
Vietnam's Agricultural Exports and the Issue of Compliance with EU SPS Measures

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Abstract – The European Union (EU) serves as a crucial market for Vietnamese agricultural products, yet the stringent food safety and plant health inspection measures (SPS) established by the EU present substantial hurdles for Vietnamese agricultural exporters. To successfully penetrate this market, both Vietnamese businesses and state management agencies must exert additional efforts to ensure compliance with EU regulations regarding SPS measures.

Keywords – SPS Measures, Agriculture, EVFTA, Export.

I. INTRODUCTION

The European Union (EU) serves as a vital market for Vietnamese agricultural products, with recent years witnessing positive growth in Vietnam's agricultural exports to the EU. The EU-Vietnam Free Trade Agreement (EVFTA) has provided an avenue for Vietnam's agricultural sector to strengthen its presence in this crucial market. However, the EU's stringent food safety and plant health inspection measures (SPS) present significant challenges for Vietnamese agricultural exporters. This article aims to review the EU's policy on SPS measures, assess the current status of Vietnamese agricultural products in meeting these requirements, and propose solutions to enhance compliance and adaptability to EU SPS regulations.

II. RESEARCH METHODS

The article employs a desk research method, gathering information on Sanitary and Phytosanitary (SPS) regulations from the European Commission. It also references studies on the impact of non-tariff barriers, including SPS measures, on Vietnamese agricultural exports. These studies encompass research conducted by both EU and Vietnamese government agencies, as well as reputable international organizations. The collected data and information are processed and synthesized to provide an overview of the EU's SPS policies and Vietnam's compliance status regarding agricultural products.

III. OVERVIEW OF THE EU'S APPLICATION OF SPS MEASURES TO IMPORTED AGRICULTURAL PRODUCTS

1. Concept and Classification of SPS Measures

According to the WTO, Sanitary and Phytosanitary Measure (SPS) is understood as all mandatory regulations, conditions and requirements that affect international trade to protect human, animal, and plant health, as well as prevent the spread of diseases and pests. SPS measures can be applied to various stages of production, processing, packaging, storage, and transportation of goods, including food, animals, plants, and their products. UNCTAD in 2019 launched a classification system for NTMs. According to MAST (Multi-Agency Support Team of UNCTAD), this classification system has been discussed with the following organizations: Food and Agriculture Organization of the United Nations, International Trade Center, Organization for Economic Cooperation and Development (OECD), UNCTAD, United Nations Industrial Development Organization, World Bank and WTO.

UNCTAD has classified SPS measures including measures from A1 to A9, in which A1-A6 are technical regulations, while those under A8 are conformity-assessment procedures related to those regulations (UNCTAD, 2019). The table below lists key SPS measures.

Table 1. Classification of SPS measures.

| |
|--|
| <p>A. Sanitary and Phytosanitary Measures.</p> <p>A1 Prohibitions/restrictions of imports for sanitary and phytosanitary reasons.</p> <p>A2 Tolerance limits for residues and restricted use of substances.</p> <p>A3 Labelling, marking and packaging requirements.</p> <p>A4 Hygienic requirements related to sanitary and phytosanitary conditions.</p> <p>A5 Treatment for elimination of plant and animal pests and disease-causing organisms in the final product or prohibition of treatment.</p> <p>A6 Other requirements relating to production or postproduction processes.</p> <p>A8 Conformity assessment related to sanitary and phytosanitary conditions.</p> <p>A9 Sanitary and phytosanitary measures not elsewhere specified.</p> |
|--|

Source: UNCTAD, 2019.

SPS measures, implemented by World Trade Organization (WTO) member countries, play a crucial role in safeguarding human life and health, as well as the well-being of livestock, animals, and plants within their territories. While these regulations are legitimate and necessary, it is imperative that they are founded on scientific principles, implemented proportionately to protect health and life, and avoid unjust or arbitrary discrimination among nations facing similar environmental circumstances.

2. EU Regulations on SPS Measures

The European Union is a region with a rich and diverse array of non-tariff measures for imported goods. These measures include anti-subsidy actions, safeguard measures, technical standards, sanitary and phytosanitary requirements, and environmental and labor compliance standards. Additionally, there are requirements for source traceability.

