 1-km resolution. *Scientific Data*.
- Beeson, M., & Hung, P. H. (2012, November). Developmentalism with Vietnamese Characteristics: The Persistence of State-led Development in East Asia. *Journal of Contemporary Asia*, 42(4), 539-559.
- Bekkevold, J. I. (2020). The International Politics of Economic Reforms in China, Vietnam, and Laos. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 27-68). Singapore: Palgrave Macmillan.
- Beresford, M. (1997). Vietnam: The transition from central planning. In G. Rodan, K. Hewison, & R. Robison (Eds.), *The Political Economy of South-East Asia*. Oxford: Oxford University Press.
- Beresford, M. (2008). Doi Moi in Review: The Challenges of Building Market Socialism in Vietnam. *Journal of Contemporary Asia*, 38(2), 221-243.
- Beresford, M., & Fforde, A. (1997). A methodology for analysing the process of economic reform in Vietnam: The case of domestic trade. *Journal of Communist Studies and Transition Politics*, 13(4), 99-128.
- Berger, A., Bruhn, D., Bender, A., Friesen, J., Kick, K., Kullmann, F., Rossner, R. & Weyrauch, S. (2016). *Deep Preferential Trade Agreements and Upgrading in Global Value Chains: the Case of Vietnam*. Bonn: The German Development Institute.
- Bhagwati, J. (2008). *Termites in the Trading System: How Preferential Agreements Undermine Free Trade*. Oxford: Oxford University Press.
- Bhatia, K. L. (2010). *Textbook on Legal Language and Legal Writing*. Delhi: Universal Law Publishers.
- Bhattacharai, K., Dung N. T. K. & Chan N. V. (2019). Impacts of Direct and Indirect Tax Reforms in Vietnam: A CGE Analysis. *Economies*, 7(2).
- Binh, H. M., & Mai, N. (2016, April 27). Vietnam says no proof Formosa steel plant linked to mass fish deaths. *Reuters*. Retrieved March 8, 2022, from <https://www.reuters.com/article/us-vietnam-formosa-plastics-environment-idUSKCN0XO18L>
- Binh, N. N., & Haughton, J. (2002, December). Trade Liberalization and Foreign Direct Investment in Vietnam. *ASEAN Economic Bulletin*, 19(3), 302-318.

- Binh, N. X. (2009). *Vietnam's Economic Relations with Japan. Quan hệ kinh tế Việt Nam với Nhật Bản*. Hanoi: Vietnam Academy of Social Sciences.
- Bloom, D. E., & Canning, D. (2004, September). Global Demographic Change: Dimensions and Economic Significance. *NBER Working Paper No. 10817*.
- Bloom, D. E., & Williamson, J. G. (1998). Demographic Transitions and Economic Miracles in Emerging Asia. *The World Bank Economic Review*, 12(3), 419-455.
- Bloomberg. (2022, June 20). Nearly One in Four European Firms Consider Shifting Out of China. *Bloomberg News*. Retrieved August 21, 2022, from <https://www.bloomberg.com/news/articles/2022-06-20/nearly-one-in-four-european-firms-consider-shifting-out-of-china>
- Bloomfield, A. I. (1957, May). Some Problems of Central Banking in Underdeveloped World. *Journal of Finance*, 12(2), 190-212.
- Bohane, H. (2020, August 5). Inside the Epicenter of Vietnam's COVID-19 Resurgence. *The Diplomat*. Retrieved February 15, 2022, from <https://thediplomat.com/2020/08/inside-the-epicenter-of-vietnams-covid-19-resurgence/>
- Booth, A. (2013). Colonial Revenue Policies and the Impact of the Transition to Independence in South East Asia. *Bijdragen tot de Taal-, Land- en Volkenkunde*, 169, 37-67.
- Bosio, E., & Djankov, S. (2020, February 5). How large is public procurement? *World Bank Blogs*. Retrieved November 5, 2021, from <https://blogs.worldbank.org/developmenttalk/how-large-public-procurement>
- Boudreau, J. (2014, August 7). Vietnam Communist Party Group Calls for More Openness. *Bloomberg*. Retrieved July 25, 2020, from <https://www.bloomberg.com/news/articles/2014-08-06/vietnam-communists-call-for-democracy-shift-away-from-china>
- Boudreau, J. (2022, January 2). Vietnam Asks China to Reopen Its Border Gates, VnExpress Reports. *Bloomberg*. Retrieved January 25, 2022, from <https://www.bloomberg.com/news/articles/2022-01-02/vietnam-asks-china-to-reopen-its-border-gates-vnexpress-reports>
- Bown, C. P. (2017, February). Mega-Regional Trade Agreements and the Future of the WTO. *Global Policy*, 8(1), 107-112.
- Bowring, G. (2016, June 21). Local chains take on coffee giants. *Financial Times*. Retrieved November 30, 2020, from <https://www.ft.com/content/189c23bc-055b-11e6-9b51-0fb5e65703ce>
- Brauer, R., Tuan, V. D., & Frey, N. (2014). *Free Trade Agreement between the EU and Vietnam. Difficult Partnership*. Hanoi: KAS International Reports 9/2014.
- Braw, E. (2022, August 2). Companies Are Fleeing China for Friendlier Shores. *Foreign Policy*. Retrieved August 22, 2022, from <https://foreignpolicy.com/2022/08/02/companies-fleeing-china-friendshoring-supply-chains/>
- Braybrooke, D., & Lindblom, C. (1963). *A Strategy of Decision*. New York: Free Press.

- Bremmer, I. (2009, May/June). State Capitalism Comes of Age. The End of the Free Market? *Foreign Affairs*, 40-55.
- Brown, D. (2022a, January 25). Vietnam's path forward on COVID-19 and corruption. *East Asia Forum*. Retrieved April 2, 2022, from <https://www.eastasiaforum.org/2022/01/25/vietnams-path-forward-on-covid-19-and-corruption/>
- Brown, T. (2022b, June 7). The List of U.S. Tech Companies Retreating From China Is Notable. Amazon Is Just the Latest. *Barron's*. Retrieved August 22, 2022, from <https://www.barrons.com/articles/us-tech-companies-china-amazon-51654565554>
- Broz, J. L., & Frieden, J. A. (2006). The Political Economy of Exchange Rates. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 587-597). Oxford, New York: Oxford University Press.
- Bryman, A. (2012). *Social Research Methods* (4th ed.). Oxford, New York: Oxford University Press.
- Buckley, J. (2021). Freedom of Association in Vietnam: A Heretical View. *Global Labour Journal*, 12(2), 79-94.
- Buckley, J. (2022, January). The Limits of Vietnam's Labor Reforms. *The Diplomat Magazine*(86).
- Busch, M. (2017). *The missing middle: A political economy of economic restructuring in Vietnam*. Sydney: Lowy Institute of International Policy.
- Calderone, J. (2016a, April 15). Here's why the world's best coffee comes from just a handful of locations. *Business Insider*. Retrieved November 20, 2020, from <https://www.businessinsider.com/coffee-grows-best-tropics-climate-change-2016-4>
- Calderone, J. (2016b, May 14). The world's best coffee-growing regions are changing. *Business Insider*. Retrieved November 20, 2020, from <https://www.businessinsider.com/where-best-coffee-will-grow-climate-change-2016-4>
- Camen, U. (2006). Monetary policy in Vietnam: the case of a transition country. *BIS Papers No 31*, 232-252.
- Campbell, J. L. (2004). *Institutional Change and Globalization*. Princeton and Oxford: Princeton University Press.
- Capra, F., & Henderson, H. (2013). *Qualitative Growth* (2nd ed.). London: ICAEW.
- Carney, R. W., & Witt, M. A. (2014). The Role of the State in Asian Business Systems. In M. A. Witt, & Redding Gordon (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 538-560). Oxford, New York: Oxford University Press.
- Castellana, F., De Nucci, S., De Pergola, G., Di Chito, M., Lisco, G., Triggiani, V., Sardone, R., & Zupo, R. (2021, October). Trends in Coffee and Tea Consumption during the COVID-19 Pandemic. *Foods*, 10(2458).

- Causa, O., De Serres, A., & Ruiz, N. (2014). Can growth-enhancing policies lift all boats? An analysis based on household disposable incomes. *OECD Economics Department Working Papers*.
- Chaisse, J., & Sejko, D. (2018). The Latest on the Best? Reflection on Trade Defence Regulation in EU-Vietnam FTA. In M. Bungenberg, M. Hahn, C. Herrmann, & T. Muller-Ibold (Eds.), *The Future of Trade Defence Instruments. Global Policy Trends and Legal Challenges* (pp. 295-312). Cham: Springer International Publishing AG.
- Chang, H.-J. (1994). *The Political Economy of Industrial Policy*. Basingstoke: Pallgrave Macmillan.
- Chang, H.-J. (2000). The Hazard of Moral Hazard: Untangling the Asian Crisis. *World Development*, 28(4), 775-788.
- Chang, H.-J. (2002). *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem Press.
- Chang, H.-J. (2007a). *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*. New York, London, Berlin: Bloomsbury Press.
- Chang, H.-J. (2007b). Institutional Change and Economic Development: An Introduction. In H.-J. Chang (Ed.), *Institutional Change and Economic Development* (pp. 1-16). Tokyo, New York, Paris: United Nations University Press.
- Chang, H.-J. (2009). *Rethinking public policy in agriculture. Lessons from distant and recent history*. Rome: FAO.
- Chang, H.-J. (2010a). How to 'do' a developmental state: Political, Organizational, and Human Resource Requirements for the Developmental State. In O. Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges*. Cape Town: Human Science Research Council Press.
- Chang, H.-J. (2010b). Institutions and economic development: theory, policy and history. *Journal of Institutional Economics*, 1-26.
- Chang, H.-J. (Ed.). (2007c). *Institutional Change and Economic Development*. Tokyo, New York, Paris: United Nations University Press.
- Chang, H.-J., & Grabel, I. (2004). *Reclaiming Development. An Alternative Economic Policy Manual*. London & New York: Zed Books.
- Chaponnière, J.-R., & Cling, J.-P. (2009). Vietnam's export-led growth model and competition with China. *Économie internationale*, 2(118), 101-130.
- Chau, M. N. (2022, January 12). China Reopens Border Gates With Northern Vietnam Province. *Bloomberg*. Retrieved January 25, 2022, from <https://www.bloomberg.com/news/articles/2022-01-12/china-reopens-border-gates-with-northern-vietnam-province>

- Chau, N. M. (1998). Integrated production practices in cashew in Vietnam. In M. K. Papademetriou, & E. M. Herath (Eds.), *Integrated Production Practices of Cashew in Asia*. Bangkok: FAO.
- Chavance, B. (2002). Why National Trajectories of Post-Socialist Transformation Differ? *East-West Journal of Economics and Business*, *V*(1), 47-56.
- Chavance, B. (2008). Formal and Informal Institutional Change: The Experience of Postsocialist Transformation. *The European Journal of Comparative Economics*, *5*(1), 57-71.
- Chavance, B., & Magnin, E. (1997). Emergence of path-dependent mixed economies in Central Europe. In A. Amin, & J. Hausner (Eds.), *Beyond Markets and Hierarchies* (pp. 196-232). Cheltenham: Edward Elgar.
- Chen, C., Noble, I., Hellmann, J. J., Coffee, J., Murillo, M., & Chawla, N. V. (2015). *University of Notre Dame Global Adaptation Index*. Notre Dame: University of Notre Dame.
- Chirathivat, S., & Mallikamas, S. (2004). Thailand's FTA Strategy Current Development and Future Challenges. *ASEAN Economic Bulletin*, *21*(1), 37-53.
- Christie, K., & Roy, D. (2001). *The Politics of Human Rights in East Asia*. London: Pluto Press.
- CIA - Central Intelligence Agency. (2020). *Vietnam*. (CIA) Retrieved June 9, 2020, from The World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>
- CIEM - Central Institute for Economic Management. (2015). *EVFTA and institutional and policy implication in Vietnam*. Hanoi: Central Institute for Economic Management.
- Civil Code. Law No. 91/2015/QH13. (2015).
- Clausing, K. A. (2001, August). Trade Creation and Trade Diversion in the Canada - United States Free Trade Agreement. *The Canadian Journal of Economics / Revue canadienne d'Economique*, *34*(3), 677-696.
- Clement, F., & Amezaga, J. M. (2013, February). Conceptualising context in institutional reforms of land and natural resource management: the case of Vietnam. *International Journal of the Commons*, *7*(I), 140-163.
- Cling, J.-P., Razafindrakoto, M., & Roubaud, F. (2009a). Desperately seeking model countries: The World Bank in Vietnam. *Working Papers DT/2009/04*.
- Cling, J.-P., Razafindrakoto, M., & Roubaud, F. (2009b). Vietnam's WTO Accession and Export-Led Growth. Introduction. *Économie internationale*, *118*, 5-12.
- Cling, J.-P., Razafindrakoto, M., & Roubaud, F. (2013). Is the World Bank compatible with the "Socialist-oriented market economy"? A political economy approach applied to the case of Vietnam. *Economie politique de l'Asie*. Retrieved from <https://journals.openedition.org/regulation/10081?lang=en#ftn4>
- Coase, R. (1937). The Nature of the Firm. *Economica*, *4*(16), 386-405.

Coase, R. (1960, October). The problem of social cost. *Journal of Law and Economics*, 3, 1-44.

Cockburn, H. (2022, January 27). Coffee, cashew and avocado-growing regions to shift as planet warms. *Independent*. Retrieved January 27, 2022, from <https://www.msn.com/en-gb/news/world/coffee-cashew-and-avocado-growing-regions-to-shift-as-planet-warms/ar-AATb8Ns?ocid=msedgntp>

Coello, B. (2008, November). Market Access and Specialization in Cash Crop: What are Vietnam's Expected Gains from WTO Accession. *Agence Française de Développement, Working Paper N°76*.

Coello, B. (2009). Export Liberalization and Specialization in Cash Crop: Gains for Vietnamese Households? *Économie internationale*, 118, 73-99.

Colander, D. C., & Landreth, H. (2002). *History of Economic Thought*. Boston, Toronto: Houghton Mifflin Company.

Cole, R., & Ingalls, M. L. (2020). Rural Revolutions: Socialist, Market and Sustainable Development of the Countryside in Vietnam and Laos. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 167-194). Singapore: Palgrave Macmillan.

Communication Department of the EC. (2021). *EU Treaties*. Retrieved May 5, 2021, from European Union: https://europa.eu/european-union/law/treaties_en

(2021, July 22). Confidential Interview with the Leader of Vietnamese Government Think Tank. (M. Boguszewski, Interviewer) Hanoi: online.

(2021, June 1). Confidential Interview with the Leader of Foreign NGO in Vietnam. (M. Boguszewski, Interviewer) Hanoi: online.

(2021, June 2). Confidential Interview I with the Vietnamese Farmers Family. (M. Boguszewski, Interviewer) Hai Duong, Buon Ma Thuot: online.

(2021, June 3). Confidential Interview with the Vietnamese Leader of Chamber of Commerce. (M. Boguszewski, Interviewer) Ho Chi Minh City: online.

(2021, May 20). Confidential Interview with former Senior Diplomat at the EU Delegation to Vietnam. (M. Boguszewski, Interviewer) Brussels: online.

(2021, May 21). Confidential Interview I with the Leader I of the EuroCham. (M. Boguszewski, Interviewer) Hanoi: online.

(2021, May 26). Confidential Interview with the Leader of the EU MS Trade Promotion Office in Vietnam. (M. Boguszewski, Interviewer) Hanoi: online.

(2021, May 26). Confidential Interview with the Vietnamese Businessman trading with the EU. (M. Boguszewski, Interviewer) Hanoi: online.

(2021, May 28). Confidential Interview with the Senior Officer of the UN Office in Vietnam. (M. Boguszewski, Interviewer) Hanoi: online.

- (2021, October 29). Confidential Interview with the Senior Management of the EU Investor in Vietnam. (M. Boguszewski, Interviewer) Ho Chi Minh City: online.
- (2022, February 9). Confidential Interview II with the Leader I of the EuroCham. (M. Boguszewski, Interviewer) Hoi An: online.
- (2022, January 24). Confidential Interview II with the Vietnamese Farmers Family. (M. Boguszewski, Interviewer) Hai Duong: online.
- (2022, January 24). Confidential Interview with the Vietnamese Businessman II. (M. Boguszewski, Interviewer) Hanoi: online.
- (2022, March 21). Confidential Interview with the Former Leader II of the EuroCham and Diplomat. (M. Boguszewski, Interviewer) Tirana: online.
- Constitution of the SRV. (2013).
- Court of Justice of the EU. (2017). *The free trade agreement with Singapore cannot, in its current form, be concluded by the EU alone*. Press Release No 52/17, Luxembourg.
- Coxhead, I. (Ed.). (2018). *Routledge Handbook of Southeast Asian Economics*. London and New York: Routledge Taylor & Francis Group.
- CPV - Communist Party of Vietnam. (1991). *7th National Congress Documents*. Hanoi: Vietnam Foreign Languages Publishing House.
- CPV - Communist Party of Vietnam. (2006). *Văn kiện Đảng toàn tập (Complete Collection of Party Documents)* (Vols. 49 (1988-89)). Hanoi: National Political Publishing House.
- CPV - Communist Party of Vietnam. (2010). *Văn kiện Đại hội đại biểu toàn quốc thời kỳ đổi mới (Documents of National Congresses in the Era of Doi Moi)* (Vol. I). Hanoi: National Political Publishing House.
- Cung, N. D. (2008). *Corporate Governance in Vietnam: Regulations, Practices and Problems*. Hanoi: CIEM/GTZ.
- Cung, N. D., Thang, T. T., Vinh, D. Q., Hieu, P. D., Thao, N. M., Yen, H. T., Baltzer K. & Trang, N. T. (2017). *The Institutional and Policy Adjustment Implications of the European Union - Vietnam Free Trade Agreement in Vietnam. Hiệp định thương mại tự do Việt Nam - EU: tác động thể chế và điều chỉnh chính sách ở Việt Nam*. Hanoi: Central Institute of Economic Management.
- Dang, T. (2018). *Vietnam's Post-1975 Agrarian Reforms. How local politics derailed socialist agriculture in southern Vietnam*. Canberra: Australian National University Press.
- Dao, N. D. (2020). Determinants of Vietnam's rice and coffee exports: using stochastic frontier gravity model. *Journal of Asian Business and Economic Studies*, Vol. ahead-of-print(No. ahead-of-print), pp. ahead-of-print.
- Das Gupta, M., Grandvoininnet, H., & Romani, M. (2000, September). State-Community Synergies in Development: Laying the Basis for Collective Action. *The World Bank Development Research Group. Policy Research Working Paper No 2439*.

