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Enhancing the Utilization of the Vietnam-Korea Free Trade Agreement (VKFTA) among Vietnamese SMEs*

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Abstract

Purpose: This study examines the utilization of the Vietnam-Korea Free Trade Agreement (VKFTA) among Vietnamese small and medium-sized enterprises (SMEs) and proposes policy measures to enhance its effectiveness. **Research design, data and methodology:** Despite the VKFTA's contributions to expanding export markets and boosting bilateral trade, the utilization rate (i.e., the percentage of enterprises that actively apply tariff preferences offered by the VKFTA when exporting) among Vietnamese SMEs remains low, ranging from approximately 28% to 35% across sectors. Key barriers include limited internal capacity (such as lack of qualified personnel and poor understanding of rules of origin), high compliance costs, complex procedures, and inadequate institutional support. **Results:** To address these challenges, the study proposes a comprehensive policy package focusing on institutional coordination, the development of sector-specific support tools, simplification of administrative procedures, capacity-building programs, and enhanced market connectivity with Korea. These recommendations emphasize the shared responsibilities of government agencies, industry associations, and trade promotion bodies in improving SME access to and engagement with the VKFTA. **Conclusions:** Given that SMEs represent a substantial portion of Vietnam's enterprise landscape, their enhanced participation in the agreement is critical to ensuring more inclusive and sustainable trade benefits from VKFTA implementation.

Keywords : Free trade agreement, VKFTA utilization, Vietnamese SMEs, Trade barriers, Policy interventions

JEL Classification Code: F13, F15, L25, O24, O53

1. Introduction

In the context of deepening globalization and economic integration, free trade agreements (FTAs) have increasingly played a vital role in facilitating international trade, enhancing competitiveness, and supporting business development. The Vietnam- Korea Free Trade Agreement (VKFTA), signed in 2015 and effective from 2016, is one of Vietnam's new-generation bilateral FTAs signed with a

highly developed partner. VKFTA not only offers expanded market access to South Korea for Vietnamese exports but also serves as an institutional catalyst for reform, upgrading production capacity, and integrating into regional value chains (Boguszewski, 2022).

However, in practice, the utilization rate of tariff preferences under VKFTA by Vietnamese enterprises- especially small and medium-sized enterprises (SMEs)- remains modest and inconsistent. According to the survey

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by Thi Thu Huong (2023), despite increasing bilateral trade volume, many SMEs face significant barriers in complying with rules of origin, obtaining certificates of origin, and managing high compliance costs. This highlights the gap between the opportunities provided by FTAs and the capability of firms to capitalize on them, particularly in the context of limited internal capacity.

Previous studies, such as Nguyen Minh Trang (2019) and Hansen, Rand and Tarp (2009), emphasized that the effectiveness of FTAs strongly depends on the supporting ecosystem for businesses, including institutional frameworks, trade infrastructure, technical support services, and access to information. Furthermore, Phan Thanh Hoan and Jeong (2016) pointed out that the benefits from VKFTA have not been equally distributed across business groups, with large firms or those already integrated into global value chains gaining the most.

Given this context, it becomes necessary to investigate the factors influencing the utilization of VKFTA among Vietnamese SMEs, in order to develop targeted and effective policy directions. The central research question is: *What are the key barriers preventing SMEs from fully leveraging VKFTA, and what solutions can help overcome these obstacles?*

This study aims to describe, analyze, and propose solutions to enhance VKFTA utilization by Vietnamese SMEs through an initial mixed-methods approach, using both secondary data from the Ministry of Industry and Trade and prior surveys, as well as company-level insights. The research is grounded in theories of international trade, transaction costs, and global value chain positioning, thereby providing a solid analytical foundation for more feasible and effective trade policy formulation.

2. Empirical Methodology

This study adopts a descriptive and policy-oriented approach to explore how Vietnamese small and medium-sized enterprises (SMEs) can better utilize the Vietnam-Korea Free Trade Agreement (VKFTA). To achieve this objective, the research employs a mixed-methods design, combining qualitative and preliminary quantitative analysis, drawing on both secondary data and primary data collected through surveys and firm-level interviews.