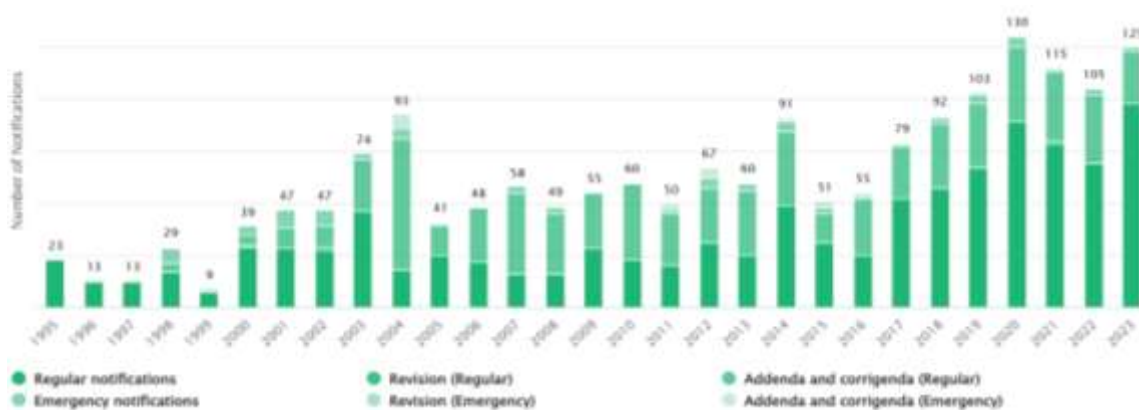


Fig. 1. Number of EU SPS notification per year. Source: ePing portal, updated April, 2024.

In 2023, a total of 1994 SPS notifications were submitted by WTO members globally. Interestingly, while the overall number of notifications decreased by 8.24% in 2023 compared to 2022, the EU's notifications increased

by 19%, from 105 notifications to 125 notifications. The number of SPS notifications from the EU increased from 67 notifications in 2012 to 125 notifications in 2023 (an 86.5% increase). During the period from 2012 to 2023, the annual SPS notifications from the EU accounted for approximately 5-6% of the total SPS notifications from WTO member countries.

| Number of SPS notifications per year | Year | | | | | | | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| EU | 67 | 60 | 91 | 51 | 55 | 79 | 92 | 103 | 130 | 115 | 105 | 125 |
| World | 1217 | 1298 | 1633 | 1680 | 1392 | 1479 | 1631 | 1762 | 2121 | 1825 | 2175 | 1994 |
| Ratio | 5.51% | 4.62% | 5.57% | 3.04% | 3.95% | 5.34% | 5.64% | 5.85% | 6.13% | 6.30% | 4.83% | 6.27% |

Fig. 2. Compare the number of SPS notifications from the EU and the world over the years. Source: Author's calculations from ePing portal.

According to WTO statistics, since 1995, the EU has submitted 1,886 SPS notifications. This places the EU in the 4th position among all WTO members, behind the U.S., Brazil, and Canada. This increase of SPS notifications propelled the EU from the 5th (in 2022) to the 4th place (in 2023) in terms of total notifications, highlighting the EU's commitment to transparency.

Table 2. SPS top 10 notifying WTO Members.

| No. | Member | Total |
|-----|--------------------------|-------|
| 1. | United States of America | 4790 |
| 2. | Brazil | 3213 |
| 3. | Canada | 2828 |
| 4. | European Union | 1886 |
| 5. | Japan | 1675 |
| 6. | China | 1487 |
| 7. | Peru | 1245 |
| 8. | Chile | 1125 |
| 9. | Chinese Taipei | 1087 |
| 10. | New Zealand | 1010 |

Source: ePing portal, updated April, 2024.

Among the EU's SPS measures, the number of measures related to agricultural products accounts for a large number. Among the 10 product groups with the highest number of SPS notifications in the EU, there are 9 groups of agricultural products (HS 01-24). Most of the EU's notifications in 2023 were related to feed additives, followed by pesticides.