- Davies, P. H. (2001). Spies as Informants: Triangulation and the Interpretation of Elite Interview Data in the Study of the Intelligence and Secret Service. *Politics*, 21(1), 73-80.
- De Janvry, A., & Sadoulet, E. (2010, February). Agricultural Growth and Poverty Reduction: Additional Evidence. *The World Bank Research Observer*, 25(1), 1-20.
- De Meyer, A. (2014). National R&D Systems and Technology Development in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 465-486). Oxford, New York: Oxford University Press.
- De Vylder, S., & Fforde, A. (1996). *From plan to market: The economic transition in Vietnam*. Boulder: Westview.
- Delegation of the EU to Vietnam. (2011). *Aid-for-Trade. Case Story*. Hanoi: Delegation of the European Union to Vietnam.
- Delegation of the EU to Vietnam. (2019). *Guide to the EU-Vietnam Free Trade Agreement* (updated version ed.). Hanoi: Delegation of the European Union to Vietnam. Retrieved from http://ceecvn.org/wp-content/uploads/2016/06/evfta_guide_final.pdf
- Demenet, A., Razafindrakoto, M., & Roubaud, F. (2016). Do Informal Businesses Gain From Registration and How? Panel Data Evidence from Vietnam. *World Development*, 84, 326-341.
- Dendena, B., & Corsi, S. (2014, October). Cashew, from seed to market: A review. *Agronomy for Sustainable Development*, 34(1), 753-772.
- Denis, N., Dilda, V., Kalouche, R., & Sabah, R. (2020, May 12). Agriculture supply-chain optimization and value creation. *McKinsey & Company*. Retrieved October 6, 2021, from <https://www.mckinsey.com/industries/agriculture/our-insights/agriculture-supply-chain-optimization-and-value-creation>
- Deprez, S. (2018). The Strategic Vision behind Vietnam's International Trade Integration. *Journal of Current Southeast Asian Affairs*, 37(2), 3-38.
- D'haeze, D., Deckers, J. A., Raes, D., Phuong, T. A., & Loi, H. V. (2005). Environmental and socio-economic impact of institutional reforms on the agricultural sector of Vietnam: Land suitability assessment for Robusta coffee in the Dak Gan region. *Agriculture, Ecosystems & Environment*, 59-76.
- Di John, J. (2007). The Political Economy of Taxation and Tax Reform in Developing Countries. In H.-J. Chang (Ed.), *Institutional Change and Economic Development*. Tokyo, New York, Paris: United Nations University Press.
- Diamond, J. (1997). *Guns, Germs, and Steel: The Fates of Human Societies*. New York, London: W.W. Norton & Company.
- Dieu, P. Q. (2006). Agricultural Sector of Vietnam. Policies and Performance. *I International Congress on Human Development*. Madrid.
- Diez, J. R. (2016). Vietnam 30 years after Doi Moi: achievements and challenges. *Zeitschrift für Wirtschaftsgeographie*, 60(3), 121-133.

- DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147-160.
- Dimopoulos, A. (2019). European Union. In M. Krajewski, & R. T. Hoffmann (Eds.), *Research Handbook on Foreign Direct Investment* (pp. 434-456). Cheltenham, Northampton: Edward Elgar Publishing.
- Djafar, B. A., & Milberg, W. (2020). Global Value Chains and Regionally Coordinated Industrial Policy. The Case of ASEAN. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 207-236). Oxford and New York: Oxford University Press.
- Djankov, S., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2002, February). The Regulation of Entry. *The Quarterly Journal of Economics*, 117(1), 1-37.
- Dobson, W., & Petri, P. A. (2014). Asia in Global Economic Governance. In I. Kaur, & N. Singh (Eds.), *The Oxford Handbook of the Economics of the Pacific Rim* (pp. 261-289). Oxford, New York: Oxford University Press.
- Dobson, W., & Westland, T. (2018). Financial liberalisation and trade: An examination of moving up value chains in the Asia-Pacific region. In S. Armstrong, & T. Westland (Eds.), *Asian Economic Integration in an Era of Global Uncertainty* (pp. 123-154). Acton: ANU Press.
- Dodwell, D. (2020, March 7). Why Vietnam will not replace China any time soon as the world's manufacturing hub. *South China Morning Post*. Retrieved April 27, 2022, from <https://www.scmp.com/comment/opinion/article/3065240/why-vietnam-will-not-replace-china-any-time-soon-worlds>
- Dollar, D., Glewwe, P., & Litvack, J. (Eds.). (1998). *Household Welfare and Vietnam's Transition*. Washington D.C.: World Bank Group.
- Downs, A. (1957). *An economic theory of democracy*. New York: Harper.
- Du Venage, G. (2011, April 13). Hasty Vietnam in a hurry to catch up with its neighbours. *The National*. Retrieved June 22, 2021, from <https://www.thenationalnews.com/business/hasty-vietnam-in-a-hurry-to-catch-up-with-its-neighbours-1.478408>
- Duc, H. (2012). *Bên thắng cuộc. Quyền Bính (The Winner. The Right)* (Vol. II). Los Angeles: OsinBook.
- Duc, P. M., Mishra, D., Cheong, L.-C., & Arnold, J. (2016). Trade Facilitation, Value Creation, and Competitiveness: Policy Implications for Vietnam's Economic Growth - Summary Report. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 185-209). Hanoi: Ministry of Industry and Trade & World Bank.
- Dung, N. T. (2016, January 19). *Statement of the Vietnamese Prime Minister Nguyen Tan Dung on the National Development Plan of Energy*. Retrieved November 13, 2018, from Prime Minister. Socialist Republic of Vietnam: <http://thutuong.chinhphu.vn/Home/Thuong->

truc-Chinh-phuhop-ve-dieu-chinh-Quy-hoach-dien-VII-va-Quy-hoach-than-60/20161/24346.vgp

Dung, T. V. (2019, September). Enhancing the Environmental Impact Assessment for the Foreign Direct Investment Regime in Vietnam: an Analysis from Integration Perspective. *Yuridika*, 34(3), 527-547.

Duong, M. T., & Strutt, A. (2018). Impacts of the Regional Comprehensive Economic Partnership on Vietnamese trade and investment. *16th International Convention of the East Asian Economic Association*. Taipei: EAEA.

Duong, M. T., & Strutt, A. (2019). Trade and investment effects of the EU-Vietnam free trade agreement. *Chapter of the PhD prepared for journal submission*. Retrieved September 8, 2022, from <https://researchcommons.waikato.ac.nz/bitstream/handle/10289/13632/thesis.pdf?sequence=4&isAllowed=y>

Duong, M. T., Holmes, M. J., & Strutt, A. (2021). The impact of free trade agreements on FDI inflows: the case of Vietnam. *Journal of the Asia Pacific Economy*, 26(3), 483-505.

Duong, M. T., Holmes, M. J., Strutt, A., & Lim, S. (2019). Effects of Trade Agreements and Foreign Direct Investment on Trade: Evidence from Vietnam. *International Journal of Economics and Financial Issues*, 9(3), 116-126.

Duong, N. A. (2022, January 13). Time for Vietnam to get cracking on CPTPP reforms. *East Asia Forum*. Retrieved March 31, 2022, from <https://www.eastasiaforum.org/2022/01/13/time-for-vietnam-to-get-cracking-on-cptpp-reforms/>

Duong, N. B. (2016, June 30). Vietnam-EU Free Trade Agreement: Impact and Policy Implications for Vietnam. *SECO/WTI Academic Cooperation Project Working Paper Series 2016/07*.

Duong, P. T. (2020, July 31). In Vietnam, an Ancient Town Struggles With a New COVID-19 Outbreak. *The Diplomat*. Retrieved February 15, 2022, from <https://thediplomat.com/2020/07/in-vietnam-an-ancient-town-struggles-with-a-new-covid-19-outbreak/>

Duy, N. D., Hanh, P. N., Anh, S. T., Binh, N. V., & Hanh, N. N. (2015). Cashew value chain in south-central coastal Vietnam. In S. Mann, M. C. Webb, & R. W. Bell (Eds.), *Sustainable and profitable crop and livestock systems in south-central coastal Vietnam* (pp. 153-160). Canberra: Australian Centre for International Agricultural Research (ACIAR).

Easterly, W. (2002). *The Elusive Quest for Growth. Economists' Adventures and Misadventures in the Tropics*. Cambridge: MIT Press.

Easterly, W. (2021). *The Tyranny of Experts. Economists, Dictators, and the Forgotten Rights of the Poor* (2nd ed.). New York: Basic Books.

Easterly, W., & Levine, R. (2003). Tropics, germs, and crops: how endowments influence economic development. *Journal of Monetary Economics*, 50.

EC - European Commission, Ministry of Trade and Industry of Singapore. (2019). *European Union-Singapore Trade and Investment Agreements*. Brussels: EC. Retrieved from http://trade.ec.europa.eu/doclib/docs/2019/february/tradoc_157684.pdf

EC - European Commission. (2019). *The Economic Impact of the EU - Vietnam Free Trade Agreement*. Luxembourg: Publications Office of the European Union.

EC - European Commission. (2020a, April 20). *Intra and Extra-EU trade by Member State and by product group*. Retrieved from Eurostat: https://ec.europa.eu/eurostat/en/web/products-datasets/-/EXT_LT_INTRATRD

EC - European Commission. (2020b, May 13). *Association of South East Asian Nations (ASEAN)*. Retrieved from European Commission Trade Policy: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/>

EC - European Commission. (2020c, July 31). EU-Vietnam trade agreement enters into force. *European Commission - Press release*.

EC - European Commission. (2021). *Overview of FTA and other Trade Negotiations*. Brussels: European Commission. Retrieved October 19, 2021, from https://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf

EC - Commission of the European Communities. (2006). *Global Europe: competing in the world. A Contribution to the EU's Growth and Jobs Strategy*. Brussels: Commission of the European Communities.

Economist Intelligence Unit. (2014). *FTAs in Southeast Asia. Towards the next generation*. London, New York: The Economist.

Ekardt, F. (2020). *Sustainability. Transformation, Governance, Ethics, Law*. Cham: Springer International Publishing.

Ellett, R., & Diep, P. (2020). The Emperor's Law Stops at the Village Gate. Questioning the Primacy of Formal Institutions in Vietnam's Land Law Reform. *Journal of Southeast Asian Economies*, 37(3), 233-250.

Epstein, G. (2007). Central Banks as Agents of Development. In H.-J. Chang (Ed.), *Institutional Change and Economic Development* (pp. 95-114). Tokyo, New York, Paris: United Nations University Press.

EuroCham - European Chamber of Commerce in Vietnam. (2021a). *EuroCham. About Us*. Retrieved March 6, 2020, from European Chamber of Commerce in Vietnam: <https://www.eurochamvn.org/About-us>

EuroCham - European Chamber of Commerce in Vietnam. (2021b). *Vietnamese business & sectoral associations*. Retrieved June 9, 2021, from European Chamber of Commerce in Vietnam: https://www.eurochamvn.org/Resources_links/Contacts/Vietnam/Vietnamese_business_and_sectoral_associations

Euromonitor. (2019). *Coffee in Vietnam*. London: Euromonitor International.

EVFTA - Free Trade Agreement between the Socialist Republic of Viet Nam and European Union. (2016).

EVIPA - Investment Protection Agreement between the European Union and its Member States, of the one part, and the Socialist Republic of Viet Nam of the other part. (2018).

Falak, A. (2020, December 8). Intellectual Property in Vietnam: New Regulations on Document Signing. *Vietnam Briefing*. Retrieved March 30, 2021, from <https://www.vietnam-briefing.com/news/intellectual-proprty-vietnam-new-regulations-document-signing.html/>

FAO - Food and Agriculture Organization. (2003). *Trade Reforms and Food Security. Conceptualizing the Linkages*. Rome: FAO.

FAO - Food and Agriculture Organization. (2020). *FAOSTAT*. Retrieved from Food and Agriculture Organization of the United Nations: <http://www.fao.org/faostat/en/#data/QC/visualize>

FAO - Food and Agriculture Organization. (2021a). *FAO in Viet Nam*. Retrieved from Food and Agriculture Organization of the United Nations: <http://www.fao.org/vietnam/fao-in-vietnam/en/>

FAO - Food and Agriculture Organization. (2021b). *FAOSTAT*. Retrieved from Food and Agriculture Organization of the United Nations: <http://www.fao.org/faostat/en/#data/QC/visualize>

Feasel, E. M. (2013). Official Development Assistance (ODA) and Conflict: A Case Study on Japanese ODA to Vietnam. In W. Ascher, & N. Mirovitskaya (Eds.), *Development Strategies, Identities, and Conflict in Asia* (pp. 209-239). New York: Palgrave Macmillan.

Feeny, D. (1988). The demand for and supply of institutional arrangements. In V. Ostrom, D. Feeny, & H. Picht, *Rethinking Institutional Analysis and Development* (pp. 159-209). San Francisco: International Centre for Economic Growth.

Ferrantino, M. J. (2010). Policy Anchors: Do Free Trade Agreements and WTO Accessions Serve As Vehicles for Developing-country Policy Reform? In Z. Drabek (Ed.), *Is the World Trade Organization Attractive Enough for Emerging Economies?* (pp. 139-175). London, New York: Palgrave Macmillan.

Fforde, A. (1989). *The Agrarian Question in North Vietnam, 1974-1979: A Study of Cooperator Resistance to State Policy*. New York: M.E. Sharpe.

Fforde, A. (1993). The Political Economy of 'Reform' in Vietnam: Some Reflections. In B. Ljunggren (Ed.), *The Challenge of Reform in Indochina* (pp. 293-326). Cambridge: Harvard University Press.

Fforde, A. (2002). Light within the ASEAN Gloom? Vietnam's Economy since the Asian Financial Crisis. *Southeast Asian Affairs*, 357-377.

Fforde, A. (2007). *Vietnamese State Industry and the Political Economy of Commercial Renaissance: dragon tooth or curate's egg?* Oxford: Chandos Publishing.

- Fforde, A. (2009a). *Coping with Facts. Skeptic's Guide to the Problems of Development*. Sterling: Cumarian Press.
- Fforde, A. (2009b). Policy ethnography and conservative transition from plan to market. The construction of policy rationalities and the “intellectual limitations of leading comrades”. *International Journal of Social Economics*, 36(6), 669-678.
- Fforde, A. (2011). Contemporary Vietnam: Political Opportunities, Conservative Formal Politics, and Patterns of Radical Change. *Asian Politics and Policy*, 3(2), 165-184.
- Fforde, A. (2017). *Reinventing Development. The Sceptical Change Agent*. London: Palgrave Macmillian.
- Fforde, A. (2018). Myths in the Understanding of the Process of doi moi. In C. Earl (Ed.), *Mythbusting Vietnam: Facts, Fictions, Fantasies*. Copenhagen: NIAS Press.
- Fforde, A. (2019). From ‘Constructing Socialism’ to a ‘Socialist oriented Market Economy’ in Contemporary. *Europe-Asia Studies*, 71(4), 671-697.
- Fforde, A. (2020, October 29). Vietnam and COVID-19: More Mark (Zuckerberg) than Marx. *Melbourne Asia Review*. Retrieved October 31, 2020, from <https://melbourneasiareview.edu.au/vietnam-and-covid-19-more-mark-zuckerberg-than-marx/>
- Flower, B. (2021, August 1). Delta variant sets off alarm bells in Vietnam. *East Asia Forum*. Retrieved April 2, 2022, from <https://www.eastasiaforum.org/2021/08/01/delta-variant-sets-off-alarm-bells-in-vietnam/>
- Forland, T. E. (1993). The History of Economic Warfare: International Law, Effectiveness, Strategies. *Journal of Peace Research*, 30(2), 151-162.
- Freeman, N., & Lan, N. (2006). *Corporate Governance in Vietnam. The beginning of a long journey*. Hanoi: World Bank Group, Mekong Private Sector Development Facility.
- Frenkel, S. J., & Yu, K.-H. (2014). Employment Relations and Human Resources Management in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 383-418). Oxford, New York: Oxford University Press.
- Friedland, R., & Alford, R. A. (1991). Bringing Society Back In: Symbols, Practices and Institutional Contradictions. In W. W. Powell, & P. J. DiMaggio (Eds.), *The New Institutionalism in Organizational Analysis* (pp. 232-264). Chicago: University of Chicago Press.
- Fritz, V., & Levy, B. (2014). Problem-Driven Political Economy in Action: Overview and Synthesis of the Case Studies. In V. Fritz, B. Levy, & R. Ort (Eds.), *Problem-Driven Political Economy Analysis. The World Bank's Experience* (pp. 1-30). Washington D.C.: World Bank Group.
- Fritz, V., Kaiser, K., & Levy, B. (2009). *Problem-Driven Governance and Political Economy Analysis*. Washington D.C.: World Bank Group.
- Gainsborough, M. (2010). *Vietnam: Rethinking the State*. London: Zed Books.

- Gainsborough, M. (2017). The Myth of a Centralised Socialist State in Vietnam: What Kind of a Myth? *Journal of Current Southeast Asian Affairs*, 3, 119-143.
- Galland, A. (2019, May 30). The World's Top Coffee Consuming Nations. *Weaver's Coffee & Tea*. Retrieved November 30, 2020, from <https://weaverscoffee.com/blogs/blog/the-worlds-top-coffee-consuming-nations-and-how-they-take-their-cup>
- Gates, C. L. (1995). Foreign Direct Investment, Institutional Change, and Vietnam's Gradualist Approach to Reform. *Southeast Asian Affairs*, 382-400.
- GDVC - General Department of Vietnam Customs. (2020, January 1). *Vietnam Customs*. Retrieved from <https://www.customs.gov.vn/Lists/EnglishStatistics/Default.aspx>
- Gereffi, G. (2015). Global Value Chains in a post-Washington Consensus World. *Review of International Political Economy*, 21(1), 9-37.
- Gereffi, G. (2019). *Global Value Chains and Development: Redefining the Contours of 21st Century Capitalism*. Cambridge: Cambridge University Press.
- Gerstl, A. (2022). *Hedging Strategies in Southeast Asia. ASEAN, Malaysia, the Philippines, and Vietnam and their Relations with China*. London and New York: Routledge.
- Giang, H. (2019, June 27). Significance of “new-generation” free trade agreements. (D. Q. Vi, Ed.) *Online Newspaper of the Government of the Socialist Republic of Vietnam*. Retrieved February 20, 2020, from <http://news.chinhphu.vn/Home/Significance-of-new-generation-free-trade-agreements/20196/36938.vgp>
- Giang, H. (2020, October 27). Hiệp định Đối tác toàn diện và tiến bộ xuyên Thái Bình Dương (CPTPP): “Cửa” đã mở, doanh nghiệp cần mạnh dạn vào. (Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): The "door" has opened, businesses need to boldly enter). *Vietnam Cashew Association (VINACAS)*. Retrieved December 23, 2020, from <http://www.vinacas.com.vn/hiiep-dinh-doi-tac-toan-dien-va-tien-bo-xuyen-thai-binh-duong-cptpp-8217-8217-cua-8217-8217-da-mo-doanh-nghiep-can-manh-dan-vao-bv1872.htm>
- Giang, N. N., & Sarker, T. (2018). Sustainable coffee supply chain management: a case study in Buon Me Thuot City, Daklak, Vietnam. *International Journal of Corporate Social Responsibility*, 3(1), 1-17.
- Giap, N. V. (2019, November 28). Vietnam’s agricultural sector at a crossroads. *East Asia Forum*. Retrieved January 13, 2021, from <https://www.eastasiaforum.org/2019/11/28/vietnams-agricultural-sector-at-a-crossroads/>
- Gibbens, S. (2022, January 27). What climate change means for the future of coffee and other popular foods. *National Geographic*. Retrieved January 27, 2022, from <https://www.nationalgeographic.com/environment/article/what-climate-change-means-for-future-of-coffee-cashew-avocado>
- GIHub - Global Infrastructure Hub. (2021a). *About Global Infrastructure Hub*. Retrieved from Global Infrastructure Hub: <https://www.gihub.org/about/about/>

- GIHub - Global Infrastructure Hub. (2021b). *Infrastructure Outlook. Vietnam*. Retrieved from Global Infrastructure Hub: <https://outlook.gihub.org/countries/Vietnam>
- Glewwe, P., Agrawal, N., & Dollar, D. (Eds.). (2004). *Economic Growth, Poverty, and Household Welfare in Vietnam*. Washington D.C.: World Bank Group.
- Goh, B.-L. (2011). Disciplines and Area Studies in the Global Age: Southeast Asian Reflection. In B.-L. Goh (Ed.), *Decentring & Diversifying Southeast Asian Studies. Perspective from the Region* (pp. 1-60). Singapore: Institute of Southeast Asian Studies.
- Goh, B.-L. (Ed.). (2011). *Decentring & Diversifying Southeast Asian Studies. Perspective from the Region*. Singapore: Institute of Southeast Asian Studies.
- Gomez, M. I., & Ricketts, K. D. (2013, October). Food value chain transformations in developing countries: Selected hypotheses on nutritional implications. *Food Policy*, 42, 139-150.
- Goodhart, L. M. (2015). Industry-Level Protection. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 159-176). Oxford and New York: Oxford University Press.
- Goscha, C. (2017). *The Penguin History of Modern Vietnam*. London: Penguin Books.
- Gouveia, V. V., & Ros, M. (2000). Hofstede and Schwartz's models for classifying individualism at the cultural level: their relation to macro-social and macro-economic variables. *Psicothema*, 12(Supl.), 25-33.
- GoV - Government of Viet Nam. (2020). *Political System*. Retrieved July 25, 2020, from Government Portal: <http://www.chinhphu.vn/portal/page/portal/English/TheSocialistRepublicOfVietnam/AboutVietnam/AboutVietnamDetail?categoryId=10000103&articleId=10001578>
- Gabel, I. (2005). Neo-liberal financial integration and financial crisis in emerging economies. In C. Lapavistas, & M. Noguchi (Eds.), *Beyond Market-Driven Development. Drawing on the experience of Asia and Latin America* (pp. 167-180). London and New York: Routledge Taylor & Francis Group.
- Griffiee, D. T. (2005, Spring). Research Tips: Interview Data Collection. *Journal of Developmental Education*, 28(3), 36-37.
- Gruber, J. (2016). *Public Finance and Public Policy* (5th ed.). New York: Worth Publishers, A Macmillan Education Imprint.
- Grumiller, J., Raza, W., Staritz, C., Tröster, B., von Arnim, R., & Grohs, H. (2018). *The economic and social effects of the EU Free Trade Agreement with Vietnam*. Vienna: Austrian Foundation for Development Research.
- Grüter, R., Trachsel, T., Laube, P., & Jaisli, I. (2022, January 26). Expected global suitability of coffee, cashew and avocado due to climate change. *PLOS ONE*, 17(1).
- GSO - General Statistics Office of Vietnam. (2014). *Statistical Handbook of Viet Nam*. Hanoi: Statistical Publishing House.

