Barriers of Commercial Techniques in the EU Market of Vietnam Leather and Footwear Industry

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Abstract:
The paper has conducted an overview of the theoretical basis of barriers in international trade, technical barriers trade, technical barriers in international trade. From there an overview of the standards of technical barriers to trade in the EU market of Vietnam's leather and footwear industry. Finally, the author conducted an assessment of the footwear industry's ability to meet the technical barriers in the EU market of the Vietnamese leather and footwear industry.

Keywords*: barriers in international trade, technical barriers trade, technical barriers in international trade*

1. Introduction

The Vietnamese leather and footwear industry has a long history of development and is one of the industries with export advantages, contributing significantly to the country's economy. From production to domestic consumption, in 1992, the leather and footwear industry began to export US $ 5 million, by 2015, contributing 7% to the country's GDP. Up to now, Vietnam's leather and footwear export industry is one of the main export sectors of Vietnam. Exports of footwear accounted for 10.2% of Vietnam's total exports in 2016 (second only to exports of phones, textiles and computers, electronic products and components.)

Leather and footwear is one of the most important export items of Vietnam and one of the major driving forces for the country's export. According to the General Statistics Office, in 2015, footwear exports brought export value of up to 12 billion USD, contributing approximately 7% of the country's GDP.

One of the major export markets for Vietnamese footwear is the EU. The annual export turnover of Vietnamese leather and footwear to the EU is approximately US $ 5 billion and accounts for more than 30% of the total Vietnamese leather and footwear export turnover in the 2009-2015 period.

In the context of the Vietnam - EU free trade agreement (EVFTA) officially signed on December 2, 2015, the trade - investment relationship between Vietnam and the EU opened a "new era. ". Goods exported to the EU market, including leather and footwear products, will be subject to the 0% tax reduction roadmap until 2018. This has opened up a great opportunity for Vietnamese footwear exporters. . However, to take advantage of that opportunity, Vietnamese businesses need to meet technical barriers to trade (Technical Bariers to Trade - TBT) applied to imported leather and footwear products. outside the region into the EU market.

Technical barriers to TBT trade are one of the forms of non-tariff barriers introduced by importing countries or regions to restrict the import of poor quality products. The EU market is considered to be one of the most demanding markets and applies a lot of technical barriers in trade to imported products. Up to now, many Vietnamese leather and footwear exporting enterprises have not paid much attention to TBT, even though they have not known or surrendered to TBT unconditionally. However, in the future, in order to take advantage of the Vietnam-EU Free Trade Agreement as well as to maintain market share and continue to expand exports to the EU market, businesses need to respond better. technical barriers to trade for EU footwear products.

2. Literature review

2.1. Barriers in international trade

The term "trade barrier" is understood as any measure or action taken by the government to control international flows of goods and services. Barriers in international trade are often expressed in trade policies and management policies or mechanisms within a country's total legal system.

According to the World Trade Organization (WTO) approach, countries are now using a lot of barriers to foreign trade but generally have two large groups: Tariff barriers.) and non-tariff barriers.

Tariff barriers are understood as taxes imposed on goods when such goods are transported from one customs territory to another. Meanwhile, non-tariff barriers are other policies, not tariffs, that are used by governments to reduce imports or increase exports.

Tariff barriers, though occurring earlier than non-tariff barriers, are more commonly used and are an important form of trade restriction. However, with the current trend of free trade, bilateral, multilateral and regional free trade agreements are signed more and more, tariff barriers are gradually being removed by countries, replaced by non-tariff barriers, one of the more sophisticated protection tools.

Non-tariff barriers are commonly applied in countries around the world such as: import and export ban, quota, import permit, origin of goods, customs procedures and regulations, regulations on environment, intellectual property, technical barriers to trade ... Among them, technical barriers to trade are one of the most popular non-tariff barriers in the world, especially countries. develope.

2.2. Technical barriers in international trade

The term "Technical Barriers to Trade" is translated from the term "Technical Barrier to Trade". There are many different definitions of technical barriers to TBT trade. The term "Barriers to Trade" is mentioned in the "World Trade Organization Agreement on Technical Barriers to Trade". However, this term in the Agreement on Technical Barriers to Trade is not yet clearly defined but is only recognized as an agreement: “Recognizing the important contribution of international standards and the The conformity assessment system can bring about this through improving production efficiency and promoting international trade ... No country can be prevented from taking the necessary measures. to ensure the quality of its exported goods or to protect the lives or health of people, animals and plants, protect the environment or prevent fraudulent activities, to the extent that water are appropriate and ensure that these measures are not carried out on fish They may cause arbitrary or unjustifiable discrimination between countries, under identical conditions or create disguised restrictions on international trade, or in other words, must comply with the provisions of this agreement ”. While there is no precise definition of technical barriers to trade, the WTO TBT Agreement provides a definition of technical standards, technical regulations and conformity assessment procedures.