Table 3. SPS top 10 notifying products by EU.

| HS | Products | Notification |
|----|---|--------------|
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 74 |
| 02 | Meat and edible meat offal | 65 |
| 07 | Edible vegetables and certain roots and tubers | 55 |
| 12 | Oil Seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or | 51 |

| HS | Products | Notification |
|----|--|--------------|
| | medicinal plants; straw and fodder | |
| 29 | Organic chemicals | 45 |
| 10 | Cereals | 43 |
| 09 | Coffee, tea, mate and spices | 34 |
| 20 | Preparations of vegetables, fruit, nuts or other parts of plants | 34 |
| 01 | Live animals | 30 |
| 15 | Animals, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes | 28 |

Source: ePing, updated April, 2024.

3. Commitments Related to SPS Measures in EVFTA

The European-Vietnam Free Trade Agreement (EVFTA) is a free trade agreement between Vietnam and 27 EU member countries. The EVFTA officially took effect on August 1, 2020 and includes 17 Chapters, 2 Protocols and number of memoranda of understanding. EVFTA is a comprehensive, high-quality agreement, balanced in benefits for both Vietnam and the EU, and in accordance with WTO regulations.

The commitments regarding SPS measures between Vietnam and the European Union are outlined in Chapter 6 of the EVFTA, that reaffirms the commitment of both parties to comply with the WTO SPS Agreement, which aims to protect human, animal, and plant health within the territories of Vietnam and the EU while minimizing trade disruptions caused by these measures. Additionally, the EVFTA introduces new commitments related to SPS (WTO center, VCCI, 2017).

Regarding the competent authorities for SPS in the EU and Vietnam: On Vietnam side, The Ministry of Agriculture and Rural Development is responsible for inspection, quarantine, and issuance of certificates complying with EU SPS requirements to exported goods. On EU side, each EU member state is responsible for assessing compliance with SPS requirements for imports from Vietnam based on EU's general SPS conditions. The SPS Committee will be established including representatives of the EU and Vietnam.

Regarding to establishment of SPS-Compliant Exporter Lists: The EVFTA allows both parties to establish lists of agricultural and food exporters that meet SPS requirements. Vietnamese businesses included in this list can export goods to the EU without undergoing business inspections. However, if the EU's agency discovers non-compliance during regular inspections related to cultivation, processing, packaging, etc., the business may be removed from the list.

Regarding to verification and inspection: EU has the right to conduct working visits in Vietnam to verify all or part of Vietnam's control system. These visits adhere to relevant international standards, guidelines, and recommendations from Codex, OIE, and IPPC. Vietnam is required to provide information about its control system and the results of inspections conducted within that system. Advance notification of these visits to the exporting party (Vietnam) is necessary, with a minimum notice period of 60 days. After completing the verification, the importing party (EU) must submit a draft verification report to the exporting party within 45 working days. The exporting party then has 30 working days to provide feedback on the draft report.

Regarding to equivalence recognition: the EVFTA recognizes the application of equivalence principles as stated in Article 4 of the WTO SPS Agreement. Equivalence can be granted for specific SPS measures or measures related to certain products or product groups, or it can apply to the entire system. To facilitate equivalence determination, the EU will provide explanations upon request regarding the purpose of any SPS measure for Vietnamese exporters.

IV. THE SITUATION OF EXPORTING VIETNAMESE AGRICULTURAL PRODUCTS TO THE EU AND THE COMPLIANCE WITH SPS REGULATIONS OF VIETNAMESE AGRICULTURAL PRODUCTS

The European Union (EU) is a political and economic union of 27 member states, including: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. The EU is the world's leading economy, with a population of nearly 500 million people, GDP in 2022 accounting for about 30% of the world and average income per capita reaching over 37.4 thousand USD (Worldbank, 2024).

The EU is a large, potential market for agricultural exports products. In 2023, the European Union (EU) achieved a record surplus in its agri-food trade. EU exports of agri-food products reached €228.6 billion, while imports stood at €158.6 billion. This resulted in a total surplus of €70.1 billion, which is 22% higher than in 2022. The positive balance was primarily due to sustained high prices for EU export products and declining world prices for imported goods (European Commission, 2023). Brazil remained the largest source of origin for EU imports (11% of total imports).

The EU is the third biggest agricultural export market for Vietnam, with an annual turnover of around USD 5.5 billion, or 15 percent of the overall export value of agricultural goods (Hoang Giang, 2022). Vietnam's key agricultural products exported to the EU include seafood, rice, and vegetables. These products benefit from preferential tax rates under the EU-Vietnam Free Trade Agreement, enhancing their brands and value on the EU market. Besides, EVFTA will help increase Vietnam's participation in the global value chain (Worldbank, 2020).