GSO - General Statistics Office of Vietnam. (2020a). *National budget expenditure 2019*. Retrieved October 29, 2020, from General Statistics Office of Vietnam: <http://www.gso.gov.vn/default.aspx?tabid=715>

GSO - General Statistics Office of Vietnam. (2020b). *Statistical Yearbook of Viet Nam*. Hanoi: Statistical Publishing House.

Guerin, S. S. (2008). *Prospects for the EU's New Generation of FTAs*. Brussels: Centre of European Policy Studies. Retrieved May 13, 2020, from <https://www.ceps.eu/ceps-publications/prospects-for-the-eus-new-generation-of-ftas/>

Guild, J. (2021, February 11). A Dream Deferred? The 'Equitization' of Vietnam's State-Owned Enterprises. *The Diplomat*. Retrieved September 10, 2021, from <https://thediplomat.com/2021/02/a-dream-deferred-the-equitization-of-vietnams-state-owned-enterprises/>

Gverdsiteli, G. (2023). Authoritarian environmentalism in Vietnam: The construction of climate change as a security threat. *Environmental Science and Policy*(140), 163-170.

Ha, H. (2020, May 20). Maintaining Vietnam's agricultural industry during the pandemic. *RMIT Vietnam*. Retrieved October 23, 2021, from <https://www.rmit.edu.vn/news/all-news/2020/may/maintaining-vietnam-s-agricultural-industry-during-the-pandemic>

Ha, T. (2018, November 7). Which are Vietnam's most successful coffee chains? *VnExpress*. Retrieved November 30, 2020, from <https://e.vnexpress.net/news/business/industries/which-are-vietnam-s-most-successful-coffee-chains-3835604.html>

Haber, S. (2003). Regulatory Regimes, Capital Markets and Industrial Development: A Comparative Study of Brazil, Mexico and the United States of America 1840-1930. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 265-282). London and New York: Routledge.

Haber, S. (2006). Authoritarian Government. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 693-707). Oxford, New York: Oxford University Press.

Haddad, M. (2016). Leveraging TPP and EU FTA for Vietnam's Vision 2035. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 20-27). Hanoi: Ministry of Industry and Trade & World Bank.

Haggard, S., & Tiede, L. (2011, May). The Rule of Law and Economic Growth: Where Are We? *World Development*, 39(5), 673-685.

Hai, B. X., & Nunoi, C. (2008, October). Corporate Governance in Vietnam: A System in Transition. *Hitotsubashi Journal of Commerce and Management*, 42(1), 45-65.

Hai, H. (2020, November 27). RCEP: Doanh nghiệp Việt phải tăng sức cạnh tranh cả trong nước và xuất khẩu (RCEP: Vietnamese enterprises must increase their competitiveness both domestically and in export). *Vietnam Cashew Association (VINACAS)*. Retrieved December 23, 2020, from <http://www.vinacas.com.vn/rcep-doanh-nghiep-viet-phai-tang-suc-can-tranh-ca-trong-nuoc-va-xuat-khau-bv1913.htm>

- Hai, N. H. (2016). *Political Dynamics of Grassroots Democracy in Vietnam*. New York: Palgrave Macmillan.
- Hai, N. H. (2022, January 23). Looking beyond the tip of Vietnam's corruption iceberg. *East Asia Forum*. Retrieved April 4, 2022, from <https://www.eastasiaforum.org/2022/02/23/looking-beyond-the-tip-of-vietnams-corruption-iceberg/#more-687297>
- Hai, N. M., & O'Donnell, M. (2017). Reforming State-Owned Enterprises in Vietnam: The Contrasting Cases of Vinashin and Viettel. *Asian Perspective*, 42, 215-237.
- Hai, T. (2019, October 26). Export turnover of Vietnamese farm produce to South Korea remains low. *Sài Gòn Giải Phóng*. Retrieved May 20, 2020, from <https://sggpnews.org.vn/business/export-turnover-of-vietnamese-farm-produce-to-south-korea-remains-low-84146.html>
- Hall, P. A. (1989). Conclusion: The Politics of Keynesian Ideas. In P. A. Hall (Ed.), *The Political Power of Economic Ideas: Keynesianism across Nations* (pp. 361-392). Princeton: Princeton University Press.
- Hamanaka, S. (2014). *Asian Free Trade Agreements and WTO Compatibility. Goods, Services, Trade Facilitation and Economic Cooperation*. New Jersey, London, Singapore, Beijing, Shanghai, Hong Kong, Taipei, Chennai: World Scientific.
- Hamilton, G. G., & Biggart, N. W. (1988). Market, Culture, and Authority: A Comparative Analysis of Management and Organization in the Far East. *American Journal of Sociology*, 94 (supplement), 52-94.
- Hamilton-Hart, N., & Yeung, H. W.-c. (2021). Institutions under pressure: East Asian states, global markets and national firms. *Review of International Political Economy*, 28(1), 11-35.
- Hansen, A. (2020). Consumer Socialism: Consumption, Development and the New Middle Class in China and Vietnam. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 221-244). Singapore: Palgrave Macmillan.
- Hansen, A., Bekkevold, J. I., & Nordhaug, K. (Eds.). (2020). *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos*. Singapore: Palgrave Macmillan.
- Hanson, G. H. (2020, February 5). The impacts of the U.S.–China trade war. *Business Economics*, 55, 69-72.
- Hardy, J. (2006). Bending Workplace Institutions in Transforming Economies: Foreign Investments in Poland. *Review of International Political Economy*, 13(1), 129-151.
- Harriss, J., Hunter, J., & Lewis, C. M. (2003). Introduction. Development and Significance of NIE. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 1-16). London and New York: Routledge.
- Harvey, W. S. (2011). Strategies for conducting elite interviews. *Qualitative Research*, 11(4), 431-441.

- Harwood, A., Litan, R. E., & Pomerleano, M. (1999). Introduction. In A. Harwood, R. E. Litan, & M. Pomerleano (Eds.), *Financial Markets & Development. The Crisis in Emerging Markets* (pp. 1-15). Washington D.C.: The Brookings Institution.
- Hatch, W., Bair, J., & Heiduk, G. (2015). Connected Channels. MNCs and production networks in global trade. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 234-255). Oxford and New York: Oxford University Press.
- Hayakawa, K., Hiratsuka, D., Shiino, K., & Sukegawa, S. (2009, November). Who Uses Free Trade Agreements? *ERIA Discussion Paper No. 2009-22*.
- Hayton, B. (2010). *Vietnam Rising Dragon*. New Haven and London: Yale University Press.
- Heiner, R. (1983). The Origins of Predictable Behavior. *American Economic Review*, 73, 560-595.
- Helpman, E., & Krugman, P. (1996). *Market Structure and Foreign Trade. Increasing Returns, Imperfect Competition, and the International Economy*. Cambridge: MIT Press.
- Henning, O. (2018, December 4). Cracking the nut: Understanding labour abuses in Vietnam's cashew industry. *Ethical Trading Initiative Norway*. Retrieved December 17, 2020, from <https://www.ethicaltrade.org/blog/cracking-nut-understanding-labour-abuses-vietnams-cashew-industry>
- Herr, H., Schweisshelm, E., & Vu, T.-M. (2016). *The Integration of Vietnam in the Global Economy and its Effects for Vietnamese Economic Development*. Geneva: International Labour Organization.
- Heyl, K., Ekardt, F., Roos, P., Stubenrauch, J., & Garske, B. (2021). Free Trade, Environment, Agriculture, and Plurilateral Treaties: The Ambivalent Example of Mercosur, CETA, and the EU–Vietnam Free Trade Agreement. *Sustainability*, 13.
- Hiep, L. H. (2012, August). Performance-based Legitimacy: The Case of the Communist Party of Vietnam and "Doi Moi". *Contemporary Southeast Asia*, 34(2), 145-172.
- Hiep, L. H. (2017a). *Living Next to the Giant. The Political Economy of Vietnam's Relations with China under 'Doi Moi'*. Singapore: ISEAS Yusof Ishak Institute.
- Hiep, L. H. (2017b). Vietnam's New Wave of SOE Equitization: Drivers and Implications. *ISEAS – Yusof Ishak Institute*(57).
- Hiep, L. H. (2019). Vietnam's Industrialization Ambitions: The Case of Vingroup and the Automotive Industry. *Trends in Southeast Asia*, 2(46).
- Highlands Coffee. (2018). *History*. Retrieved from Highlands Coffee: http://highlandscoffee.com.vn/aboutus_history.html
- Hill, H. (2018). The political economy of policy reform: insight from Southeast Asia. In I. Coxhead (Ed.), *Routledge Handbook of Southeast Asian Economics* (pp. 327-343). London and New York: Routledge Taylor & Francis Group.

- Hill, H., & Menon, J. (2018). Southeast Asian commercial policy. Outward-looking regional integration. In I. Coxhead (Ed.), *Routledge Handbook of Southeast Asian Economics* (pp. 366-384). London and New York: Routledge Taylor & Francis Group.
- Ho Chi Minh. (1969, February 3). Nâng cao Đạo đức Cách mạng, quét sạch chủ nghĩa Cá nhân (Improve the Revolutionary Ethics, wipe out Individualism). *Báo Nhân dân nhân* (*People's Newspaper*).
- Hoa, N. T. (2019). How large is Vietnam's informal economy? *Economic Affairs*, 39(1), 81-100.
- Hoan, T. Q. (2022). The Effect of the COVID-19 Pandemic on Inward FDI in Vietnam. *Global Business Review*, 1-23.
- Hoang, H. H. (2020, May 21). Understanding the EU–Vietnam Free Trade Agreement. *East Asia Forum*. Retrieved April 1, 2022, from <https://www.eastasiaforum.org/2020/05/21/understanding-the-eu-vietnam-free-trade-agreement/>
- Hoang, L. P. (2020, March 8). Where Is Trung Nguyen On The Vietnamese Coffee Market? *Business Forum*. Retrieved November 29, 2020, from <https://electrodealpro.com/where-is-trung-nguyen-on-the-vietnamese-coffee-market/>
- Hoang, N., & Ryu, Y. (2022). Assessing the Performance of Vietnam's Banks in the Era of Free Trade Agreements. *Sustainability*, 14(1014), 1-22.
- Hodgson, G. M. (1999). *Evolution and Institutions: On Evolutionary Economics and the Evolution of Economics*. Cheltenham: Edward Elgar.
- Hodgson, G. M. (2006). Institutions, Recessions and Recovery in the Transitional Economies. *Journal of Economic Issues*, 40(4), 875-894.
- Hoen, H. W. (2014). Globalization and Institutional Change: Are Emerging Market Economies in Europe and Asia Converging? *Economics, Management, and Financial Markets*, 9(4), 44-66.
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Newbury Park, London, New Delhi: SAGE Publications.
- Hofstede, G., & Bond, M. H. (1987). Chinese Values and the Search for Culture-Free Dimensions of Culture. *Journal of Cross-Cultural Psychology*, 18(2).
- Hofstede, G., & Bond, M. H. (1988). The Confucius connection: From cultural roots to economic growth. *Organizational Dynamics*, 16(4), 5-21.
- Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). *Cultures and Organizations: Software of the Mind* (3rd ed.). London: McGraw-Hill.
- Horio, M. (2020, September 19). Vietnam now Japan's top coffee supplier, fueled by COVID. *Nikkei Asian Review*. Retrieved September 30, 2020, from <https://asia.nikkei.com/Business/Markets/Commodities/Vietnam-now-Japan-s-top-coffee-supplier-fueled-by-COVID2>

- Howell, J., & Pringle, T. (2019, June). Shades of Authoritarianism and State–Labour Relations in China. *British Journal of Industrial Relations*, 52(2), 223-246.
- Hudson, D., & Marquette, H. (2015). Mind the gaps: What’s missing in political economy analysis and why it matters. In OECD, *A Governance Practitioner's Notebook: Alternative Ideas and Approaches* (pp. 67-82). Paris: OECD.
- Humphrey, J., & Schmitz, H. (2002). How does insertion in global value chains affect upgrading in industrial clusters? *Regional Studies*, 36(9), 1017-1027.
- Huong, L. T. (2019, February 20). Vietnam-North Korea: Communism Could not Unite Them, Can Capitalism? *Asia Pacific Bulletin*(461).
- Huong, T. L. (2017). Export Similarities and Competitiveness Between Vietnam and ASEAN Countries. *Emerging Issues in Economics and Business in the Context of International Integration* (pp. 31-46). Hanoi: National Economics University Press.
- Huong, V. T., & Phuong, N. T. (2018). Assessing the Effectiveness of South Korea's Development Assistance in Vietnam. *Economics and Business*, 28-43.
- Hutt, D. (2019, August 4). EU struggles to strike trade pacts with major ASEAN countries. *Nikkei Asian Review*. Retrieved May 13, 2020, from <https://asia.nikkei.com/Politics/International-relations/EU-struggles-to-strike-trade-pacts-with-major-ASEAN-countries>
- Hutt, D. (2021, May 10). Malaysia eyes fresh free trade talks with EU. *Deutsche Welle*. Retrieved August 19, 2022, from <https://www.dw.com/en/malaysia-eyes-fresh-free-trade-talks-with-eu/a-57484294>
- Hutt, D. (2022, June 8). Why more European firms are choosing Vietnam over China. *Deutsche Welle*. Retrieved August 21, 2022, from <https://www.msn.com/en-us/money/markets/why-more-european-firms-are-choosing-vietnam-over-china/ar-AAAYdiOz?ocid=msedgntp&cvid=e647f88a5f8040e5acc4d77665244ada>
- Huu, N. D. (2021). Challenges in Intellectual Property Policy in Vietnam Participating in the EU-Vietnam Free Trade Agreement (EVFTA). *Innovation, Technology and Management Journal*, 11(3), 595-609.
- Huyen, D. T. (2020, July 3). Why EVFTA’s Success Will Depend on Vietnam’s Administration Reforms. *Vietnam Briefing*. Retrieved February 16, 2021, from <https://www.vietnam-briefing.com/news/why-evftas-success-depend-vietnams-administration-reforms.html/>
- Hwang, I., & Duc, V. C. (2022, August 31). Fiscal Policy, Human Capital and Economic Growth: Evidence from Vietnam. *ResearchGate*. Retrieved January 10, 2023, from https://www.researchgate.net/publication/363134171_Fiscal_Policy_Human_Capital_and_Economic_Growth_Evidence_from_Vietnam
- ICO - International Coffee Organization. (2019). *Country Coffee Profile. Vietnam*. Nairobi: International Coffee Organization.

ICSID - International Centre for Settlement of Investment Disputes. (2006). *ICSID Convention, Regulations and Rules*. Washington D.C.: International Centre for Settlement of Investment Disputes.

IFAD - International Fund for Agricultural Development. (2021). *Viet Nam*. Retrieved from International Fund for Agricultural Development:
<https://www.ifad.org/en/web/operations/w/country/viet-nam>

IFRS Foundation. (2020). Retrieved from International Financial Reporting Standards:
<https://www.ifrs.org/about-us/who-we-are/>

ILO - International Labour Organization. (1998). *Declaration on Fundamental Principles and Rights at Work*. Geneva: ILO.

ILO - International Labour Organization. (2016). *2016 Report on Informal Employment in Viet Nam*. Hanoi: Hong Duc Publishing House.

ILO - International Labour Organization. (2021). *About the ILO*. (ILO) Retrieved from International Labour Organization: <https://www.ilo.org/global/lang--en/index.htm>

IMF - International Monetary Fund. (2018). *Labour Force Participation in Advanced Economies*. Washington D.C.: IMF.

IMF - International Monetary Fund. (2022). *World Economic Outlook Database*. Washington D.C.: IMF. Retrieved from <https://www.imf.org/en/Countries/VNM>

Ing, L. Y., Urata, S., & Fukunaga, Y. (2016, January). How Do Exports and Imports Affect the Use of Free Trade Agreements? Firm-level Survey Evidence from Southeast Asia. *ERIA Discussion Paper No. 2016-01*.

Inglehart, R. (1997). *Modernization and Postmodernization: Cultural, Economic, and Political Change in 43 Societies*. Princeton: Princeton University Press.

Inglehart, R., Haerpfer, C., Moreno, A., Welzel, C., Kizilova, K., Diez-Medrano, J., Lagos, P., Norris, E., Puranen, B. (Eds.). (2014). *World Values Survey: All Rounds - Country-Pooled Datafile Version*. Madrid: JD Systems Institute. Retrieved August 18, 2020, from <https://www.worldvaluessurvey.org/WVSDocumentationWVL.jsp>.

International Budget Partnership. (2019). *Open Budget Survey*. Washington D.C.: International Budget Partnership. Retrieved from <https://www.internationalbudget.org/sites/default/files/country-surveys-pdfs/2019/open-budget-survey-vietnam-2019-en.pdf>

International Chamber of Commerce & Business Action to Stop Counterfeiting and Piracy. (n.d.). *Promoting and Protecting Intellectual Property in Vietnam*. Paris: International Chamber of Commerce & Business Action to Stop Counterfeiting and Piracy.

Ipsos. (2013). *Vietnam's Coffee Industry*. Ho Chi Minh City: Ipsos Business Consulting.

