

VIETRADE - Prospects for exporting furniture to the EU this year are good. That is the judgment that experts give out at the seminar “Improvement of furniture and handicrafts exports to the EU market” co-organized by the Vietnam Trade Promotion Agency (VIETRADE) and Handicraft and Wood Industry Association of Hochiminh City (HAWA) on June 13^t
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, 2017 in Hochiminh City.

After the EU-Vietnam Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA-FLEGT) comes into force, Vietnamese companies will have more opportunities to export wooden products to Europe and other markets. This is a voluntary trade agreement between the EU and countries to promote trade of legal timber and to ensure that only legally harvested timber is imported into the EU. Vietnam and the EU has concluded negotiations on this agreements last month. With this agreement, Vietnamese wooden products will be more competitive other than those imported from countries without the agreement.

According to Ms. Jana Herceg, the deputy head of the Trade and Economic Section of the Delegation of the European Union to Vietnam, Vietnam is the second country in ASEAN area, after Indonesia, to sign the agreement with the EU. Therefore, this would boost the export of furniture and handicrafts of Vietnam to EU.

In order to access EU market, Vietnamese companies need to focus on the quality of their products. Besides, nowadays, European consumers tend to care of labor conditions and corporate social responsibility (CSR) standards. Once Vietnamese companies understand consumers’ demands and meet these requirements, they will have more opportunity to enter this market. After that, they can think of building a good marketing plan and a good branding strategy.

Besides, the European – Vietnam Free Trade Agreement (EVFTA) is going to come into force in 2018. Under this agreement, almost all handicraft and furniture exports to EU will enjoy the import tax rate at 0%. This rate is applied to processed wooden products (previously at 3%), rattan and bamboo furniture (previously at 5.6%), plywood (previously at 4%), wooden decorations (previously at 3%).

According to HAWA, the EU is currently one of the biggest importing countries of Vietnam's wooden and handicraft products. In 2016, the export value of Vietnam's wood and wooden products to EU was 741.8 million USD. The EU is the fourth biggest importer after the US, Japan and China. EU is also a big importing country of Vietnam's handicraft products, in which, the export value of bamboo and rattan products was 95.18 million USD (the biggest share), accounting for 35% of the total export value. The export turnover of pottery and ceramic products to the market has increased by 4% to 70.7 million USD.

However, Vietnamese companies will also face to many challenges in the near future. Commitments on the origin will raise the costs to export legal wooden products to the EU due to the difficulty in tracking the origin of wooden products in Vietnam. The ratio of forests certified by FSC is very limited at 2 to 3%. Besides, the requirements on food safety and animal and plant quarantine would bring more challenges for Vietnamese companies. Therefore, Vietnamese companies should study the requirements of this market, well control the materials sources and manage the production process to take advantages of these agreements.