

Industry Focus

Vietnam's agreement with the EU is expected to open up the market for industrial products, such as fasteners. The EU is Vietnam's second-largest export market after the United States. In 2018, Vietnam exported more than US\$350 million worth of fasteners to the EU, while the import value from the EU reached US\$10 million, official data shows. The Vietnamese government said that EVFTA would boost EU's export to Vietnam by 15.28% and those from Vietnam to the EU by 20.0% by 2020.

Based on this prediction, in 2020 the value of exported fasteners from Vietnam to the EU will be about US\$410 million and the value of imported fasteners from the EU to Vietnam will be US\$11.53 million. However, the opportunities created from the open trade system do not just sum up the improvements in trade numbers. Below are opportunities created from the open trade system for fastener business in Vietnam:

- 1. Competition:** Without the tariff protection, it could keep small import-competing enterprises competitive in an open trade system.
- 2. Price Advantage:** Tariff is a protection law for local producers. Statistics show that in the fastener category Vietnam is an independent country and "its import to export ratio is 35%", and therefore, this agreement helps Vietnamese suppliers export their fasteners at prices cheaper than those of other countries. It is also a big chance to conquer the EU market.



Opportunities for Vietnamese Fastener Suppliers After the Signing of EU-Vietnam Free Trade Agreement

by Sharareh Shahidi Hamedani

- 3. Building the Brand Clout:** The free trade agreement makes Vietnamese fastener providers stand out as the leading authority in their fastener production expertise. Their consumers will admire them for their leadership and naturally choose them over other vendors.
- 4. Increasing Awareness of Vietnamese Companies:** The open market increases the fastener trade between Vietnam and the EU. It affects directly the awareness of Vietnamese producers, as European rivals will force Vietnamese fastener providers to assess their strengths and weaknesses. Vietnamese suppliers have to create a more unique value proposition to their customers, understand their shortcomings and find ways to overcome them. In a simple word, the fastener producers in Vietnam have got a chance to improve their awareness and it will help them enter the other markets easily.
- 5. Encouraging Differentiation:** European fastener producers will consistently try to offer better customer service, product quality and marketing. In healthy markets, buyers will demand the best solutions for their specific needs. Differentiate Vietnamese offerings with the goal of creating tremendous value for their users.

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6. **Exploiting Industry Trends:** Communicating with EU fastener producers signals strong consumer demand. It provides validation for what Vietnam is doing. In new markets, this is an opportunity to promote an emerging trend that will get buyers.
7. **Forming Unexpected Partnerships:** It is predictable that European fastener producers will sign joint venture agreements with Vietnamese fastener providers for modifying their prices, which helps create alliances with EU partners, expand the overall market, cross promote each other's products, and collaborate on novel research to educate consumers. On the other hand, European technology can be exported to Vietnam, and then, they will be able to produce high-tech fasteners.
8. **Mutual Learning:** The knowledge and resources EU fastener producers have may be better than and different from those of Vietnamese producers. Vietnamese suppliers can actively learn from how the EU providers manage and grow their operations. Soon, Vietnamese suppliers will discover ways to apply those lessons learned to their business.
9. **Development of Business Performance:** Based on the fastener business type in the East of Asia and Vietnam as well, factories produce their products under the name of traders' companies. The open market improves the chance of communication between fastener people in Europe and Vietnam and it can increase the motivation of operators and their business culture and improve their performance.
10. **Planning Long-term:** Most fastener firms get lost in the day-to-day exercise of maintaining their business. As other companies join the market, Vietnamese will need to start challenging themselves to accomplish more. EU fastener providers make this situation for Vietnamese.
11. **Prioritizing Customer Needs:** Vietnamese suppliers will focus their energy on outdoing the competition and invest in becoming a customer-centric organization. This way, they will boost buyers' loyalty and easily defend against aggressive suppliers or vendors intending to steal their clients.
12. **More Jobs:** When investors would like to invest in the fastener sector, it means the unemployment rate in the country will decrease, production knowledge will be improved, better trained operators will be introduced and technology will be improved.
13. **Better Salaries:** When EU fastener producers enter the Vietnamese market with a joint venture agreements, they will modify the payment system in this sector.
14. **Better Brand:** At the end of this relationship Vietnamese suppliers can learn to make their trustable global brands in the fastener sector and it means more wealth for the Vietnamese society.

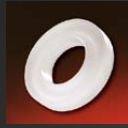
Last Words

Although the free trade agreement between the EU and Vietnam is a big challenge for Vietnamese producers, it will make a new strong fastener player in the world if Vietnamese fastener producers can successfully handle this big challenge.


References:

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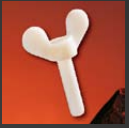
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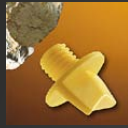
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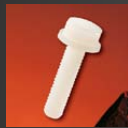
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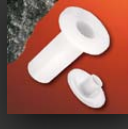
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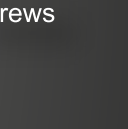
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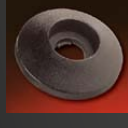
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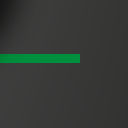
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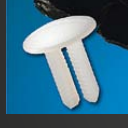
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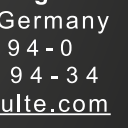
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