Irvin, G. (1995). Vietnam: Assessing the achievements of Doi Moi. *The Journal of Development Studies*, 31(5), 725-750.

- Itakurat, K. (2020). Evaluating the Impact of the US-China Trade War. *Asian Economic Policy Review*, 15(1), 77-93.
- Jaimovich, D., & Baldwin, R. (2010, September 2). Contagious FTAs: New evidence on the domino theory of regionalism. *VoxEU*. Retrieved February 20, 2021, from <https://voxeu.org/article/contagious-ftas-new-evidence-domino-theory-regionalism>
- Jamrisko, M. (2019, June 3). Vietnam Tops List of Biggest Winners From U.S.-China Trade War. *Bloomberg*. Retrieved August 11, 2022, from <https://www.bloomberg.com/news/articles/2019-06-03/vietnam-tops-list-of-biggest-winners-from-u-s-china-trade-war#xj4y7vzkg>
- Jandl, T. (2014). State versus State: The Principal-Agent Problem in Vietnam's Decentralizing Economic Reforms. In J. D. London, *Politics in Contemporary Vietnam. Party, State, and Authority Relations* (pp. 64-83). New York: Palgrave Macmillan.
- Jensen, M. F. (2016). Impact Assessment of the TBT and SPS Chapters of the Trans-Pacific Partnership and the EU-Vietnam FTA. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 99-104). Hanoi: Ministry of Industry and Trade & World Bank.
- Ji, X. (2020, March 19). The rise of China-ASEAN trade amid trans-Pacific decoupling. *CGTN*. Retrieved May 20, 2020, from <https://news.cgtn.com/news/2020-03-19/The-rise-of-China-ASEAN-trade-amid-trans-Pacific-decoupling-OXZHjem1c4/index.html>
- Jiang, Y. (2020). A Study of the Causes of the U.S.-China Trade War. *Advances in Social Science, Education and Humanities Research*, 496.
- Jiji Press. (2022, May 23). Former Tenma Executives Indicted for Bribery in Vietnam. *nippon.com*. Retrieved August 10, 2022, from <https://www.nippon.com/en/news/yjj2022052300717/>
- Johns, L., & Peritz, L. (2015). The Design of Trade Agreements. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 337-359). Oxford and New York: Oxford University Press.
- Johnson, C. A. (1982). *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. Stanford: Stanford University Press.
- Johnson, S., Chau, K., & Aramayo, L. (2021, June 1). Vietnam's latest power development plan focuses on expanding renewable sources. *U.S. Energy Information Administration*. Retrieved March 8, 2022, from <https://www.eia.gov/todayinenergy/detail.php?id=48176>
- Jones, B. D. (1999). Bounded Rationality. *Annual Review of Political Science*, 2, 297-321.
- Jones, G. W. (2018). The population of Southeast Asia. In I. Coxhead (Ed.), *Routledge Handbook of Southeast Asian Economics* (pp. 201-229). London and New York: Routledge Taylor & Francis Group.
- Jung, D.-H. (2004). Korean Chaebol in Transition. *China Report*, 40(3), 299-303.
- Kahn, H. (1979). *World Economic Development. 1979 and Beyond*. London: Routledge.

- Kanchan, A. (2015). *Vietnam Consumer Trends*. Ho Chi Minh City: TNS Global.
- Kanchoochat, V., Aiyara, T., & Ngamarunchot, B. (2021). Sick Tiger: Social Conflict, State–Business Relations and Exclusive Growth in Thailand. *Journal of Contemporary Asia*, 51(5), 737-758.
- Kang, J. (2015, August). The Noodle Bowl Effect: Stumbling or Building Block? *ADB Economics Working Paper Series No 446*.
- Kapur, D., & Suri, M. (2014). Geoeconomics versus Geopolitics: Implications for Asia. In I. Kaur, & N. Singh (Eds.), *The Oxford Handbook of the Economics of the Pacific Rim* (pp. 290-313). Oxford, New York: Oxford University Press.
- Kapustina, L., Lipkova, L., Silin, Y., & Drevalov, A. (2020). US-China Trade War: Causes and Outcomes. *SHS Web of Conferences*, 73.
- Karagiannis, N. (2002). *Developmental Policy and the State: European Union, East Asia and the Caribbean*. Lanham, Boulder, New York, Oxford: Lexington Books.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010, September). The Worldwide Governance Indicators. *The World Bank's Policy Research Working Paper 5430*.
- Kaufmann, D., Kraay, A., & Zoido-Lobato, P. (1999). *Aggregating Governance Indicators*. Washington D.C.: World Bank Group.
- Kaufmann, D., Kraay, A., & Zoido-Lobato, P. (1999). *Governance Matters*. Washington D.C.: World Bank Group.
- Kaufmann, W., Hooghiemstra, R., & Feeney, M. K. (2018). Formal institutions, informal institutions, and red tape: A comparative study. *Public Administration*, 96, 386-403.
- Kaur, I. (2014). Are the Geese Still Flying? Catch-Up Industrialization in a Changing International Economic Environment. In I. Kaur, & N. Singh (Eds.), *The Oxford Handbook of the Economics of the Pacific Rim* (pp. 395-414). Oxford, New York: Oxford University Press.
- Kawai, M., & Wignaraja, G. (2009, April). The Asian “Noodle Bowl”: Is It Serious for Business? *ADB Working Paper Series No 136*.
- Kawai, M., & Wignaraja, G. (2010, October). Asian FTAs: Trends, Prospects, and Challenges. *ADB Economics Working Paper Series No. 226*.
- Kawai, M., & Wignaraja, G. (Eds.). (2011). *Asia's Free Trade Agreements. How is Business Responding?* Cheltenham, Northampton: Edward Elgar.
- Kerkvliet, B. J. (2003). Introduction: Grappling with Organizations and the State in Contemporary Vietnam. In B. J. Kerkvliet, R. H. Heng, & D. W. Koh (Eds.), *Getting Organized in Vietnam. Moving in and around the Socialist State* (pp. 1-24). Singapore: ISEAS - Institute of Southeast Asian Studies.
- Kerkvliet, B. J. (2005). *The Power of Everyday Politics: How Vietnamese Peasants Transformed National Policy*. Ithaca and London: Cornell University Press.

- Kerkvliet, B. J., & Porter, D. J. (Eds.). (1995). *Vietnam's Rural Transformation*. New York: Avalon Publishing.
- Khan, H. A. (2013). Development Strategies: Lessons from the Experiences of South Korea, Malaysia, Thailand and Vietnam. In A. K. Fosu (Ed.), *Achieving Development Success: Strategies and Lessons from the Developing World* (pp. 119-132). Oxford: Oxford University Press.
- Khan, M. (2003). State Failure in Weak States. A critique of new institutionalist explanations. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (pp. 71-86). London and New York: Routledge.
- Khoat, N. X., & Cismas, L. M. (2019). The EU-Vietnam Free Trade Agreement (EVFTA). Opportunity and Challenges for Vietnam. *Ecoforum*, 8(2).
- Kidd, S., Abu-el-Haj, T., Khondker, B., Watson, C., & Ramkisson, S. (2016). *Social Assistance in Viet Nam: Review and Proposal for Reforms*. Hanoi: United Nations Development Program, Ministry of Labour, Invalids and Social Affairs.
- Kien, L. (2020). Land use restrictions, misallocation in agriculture, and aggregate. *Journal of Development Economics*, 145, 1-22.
- Kiiza, J. (2007). Developmental Nationalism and Economic Performance in Africa: The Case of Three 'Successful' African Economies. In H.-J. Chang (Ed.), *Institutional Change and Economic Development* (pp. 281-300). Tokyo, New York, Paris: United Nations University Press.
- Kikuchi, T., Yanagida, K., & Huong, V. (2018). The effect of Mega-Regional Trade Agreements on Vietnam. *Journal of Asian Economics*.
- Kilama, B. (2010). Crisis responses in the cashew industry: A comparative study of Tanzania and Vietnam. *DIIS conference 'Impacts, Responses, and Initial Lessons of the Financial Crises for Low Income Countries'*. Copenhagen.
- Kim, A. M. (2012, September). Seeds of Reform: Lessons from Vietnam about Informality and Institutional Change. *International Economic Journal*, 26(3), 391-406.
- Kim, S. Y. (2015). Deep Integration and Regional Trade Agreements. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 360-379). Oxford and New York: Oxford University Press.
- Kim, W. (2009). Rethinking Colonialism and the Origins of the Developmental State in East Asia. *Journal of Contemporary Asia*, 39(3), 382-399.
- Kimura, F. (2021). The Impact of COVID-19 and the US-China Confrontation on East Asian Production Networks. *Seoul Journal of Economics*, 34(1), 27-41.
- Kirkbride, P. S., & Tang, S. F. (1994). From Kyoto to Kowloon: Cultural Barriers to the Transference of Quality Circles from Japan to Hong Kong. *Asia Pacific Journal of Human Resources*, 32(2), 100-111.

- Knights, J., & North, D. C. (1997). Explaining Economic Change: The Interplay Between Cognition and Institutions. *Legal Theory*, 3, 211-226.
- Knutsen, H. M., & Khanh, D. T. (2020). Reforming State-Owned Enterprises in a Global Economy: The Case of Vietnam. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos*. (pp. 141-166). Singapore: Palgrave Macmillan.
- Koerberle, S., Bedoya, H., Silarsky, P., & Verheyen, G. (2005). *Conditionality Revisited: Concepts, Experiences, and Lessons*. Washington D.C.: World Bank Group.
- Koh, D. (2011). Vietnam's Poor Government. *ISEAS-Yusof Ishak Institute*. Retrieved from <http://web1.iseas.edu.sg/?p=2786>
- Komolavanij, S., Jeenanunta, C., Ammarapala, V., & Chongphaisal, P. (2008). Thailand Regional Free Trade Agreements (FTA) and the Effect on Industrial Clustering. In A. Kuchiki, & M. Tsuji (Eds.), *Formation of Industrial Clusters in Asia and Regional Integration* (pp. 63-108). Chiba: IDE-JETRO.
- Kono, D. Y. (2015). Authoritarian Regimes. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 298-315). Oxford and New York: Oxford University Press.
- Kozul-Wright, R., & Fortunato, P. (2020). Managing Trade Through Productive Integration. Industrial Policy in an Independent World. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 237-265). Oxford and New York: Oxford University Press.
- Kraemer, M., & Negrila, L. (2014). *Climate Change Is A Global Mega-Trend For Sovereign Risk*. Frankfurt: Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial.
- Krugman, P. (1991). *Geography and Trade*. Cambridge, London: MIT Press.
- Krugman, P. (1993). Regionalism versus multilateralism: Analytical notes. In J. De Melo, & A. Panagariya (Eds.), *New Dimensions in Regional Integration* (pp. 58-79). Cambridge: Cambridge University Press.
- Krugman, P. (2009). *The Return of Depression Economics and the Crisis of 2008*. New York, London: W.W. Norton & Company.
- Krugman, P., & Obstfeld, M. (2003). *International Economics. Theory and Policy* (6th ed.). Boston, San Francisco, New York: Addison-Wesley.
- Kuo, J., & Naoi, M. (2015). Individual Attitudes. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 99-118). Oxford and New York: Oxford University Press.
- Kusnir, I. (2000). Mineral resources of Vietnam. *Acta Montanistica Slovaca*, 5(2), 165-172.
- Lamy, P. (2012, May 11). WTO Accession as a Tool to Enhance Competitiveness. Addis Ababa, Ethiopia: World Trade Organization. Retrieved October 28, 2020, from http://www.wto.org/english/news_e/sppl_e/sppl227_

- Lamy, P. (2018). The global setting of Asian economic integration. In S. Armstrong, & T. Westland (Eds.), *Asian Economic Integration in an Era of Global Uncertainty* (pp. 63-80). Acton: ANU Press.
- Lan, N. (2009). *Guerilla Capitalism: The state in the market in Vietnam*. (C. Butler, Ed.) Oxford, Cambridge, New Delhi: Chandons Publishing.
- Land Law No. 45/2013/QH13. (2013).
- Larsen, N. (2019, July 17). The State of Banking in Vietnam. *International Banker*. Retrieved from <https://internationalbanker.com/banking/the-state-of-banking-in-vietnam/>
- Larsen, R. K. (2011, December). Reinventing rural development in Vietnam: Discursive constructions of grassroots democracy during the. *Asia Pacific Viewpoint*, 52(2), 316-332.
- Law on Bidding No. 43/2013/QH13. (2013).
- Law on Commercial Arbitration No. 54/2010/QH12. (2010).
- Law on Conclusion, Accession and Implementation of Treaties No. 41/2005/QH11. (2005).
- Law on Customs No. 54/2014/QH13. (2014).
- Law on Enterprises No. 59/2020/QH14. (2020).
- Law on Housing No. 65/2014/QH13. (2014).
- Law on Intellectual Property No. 50/2005/QH11. (2005).
- Law on Investment No. 61/2020/QH14. (2020).
- Law on Pharmacy No. 105/2016/QH13. (2016).
- Law on Real Estate Business No. 66/2014/QH13. (2014).
- Law on Securities No. 54/2019/QH14. (2019).
- Law on State Budget No. 83/2015/QH13. (2015).
- Le, D. N., Dinh, N. D., & Taghizadeh-Hesary, F. (2020, January). State-Owned Enterprise Reform in Viet Nam: Progress and Challenges. *ADB Working Paper Series No. 1071*.
- Lee, H., & Itakura, K. (2018). The welfare and sectoral adjustment effects of mega-regional. *Journal of Asian Economics*, 55, 20-32.
- Lee, J. (2002, November/December). Primary Causes of Asian Democratization: Dispelling Conventional Myths. *Asian Survey*, 42(6), 821-837.
- Leung, S. E. (2009, April). Banking and Financial Sector Reforms in Vietnam. *ASEAN Economic Bulletin*, 26(1), 44-57.
- Leung, S. E. (2010). Vietnam: an economic survey. *Asian-Pacific Economic Literature*, 83-103.
- Leung, S. E. (2015). The Vietnamese Economy Seven Years after the Global Financial Crisis. *Journal of Southeast Asian Economies*, 32(1), 1-10.

Leung, S. E. (2020, October 6). Vietnam's economy weathers the COVID-19 storm — good policy or luck? *East Asia Forum*. Retrieved January 13, 2021, from <https://www.eastasiaforum.org/2020/10/06/vietnams-economy-weathers-the-covid-19-storm-good-policy-or-luck/>

Leung, S. E. (2022, February 25). COVID-19 distracts from Vietnam's long-term development plans. *East Asia Forum*. Retrieved April 1, 2022, from <https://www.eastasiaforum.org/2022/02/25/covid-19-distracts-from-vietnams-long-term-development-plans/>

Levine, R. (2013). In Defense of Wall Street: The Social Productivity of the financial System. In D. Evanoff, C. Holthausen, G. Kaufman, & M. Kremer (Eds.), *The Role of Central Banks in Financial Stability: How Has It Changed?* Singapore: World Scientific Publishing Company.

Lewin, A. Y., & Zhong, X. (2014). The Co-Evolution of Global Sourcing of Business Support Functions and the Economic Development of Asian Emerging Economies. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 487-512). Oxford: Oxford University Press.

Li, L., & Cheng, T.-F. (2021, January 27). Apple ramps up iPhone and iPad output shift to India and Vietnam. *Nikkei Asia*. Retrieved February 23, 2021, from <https://asia.nikkei.com/Economy/Trade-war/Apple-ramps-up-iPhone-and-iPad-output-shift-to-India-and-Vietnam>

Li, M., Balistreri, E. J., & Zhang, W. (2020). The U.S.-China trade war: Tariff data and general equilibrium analysis. *Journal of Asian Economics*, 69.

Li, P. P., & Redding, G. (2014). Social Capital in Asia: Its Dual Nature and Function. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 513-537). Oxford, New York: Oxford University Press.

Lieberman, R. C. (2002). Ideas, Institutions, and Political Order: Explaining Political Change. *American Political Science Review*, 96, 697-712.

Lien, H. (2020, November 11). Global manufacturers are flocking to Vietnam. Is it ready? *Nikkei Asia*. Retrieved April 27, 2022, from <https://asia.nikkei.com/Economy/Trade/Global-manufacturers-are-flocking-to-Vietnam.-Is-it-ready>

Lim, G. (2021). *The Political Economy of Growth in Vietnam*. New York: Routledge.

Lim, L. Y. (1998). Whose 'Model' Failed? Implications of the Asian Economic Crisis. *The Washington Quarterly*, 21(3), 23-36.

Linh, H. (2019, December 16). Vietnam to amend Intellectual Property Law to comply with FTAs. *World Trademark Review*. Retrieved March 30, 2021, from http://ipmax.vn/images/stories/files/Vietnam_to_amend_Intellectual_Property_Law_to_comply_with_FTAs___World_Trademark_Review.pdf

Linh, N. (2021, April 9). Vietnam's Economic Rise - Asia Society Webinar. Zurich, Singapore, London, Hanoi: Asia Society.

- Linh, N. P., Anh, D. H., & Giang, C. T. (2017, December). Vietnam's recognition and enforcement of foreign arbitral awards and preparation for EVFTA. *World Trade Institute Working Paper No. 18/2017*.
- Linh, P. H., Doanh, N. K., & Quynh, N. T. (2019). Determinants of Vietnam's potential trade: a case study of agricultural exports to the European Union. *Asian Journal of Agriculture and Rural Development*, 9(1), 33-46.
- Lissowska, M. (1999). Dynamika instytucji w okresie transformacji (Dynamics of institutions during transformation). *Gospodarka Narodowa*(10), 26-37.
- Lissowska, M. (2004). *Instytucjonalne wymiary procesu transformacji w Polsce (Institutional dimension of the process of transformation in Poland)*. Warszawa: Oficyna Wydawnicza SGH.
- Lissowska, M. (2006). New Research Problems for Institutional Economics Arising from the Experience of Transition to a Market Economy: The Evolution of Institutions. *East-West Journal of Economics and Business*, IX(2), 53-80.
- Litchfield, J., McCulloch, N., & Winters, A. L. (2003). Agricultural Trade Liberalization and Poverty Dynamics in Three Developing Countries. *American Journal of Agricultural Economics*, 85(5), 1285-1291.
- Lohmann, S. (2006). The Non-Politics of Monetary Policy. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 523-544). Oxford, New York: Oxford University Press.
- London, J. D. (2009). Viet Nam and the making of market-Leninism. *The Pacific Review*, 22(3), 375-399.
- London, J. D. (2014a). Politics in Contemporary Vietnam. In J. D. London, *Politics in Contemporary Vietnam. Party, State and Authority Relations* (pp. 1-20). New York: Palgrave Macmillan.
- London, J. D. (2014b). Welfare Regimes in China and Vietnam. *Journal of Contemporary Asia*, 44(1), 84-107.
- London, J. D. (2015). Is Vietnam on the Verge of Change? *Current History*, 114(773), 229-235.
- Long C., Hoa-Thi-Minh N., Kompas, Khoi D. & Trinh B. (2021). Rice land protection in a transitional economy: The case of Vietnam. *Heliyon*, 7(e06754).
- Long D. & Huong P. T. M. (Eds.). (2002). *Collectivism, Individualism and "the self" of the Vietnamese Today*. Hanoi: Chinh Tri Quoc Gia Publisher.
- Ly, T. (2020, October 5). Trade deal expected to stimulate Vietnamese coffee exports to EU. *Việt Nam News*. Retrieved April 2, 2022, from <https://vietnamnews.vn/economy/business-beat/793066/trade-deal-expected-to-stimulate-vietnamese-coffee-exports-to-eu.html#:~:text=Under%20the%20EU%2DVietnam%20Free,%2C%209%2D12%20per%20cent>.