According to the WTO Agreement on Technical Barriers to Trade in Article 1, Appendix 1, “Technical regulation is a document that regulates product characteristics or processes related to products. products and production methods, including appropriate administrative provisions, for which compliance is required. It may also include or be associated with terminology, symbols, packaging, labeling or labeling applied to a given product, process or manufacturing method. ”

According to Article 2, Annex 1 of the TBT Agreement, "Standard" is a document issued by an accredited body for widespread and long-term use, specifying rules, guidelines or regulations. characteristics of the product or related production processes and methods, compliance with them is not mandatory. This document may also include or be associated with terminology, symbols, packaging, labeling or labeling applied to a given product, process or manufacturing method. ”

According to Article 3 Annex 1 also of the TBT Agreement, “Conformity assessment procedures are any procedures used directly or indirectly to determine the relevant requirements in regulations. technical standards, standards have been satisfied or not. "

Thus, according to the definition of the agreement, "technical regulations" are interpreted as mandatory requirements, while "standards" are voluntary requirements. And the "conformity assessment procedure" is used to evaluate whether requirements related to technical regulations and technical standards have been met.

The Organization for Economic Co-operation and Development (OECD) in 1997 also defined the technical barriers to trade, which are "social regulations". Accordingly, "social regulations are those made by a state to achieve the goals of health, safety, quality and environmental protection; Based on the technical barriers to trade, these goals can be realized through a country preventing goods of poor quality from being imported into that country. "

According to the European Commission EC definition, the term "technical barriers to trade" relates to mandatory standards and voluntary standards that regulate specific product characteristics such as size., shape, design, label, packaging, features or performance ...

From the above assumptions and definitions, we can simply understand that technical barriers in trade are a form of non-tariff barriers built by importing countries through the introduction of regulations. specifications and standards. Goods that do not meet the above standards will not be allowed to import into the territory of the importing country.

Technical barriers to trade are, in principle, necessary and reasonable in order to protect important benefits for human health, the environment, and security. Therefore, each WTO member country establishes and maintain a system of technical measures specific to its goods and imported goods. However, in reality, technical measures may be potential barriers to international trade because they can be used by importing countries to protect domestic production, making it difficult for the entry of foreign goods into the importing market. Therefore, they are called "technical barriers to trade".

3. EU technical barriers to footwear products

Technical barriers in the EU are relatively large and vary slightly between countries in the European Union. However, we only consider the most popular and most applicable standards and technical standards for footwear products and have a direct impact on the ability to export footwear products to the EU market. .

3.1. Product Safety Directive (GPSD)

The EU 2001/95 / EC General Product Safety Directive (GPSD) is a mandatory and general technical regulation introduced by the EC to ensure that only safe products are marketed. . In particular, the Product Safety Directive defines products to be marketed as those for sale on the market, or otherwise provided or made for consumption, directed to consumers or possibly shall be used by consumers under predictable conditions, even if not intended for use by consumers (EC Directive 2001/59 / EC page 1 paragraph 6).

The Product Safety Directive applies in the absence of EU law, national standards, Commission recommendations or codes of practice regarding product safety. It also complements the specialized law. The specific regulations of GPSD apply to the safety of toys, electronics and electronics, cosmetics, chemicals and other specific product groups, including footwear.

The Product Safety Directive establishes obligations for both enterprises and the authorities of the Member States. Businesses only sell safe products on the market and must notify consumers of any risks associated with the products they provide. They must also ensure that any dangerous products on the market can be traced so they can be removed to avoid consumer risk.

Member states are responsible for overseeing the market. They check if products available on the market are safe, ensure product safety laws and rules applied by manufacturers and business chains, and apply sanctions. necessary.

Member States must also send information on dangerous products found on the market to the Rapid Alert System for non-food dangerous products (RAPEX).). This is a collaborative tool that enables rapid

communication between the EU and the European Economic Area (EC) agencies about dangerous products so that they can be monitored anywhere in the European market. Third countries such as China and international organizations also participate in this monitoring system.

