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PROSPECT TO PROMOTE VIETNAMESE TRADE OF WOOD AND TIMBER GOODS TO EURASIAN ECONOMIC UNION (EAEU) UNDER THE VIETNAM — EAEU FTA IMPLEMENTATION

The EAEU is a large market of 175 million people and a natural area of 20 million square kilometers. This market is a newly open market with relatively stable GDP growth. It is also a major source of providing wood as well as consuming timber products with the total import-export turnover in 2016 of nearly \$14 billion USD.

Since 2016, the FTA between Vietnam and the EAEU has officially come into effect, bringing great opportunities for promoting trade between Vietnam and this region. Among the commodities pledged to reduce the tariffs, timber and timber products, whose Vietnam ranks at 6th worldwide and at 2nd in Asia in terms of exporting, still have low level of penetration in the EAEU market. The export turnover to the EAEU accounts for a small proportion; the largest is the Russian Federation with only about 0.1–0.2 % of total wood export turnover of Vietnam. The wood export turnover of Vietnam to Belarus in the period of 2011–2015 accounted for a small amount, at only \$520.6 thousands in 2011, and decreased gradually over the years. Kazakhstan ranks third in the EAEU members importing wooden products from Vietnam, yet the importing value is low, only \$130.269 thousands in 2014 and \$91 thousands in 2015. The export turnover of wood to Armenia and Kyrgyzstan is almost negligible. Most of the timber and timber products from Vietnam to the EAEU are mainly the interior products. Wooden furniture used in the bedroom accounts for 9 % of the total export turnover, while other wooden furniture accounts for 51 % of total export value.

Vietnam's export of timber to the EAEU is relatively low due to several reasons, which include: (i) Although Vietnam and the EAEU members were traditional trading partners in the Soviet Union, since a period of stagnation, each party lacks trading information about each other's market; (ii) The long geographic distance between Vietnam and the EAEU raised the transportation cost and the production cost accordingly; (iii) The issue of payment options and currency is not favorable; (iv) The technical barriers of the EAEU impede the penetration of Vietnamese timber products.

Vietnamese wood export, though to over 120 countries worldwide are concentrated in several major markets such as the US, the EU, Japan and China. However, according to the forecasts, in 2017, these major markets' economic growth rate will slow down, leading to the decline in Vietnam's export turnover, motivating Vietnam to seek and develop the new export markets, including the EAEU.

The EAEU market has the population of 176 million people and the GDP of more than \$4 trillion. Vietnam is advantageous because of the longstanding relationship with the EAEU members, so it'll be easier for comprehending and find the common voice. Also, a large number of Vietnamese livings in these countries may develop the cooperation.

The signing of an FTA between Vietnam and the EAEU establishes the great prospects for Vietnamese timber exporting companies to boost the wooden furniture exports, with the tariff reduction to 0 % for timber products and the loose requirements in comparison with the regulation of EU or the US.

Furthermore, Vietnam's wooden products rely heavily on imported raw woods. This FTA will give the opportunity for businesses to reduce their material cost through favorable tax rates, so Vietnam can import a wide range of raw woods at a favorable price from the countries in the EAEU themselves.

The implementation of Vietnam — the EAEU FTA will give Vietnamese wood exporting company the advantages of the first mover as this FTA is the first liberal trade agreement signed with the nation outside the bloc. Therefore, Vietnam can receive more preferential when competing with international companies with the same products.

Nevertheless, under the agreement, the EAEU may apply a threshold-based measure of protection against certain imports of Vietnamese origin into the territory if the amount of imports exceeds the specific corresponding threshold. These regulations may become the obstacles for Vietnam in expanding into the EATU market.