- Maggi, G. (2014). International Trade Agreements. In G. Gopinath, E. Helpman, & K. Rogoff (Eds.), *Handbook of International Economics* (Vol. 4, pp. 317-390). Amsterdam, Boston, Heidelberg, London, New York, Oxford, Paris, San Diego, San Francisco, Singapore, Sydney, Tokyo: Elsevier.
- Mahoney, J., & Schensul, D. (2009). Historical Context and Path Dependence. In R. Goodin, & C. Tilly (Eds.), *The Oxford Handbook of Contextual Political Analysis* (pp. 454–471). Oxford and New York: Oxford University Press.
- Makino, S., & Tsang, E. W. (2011). Historical Ties and Foreign Direct Investment: An Exploratory Study. *Journal of International Business Studies*, 42(4), 545-557.
- Makino, S., & Yiu, D. W. (2014). A Survey of Strategic Behaviour and Firm Performance in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 561-586). Oxford, New York: Oxford University Press.
- Malesky, E. (2022, January 6). Regional Outlook Forum 2022. *Vietnam Session*. Singapore: ISEAS Yusof Ishak Institute.
- Malesky, E., & London, J. D. (2014). The Political Economy of Development in China and Vietnam. *Annual Review of Political Science*, 17, 395-419.
- Malesky, E., Abrami, R., & Yu, Z. (2011, July). Institutions and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China. *Comparative Politics*, 43(4), 401-419.
- Malik, J. A., & Bhadauria, M. (2020). Cashew Nut (*Anacardium occidentale*). In G. A. Nayik, & A. Gull (Eds.), *Antioxidants in Vegetables and Nuts - Properties and Health Benefits* (pp. 539-557). Singapore: Springer.
- Maliszewska, M., Olekseyuk, Z., & Osorio-Rodarte, I. (2018). *Economic and Distributional Impacts of Comprehensive and Progressive Agreement for Trans-Pacific Partnership: The case of Vietnam/Tác động kinh tế và phân bổ thu nhập của Hiệp định Đối tác Toàn diện và Tiến bộ Xuyên Thái Bình Dương: Trường hợp của Việt Nam*. Washington D.C.: World Bank Group.
- Manger, M. S., & Shadlen, K. C. (2015). Trade and Development. In L. L. Martin (Ed.), *The Oxford Handbook of the Political Economy of International Trade* (pp. 475-492). Oxford and New York: Oxford University Press.
- Manh-Hoang D., Huang & Thi-Nga D. (2020). The effect of total quality management-enabling factors on corporate social responsibility and business performance: evidence from Vietnamese coffee firms. *An International Journal*, Vol. ahead-of-print(No. ahead-of-print), pp. ahead-of-print.
- MARD - Ministry of Agriculture and Rural Development of Vietnam. (2021, December 31). Two records of the cashew industry. *Ministry of Agriculture and Rural Development of Vietnam*. Retrieved April 3, 2022, from <https://www.mard.gov.vn/en/Pages/two-records-of-the-cashew-industry.aspx>

Marko, W. P. (2016). TPP and EVFTA Implications for Vietnam SOEs. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 105-138). Hanoi: Ministry of Industry and Trade & World Bank.

Markussen, T., & Quang-Thanh, N. (2019, October). Economic and non-economic returns to communist party membership in Vietnam. *World Development*, 122, 370-384.

Marshall, A. (2011, September 6). From Vietnam's Forced-Labor Camps: 'Blood Cashews'. *Time*. Retrieved December 16, 2020, from <http://content.time.com/time/world/article/0,8599,2092004,00.html>

Martin, L. L. (Ed.). (2015). *The Oxford Handbook of the Political Economy of International Trade*. Oxford and New York: Oxford University Press.

Masina, P. (2012). Vietnam between Developmental State and Neoliberalism: The Case of the Industrial Sector. In C. Kyung-Sup, B. Fine, & L. Weiss (Eds.), *Developmental Politics in Transition. International Political Economy Series* (pp. 188-210). London: Palgrave Macmillan.

Massmann, O. (2020, July 28). Vietnam – The EU-Vietnam Free Trade Agreement Taking Effect from 1 August 2020. *Duane Morris Vietnam*. Retrieved November 10, 2021, from https://blogs.duanemorris.com/vietnam/2020/07/28/vietnam-the-eu-vietnam-free-trade-agreement-taking-effect-from-1-august-2020/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration

McCaig, B., & Pavcnik, N. (2013, November). Moving out of Agriculture: Structural Change in Vietnam. *NBER Working Paper No. 19616*.

McGregor, A., Law, L., & Miller, F. (Eds.). (2018). *Routledge Handbook of Southeast Asian Development*. London and New York: Routledge Taylor & Francis Group.

McLoughlin, C. (2014). *Political Economy Analysis: Topic Guide* (2nd ed.). Birmingham: GSDRC, University of Birmingham.

McMillan, J., & Woodruff, C. (1999, November). Interfirm Relationships and Informal Credit in Vietnam. *The Quarterly Journal of Economics*, 114(4), 1285-1320.

McMillan, M., Rodrik, D., & Welch, K. H. (2002, August). When Economic Reform Goes Wrong: Cashews in Mozambique. *NBER Working Paper No. 9117*.

McSweeney, B. (2002). Hofstede's model of national cultural differences and their consequences: A triumph of faith – a failure of analysis. *Human Relations*, 55(1), 89-118.

Menard, C., & Shirley, M. M. (Eds.). (2008). *Handbook of New Institutional Economics*. Verlag, Berlin, Heidelberg: Springer.

Mesnard, M. (2000). Institutional complementarity and corporate governance: a reassessment of the Russian transition failure. *Annual Conference of International Society for New Institutional Economics*. Tuebingen.

- Mierzwa, Z. (2016). Vietnam - little 'tiger' with big possibilities. *Review of Business and Economics Studies*, 4(3), 5-38.
- Miller, T., Kim, A. B., & Roberts, J. M. (2021a). *2021 Index of Economic Freedom*. Washington D.C.: The Heritage Foundation.
- Miller, T., Kim, A. B., & Roberts, J. M. (2021b). Vietnam. In T. Miller, A. B. Kim, & J. M. Roberts, *2021 Index of Economic Freedom* (pp. 436-437). Washington D.C.: The Heritage Foundation.
- Minh N. N. T. & Chen, M. (2017). The Caring State? On Rural Welfare Governance in Post-reform Vietnam and China. *Ethics and Social Welfare*, 11(3), 203-247.
- Minh, T. T., Friederichsen, R., Neef, A., & Hoffmann, V. (2014). Niche action and system harmonization for institutional change: Prospects for demand-driven agricultural extension in Vietnam. *Journal of Rural Studies*, 36, 273-284.
- Minh, V. (2021, August 18). Vietnam's Deputy PM assigned to take care of national power planning. *Hanoi Times*. Retrieved March 8, 2022, from <https://hanoitimes.vn/vietnam-deputy-pm-assigned-to-take-care-of-national-power-planning-318409.html>
- Minkov, M. (2011). *Cultural Differences in a Globalizing World*. Bingley: Emerald Group Publishing Ltd.
- Minkov, M. (2018). A revision of Hofstede's model of national culture: old evidence and new data from 56 countries. *Cross Cultural & Strategic Management*, 25(2), 231-256.
- Minor, P., Walmsley, T., & Strutt, A. (2018). State-owned enterprise reform in Vietnam: A dynamic CGE analysis. *Journal of Asian Economics*, 55, 42-57.
- MoF - Ministry of Finance of Vietnam. (2019). *Annual State Budget Report 2018*. Hanoi: Ministry of Finance of Vietnam. Retrieved from https://www.mof.gov.vn/webcenter/portal/mof/r/lvtc/nsnn/exstaticis/cb_chitiet?showFooter=false&showHeader=false&dDocName=MOFUCM179936&_afrLoop=20282566852000#%40%3F_afrLoop%3D20282566852000%26dDocName%3DMOFUCM179936%26showFooter%3Dfalse%26showHeader%3Dfal
- MoFA - Ministry of Foreign Affairs of Japan. (2007, November 21). *Joint Statement on the Conclusion of the Negotiations for the ASEAN-Japan Comprehensive Economic Partnership Agreement*. Retrieved May 5, 2020, from Ministry of Foreign Affairs of Japan: <https://www.mofa.go.jp/region/asia-paci/asean/conference/joint0711.html>
- MoFA - Ministry of Foreign Affairs of Japan. (2008, December 1). *Entry into Force of the Japan-ASEAN Comprehensive Economic Partnership Agreement*. Retrieved May 5, 2020, from Ministry of Foreign Affairs of Japan: https://www.mofa.go.jp/announce/announce/2008/12/1185315_1080.html
- Mohanakumar, S. (2012, January-March). Plantation Crops under Trade Liberalisation Analysis in the Context of Indo-ASEAN FTA. *Indian Journal of Agricultural Economics*, 139-156.

- Moon, W. (2011, November 15). Is agriculture compatible with free trade? *Ecological Economics*, 71, 13-24.
- Morgan, P. J., & Long, T. Q. (2016). Fiscal Decentralization and Local Budget Deficits in Viet Nam: An Empirical Analysis. *ADB Working Paper Series No. 613*.
- Morton, J. (2020). On the susceptibility and vulnerability of agricultural value chains to COVID-19. *World Development*, 136.
- Mueller, D. C. (1989). *Public Choice II*. Cambridge, New York: Cambridge University Press.
- Mukhopadhyay, K., & Thomassin, P. J. (2010). *Economic and Environmental Impact of Free Trade in East and South East Asia*. Dordrecht, Heidelberg, London, New York: Springer.
- Murrell, P. (2005). Institutions and Firms in Transition Economies. In C. Menard, & M. M. Shirley (Eds.), *Handbook of New Institutional Economics* (pp. 667-699). Verlag, Berlin, Heidelberg: Springer.
- My, N. H. (2013, April 23). Vietnam's Key FTAs: ASEAN, China, Japan. *Vietnam Briefing*. Retrieved May 10, 2020, from <https://www.vietnam-briefing.com/news/vietnams-key-ftas-asean-china-japan.html/>
- National Coffee Association of USA. (2020). *About Coffee*. Retrieved November 20, 2020, from National Coffee Association of USA: <https://www.ncausa.org/About-Coffee/What-is-Coffee>
- Nawawi, W. K. (2018). Emerging Rules for State-Owned Enterprises: Chapter 17 of the CPTPP. In P. Sauve (Ed.), *Malaysia's Trade Governance at a Crossroads* (pp. 271-312). Kuala Lumpur: Khazanah Research Institute.
- New York Arbitration Convention. (2021). *Contracting States - List of Contracting States*. Retrieved October 29, 2021, from New York Arbitration Convention: <https://www.newyorkconvention.org/list+of+contracting+states>
- Nga, Q. (2017, June 29). Cổ phần hóa chậm do bị trì hoãn, lợi ích cá nhân (Slow equitization is being delayed due to personal interest). *Tiền Phong*. Retrieved September 23, 2022, from <https://tienphong.vn/co-phan-hoa-cham-do-bi-tri-hoan-loi-ich-ca-nhan-post960724.tpo>
- Ngo, C., & Tarko, V. (2018). Economic development in a rent-seeking society: socialism, state capitalism and crony capitalism in Vietnam. *Canadian Journal of Development Studies / Revue canadienne d'études du développement*, 39(4), 481-499.
- Ngoc, B. (2021, April). US firms cannot trademark Vietnamese ST25 rice. *VnExpress*. Retrieved January 28, 2022, from <https://e.vnexpress.net/news/business/economy/us-firms-cannot-trademark-vietnamese-st25-rice-4267656.html>
- Ngoc, N. K. (2016). Improving Trade Regulations to Successfully Implement TPP and EVFTA. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 28-29). Hanoi: Ministry of Industry and Trade & World Bank.
- Ngoc, Q. (2017, December 25). EU – MUTRAP: An effective cooperation model between the EU and Vietnam. *Vietnam Economic News*. Retrieved February 16, 2021, from

<http://ven.vn/eu-mutrap-an-effective-cooperation-model-between-the-eu-and-vietnam-30334.html#:~:text=The%20EU%20%2D%20MUTRAP%20Project%20is,Vietnam%20trade%20and%20investment%20relation.>

Nguyen, D. (2020, December 29). Prime Minister agrees merger of HNX and HoSE. *Vietnam Insider*. Retrieved June 8, 2021, from <https://vietnaminsider.vn/prime-minister-agrees-merger-of-hnx-and-hose/>

Nguyen, K. (2020, May 8). EU and China increase purchase of Vietnamese cashew nuts. *Agribank - News - Agricultural Market*. Retrieved January 15, 2021, from <https://www.agribank.com.vn/en/ve-agribank/tin-tuc/dtl?current=true&urile=wcm:path:/agbanken/ve-agribank/news/agricultural-markets/eu-and-china-increase-purchase-of-vietnamese-cashew-nuts>

Nhân Dân. (2019a, January 28). New generation FTAs offer opportunities for Vietnam's agricultural exports. *Nhân Dân*. Retrieved May 15, 2020, from <https://en.nhandan.org.vn/business/item/7102802-new-generation-ftas-offer-opportunities-for-vietnam's-agricultural-exports.html>

Nhân Dân. (2019b, March 12). GIs to benefit European and Vietnamese firms. *VietnamNet Bridge*. Retrieved October 19, 2021, from <https://english.vietnamnet.vn/fms/business/219678/gis-to-benefit-european-and-vietnamese-firms.html>

Nhue, D. V., & Thiep, L. S. (1981). Kết hợp lợi ích của tập thể người lao động trong công nghiệp địa phương (Integrating the interests of the collective of workers in regional industry). *Nghiên cứu kinh tế*, 10.

Nicholson, P., & Quang, N. H. (2017). Independence, Impartiality and Integrity of the Judiciary in Vietnam. In H. P. Lee, & M. J. Pittard (Eds.), *Asia-Pacific Judiciaries: Independence, Impartiality and Integrity* (pp. 372-393). Cambridge: Cambridge University Press.

Nielsen, K. (2006). An institutional approach to transformation in Central and Eastern Europe. In K. Nielsen (Ed.), *Institutional Change, Values and Learning*. Cheltenham: Edward Elgar.

Nikkei Asia. (2022, July 4). Vietnam targets 7% GDP growth this year, investment minister says. *Nikkei Asia*. Retrieved July 22, 2022, from <https://asia.nikkei.com/Economy/Vietnam-targets-7-GDP-growth-this-year-investment-minister-says>

Nordhaug, K. (2020). Labour Conflicts in the Socialist Market Economy: China and Vietnam. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 245-266). Singapore: Palgrave Macmillan.

North, D. C. (1990). *Institutions, Institutional Change, and Economic Performance*. Cambridge: Cambridge University Press.

North, D. C. (1992, Spring). Institutions and Economic Theory. *American Economist*, 3-6.

- North, D. C. (1993). Five Propositions about Institutional Change. *Economic History Working Paper No. 9309001*.
- North, D. C. (1994). Economic Performance Through Time. *American Economic Review*, 84(3), 359-368.
- North, D. C. (2003). The New Institutional Economics and Third World Development. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 17-26). London and New York: Routledge.
- North, D. C. (2005a). Institutions and the Performance of Economies Over Time. In C. Menard, & M. M. Shirley (Eds.), *Handbook of New Institutional Economics* (pp. 21-30). Verlag, Berlin, Heidelberg: Springer.
- North, D. C. (2005b). *Understanding the Process of Economic Change*. Princeton and Oxford: Princeton University Press.
- North, D. C. (2006). What is Missing From Political Economy. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 1003-1009). Oxford, New York: Oxford University Press.
- North, D. C., & Thomas, R. P. (1973). *The Rise of the Western World: A New Economic History*. Cambridge: Cambridge University Press.
- Oanh, H. (2021, May 11). From humble start to world's best rice. *Vietnam Investment Review*. Retrieved January 28, 2022, from <https://vir.com.vn/from-humble-start-to-worlds-best-rice-84154.html>
- OECD - Observatory of Economic Complexity. (2020, January 22). *Country profile: Vietnam*. Retrieved from OECD: <https://oec.world/en/profile/country/vnm/>
- OECD. (2012). *Competitive Neutrality: Maintaining a Level Playing Field between Public and Private Business*. Paris: OECD Publishing.
- OECD. (2015). *G20/OECD Principles of Corporate Governance*. Paris: OECD Publishing.
- OECD. (2019). *Official Development Assistance (ODA)*. Paris: OECD Publishing.
- OECD. (2021). *OECD Tax Database*. Retrieved from OECD: <https://www.oecd.org/ctp/tax-policy/tax-database/>
- OECD. (2022). *Revenue Statistics in Asia and the Pacific 2022 — Viet Nam*. OECD. Retrieved September 28, 2022, from <https://www.oecd.org/tax/tax-policy/revenue-statistics-asia-and-pacific-vietnam.pdf>
- Oliveira, N. N., Mothe, C. G., Mothe, M. G., & de Oliveira, L. G. (2020). Cashew nut and cashew apple: a scientific and technological monitoring worldwide review. *Journal of Food Science and Technology* volume, 57(1), 12-21.
- Onishi, T. (2020, June 23). Europe urges Vietnam to restart flights as FTA takes effect. *Nikkei Asia*. Retrieved March 28, 2021, from <https://asia.nikkei.com/Editor-s-Picks/Interview/Europe-urges-Vietnam-to-restart-flights-as-FTA-takes-effect>

- Onishi, T. (2021a, March 29). Vietnam Q1 GDP grows 4.5% on rising exports to US. *Nikkei Asia*. Retrieved May 4, 2021, from https://asia.nikkei.com/Economy/Vietnam-Q1-GDP-grows-4.5-on-rising-exports-to-US?utm_campaign=RN%20Free%20newsletter&utm_medium=coronavirus_newsletter_free&utm_source=NAR%20Newsletter&utm_content=article%20link&del_type=10&pub_date=20210329150000&seq_num=
- Onishi, T. (2021b, December 29). Vietnam real GDP growth slows to 2.58% in 2021 as pandemic drags. *Nikkei Asia*. Retrieved January 28, 2022, from <https://asia.nikkei.com/Economy/Vietnam-real-GDP-growth-slows-to-2.58-in-2021-as-pandemic-drags>
- Oqubay, A. (2020). The Theory and Practice of Industrial Policy. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 17-60). Oxford and New York: Oxford University Press.
- Orru, M., Biggart, N. W., & Hamilton, G. (1997). *The Economic Organization of East Asian Capitalism*. Thousand Oaks: SAGE Publications.
- Ortmann, S. (2020). Evolving Environmental Governance Structures in a Market Socialist State: The Case of Vietnam. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 195-217). Singapore: Palgrave Macmillan.
- Ostrom, E. (2005). *Understanding Institutional Diversity*. Princeton and Oxford: Princeton University Press.
- Ostrom, V., Feenly, D., & Picht, H. (1988). *Rethinking Institutional Analysis and Development*. San Francisco: International Centre for Economic Growth.
- Oya, C. (2011). Agriculture in the World Bank: Blighted Harvest Persists. In K. Bayliss, B. Fine, & E. Van Waeyenberge (Eds.), *The Political Economy of Development. The World Bank, Neoliberalism, and Development Research* (pp. 146-187). London: Pluto Press.
- Painter, M. (2003, January). Marketisation, Integration and State Restructuring in Vietnam: The Case of State Owned Enterprise Reform. *Southeast Asia Research Centre Working Papers Series, No. 39*.
- Painter, M. (2008). From Command Economy to Hollow State? Decentralization in Vietnam and China. *Australian Journal of Public Administration*, 67(1), 79-88.
- Pangestu, M., & Armstrong, S. (2018). Asian economic integration: The state of play. In S. Armstrong, & T. Westland (Eds.), *Asian Economic Integration in an Era of Global Uncertainty* (pp. 15-62). Acton: ANU Press.
- Pangestu, M., & Ing, L. Y. (2016). ASEAN: Regional Integration and Reforms. *Asian Economic Papers*, 15(2), 44-60.
- Parari, S. (Ed.). (2014, September 19). *10 differences between robusta & arabica coffee*. Retrieved November 20, 2020, from The Roaster Pack:

<https://theroasterspack.com/blogs/news/15409365-10-differences-between-robusta-arabica-coffee>

Parikh, K. S., Fischer, G., Frohberg, K., & Gulbrandsen, O. (1988). *Towards Free Trade in Agriculture*. Laxenburg: Springer-Science+Business Media B.V.