EC emergency measures are applied when the EC recognizes that a product poses a serious threat to the user and needs to be recovered from the consumer and recalled in the market. Emergency measures have been taken, for example, for products containing Dimethylfumarate (DMF).

Risk assessment is a fundamental part of ensuring that product users are not injured and they do not suffer any financial loss or reputation. Risk assessment is legally required on all products consumed in the EU market, including leather and footwear products.

A product is assessed by GPSD through the following criteria:

• The intended use of the product

• Information available to users

• The target user of the product (for example, elderly or very young)

• The product must remain safe throughout its lifecycle, which does not mean that the product is completely faulty, but if the product is defective, it does not pose additional risks to the product. user. For footwear products, safety flaws can include the wear of leather uppers and sole. In contrast, for example, there are unsafe errors such as the degree of adhesive uncertainty in shoes or the heels of high heels.

• Product needs to ensure traceability by batch or batch production. Manufacturers and distributors can trace and recall products in case the product is judged to be unsafe, high risk to users.

The Product Safety Directive also establishes liability requirements for product manufacturers and distributors. Manufacturer is the manufacturer (if in the EU) or the importer, the owner of the brand, the repairer or refresher of the product or anyone who changes the product (repairing at the request of the customer). Distributor is any person in the supply chain that does not affect the safety of products, such as retailers, wholesalers ... The obligations of manufacturers and distributors under the Safety Directive Products as follows:

For manufacturers

• Only sell safe products to the market

• Provide information and warnings where appropriate

• The product's labels are identifiable (shipment mark, sample / product reference ...)

• Verify properly (assess risk)

• Conduct an investigation of safety complaints, keep in touch with the notified distributor, notify and cooperate with the competent authority.

For distributors

• Not intentionally providing unsafe products

• Keep documents to track unsafe products

• Transfer information about product risks to consumers

• Send information about safety complaints to producers

• Train employees so they can identify the importance of product safety complaints

• Notification and cooperation with the authorities

This directive applies to all products marketed including footwear products.

3.2. Chemical Registration, Evaluation and License (REACH)

The Chemical Registration, Evaluation and Licensing Standard is translated from the English phrase "Registration, Evaluation, Authorization and restriction of Chemicals", abbreviated to REACH, which is the Regulation (EC) 1907/2006 (Regulation 1907/2006) issued on December 18, 2006 and fully in effect on June 1, 2007. The Chemical Registration, Evaluation and Licensing Standard is a European Union regulation, adopted to improve improve the protection of human health and the environment from the risks posed by chemicals, while enhancing the competitiveness of the EU chemical industry. It also encourages alternative methods for assessing hazards of substances to reduce the number of animal tests. The Chemical Registration, Evaluation and Licensing Regulation regulates the use and production of chemicals in the EU through a rigorous evaluation process for all chemicals.

In principle, the Chemical Registration, Evaluation and Licensing Regulation applies to all chemicals; Not only the products used in industrial processes but also in our daily lives, for example in cleaning products, paints and products such as clothing, furniture and electrical appliances. use. To comply with REACH regulations, companies must follow the following procedure. First of all, companies must identify and manage the risks associated with the substances they produce and distribute in the EU. They must demonstrate to the European Chemicals Agency (ECHA) how to use it safely and they must put in place risk management measures for users. Each year, companies are responsible for collecting information about the substances they use in production or import in quantities of more than 1 ton per year. From there, they assessed hidden money risks for these substances. ECHA and EU member states evaluate information submitted by companies to check the quality of registration documents and test proposals. From there ECHA and its member states evaluate whether the submitted substance is dangerous to human health or the environment. If a substance is rated as a concern, it will be required to be replaced with suitable alternatives. Substances of concern are called Substances of Very High Concern (SVHCs). These substances are updated annually by ECHA on the ECHA website. Currently, the number of substances in the list of SVHCs has reached 155 substances. If the risks to the environment and human health from the chemicals submitted by the company are deemed unacceptable by ECHA, ECHA will apply the limited measures. The restriction may be a restriction to a certain extent in the product or a total ban on the substance that may be used and marketed (the restricted substances are listed in Annex XVII of REACH).

Restricted Substances Lists (also known as Restricted Substances Lists) are also known as RSLs containing the name of the substance, the applicable law, the reason for the list, the testing method, the limit, the material applied and the list Laboratory accepted. RSLs are provided to suppliers, laboratories and will be reviewed and updated annually.