In the period 2018-2022, Vietnam has positive results in exporting agricultural products to the EU. According to data from the Europa, in 2018 Vietnam exported 2.217 billion euros of agricultural products to the EU, this number in 2022 will be 3.46 billion, recording a growth rate of 55.7%. The main export items are HS 09 (Coffee, tea, paraguayan tea and spices), HS08 (Edible fruits and nuts; citrus fruit peels or melons).

Table 4. Value of EU agricultural products imported from Vietnam in the period 2018-2022.

| | | Imports | | | | | | |
|----|--------------|-------------|------|------|------|------|------------------------|------------------|
| | | Value Mio € | | | | | % | |
| | | 2018 | 2019 | 2020 | 2021 | 2022 | Share in all Agri 2022 | Change 2021-2022 |
| | Agri-food | 2217 | 2134 | 2168 | 2222 | 3460 | 100.0 | 55.7 |
| 01 | Live Animals | 7 | 8 | 10 | 12 | 26 | 0.8 | 116.7 |

| | | Imports | | | | | | |
|----|---|-------------|------|------|------|------|------------------------|------------------|
| | | Value Mio € | | | | | % | |
| | | 2018 | 2019 | 2020 | 2021 | 2022 | Share in all Agri 2022 | Change 2021-2022 |
| 02 | Meat and edible meat offal | 5 | 9 | 6 | 4 | 12 | 0.3 | 200.0 |
| 04 | Dairy produce | 1 | 1 | 1 | 2 | 13 | 0.4 | 550.0 |
| 05 | Products of animal origin | 0 | 0 | 0 | 0 | 1 | 0.0 | |
| 06 | Live trees and other plants | 5 | 6 | 7 | 8 | 10 | 0.3 | 25.0 |
| 07 | Edible vegetables, roots & tubers | 10 | 12 | 13 | 14 | 15 | 0.4 | 7.1 |
| 08 | Edible fruits & nuts | 689 | 692 | 748 | 789 | 838 | 24.2 | 6.2 |
| 09 | Coffee, tea, mate & spices | 1267 | 1114 | 1053 | 1023 | 1753 | 50.7 | 71.4 |
| 10 | Cereals | 13 | 27 | 38 | 44 | 87 | 2.5 | 97.7 |
| 11 | Products of the milling industry | 6 | 7 | 6 | 9 | 12 | 0.3 | 33.3 |
| 12 | Oil seeds & oleaginous fruits | 10 | 12 | 12 | 11 | 14 | 0.4 | 27.3 |
| 13 | Lacs, gums, resins & other veg. saps | 4 | 7 | 3 | 22 | 95 | 2.7 | 331.8 |
| 14 | Vegetable products n.e.s. | 1 | 1 | 1 | 1 | 2 | 0.1 | 100.0 |
| 15 | Animals or vegetable fats & oils | 12 | 19 | 10 | 9 | 102 | 2.9 | 1033.3 |
| 16 | Preparations of meat | 0 | | | 0 | 0 | 0.0 | |
| 17 | Sugars & sugar confectionery | 3 | 4 | 2 | 3 | 5 | 0.1 | 66.7 |
| 18 | Cocoa & cocoa preparations | 4 | 5 | 4 | 6 | 11 | 0.3 | 83.3 |
| 19 | Preps. of cereals, flour, starch, etc. | 60 | 70 | 82 | 86 | 165 | 4.8 | 91.9 |
| 20 | Preps. of vegetables, fruits, nuts & plants | 35 | 48 | 57 | 59 | 109 | 3.2 | 84.7 |
| 21 | Miscellaneous edible preparations | 52 | 54 | 72 | 84 | 121 | 3.5 | 44.0 |
| 22 | Beverages, spirits & vinegar | 7 | 8 | 9 | 8 | 14 | 0.4 | 75.0 |
| 23 | Residues and waste from food industry | 9 | 11 | 8 | 10 | 13 | 0.4 | 30.0 |
| 24 | Tobacco & tobacco products | 0 | 0 | 0 | 1 | 1 | 0.0 | 0.0 |
| | Other WTO products outside chapters 1-24 | 14 | 18 | 26 | 16 | 41 | 1.2 | 156.3 |

Source: <https://agriculture.ec.europa.eu>

According to statistics from the European Commission's Rasff window, the EU has issued 253 SPS warnings for Vietnamese agricultural products in the period 2020 to 2022. Among these products, vegetables and fruits and fish products received the highest number of warnings, with 51 cases and 52 cases. Cereals and bakery products followed closely with 20 warnings, and crustaceans and their products received 18 warnings.