Park, C.-Y. (2018). Decoupling Asia revisited. In S. Armstrong, & T. Westland (Eds.), *Asian Economic Integration in an Era of Global Uncertainty* (pp. 81-122). Acton: ANU Press.

Park, J. H. (2002). The East Asian Model of Economic Development and Developing Countries. *Journal of Developing Societies*, 18(4), 330-353.

Pelkmans, J., Mustilli, F., Cuyvers, L., Chen, L., Goethals, L., & Ghislain, S. (2013). *Trade and Economic Relations with ASEAN*. Brussels: European Parliament.

Pelley, P. M. (2002). *Postcolonial Vietnam. New Histories of the National Past*. Durham and London: Duke University Press.

Perez, M. G., Batista, F., & Jha, M. (2021, March 24). The World Is Facing a Coffee Deficit in Supply Chain ‘Nightmare’. *Bloomberg*. Retrieved April 11, 2021, from <https://www.msn.com/en-xl/money/other/the-world-is-facing-a-coffee-deficit-in-supply-chain-nightmare/ar-BB1eTawx?ocid=msedgntp>

Perkins, D. H. (2021). Understanding political influences on Southeast Asia’s development experience. *Fulbright Review of Economics and Policy*, 1(1), 4-20.

Perkins, D. H., & Tu Anh, V. T. (2011). Vietnam’s Industrial Policy. Designing Policies for Sustainable Development. *Prepared under UNDP – Harvard Policy Dialogue Papers. “Series on Vietnam’s WTO Accession and International Competitiveness Research”. Policy Dialogue Paper Number 1.*

Petri, P. A. (2016). What the TPP and EVFTA Agreements mean for Viet Nam. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 87-98). Hanoi: Ministry of Industry and Trade & World Bank.

Petri, P. A., & Plummer, M. G. (2018, November 6). The case for RCEP as Asia’s next trade agreement. *East Asia Forum*. Retrieved January 13, 2021, from <https://www.eastasiaforum.org/2018/11/06/rcep-evidence-of-asian-leadership-on-trade/>

Petri, P. A., & Plummer, M. G. (2020, November 28). Trade War, RCEP and CPTPP: Will East Asia Decouple from the United States? *Working Paper 20-9 by the Peterson Institute for International Economics*.

Pham, S. (2017). The role of Japanese aid in Vietnam’s economic development. *Kaleidoscope Journal*, 7(2), 18-23.

Phat, L. T., & Hanh, N. K. (2019). Impact of removing industrial tariffs under the European–Vietnam free trade agreement: A computable general equilibrium approach. *Journal of Economics and Development*, 21(1), 2-17.

Philip, J. M., Laurenza, E., Pasini, F. L., An, D. V., Son, N. H., Tuan, P. A., & Minh, N. L. (2011). *Hiệp định thương mại tự do giữa Việt Nam và Liên minh Châu Âu: đánh giá tác động*

định lượng và định tính (The Free Trade Agreement Between Vietnam and the European Union: Quantitative and Qualitative Impact Analysis). Hanoi: EU-Vietnam MUTRAP III.

Phuong, C., & Do, V. T. (2020, April 21). Equipping Judges of Vietnam To Resolve Trade Disputes Fairly, Efficiently and Effectively. *UNDP Vietnam*. Retrieved November 5, 2021, from <https://www1.undp.org/content/fairbiz/en/home/news-centre/equipping-judges-of-vietnam-to-resolve-trade-disputes-fairly--ef.html>

Phuong, N. (2018, October 12). Vietnam Bank for Social Policies celebrates 16 years of meaningful work. *Vietnam Investment Review*. Retrieved July 16, 2021, from <https://www.vir.com.vn/vietnam-bank-for-social-policies-celebrates-16-years-of-meaningful-work-62994.html>

Phuong, T. (2020, September 3). Anti-dumping lawsuits looming over exporters. *Vietnam Investment Review*. Retrieved August 25, 2021, from <https://vir.com.vn/anti-dumping-lawsuits-looming-over-exporters-78916.html>

Piatkowski, M. (2018). *Europe's Growth Champion. Insights from the Economic Rise of Poland*. Oxford: Oxford University Press.

Piei, M. H., & Khalifah, N. A. (1996, November). Vietnam in ASEAN: Trade, Investment and Other Economic Effects. *ASEAN Economic Bulletin*, 13(2), 200-211.

Pierson, P. (2000). Increasing Returns, Path Dependence, and the Study of Politics. *American Political Science Review*, 94(2), 251-267.

Pillalamarri, A. (2021, July 16). Vietnam's Battle to Market Its Prized Rice. *The Diplomat*. Retrieved January 28, 2022, from <https://thediplomat.com/2021/07/vietnams-battle-to-market-its-prized-rice/>

Pingali, P., & Vo-Tong, X. (1992, July). Vietnam: Decollectivization and Rice Productivity Growth. *Economic Development and Cultural Change*, 40(4), 697-718.

Plummer, M. G., Cheong, D., & Hamanaka, S. (2010). *Methodology for Impact Assessment of Free Trade Agreements*. Manila: Asian Development Bank.

Popkin, S. L. (1979). *The Rational Peasant: The Political Economy of Rural Society in Vietnam*. San Diego: University of California Press.

Popov, V. (2020). Successes and Failures of Industrial Policy in Transition Economies of Europe and Asia. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 779-810). Oxford, New York: Oxford University Press.

Pritesh, S. (2020, December 31). Vietnam, UK Sign Free Trade Deal, Look to Strengthen Ties. *Vietnam Briefing*. Retrieved March 22, 2021, from <https://www.vietnam-briefing.com/news/vietnam-uk-sign-free-trade-deal-look-to-strengthen-ties.html/>

Pritesh, S. (2021a, May 13). What EU's Sustained Investment Tells Us About Vietnam's Business Environment. *Vietnam Briefing*. Retrieved March 9, 2022, from <https://www.vietnam-briefing.com/news/what-eus-sustained-investment-tells-us-about-vietnams-business-environment.html/>

- Pritesh, S. (2021b, November 19). How Vietnam Could Gain from the Suspension of the EU-China Comprehensive Agreement on Investment. *Vietnam Briefing*. Retrieved March 9, 2022, from <https://www.vietnam-briefing.com/news/how-vietnam-could-gain-from-suspension-eu-china-comprehensive-agreement-investmen.html/>
- Quang, T. (2006). Human Resource Management in Vietnam. In A. R. Nankervis, S. R. Chatterjee, & J. Coffey (Eds.), *Perspectives of Human Resources Management in Asia Pacific* (pp. 231-252). Sydney: Pearson Education Australia.
- Quang, T., & Rowley, C. (2014). Vietnam. Post-State Capitalism. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 283-305). Oxford and New York: Oxford University Press.
- Que, N. N., & Manh, N. T. (2006). *Cashew Development in Vietnam*. Hanoi: Central Institute of Economic Management. Retrieved from http://www.ciem.org.vn/home/en/upload/info/attach/1184295970440_Cashew_sector_development_in_Vietnam1.doc
- Quoc-Phuong L., Duc-Tho N., & Bandara, J. S. (1996, November). Vietnam's Foreign Trade in the Context of ASEAN and the Asia-Pacific Region: A Gravity Approach. *ASEAN Economic Bulletin*, 13(2), 185-199.
- Quyen, D. (2018, January 17). Geographical indications in EU-Vietnam FTA: beyond quality control. *Maastricht University*. Retrieved September 9, 2022, from <https://www.maastrichtuniversity.nl/blog/2018/01/geographical-indications-eu-vietnam-fta-beyond-quality-control>
- Quynh, T. (2020, November 4). Tax evasion remains rife among online sellers. *VnExpress*. Retrieved August 10, 2022, from <https://e.vnexpress.net/news/business/industries/tax-evasion-remains-rife-among-online-sellers-4186426.html>
- Quynh, T. T., & Duong, P. T. (2021, July 16). Bittersweet: Vietnam's Mixed Progress on E-Government During COVID-19. *The Diplomat*. Retrieved February 21, 2022, from <https://thediplomat.com/2021/07/bittersweet-vietnams-mixed-progress-on-e-government-during-covid-19/>
- Ravenhill, J. (2014). The Political Economy of Asia-Pacific Trade Agreements. In I. Kaur, & N. Singh (Eds.), *The Oxford Handbook of the Economics of the Pacific Rim* (pp. 314-332). Oxford, New York: Oxford University Press.
- Record, R. (2016). Rules of Origin: Opportunities to Increase Value Added Export. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 34-39). Hanoi: Ministry of Industry and Trade & World Bank.
- Redding, G., & Whitley, R. D. (1990). Beyond bureaucracy: Towards a comparative analysis of forms of economic resource co-ordination and control. In S. R. Clegg, & S. G. Redding (Eds.), *Capitalism in Contrasting Cultures* (pp. 79-104). Berlin: Walter de Gruyter.
- Redding, G., Bond, M. H., & Witt, M. A. (2014). Culture and the Business Systems in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 358-382). Oxford, New York: Oxford University Press.

- Reed, J. (2019, June 27). The rise and rise of a Vietnamese corporate empire. *Financial Times*. Retrieved August 11, 2022, from <https://www.ft.com/content/84323c32-9799-11e9-9573-ee5cbb98ed36>
- Reed, R. (2020, August 11). New Opportunities in EU-Vietnam Trade; New Opportunities for ASEAN. *The Business Times*. Retrieved October 25, 2021, from <https://www.businesstimes.com.sg/asean-business/new-opportunities-in-eu-vietnam-trade-new-opportunities-for-asean>
- Reinert, E. S. (2020). Industrial Policy. A Long-term Perspective and Overview of Theoretical Arguments. In A. Oqubay, C. Cramer, H.-J. Chang, & R. Kozul-Wright (Eds.), *The Oxford Handbook of Industrial Policy* (pp. 507-554). Oxford, New York: Oxford University Press.
- Ricardo, D. (1817). *On the Principles of Political Economy and Taxation*. London: John Murray.
- Riedel, J. (2015, April). Lessons for Last Comers from Vietnam's Transition. *Journal of Southeast Asian Economies*, 32(1), 125-139.
- Riedel, J., & Turley, W. (1999). *Vietnam: Ordeals of Transition*. Paris: OECD.
- Roberts, J. (2010, August 9). Cronyism: Undermining Economic Freedom and Prosperity Around the World. *Backgrounder*(2447).
- Robison, R. (1996). The Politics of 'Asian values'. *Pacific Review*, 9(3), 309-327.
- Rodrigue, J.-P., Comtois, C., & Slack, B. (2006). *The Geography of Transport Systems*. New York: Routledge.
- Rodrik, D. (1997). The 'paradoxes' of the successful state. *European Economic Review*, 41(3), 411-442.
- Rodrik, D. (2000, February). Institutions for High-Quality Growth: What They Are and How to Acquire Them. *NBER Working Paper No. 7540*.
- Rodrik, D. (2007). *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*. Princeton and Oxford: Princeton University Press.
- Roland, G. (2000). *Transition and Economics, Politics, Markets and Firms*. Cambridge, London: The MIT Press.
- Rosen, E. (2014, April 24). Why Can't Vietnam Grow Better Rice? *The Diplomat*. Retrieved January 28, 2022, from <https://thediplomat.com/2014/04/why-cant-vietnam-grow-better-rice/>
- Rueda, M. (2020, December 13). No pickers, no coffee: How Covid threatens Colombia's harvest. *BBC News*. Retrieved December 13, 2020, from <https://www.bbc.com/news/world-latin-america-55172034>
- Rural Agricultural Development Policy and Strategy Institute. (2021, August 5). Xuất Khẩu Cà Phê Sang Hàn Quốc Tăng, Dù Dịch Bệnh Covid-19 Phức Tạp (Coffee Exports to South Korea Rise, Despite Complicated Covid-19 Outbreak). *Agro Info*. Retrieved March 31, 2022,

from http://agro.gov.vn/vn/tID30602_Xuat-khau-ca-phe-sang-Han-Quoc-tang-du-dich-benh-COVID19-phuc-tap.html

Sachs, J. D. (1994). *Poland's Jump to the Market Economy*. Cambridge, London: MIT Press.

Sài Gòn Giải Phóng. (2022, January 16). Some scenarios for coffee prices in 2022. *VietnamNet*. Retrieved January 30, 2022, from https://vietnamnet.vn/en/business/some-scenarios-for-coffee-prices-in-2022-809315.html?gidzl=Cx4tHt0ODH4qfZ94SWKq5ZAWD4Pk23GHV_axG6bPFHPugZzDEGym6NggD4ywMpKKV_uwGZPoa3PZSn8p4m

Sakata, S. (2020). Has Nguyen Phu Trong's Leadership Curbed Economic Reform? Economic Reform Trends in Vietnam. *Asian Economic Policy Review*, 9999, 1-18.

Sala-i-Martin, X., & Artadi, E. V. (2004). The Global Competitiveness Index. In K. Schwab (Ed.), *The Global Competitiveness Report 2004-2005* (pp. 51-80). Geneva: World Economic Forum.

Sarkissian, I. (2019, February 5). Are we moving forward? – A new-generation of trade agreements for the EU. *Politheor*. Retrieved from <https://politheor.net/are-we-moving-forward-a-new-generation-of-trade-agreements-for-the-eu/>

Sauve, P. (2018). Malaysia's Trade Governance at a Crossroads: An Overview. In P. Sauve (Ed.), *Malaysia's Trade Governance at a Crossroads* (pp. 1-44). Kuala Lumpur: Khazanah Research Institute.

SBV - State Bank of Vietnam. (2012). *World Bank: Long-Term Companions in Development*. Hanoi: World Bank Group.

SBV - State Bank of Vietnam. (2020). *About SBV*. Retrieved from The State Bank of Vietnam: <https://www.sbv.gov.vn/webcenter/portal/en/home/sbv/aboutsbv/major>

SBV - State Bank of Vietnam. (2021). *History and Development of the Central Bank*. Retrieved May 26, 2021, from State Bank of Vietnam: https://www.sbv.gov.vn/webcenter/portal/en/home/rm/museum/hadotcb?_afLoop=23951471398434224#%40%3F_afLoop%3D23951471398434224%26centerWidth%3D80%2525%26leftWidth%3D20%2525%26rightWidth%3D0%2525%26showFooter%3Dfalse%26showHeader%3Dfalse%26_adf.ctrl-state

SBV - State Bank of Vietnam. (2022, July 20). *Exchange Rate*. Retrieved from State Bank of Vietnam: https://www.sbv.gov.vn/TyGia/faces/ExchangeRate.jspx?_afLoop=34236482423201311&_afWindowMode=0&_adf.ctrl-state=ijmz4813_4

Schwab, K. & Porter M. (2009). *The Global Competitiveness Report 2008-09*. Geneva: World Economic Forum.

Schwab, K. & Porter M. (2010). *The Global Competitiveness Report 2009-10*. Geneva: World Economic Forum.

Schwab, K. (2011). *The Global Competitiveness Report 2010-11*. Geneva: World Economic Forum.

- Schwab, K. (2012). *The Global Competitiveness Report 2011-12*. Geneva: World Economic Forum.
- Schwab, K. (2013). *The Global Competitiveness Report 2012-13*. Geneva: World Economic Forum.
- Schwab, K. (2014). *The Global Competitiveness Report 2013-14*. Geneva: World Economic Forum.
- Schwab, K. (2015). *The Global Competitiveness Report 2015*. Geneva: World Economic Forum.
- Schwab, K. (2016). *The Global Competitiveness Report 2015-16*. Geneva: World Economic Forum.
- Schwab, K. (2017). *The Global Competitiveness Report 2016-17*. Geneva: World Economic Forum.
- Schwab, K. (2018). *The Global Competitiveness Report 2018*. Geneva: World Economic Forum.
- Schwab, K. (2019). *The Global Competitiveness Report 2019*. Geneva: World Economic Forum.
- Scott, R. W. (2010, March). Reflections: The Past and Future of Research on Institutions and Institutional Change. *Journal of Change Management*, 10(1), 5-21.
- Scott, R. W. (2014). *Institutions and Organizations. Ideas, Interests, and Identities* (4th ed.). Los Angeles, London, New Delhi, Singapore, Washington D.C.: SAGE Publications.
- Sen, A. (1999). *Development as Freedom*. New York: Oxford University Press.
- Shah, V. (2016, January 27). Vietnam moves towards a coal-free future. *Eco-Business*. Retrieved June 9, 2020, from <https://www.eco-business.com/news/vietnam-moves-towards-a-coal-free-future/>
- Shambaugh, G. (2002). Economic warfare. In *Encyclopedia Britannica*. Chicago: Encyclopædia Britannica. Retrieved January 13, 2021, from <https://www.britannica.com/topic/economic-warfare>
- Shareia, B. F. (2016). Qualitative and Quantitative Case Study Research Method on Social Science: Accounting Perspective. *International Journal of Economics and Management Engineering*, 10(12), 3849-3854.
- Shen, M. (2017, March 9). Lifting global free trade from the ‘noodle bowl’. *East Asia Forum*. Retrieved October 15, 2021, from <https://www.eastasiaforum.org/2017/03/09/lifting-global-free-trade-from-the-noodle-bowl/>
- Shields, D., & Hobley, M. (2000). *The Reality of Trying to Transform Structures and Processes: Forestry in Rural Livelihoods*. London: Overseas Development Institute.

Shirley, M. M. (2008). Institutions and Development. In C. Menard, & M. M. Shirley (Eds.), *Handbook of New Institutional Economics* (pp. 611-638). Verlag, Berlin Heidelberg: Springer.

Singapore Government Agency. (2020, January 16). *Free Trade Agreements*. Retrieved May 10, 2020, from Enterprise Singapore: <https://www.enterprisesg.gov.sg/non-financial-assistance/for-singapore-companies/free-trade-agreements/ftas/singapore-ftas>

Sjöholm, F. (2018). Foreign direct investments in Southeast Asia. In I. Coxhead (Ed.), *Routledge Handbook of Southeast Asian Economics* (pp. 162-180). London and New York: Routledge Taylor and Francis Group.

Skovdal, M., & Cornish, F. (2015). *Qualitative Research for Development: A guide for practitioners*. Rugby: Practical Action Publishing.

Small, C. (2015, February 17). Vietnam Cashes in on Cashews. *Vietnam Briefing*. Retrieved December 16, 2020, from <https://www.vietnam-briefing.com/news/vietnam-cashes-cashews.html/>

Soesatro, H. (2006). Regional Integration in East Asia: Achievements and Future Prospects. *Asian Economic Policy*, 1(2), 215-264.