There is a note about RSLs. That's for large businesses, they often use RSLs as a branding method on the market and use RSLs as a way to reflect product information that matches the company's values. That is why there are many cases where restricted brands of large brands are more stringent than the legal requirements of the Chemical Registration, Evaluation and Licensing Regulation.

Another note about the Chemical Registration, Evaluation and Licensing Standard is the "Chemical Safety Evaluation Report". The chemical safety reporting system is part of the REACH registration process. When submitting a REACH registration dossier, ECHA is required to submit the accompanying "Chemical Safety Report". This system requires an assessment of the specific characteristics and exposure of chemicals, which are indispensable documents in the REACH registration. A chemical safety assessment is performed to demonstrate that the risks of exposure to a substance during production and use are controlled when specific operating conditions and management measures are applied. risk. The conditions of use of this substance constitute an exposure scenario, which is an essential component of the chemical safety report. For example, features related to wastewater, measures should be taken to reduce emissions to the environment when levels that may cause environmental pollution exceed harmless levels.

The EU has no specific legislation regarding leather and leather. However, tanning products may be governed by general regulations on consumer health protection, environmental protection, including regulations on trading and use of hazardous substances / chemicals. Harm and regulations on products made from animals when imported into the EU. The most important of which is the Standards Registration, evaluation and licensing chemicals. Although REACH is primarily aimed at the chemical industry, it has significant implications for importers and producers of goods (including footwear).

Regarding mandatory and recommended restrictions (RSLs), leather and footwear products should pay attention to the mandatory restrictions and recommendations as follows:

- Natural textiles: Compulsory restricted substances include: Azo dyes, PCP. The recommended restricted substances include formaldehyde and heavy metals

- Synthetic textiles: compulsory restricted substances include Azo dyes, Organotins. Recommended restricted substances include formaldehyde, heavy metals and disperse dyes.

- Leather: Required restriction substances include: Azo dyes, PCP, Organotins, Hexavalent Chromium. The recommended restricted substances include formaldehyde and heavy metals.

However to test all substances in all materials is very difficult in commerce. Therefore, the inspection process is usually categorized as a series of similar products and suppliers of similar products. The most popular products will be tested first. From there the tester will determine which material is used in different products and cross reference.

The ECHA-compliant chemical safety reporting system, mentioned above, specifically impacts tannery. For some of the additives used in leather processing, the Chemical Safety Assessment Report requires a specific description of substances that are likely to cause pollution, including harmful effects on human health in the area. work (also known as "occupational safety factors") and certain mixtures that are expected to remain in or on finished leather products that are potentially harmful when used by consumers. use. Therefore, the description of specific characteristics and risks of harm of the relevant components must be part of the chemical safety assessment report, together with other contents describing adverse health effects. human (also called "consumer protection factors").

The REACH Regulation also applies to leather and leather products related to: nickel in metal accessories for footwear and trimmings; Azo dyes in leather products; cadmium (also called carcinogen), in some leather goods and leather accessories.

3.3. Regulation of biocidal products (BPR)

The Biocidal Products Regulation (BPR) (EU 528/2012) is an EU technical regulation regulating the introduction and use of biocidal products used to protect people and animals. material, material or item that fights harmful organisms such as pests or bacteria with active substances contained in a bactericidal product. This regulation aims to improve the operation of the market for biocidal products in the EU, while ensuring a high level of protection for humans and the environment.

The regulations on bactericidal products were adopted on May 22, 2012 and applied from September 1, 2013, replacing the 98/8 / EC Directive of Disinfectant Products.

Regarding the disinfectant product licensing process, Companies first need to apply for approval of an active substance (bactericide in the product) by submitting an application to ECHA. The active substances are first assessed by the national competent authority and the results of these assessments are forwarded to the ECHA's Biocidal Products Commission. The approval of an active substance is granted for a certain number of years, not exceeding 10 years, and is subject to re-licensing. After ECHA has approved an active substance, companies wishing to provide bactericidal products containing the active substance on the market must apply for product licensing at the national or Union level. In addition, companies may require ECHA to establish

technical similarities or chemical similarities of active substances (similar activities). This will save time and cost for licensing germicidal products to companies.

If the ECHA decides not to approve the bactericidal active substances submitted in the company's profile, after 180 days from the disapproval decision, the product containing the biocidal activity will be completely removed from market.