Table 5. Number of EU SPS warnings for Vietnamese agricultural products in the period 2020-2022.

| Category | Notification |
|-------------------------------------|--------------|
| Bivalve mollusks and their products | 4 |

| Category | Notification |
|--|--------------|
| Cephalopods and their products | 5 |
| Cereals and bakery products | 20 |
| Cocoa and cocoa preparations, coffee and tea | 4 |
| Confectionery | 6 |
| Crustaceans and their products | 18 |
| Dietetic foods, food supplements fortified foods | 2 |
| Fish and fish products | 52 |
| Food additives and flavorings | 1 |
| Food contact materials | 1 |
| Fruits and vegetables | 51 |
| Herbs and spices | 28 |
| Meat and meat products (Other than poultry) | 10 |
| Non-alcoholic beverages | 5 |
| Nuts, nut products and seeds | 6 |
| Other food product/mixed | 17 |
| Prepared dishes and snacks | 17 |
| Soups, broths, sauces and condiments | 6 |
| Total notifications | 253 |

Source: Rasff window, European Commission.

Vietnam has taken actions to enhance its ability to adapt to EU regulations on SPS measures. The Vietnam SPS notification authority and enquiry point has issued early warnings to agricultural products that are at risk of violating SPS regulations, so that export enterprises can adjust their business activities. For example, in October 2021, the SPS office compiled and reported on 04 EU notifications on Vietnam's exported food products due to violations of food safety regulations (Vietnam SPS office, 2021). Besides, many Vietnamese businesses have proactively studied the EU SPS regulations related to their products. As a result, they have made investments and adjustments in production, processing, and product preservation to meet market requirements. This strategic approach minimizes time and costs, facilitates favorable market entry for their products, and enhances the reputation and credibility of these businesses.

V. RECOMMENDATIONS

To adapt to the EU's SPS measures for agricultural products, Vietnamese businesses and state management agencies should take the following steps.

Firstly, enhancing linkages in agricultural production chains for SPS compliance: Strengthen linkages with various components within the production chain to ensure epidemiological safety for exported agricultural products. Policies should encourage collaboration between seed producers, fertilizer and pesticide

manufacturers, growers, buyers, processors, and exporters. This coordination ensures product quality from input to output.

Secondly, leveraging EU technical support: Article 6.15 of the EVFTA stipulates that the EU will provide technical support tailored to Vietnam's specific SPS compliance needs. Additionally, the EU will consider Vietnam's special requirements to maintain export opportunities while ensuring EU protection levels. Despite the EU's stringent TBT and SPS regulations, receiving EU technical assistance enables Vietnamese products to meet EU import requirements.

Thirdly, promoting negotiations on mutual recognition commitments between Vietnam and the EU these commitments allow businesses to save costs and streamline procedures when assessing product compliance for exports. Instead of sending samples to the EU, businesses can submit them to EU-recognized laboratories within Vietnam.

Fourthly, engaging with EU Drafts on SPS measures: Business should actively participate in providing feedback on EU drafts related to SPS measures. Businesses have the right to contribute opinions on SPS requirement, and assessment procedures. Regularly monitoring and staying updated on SPS policies announced by EU member countries through the ePing alert system (by WTO and the Vietnam SPS Office).

VI. CONCLUSION

The research findings have highlighted that the EU applies a diverse range of SPS measures to imported goods, consistently ranking among the countries with the highest number of SPS measures worldwide. Although Vietnamese agricultural exports to the EU have experienced growth, especially since the implementation of the EVFTA, SPS measures remain a significant obstacle for agricultural exports. Both Vietnamese businesses and the government need to implement various measures to ensure that agricultural exports effectively comply with SPS regulations, thereby promoting exports to the EU market.

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