Solis, M. (2021, September 23). China moves to join the CPTPP, but don't expect a fast pass. *Brookings*. Retrieved December 8, 2021, from <https://www.brookings.edu/blog/order-from-chaos/2021/09/23/china-moves-to-join-the-cptpp-but-dont-expect-a-fast-pass/>

Solis, M., & Urata, S. (2007). Japan's New Foreign Economic Policy: A Shift. *Asian Economic Policy Review*, 2(2), 227-245.

Son, L. (2020, August 6). Vì sao cổ phần hoá doanh nghiệp chậm? (Why Equitization of SOEs is Low?). *Vietnam Government News*. Retrieved September 21, 2021, from <http://baochinhphu.vn/Tai-co-cau-doanh-nghiep/Vi-sao-co-phan-hoa-doanh-nghiep-cham/403328.vgp>

Stake, R. E. (1995). *The Art of Case Study Research*. Thousand Oak, London, New Delhi: SAGE Publications.

Stancik, J. (2007, September). Horizontal and Vertical FDI Spillovers: Recent Evidence from the Czech Republic. *Charles University, Center for Economic Research and Graduate Education. Academy of Sciences of the Czech Republic, Economic Institute. Working Paper Series 340*.

Stark, D. (1986). Rethinking Internal Labor Markets: New Insights from a Comparative Perspective. *American Sociological Review*, 51, 492-504.

Statistics Poland. (2020). *Rocznik Statystyczny Handlu Zagranicznego (Yearbook of Foreign Trade Statistics of Poland)*. Warsaw: Główny Urząd Statystyczny.

Steer, L., & Sen, K. (2010). Formal and Informal Institutions in a Transition Economy: The Case of Vietnam. *World Development*, 38(11), 1603-1615.

- Stein, H. (2003). Institutional Theories and Structural Adjustment in Africa. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 109-132). London and New York: Routledge.
- Stephens, N. (2007, May). Collecting data from elites and ultra elites: Telephone and face-to-face interviews with macroeconomists. *Qualitative Research*, 7(2), 203-216.
- Stevens, C., Irfan, M., Massa, I., & Kennan, J. (2015). *The Impact of Free Trade Agreements between Developed and Developing Countries on Economic Development in Developing Countries: A Rapid Evidence Assessment*. London: Overseas Development Institute.
- Stiglitz, J. (1998). More instruments and broader goals: Moving toward the post-Washington consensus. *Wider Annual Lecture United Nations University - World Institute for Development Economics Research*.
- Strangio, S. (2021a, February 1). Vietnam's Communist Party Chief Reelected to Third Term. *The Diplomat*. Retrieved February 10, 2021, from <https://thediplomat.com/2021/02/vietnams-communist-party-chief-reelected-to-third-term/>
- Strangio, S. (2021b, September 29). Vietnam Notches Record GDP Contraction as COVID-19 Outbreak Bites. *The Diplomat*. Retrieved January 12, 2022, from <https://thediplomat.com/2021/09/vietnam-notches-record-gdp-contraction-as-covid-19-outbreak-bites/>
- Strangio, S. (2022, June 20). Vietnam Imprisons Leading Environmentalist on Tax Evasion Charges. *The Diplomat*. Retrieved August 10, 2022, from <https://thediplomat.com/2022/06/vietnam-imprisons-leading-environmentalist-on-tax-evasion-charges/>
- Stratfor Global Intelligence. (2016). *Worldview. Vietnam's National Energy Mix*. Retrieved November 13, 2018, from Stratfor Global Intelligence: <https://www.stratfor.com/image/vietnams-nationalenergy-mix>
- Stubbs, R. (1999, April). War and Economic Development: Export-Oriented Industrialization in East and Southeast Asia. *Comparative Politics*, 31(3), 337-355.
- Sturges, J. E., & Hanrahan, K. J. (2004). Comparing Telephone and Face-to-Face Qualitative Interviewing: a Research Note. *Qualitative Research*, 4(1), 107-118.
- Suvannaphakdy, S. (2021, December 17). RCEP Will Drive ASEAN Economic Recovery. *The Diplomat*. Retrieved January 10, 2022, from <https://thediplomat.com/2021/12/rcep-will-drive-asean-economic-recovery/>
- Swedberg, R., & Agevall, O. (2016). *The Max Weber dictionary: key words and central concepts* (2nd ed.). Stanford: Stanford University Press.
- Swinnen, J. (2015). Changing coalition in value chains and the political economy of agriculture and food policy. *Oxford Review of Economic Policy*, 31(1), 90-115.
- Tangkitvanich, S., & Rattanakhamfu, S. (2018). ASEAN Economic Community and the East Asian agenda. In S. Armstrong, & T. Westland (Eds.), *Asian Economic Integration in an Era of Global Uncertainty* (pp. 185-216). Acton: ANU Press.

- Tarp, F. (2017). *Growth, Structural Transformation and Rural Change in Vietnam. A Rising Dragon on the Move*. Oxford: Oxford University Press.
- Thang, D. N., & Xing, Y. (2018). Trade efficiency, free trade agreements and rules of origin. *Journal of Asian Economics*, 55, 33-41.
- Thang, L. C., Rowley, C., Quang, T., & Warner, M. (2006). To What Extent can Management Practices be Transferred between the Countries: The Case of Human Resources Management in Vietnam. *Journal of World Business*, 42(1), 113-127.
- Thang, N. (2016). New Generation FTAs and Inclusive Growth in Vietnam. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 69-71). Hanoi: Ministry of Industry and Trade & World Bank.
- Thang, N., Tam, T. N., & Trung, L. D. (2011). *Employment and Social Protection in Viet Nam*. Hanoi: International Labour Organization.
- Thang, T. C., & Phuc, V. H. (2016, October 11). Vietnam Sustainable Coffee Plan Till 2020 and Vision to 2030. *FFTC Agricultural Policy Platform (FFTC-AP)*.
- Thang, T. T., Cung, N. D., Vinh, D. Q., Hoai, D. T., Vu, T. M., Phuong, T. T., Yen, H. H., Ha, T. T., & Tuan, P. V. (2016). *Regional Inter-dependence and Vietnam-Korea Economic Relationship*. Sejong: Korea Institute for International Economic Policy.
- Thanh, D. (2020, February 18). Doors open for free trade with the EU. *Vietnam Investment Review*. Retrieved October 23, 2021, from <https://vir.com.vn/doors-open-for-free-trade-with-the-eu-73990.html>
- Thanh, P. H., & Jeong, J. Y. (2016). Potential Economic Impacts of the Vietnam-Korea Free Trade Agreement on Vietnam. *Journal of East Asian Economic Integration*, 20(1), 67-90.
- Thanh, S. D., Trung B. T. & Kien T. T. (2015). Reform of Tax System in Vietnam in Response to International Integration Commitments until 2020. *Journal of Economic Development*, 22(2), 2-26.
- Thanh, T. N., & Sikor, T. (2006, June). From legal acts to actual powers: Devolution and property rights in the Central Highlands of Vietnam. *Forest Policy and Economics*, 8(4), 397-408.
- Thanh, V. T. (2005, April). Vietnam's Trade Liberalization and International Economic Integration: Evolution, Problems, and Challenges. *ASEAN Economic Bulletin. Revisiting Trade Policies in Southeast Asia*, 22(1), 75-91.
- Thanh, V. T. (2017). Viet Nam. In P. S. Intal Jr., & L. Chen (Eds.), *ASEAN and Member States: Transformation and Integration* (Vols. ASEAN@50, Volume 3 , pp. 231-245). Jakarta: Economic Research Institute for ASEAN and East Asia.
- Thanh, V. T., & Duong, N. A. (2009, April). Vietnam after Two Years of WTO Accession: What Lessons Can Be Learnt? *ASEAN Economic Bulletin*, 26(1, Vietnam: Coping with Domestic and External Challenges), 115-135.

Thayer, C. A. (1991). Political Development in Vietnam: From the Sixth to Seventh National Party Congress. *Vietnam 1991: An Update* (pp. 1-28). Canberra: Australian National University.

Thayer, C. A. (2014). The Apparatus of Authoritarian Rule in Vietnam. In J. D. London, *Politics in Contemporary Vietnam. Party, State, and Authority Relations* (pp. 135-161). New York: Palgrave Macmillan.

Thayer, C. A. (2015). The Present Role and Position of the Socialist Republic of Vietnam in the International System, 1976-2015. *International Conference on Viet Nam: 40 Years of National Reunification with the Cause of Reform (Doi Moi), Development and International Integration*. Hanoi: Vietnam Academy of Social Sciences.

Thiem, B. H. (2020). Governance, the Socialist Market Economy, and the Party-State in Vietnam and China. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia. Development in China, Vietnam and Laos* (pp. 117-140). Singapore: Palgrave Macmillan.

Thiem, B. H. (2022, January 21). Vietnam's COVID-19 testing scandal goes viral. *East Asia Forum*. Retrieved April 4, 2022, from <https://www.easiaforum.org/2022/01/21/vietnams-covid-19-testing-scandal-goes-viral/>

Thi-Nga D., Kumar & Manh-Hoang D. (2019). Prioritize the key parameters of Vietnamese coffee industries for sustainability. *International Journal of Productivity and Performance Management*, 69(6), 1153-1176.

Thoburn, J. (2013). Vietnam as a Role Model for Development. In A. K. Fosu (Ed.), *Achieving Development Success: Strategies and Lessons from the Developing World* (pp. 99-118). Oxford: Oxford University Press.

Thomas, K. (2018). Implementing the TRIPS Agreement in China. In K. Thomas, *Assessing Intellectual Property Compliance in Contemporary China: The World Trade Organisation TRIPS Agreement* (pp. 85-103). Singapore: Springer.

Thu, N. A. (2012). Assessing the Impact of Vietnam's Integration under AFTA and VJEPA on Vietnam's Trade Flows, Gravity Model Approach. *Yokohama Journal of Social Sciences*, 17(2), 333-344.

Thu, N. H. (2018, April 16). How to improve Vietnam's productivity? *Vietnam Economic Times*.

Thu, T. (2020, June 8). EVFTA widens varied procurement chances. *Vietnam Investment Review*. Retrieved October 31, 2021, from <https://vir.com.vn/evfta-widens-varied-procurement-chances-76855.html>

Thu, T. M., & Lee, H. (2015). Assessing the impacts of deeper trade reform in Vietnam in a general equilibrium framework. *Journal of Southeast Asian Economies*, 32(1), 140-162.

Thuong, T. (2020, December 10). Xuất khẩu hạt điều tiếp tục tăng trưởng mạnh, trước tình hình bất ổn của dịch Covid-19 (Cashew exports continue to grow strongly, in the unstable situation of Covid-19 epidemic). *Vietnam Cashew Association (VINACAS)*. Retrieved

December 22, 2020, from <http://www.vinacas.com.vn/xuat-khau-hat-dieu-tiep-tuc-tang-truong-manh-truoc-tinh-hinh-bat-on-cua-dich-covid-19-bv1942.htm>

Thuy, B. (2020, August 26). New faces in government procurement. *Vietnam Investment Review*. Retrieved October 31, 2021, from <https://vir.com.vn/new-faces-in-government-procurement-78779.html>

Thuy, B. (2021, August 20). Progress made for investment from EU with free trade deal. *Vietnam Investment Review*. Retrieved March 9, 2022, from <https://vir.com.vn/progress-made-for-investment-from-eu-with-free-trade-deal-86845.html>

Thuy, N. (2020a, December 28). Prime Minister agrees merger of bourses. *Hanoi Times*. Retrieved June 8, 2021, from <http://hanoitimes.vn/vietnam-pm-agrees-establishment-of-vietnam-exchange-315634.html>

Thuy, N. (2020b, June 16). Vietnam fiscal deficit, public debt stay within limits set in 2016-2020 plan. *Hanoi Times*. doi:<http://hanoitimes.vn/vietnam-fiscal-deficit-public-debt-stay-within-limits-set-in-2016-2020-plan-312663.html>

TI - Transparency International. (2021). *Corruption Perception Index 2021*. Berlin: Transparency International.

Tiezzi, S. (2021, September 17). Will China Actually Join the CPTPP? *The Diplomat*. Retrieved from <https://thediplomat.com/2021/09/will-china-actually-join-the-cptpp/>

Tinbank. (2020, October 20). *Danh bạ các ngân hàng tại Việt Nam*. Retrieved October 20, 2020, from Tinbank: <https://tinbank.vn/bank/>

Toan, L. M., & Walker, G. (2008). Corporate Governance of Listed Companies in Vietnam. *Bond Law Review*, 20(2), 1-80.

Tomiya, A. (2020, April 12). Vietnam is the undisputed king of global cashew nut producers. *Nikkei Asian Review*. Retrieved September 29, 2020, from <https://asia.nikkei.com/Business/Food-Beverage/Vietnam-is-the-undisputed-king-of-global-cashew-nut-producers>

Tosato, A. (2013). The Protection of Traditional Foods in the EU: Traditional Specialties Guaranteed. *European Law Journal*, 19(4), 545-576.

Tostevin, M. (2017, August 2). Trump factor weighs as Vietnam intensifies crackdown on dissidents. *Reuters*. Retrieved May 15, 2020, from <https://www.reuters.com/article/us-vietnam-arrests-idUSKBN1AI0LF>

Toye, J. (2003). The New Institutional Economics and its Implications for Development Theory. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development* (2nd ed., pp. 49-70). London and New York: Routledge.

Toye, J. (2007). Modern Bureaucracy. In H.-J. Chang (Ed.), *Institutional Change and Economic Development* (pp. 75-94). Tokyo, New York, Paris: United Nations University Press.

- Tra, P. T., & Riedel, J. (2012). On the conduct of monetary policy in Vietnam. *Asian-Pacific Economic Literature*, 34-45.
- Trang, L. (2017, June 15). Pharmacy Law Guidance Scheduled for July Implementation in Vietnam. *Vietnam Briefing*. Retrieved March 29, 2021, from <https://www.vietnam-briefing.com/news/pharmacy-law-guidance-scheduled-july-implementation-vietnam.html/>
- Trienekens, J. H. (2011). Agricultural Value Chains in Developing Countries A Framework for Analysis. *International Food and Agribusiness Management Review*, 14(2), 51-82.
- Trinh, N. (2020, July 7). Vietnam Adopts Amended Law on Enterprises and Law on Investment. *Vietnam Briefing*. Retrieved August 11, 2020, from <https://www.vietnam-briefing.com/news/vietnams-adopts-amended-law-on-enterprises-and-investment.html/>
- TRIPS - Agreement on Trade-Related Aspects of Intellectual Property Rights (amended). (2017).
- Tröster, B., Grumiller, J., Grohs, H., Raza, W., Starlitz, C., & Von Arnim, R. (2019). Combining trade and sustainability? The Free Trade Agreement between the EU and Vietnam. *ÖFSE Policy Note*(29/2019).
- Trung Nguyen. (2020). *Trung Nguyen Legend's Milestone*. Retrieved November 29, 2020, from Trung Nguyen Legend: <https://trungnguyen.eu/pages/kkk>
- Tu Anh, V. T. (2014, October). WTO Accession and the Political Economy of State-Owned Enterprise Reform in Vietnam. *GEG Working Paper, No. 2014/92, University of Oxford, Global Economic Governance Programme*.
- Tu Anh, V. T. (2015). The political economy of industrial development in Vietnam: Impact of state business relationship on industrial performance, 1986-2012. *GEG Working Paper, No. 2015/107, University of Oxford, Global Economic Governance Programme*.
- Tu Anh, V. T. (2017). Does WTO Accession Help Domestic Reform? The Political Economy of SOE Reform Backsliding in Vietnam. *World Trade Review*, 16(1), 85-109.
- Tuan, H., Trang, N. T., & Tho, T. N. (2018, November 21). How will Vietnam Cope with the Impact of the US-China Trade War? *ISEAS Perspective*(74).
- Tuan, N. A. (2015, November). Neutralising the Advantages of State-Owned Enterprises for a Fair Playing Field. *ERIA Discussion Paper No. 2015-79*.
- Tuan, N. D. A. (2016). Vietnam Agriculture under TPP and Vietnam-EU FTA. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 44-52). Hanoi: Ministry of Industry and Trade & World Bank.
- Tung, N. (2020, April 28). Tax evasion causes annual losses of US\$900 million to Vietnam's tax revenue. *Hanoi Times*. Retrieved August 10, 2022, from <https://hanoitimes.vn/tax-evasion-causes-annual-losses-to-us900-million-in-vietnams-tax-revenue-311914.html>
- U.S. Census Bureau. (2019). *Trade in Goods with Vietnam*. Washington D.C.: U.S. Census Bureau.

- UN - United Nations. (2020, January 19). *United Nations, Department of Economic and Social Affairs, Population Dynamics*. Retrieved from World Urbanization Prospects 2018: <https://population.un.org/wup/Country-Profiles/>
- UN - United Nations. (2021). *The United Nations in Viet Nam*. Retrieved from United Nations Viet Nam: <https://vietnam.un.org/index.php/en/about/about-the-un>
- UNCITRAL Model Law on International Commercial Arbitration. (2006).
- UNDP - United Nations Development Programme. (2020). *Human Development Reports*. Retrieved June 6, 2020, from United Nations Development Programme: <http://hdr.undp.org/en/content/human-development-index-hdi>
- UNESCAP-World Bank. (2021, July 1). *ESCAP-World Bank Trade Cost Database*. Retrieved from ESCAP: <https://www.unescap.org/resources/escap-world-bank-trade-cost-database#>
- UNIDO - United Nations Industrial Development Organization. (1995). *Advisory Support to the Export Processing Zones Programme in Viet Nam*. Vienna: UNIDO.
- UNITU - United Nations International Telecommunication Union. (2018). *ICT Development Index 2017*. Retrieved March 4, 2022, from International Telecommunication Union: <https://www.itu.int/net4/ITU-D/idi/2017/index.html>
- UNITU - United Nations International Telecommunication Union. (2022). *About the ITU-D and the BDT*. Retrieved from International Telecommunication Union: <https://www.itu.int/en/ITU-D/Pages/About.aspx>
- UNSD - United Nations Statistics Division. (2020, January 1). *United Nations*. Retrieved from UN Comtrade Database: <https://comtrade.un.org/data>
- Upham, F. K. (2018). *The Great Property Fallacy: Theory, Reality, and Growth in Developing Countries*. Cambridge: Cambridge University Press.
- Urata, S., & Petri, P. A. (2017, November 6). Outcome of TPP11: Persuading the United States of the disadvantages of withdrawal. *Nihon Keizai Shimbun*. Retrieved May 17, 2020, from <https://www.rieti.go.jp/en/papers/contribution/urata/10.html>
- Van Audenhove, L., & Donders, K. (2019). Talking to People III: Expert Interviews and Elite Interviews. In H. Van den Bulck, M. Puppis, L. Van Audenhove, & K. Donders (Eds.), *The Palgrave Handbook of Methods for Media Policy Research* (pp. 179-197). Cham: Palgrave Macmillan.
- Van de Walle, D., & Cratty, D. (2004). Is the Emerging Non-farm Market Economy the Route out of Poverty in Vietnam? *Economics of Transition*, 12(2), 237-274.
- Van, D. N. (2007). Vietnam. In World Bank (Ed.), *Preferential Rules of Origin: Policy Research Report* (pp. 129-136). Washington D.C.: World Bank Group.
- Van, H. (2020, August 20). EVFTA obligations can brew up coffee success. *Vietnam Investment Review*. Retrieved April 2, 2022, from <https://vir.com.vn/evfta-obligations-can-brew-up-coffee-success-78615.html>