A product with bactericidal properties (containing bactericidal activity), they need to be labeled under BPR. Information written on labels must be easy to understand and observe for consumers and must contain the following information:

- A description of the treated product closely related to the bactericidal product;

- The place of verification, the bactericidal property of the treated product;

- Name of the active substances contained in the bactericidal product;

- Name of the nanomaterials contained in the bactericidal product, written after the word "nano" in parentheses;

- Relevant instructions for use, including precautions to be taken on products that have been disinfected.

Currently, according to ECHA statistics, there are 22 active ingredient groups that will be evaluated and licensed for bactericide products by ECHA. However, among those 22 active ingredient groups, footwear enterprises will have to pay special attention and apply for licenses of two active ingredient groups: hygiene products for human hygiene and preservatives for food and raw materials. . These are the two active groups used in most footwear products to handle raw materials for the production of footwear products. Therefore, exporting companies need to pay attention to these two groups when exporting to EU market.

3.4. Packing and packaging waste directives

The EC Directive on Packaging and Packaging Waste (94/62 / EC) sets out the requirements for the parts of the packaged product used during transport and sale. odd in the journey of the product. This directive is designed to prevent or reduce the impact of packaging and packaging waste on the environment.

The EU first introduced packaging waste management measures in the early 1980s. Directive 85/339 / EEC sets out the rules for the production, marketing, use and recycling of liquid containers. to use and dispose of used containers.

To address the environmental aspects of packaging and packaging waste, several Member States have begun to introduce their own measures in this area. As a result, a separation of national laws has emerged, a situation that requires harmony at the level of the European Union.

In order to harmonize national measures related to packaging and packaging waste management and to prevent or reduce its impact on the environment, Directive 94/62 / EC has been adopted. The Directive aims to provide a high level of environmental protection and ensure the functioning of the internal market to avoid obstacles to trade and distort intra-regional competition as well as against third countries.

In 2004, the Directive was amended to provide criteria that clarify the definition of the term "packaging" and increase the target of recovery and recycling of packaging waste. In 2005, the Directive was revised to create new transitional periods for member countries to achieve recovery and recycling targets.

The latest revision of the Directive on Packaging and Handling of Packaging took place on April 29, 2015 with the adoption of the European Parliament Directive 2015/2020 and Directive 94/62 / EC of EC revised on the use of "lightweight plastic" transport bags (plastics less than 50 microns thick).

The main provisions of the packaging directives include:

- Minimal: According to the directive, to minimize the consumption of plastic bags, Member States should take measures to significantly reduce the consumption of plastic shopping bags in line with the general goals of the

policy. waste from the Union and the waste classification system as defined in Directive 2008/98 / EC of Parliament and the Council of Europe.

- Do not contain toxic substances: the packaging of the product is not allowed to contain toxic substances, which pose a great risk to the environment and the user.

- Ability to cycle and reuse: the packaging of the product needs to be recyclable and reusable to minimize the amount of waste that will be discharged into the environment in the future. The recycling target covers each different type of material for paper and cardboard at 60%.

- Contains less heavy metals (lead, mercury, cadmium and hexa chromium) (heavy metals are substances that exceed a certain percentage used to produce packaging that will cause bad effects and illnesses for user and cause great harm to the environment).

3.5. Product Leather and Footwear Labeling Directive

Footwear supplied in the European Union must be labeled according to EU Directive 94/11 / EC. This is a mandatory technical regulation that businesses exporting footwear to the EU market must comply. EU Directive 94/11 / EC was issued by the European Parliament and the Council of the European Union in 1994. It provides a common labeling system for key components (materials constituting the main part) of footwear products sold in the EU.

3.6. CE mark and CEN / ISO Standard

CE mark

CE is the abbreviation of the French phrase "Conformité Européene" which means "European Conformity". The original term used was "EC Mark" and it was officially replaced by "CE Marking" in Directive 93/68 / EEC of 1993. "CE Marking" is now used in all accounts. official EU data.

Once the leather and footwear products have met all EU technical regulations, the footwear enterprises will have to send samples of materials and products to reputable laboratories and organizations to be certified. EU safety. This certificate is a CE mark on the product. Products with CE marking mean that they meet the requirements of European standards. When the product review organization complies with the requirements of the CE standard, the manufacturer will be granted a CE certificate, then the manufacturer can attach the CE mark on his product. and that product can circulate into the European market.

In European manufacturers, they can declare themselves CE standard if they confidently check that they have fully complied with the requirements of European standards set forth on the products they produce. However, if this product is not in accordance with the statement, this type of item will be banned from sale permanently on the EU market. At the same time, manufacturers are solely responsible for compensating for the effects of their substandard products.