- Vanham, P. (2018, September 11). The story of Viet Nam's economic miracle. *World Economic Forum*. Retrieved from <https://www.weforum.org/agenda/2018/09/how-vietnam-became-an-economic-miracle/>
- Vasavakul, T. (1996). Politics of the reforms of state institutions in post-socialist Vietnam. In S. Leung (Ed.), *Vietnam assessment: Creating a sound investment climate*. Singapore: ISEAS.
- Vasavakul, T. (2003). From Fence-Breking to Networking: Interests, Popular Organizations, and Policy Influences in Post-Socialist Vietnam. In B. J. Kerkvliet, R. H. Heng, & D. W. Koh (Eds.), *Getting Organized in Vietnam. Moving in and around the Socialist State* (pp. 25-61). Singapore: ISEAS - Institute of Southeast Asian Studies.
- VCCI - Vietnam Chamber of Commerce and Industry. (2005). Good Corporate Governance: a Prerequisite for Sustainable Business. *Business Issues Bulletin*, 10(13).
- VCCI - Vietnam Chamber of Commerce and Industry. (2016). *Summarize about Europe-Vietnam free trade agreement*. Hanoi: Vietnam Chamber of Commerce and Industry. Retrieved February 15, 2020, from www.trungtamwto.vn/chuyen-de/vefta
- VCCI - Vietnam Chamber of Commerce and Industry. (2021). *About VCCI*. Retrieved from VCCI: <https://vcci.com.vn/>
- Venables, A. J. (2006). Economic Geography. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 739-758). Oxford, New York: Oxford University Press.
- VICOFA - Vietnam Coffee and Cocoa Association. (2020). *About us*. Retrieved November 20, 2020, from Vietnam Coffee and Cocoa Association (VICOFA): <http://www.vicofa.org.vn/luoc-su-nganh-ca-phe-bid1.html>
- Việt Nam News. (2019, March 6). Five from Việt Nam included in Forbes billionaires list. *Việt Nam News*. Retrieved August 11, 2022, from <https://vietnamnews.vn/economy/506592/five-from-viet-nam-included-in-forbes-billionaires-list.html#0gIEG7ktW63ymSkX.97>
- Việt Nam News. (2022, May 14). Authority targets tax evasion by high earners. *Việt Nam News*. Retrieved August 10, 2022, from <https://vietnamnews.vn/economy/1191216/authority-targets-tax-evasion-by-high-earners.html>
- Viet, H., & An, N. Q. (2019). PGI Buon Ma Thuot Coffee in Vietnam. In F. Arfini, & V. Bellassen (Eds.), *Sustainability of European Food Quality Schemes. Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems* (pp. 265-286). Cham: Springer.
- Vietnam Industry Research and Consultancy. (2019, July 11). Which are highest-grossing coffee chains in Vietnam? *Vietnam Chamber of Commerce and Industry*. Retrieved November 30, 2020, from <https://en.vcci.com.vn/which-are-highest-grossing-coffee-chains-in-vietnam>

Vietnam Law & Legal Forum. (2018, November 1). *The core value of the judiciary is to deliver justice for all*. (P. T. Cao, Editor) Retrieved November 10, 2020, from Vietnam Law & Legal Forum: <https://vietnamlawmagazine.vn/the-core-value-of-the-judiciary-is-to-deliver-justice-for-all-6451.html>

Vietnam State Inspectorate & WB. (2013). *Corruption from the Perspective of Citizens, Firms, and Public Officials*. Hanoi: National Political Publishing House.

Vinacafe BH. (2016). *History*. Retrieved November 29, 2020, from Vinacafe BH: <https://www.vinacafebienhoa.com/content/history/lich-su-cong-ty>

VINACAS - Vietnam Cashew Association. (2020). *About VINACAS*. Retrieved from Vietnam Cashew Association (VINACAS): <http://www.vinacas.com.vn/gioi-thieu.htm>

Viner, J. (1950). *The Customs Union Issue*. Oxford: Oxford University Press.

Vinh, D. Q. (2016). *Social Protection in Vietnam. Successes and obstacles to progressively*. New York: United Nations.

VNA - Vietnam News Agency. (2016, January 27). Bidding law should conform to EVFTA: expert. *VietnamPlus*. Retrieved November 10, 2021, from <https://en.vietnamplus.vn/bidding-law-should-conform-to-evfta-expert/88273.vnp>

VnExpress. (2022a). *Covid-19 in Vietnam: statistics*. Retrieved from VnExpress: <https://e.vnexpress.net/covid-19/covid-19-viet-nam>

VnExpress. (2022b). *Vaccination Data*. Retrieved from VnExpress: <https://e.vnexpress.net/covid-19/vaccine>

Voice of America News. (2020, August 27). Perestroika and Pandemic: Privatization Slows in Communist Vietnam. *VOA News*. Retrieved October 27, 2021, from https://www.voanews.com/a/economy-business_perestroika-and-pandemic-privatization-slows-communist-vietnam/6195060.html

Volper, T. E. (2007). TRIPS Enforcement in China: A Case for Judicial Transparency. *Brooklyn Journal of International Law*, 33(1), 309-346.

Von Hagen, J. (2006). Political Economy of Fiscal Institutions. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 464-477). Oxford, New York: Oxford University Press.

Vorobyeva, I. P., & Phuong T. T. H. (2017). Public Social Welfare System. *The European Proceeding of Social & Behavioural Sciences. WELLSO 2016 - III International Scientific Symposium on Lifelong Wellbeing in the World* (pp. 705-713). London: Future Academy.

VoV - Voice of Vietnam. (2018, February 19). EVFTA a double edged sword of challenges and benefits for agriculture sector. *VietnamNet Bridge*. Retrieved October 19, 2021, from <http://english.vietnamnet.vn/fms/business/195467/evfta-a-double-edged-sword-of-challenges-and-benefits-for-agriculture-sector.html>

VoV - Voice of Vietnam. (2021a). *Average Salary*. Retrieved September 7, 2021, from Vietnam Online: <https://www.vietnamonline.com/az/average-salary.html>

- VoV - Voice of Vietnam. (2021b, August 4). Vietnamese businesses benefit from EVFTA privileges. *Voice of Vietnam - VOV World*. Retrieved October 22, 2021, from <https://vovworld.vn/en-US/spotlight/vietnamese-businesses-benefit-from-evfta-privileges-1011844.vov>
- Vuong, Q. H. (2014, May). Vietnam's political economy: a discussion on the 1986-2016 period. *CEB Working Paper N° 14/010*.
- Vuving, A. L. (2022). The Evolution of Vietnamese Foreign Policy in the 'Doi Moi' Era. In B. Ljunggren, & D. H. Perkins (Eds.), *Vietnam: Navigating a Rapidly Changing Economy, Society, and Political Order*. Cambridge: Harvard University Press.
- Vy, H. (2020, December 18). Tháng 11/2020, xuất khẩu hạt điều tăng mạnh sang thị trường Canada (In November 2020, cashew exports increased sharply to the Canadian market). *Vietnam Cashew Association (VINACAS)*. Retrieved December 22, 2020, from <http://www.vinacas.com.vn/thang-11-2020-xuat-khau-hat-dieu-tang-manh-sang-thi-truong-canada-bv1961.htm>
- Vy, N. (2020, November 27). Tái cơ cấu ngành điều: Cần cuộc “cách mạng” lần 2 (Restructuring the industry: Need the 2nd "revolution"). *Vietnam Cashew Association (VINACAS)*. Retrieved December 22, 2020, from Vietnam Cashew Association (VINACAS): <http://www.vinacas.com.vn/tai-co-cau-nganh-dieu-can-cuocach-mang-lan-2-bv1917.htm>
- Wahl, D. C. (2017, February 11). Distinguishing between quantitative and qualitative growth. *Design for Sustainability*. Retrieved May 12, 2021, from <https://designforsustainability.medium.com/distinguishing-between-quantitative-and-qualitative-growth-10c3c53448cd>
- Waibel, M. (2011). Review: Adam Fforde: Coping with Facts: A Skeptic's Guide to the Problem of Development. *Journal of Current Southeast Asian Affairs*, 30(1), 125-128.
- Walsh, J., Trung, N. Q., & Schrage, B. (2021, May 27). Time to upgrade corporate governance in Vietnam. *East Asia Forum*. Retrieved April 1, 2022, from <https://www.eastasiaforum.org/2021/05/27/time-to-upgrade-corporate-governance-in-vietnam/>
- Wang, C. (2018). China-ASEAN Free Trade Area Development Status Quo and Trade Effect Analysis. *Modern Economy*, 719-733.
- WB - World Bank. (1993). *The East Asian miracle: economic growth and public policy*. (N. M. Birdsall, J. E. Campos, C.-S. Kim, M. W. Corden, & L. MacDonald, Eds.) Washington D.C.: World Bank Group.
- WB - World Bank. (1998a). *East Asia: The Road to Recovery*. Washington D.C.: World Bank Group.
- WB - World Bank. (1998b). *Vietnam: Advancing Rural Development. From Vision to Action*. Washington D.C.: World Bank Group.
- WB - World Bank. (2008). *World Development Report 2008. Agriculture for Development*. Washington D.C.: World Bank Group.

WB - World Bank. (2009). *Vietnam Development Report 2009: Capital Matters, World Bank Report to the Vietnam Consultative Group Meeting, December 4-5, 2008*. Hanoi: World Bank Group.

WB - World Bank. (2011). *IDA Program Document; Tenth Poverty Reduction Support Operation to Vietnam. Poverty Reduction and Economic Management Unit and East Asia and Pacific Region*. Washington D.C.: World Bank Group.

WB - World Bank. (2012a). *Soft Rain Penetrates the Earth Better than a Storm: Vietnam – World Bank Partnerships on Poverty Reduction*. Hanoi: World Bank Group.

WB - World Bank. (2012b). *Vietnam and the World Bank: A Strong and Enduring Partnership*. Hanoi: World Bank Group.

WB - World Bank. (2012c). *Vietnam and the World Bank: The Infrastructure Partnership*. Hanoi: World Bank Group.

WB - World Bank. (2013). *Report on the Observance of Standards and Codes (ROSC). Corporate Governance Country Assessment: Vietnam*. Hanoi: World Bank Group.

WB - World Bank. (2016a). *Gini Index (World Bank Estimate). Vietnam, China*. Retrieved from World Bank: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=VN-CN>

WB - World Bank. (2016b). *Vietnam Development Report 2016. Transforming Vietnamese Agriculture: Gaining More from Less*. Hanoi: World Bank Group.

WB - World Bank. (2018). *Measuring and Analyzing the Impact of GVC's on Economic Development*. Washington D.C.: World Bank Group.

WB - World Bank. (2019a). *Vietnam Development Report 2019. Connecting Vietnam for Growth and Shared Prosperity*. Hanoi: World Bank Group.

WB - World Bank. (2019b). *World Development Indicators*. Washington D.C.: World Bank Group. Retrieved from <https://databank.worldbank.org/data/download/GDP.pdf>

WB - World Bank. (2020a). *Doing Business 2020*. Washington D.C.: World Bank Group, International Bank for Reconstruction and Development .

WB - World Bank. (2020b). *Vietnam: Deepening International Integration and Implementing the EVFTA*. Washington D.C.: World Bank Group.

WB - World Bank. (2020c). *What will be the New Normal for Vietnam? The economic impact of COVID-19*. Washington D.C.: World Bank Group.

WB - World Bank. (2020d). *World Development Indicators*. Retrieved from World Bank : <https://databank.worldbank.org/data/download/GDP.pdf>

WB - World Bank. (2020e). *World Integrated Trade Solution*. Retrieved from World Bank: <https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2016/TradeFlow/EXPIMP>

WB - World Bank. (2021a). *Fertility rate, total (births per woman) - Vietnam*. Retrieved October 15, 2021, from The World Bank. Data:

<https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?end=2019&locations=VN&start=1960&view=chart>

WB - World Bank. (2021b). *Logistics Performance Index*. Retrieved from World Bank: <https://lpi.worldbank.org/>

WB - World Bank. (2021c, April 7). *The World Bank in Vietnam*. Retrieved May 17, 2021, from The World Bank: <https://www.worldbank.org/en/country/vietnam/overview>

WB - World Bank. (2022a). *A Year Deferred - Early Experiences and Lessons from COVID-19 in Vietnam*. Washington D.C.: World Bank Group.

WB - World Bank. (2022b). *Worldwide Governance Indicators*. Retrieved from World Bank: <https://info.worldbank.org/governance/wgi/>

WB & MIT - World Bank and Ministry of Industry and Trade of Vietnam. (2016). *Seizing the Opportunities of the New-Generation Free Trade Agreements*. Hanoi: World Bank Group, Government of Vietnam.

WB & MPI - World Bank, Ministry of Planning and Investments of Vietnam. (2016). *Vietnam 2035. Toward Prosperity, Creativity, Equity, and Democracy*. Washington D.C., Hanoi: World Bank Group.

WCO - World Customs Organization. (2006, February 3). *The Revised Kyoto Convention*. Retrieved May 29, 2020, from World Customs Organization: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx

Weber, M. (1930). *The Protestant Ethic and the Spirit of Capitalism*. London: Allen & Unwin.

Wegerich, K. (2001, May). Institutional Change: A Theoretical Approach. *School of Oriental and African Studies. University of London. Occasional Paper No 30*.

Weingast, B. R., & Wittman, D. A. (2006a). The Reach of Political Economy. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 3-23). Oxford, New York: Oxford University Press.

Weingast, B. R., & Wittman, D. A. (Eds.). (2006b). *The Oxford Handbook of Political Economy*. Oxford and New York: Oxford University Press.

Weiss, J. (2005, February). Export Growth and Industrial Policy: Lessons from East Asian Miracle experience. *ADB Discussion Paper No. 26*.

Wells-Dang, A. (2014). The Political Influence of Civil Society in Vietnam. In J. D. London, *Politics in Contemporary Vietnam. Party, State, and Authority Relations* (pp. 162-183). New York: Palgrave Macmillan.

Whaites, A. (2017). *The Beginner's Guide to Political Economy Analysis (PEA)*. London: National School of Government International.

Whitton, H. (2001). *Implementing Effective Ethics Standards in Government and the Civil Service*. Berlin: Transparency International.

- Wignaraja, G. (2018). Regional trade agreements and enterprises in Southeast Asia. In I. Coxhead (Ed.), *Routledge Handbook of Southeast Asian Economics* (pp. 181-197). London and New York: Routledge Taylor & Francis Group.
- Williamson, C. R., & Carrie, K. B. (2011, August). Securing Private Property: Formal versus Informal Institutions. *The Journal of Law & Economics*, 54(3), 537-572.
- Williamson, O. E. (1975). *Markets and Hierarchies: Analysis and Antitrust Implications*. New York: The Free Press.
- Williamson, O. E. (1985). *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: The Free Press.
- Wilson, J. D. (2015). Mega-Regional Trade Deals in the Asia-Pacific: Choosing Between the TPP and RCEP? *Journal of Contemporary Asia*, 45(2), 345-353.
- Wilson, J. D. (2016, February 25). Can the TPP Fix the "Noodle Bowl" of Asian Free Trade Agreements? *Australian Outlook*. Retrieved October 15, 2021, from <https://www.internationalaffairs.org.au/australianoutlook/can-the-tpp-fix-the-noodle-bowl-of-asian-free-trade-agreements/>
- WIPO - World Intellectual Property Organization. (2020). *Global Innovation Index*. Geneva: WIPO.
- WIPO - World Intellectual Property Organization. (2021). *Country Profiles: Viet Nam*. Retrieved March 30, 2021, from WIPO: https://www.wipo.int/directory/en/details.jsp?country_code=VN
- Witt, M. A., & Redding, G. (2014a). Asian Business Systems: Implications and Perspectives for Comparative Business Systems and Varieties of Capitalism Research. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 667-697). Oxford, New York: Oxford University Press.
- Witt, M. A., & Redding, G. (Eds.). (2014b). *The Oxford Handbook of Asian Business Systems*. Oxford, New York: Oxford University Press.
- Woo-Cumings, M. (Ed.). (1999). *The Developmental State*. Ithaca and London: Cornell University Press.
- Wren, A. (2006). Comparative Perspectives on the Role of the State in the Economy. In B. R. Weingast, & D. A. Wittman (Eds.), *The Oxford Handbook of Political Economy* (pp. 642-655). Oxford, New York: Oxford University Press.
- WTO - World Trade Organization. (2012). *WTO Analytical Index. Guide to WTO Law and Practice* (3rd ed.). Geneva: World Trade Organization.
- WTO - World Trade Organization. (2018). *World Trade Statistical Review*. Geneva: WTO. Retrieved from https://www.wto.org/english/res_e/statis_e/wts_e.htm
- WTO - World Trade Organization. (2020). *Trade Profiles. Viet Nam*. Geneva: WTO.

- WTO - World Trade Organization. (2021a). *Agreement on Government Procurement*. Retrieved November 9, 2021, from World Trade Organization: https://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm
- WTO - World Trade Organization. (2021b, August). *Dispute Settlement*. Retrieved from World Trade Organization: https://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm
- Yee, W. Y. (2022, March 26). Is the EU-China Investment Agreement Dead? *The Diplomat*. Retrieved October 5, 2022, from <https://thediplomat.com/2022/03/is-the-eu-china-investment-agreement-dead/>
- Yeung, H. W.-c. (2014). Governing the market in a globalizing era: Developmental states, global production networks and inter-firm dynamics in East Asia. *Review of International Political Economy*, 21(1), 70-101.
- Young, L. (2014). Financial Systems in Asia. In M. A. Witt, & G. Redding (Eds.), *The Oxford Handbook of Asian Business Systems* (pp. 419-440). Oxford, New York: Oxford University Press.
- Yu, H. (2019). Reform of State-owned Enterprises in China: The Chinese Communist Party Strikes Back. *Asian Studies Review*, 43(2), 332-351.
- Yun, W. (Ed.). (2018, June 15). Cashew Price on a Rise. *Tridge*. Retrieved from <https://www.tridge.com/stories/cashew-prices-on-a-rise>
- Zanetti, G. C. (2016). IP Chapter of TPP - GAP Analysis and Impact Assessment. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 156-178). Hanoi: Ministry of Industry and Trade & World Bank.
- Zhang, C. (2016). Leveling the Playing Field to Promote Private Sector Development in Vietnam. *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements* (pp. 61-63). Hanoi: Ministry of Industry and Trade & World Bank.
- Zhou, L. (2022, January 12). China reopens Vietnam border after Covid-19 caution disrupts trade. *South China Morning Post*. Retrieved January 25, 2022, from <https://www.scmp.com/news/china/diplomacy/article/3162956/china-reopens-vietnam-border-after-covid-19-caution-disrupts>
- Zhou, W., Gao, H., & Bai, X. (2019). China's SOEs Reform: Using WTO Rules to Build a Market Economy. *International and Comparative Law Quarterly*, 68(4), 977-1022.
- Zoellick, R. (2014, March 10). International Treaties Can Once Again Help China Advance. *Financial Times*. Retrieved October 28, 2020, from <http://www.ft.com/cms/s/0/b8b391ec-a634-11e3-8a2a-00144feab7de.html#axzz2zZBU9v7p>
- Zreik, M. (2020). The Dimensions of the US-China Trade War. *Open Political Science*, 3, 47-55.
- Zumbrun, J. (2020, August 27). World Bank Halts Report on National Competitiveness Rankings Amid Concerns of Data Manipulation. *The Wall Street Journal*. Retrieved

September 15, 2022, from <https://www.wsj.com/articles/world-bank-delays-report-on-national-competitiveness-rankings-amid-concerns-of-data-manipulation-11598554654>

Zweynert, J. (2009). Interests versus culture in the theory of institutional change? *Journal of Institutional Economics*, 5(3), 339-360.