So usually large companies with their own international-standard labs would dare to declare this themselves, and for small and medium-sized companies, they would usually rely on a competent evaluation organization to help them. Test and evaluate products before they are released to the market. The organization selected for the evaluation will then be responsible if the product they evaluate does not meet the requirements.

Manufacturers outside of Europe and without a representative office in Europe will not be allowed to declare themselves CE, but must be verified by a third party, called the assessment organization has authorization. These organizations will independently evaluate products and technical records according to European directives and standards and issue product certificates, if required. It is important to note that the certification body must have an office in Europe and must have a license. Audit records must be stored in Europe as evidence and must be readily available upon request.

Thus the CE mark consists of 2 parts:

• CE marking mounted on the product.

• CE certificate or CE self-declaration paper clearly stating the name of the directive and the relevant standards.

CE standards are not standards of product quality but standards of safety. A product that meets CE standards means that this product is safe for users according to European standards. However, when manufacturing products according to CE standards, the stages are strictly controlled, everything becomes methodical and clearly specified, so invisible invisible helps avoid unnecessary mistakes, so More qualified products and more beautiful designs.

CEN / ISO standards

The CEN / ISO standard is a voluntary technical standard agreed and established between the International Organization for Standardization (ISO) and the European Committee for. Standardization, abbreviated as CEN) through the Vienna Agreement was signed in 1991 between ISO and CEN, forming a double standard system in the EU market.

ISO is an independent, international non-governmental organization with membership of 162 national standards bodies. Through its members, ISO brings together experts who share knowledge and develop voluntary international standards to support innovation and provide solutions to global challenges. ISO is located in Geneva, Switzerland.

ISO provides global specifications for products, services and systems to ensure quality, safety and efficiency. ISO is also a tool to promote international trade. ISO now has more than 21,000 international standards and related documents, standards in industries from technology to food safety, agriculture and health.

The CEN European Standardization Committee was established in 1961 by the standards bodies of member states of the European Economic Community and EFTA countries (European Free Trade Association). Currently, CEN contributes to the implementation of the goals of the European Union and the European Economic Area by voluntary technical standards to promote free trade and safety for workers, ensuring mutual compatibility. Interests between systems, business, environmental protection, exploitation of research and development programs.

The Vienna Treaty allows non-CEN countries to use CEN / ISO standards to evaluate specifications voluntarily, avoiding duplication with national standards and revoking conflicting standards. conflict. In which, the leather and footwear industry should pay attention to the standards of CEN TC309 on leather and footwear, TC289 on leather, TC248 on textiles and TC161 on footwear safety.

In CEN TC309, the testing process for footwear products is divided into two parts, including physical and chemical tests, with two separate teams of experts. The two testing groups of TC309 will collaborate with ISO TC216 International Committee to draw conclusions on physical and chemical testing of leather and footwear products.

ISO TC216 is an agreement on standards that are not accepted in CEN or outside the professional scope of CEN members. In ISO TC216, test groups will perform physical tests of microbiological aspects of footwear products.

CEN 289 consists of four test groups: the group for chemical testing, the group for physical testing, the group for definitions and the terms and the group for leather.

Although this is a voluntary standard, if footwear companies can obtain CEN / ISO certifications, their products will be more trusted in the EU market.

4. Conclusion

Vietnamese small and medium footwear enterprises are interested in technical barriers to trade in the EU market. However, they lack the necessary information due to outsourced production, the partner is the consumer, so they do not need to worry about technical barriers in trade. This reduces the competitiveness of enterprises in changing export methods (exporting by themselves instead of processing for large firms).

Enterprises have laboratories for materials and products. However, half of the laboratories are not interested in testing related to EU technical barriers. Enterprises interested in testing only meet a number of mechanical criteria, almost no laboratories to test chemical criteria.

The financial, technological and human resources capacities of enterprises are still limited, leading to limitations on competitiveness and ability to meet technical barriers.

The leather and footwear industry of Vietnam has the advantage of high labor and cheap labor. However, this advantage will gradually shrink. Enterprises wishing to increase production and business efficiency will have to change their production and business methods, from pure processing to purchasing semi-finished raw materials and gradually building a brand for their products. In addition, the State has started to pay attention to and promote investment in the production of domestic leather and footwear materials. When businesses actively supply raw materials, they are also responsible for the technical requirements of the product.

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