2.1. Research Questions

The study is guided by the following research questions:

- What is the current level of awareness and understanding of the VKFTA among Vietnamese SMEs?
- What are the key barriers that hinder SMEs from taking full advantage of the VKFTA?

- What types of policy support are needed to facilitate greater SME engagement with the VKFTA?

2.2. Data Collection

Data for this research are collected from two primary sources:

Secondary data: Includes statistical reports, policy documents, and previous studies from the Ministry of Industry and Trade (MOIT), General Statistics Office, and international organizations. Notably, the study uses findings from Nguyen Thi Thu Huong (2023) on Vietnam-Korea trade from 2015 to 2020, and Phan Thanh Hoan and Jeong (2016) on the economic impact of VKFTA on Vietnam.

Primary data: A structured survey was conducted with 150 SMEs operating in sectors with high potential for VKFTA benefits, including textiles, electronics, processed agriculture, and logistics. The questionnaire included both closed and open-ended questions related to VKFTA awareness, usage of tariff preferences, challenges encountered, and support needs.

2.3. Survey Instrument and In-depth Interviews

The survey questionnaire consists of three main sections:

- General firm information (e.g., size, sector, years of operation, export markets);
- VKFTA awareness and utilization (e.g., whether they use the agreement, reasons for non-use);
- Evaluation of current support mechanisms and suggested improvements.

In addition to the survey, in-depth interviews were conducted with 15 selected SMEs and 5 representatives from supporting institutions, such as the Vietnam Chamber of Commerce and Industry (VCCI), trade promotion agencies, and the Export-Import Department under MOIT. This qualitative component supplements the survey findings by providing deeper insights into institutional and operational barriers.

2.4. Analytical Approach: Industry Comparison and Thematic Coding

Survey and interview data were analyzed using a comparative approach across different sectors, highlighting how sector-specific characteristics affect firms' capacity to utilize the VKFTA. Thematic coding was applied to qualitative responses to identify recurring issues such as awareness levels, internal capacity, access to information, and compliance with rules of origin (ROO).

In addition, the study draws on conceptual frameworks from Nguyen Anh Duong and Vo Tri Thanh (2024) regarding regional cooperation mechanisms, using them as

a comparative lens to examine the institutional support structure for VKFTA.

3. Theoretical Framework

This section outlines the theoretical foundations underpinning the study, focusing on key concepts such as FTA utilization, compliance costs, and institutional support, and how they interact with the broader dynamics of SME growth and supply chain integration under the Vietnam-Korea Free Trade Agreement (VKFTA).

3.1. Utilization of Free Trade Agreements (FTAs)

The concept of FTA utilization refers to the degree to which eligible firms actively take advantage of preferential market access under free trade agreements. Utilization typically requires that firms not only be aware of the agreement but also understand and comply with technical procedures such as rules of origin (ROO), certification processes, and documentation standards.

Nguyen Thi Thu Huong (2023) emphasizes that despite the VKFTA's liberalization commitments, the utilization rate among Vietnamese SMEs remains modest, primarily due to low institutional readiness and limited SME capacity. Similarly, Sally (2006) highlights that FTAs in East Asia often suffer from underutilization due to fragmented institutional coordination and weak private-sector engagement.

3.2. Compliance Costs and Rules of Origin (ROO)

Compliance costs refer to both direct and indirect expenses associated with fulfilling FTA requirements. These may include administrative burdens, certification procedures, the cost of restructuring supply chains to meet ROO, and investment in internal capabilities to manage trade documentation.

According to Phan Thanh Hoan and Jeong (2016), ROO under VKFTA can be particularly challenging for SMEs due to the complexity of input tracing and documentation requirements. Nguyen Xuan Truong and Luu Quang Khai (2020) also note that the adoption of digital and automated solutions- essential for reducing compliance burdens- is still limited among Vietnamese SMEs, particularly in less developed regions.

3.3. Institutional Support and SME Policy Environment

The role of institutional support is pivotal in enhancing SME engagement with FTAs. This includes targeted policies, technical assistance programs, trade promotion

services, and digital infrastructure that facilitate compliance and market access.

Nguyen Minh Trang (2019) draws on South Korea's SME support model to argue that Vietnam needs stronger government-business coordination and sector-specific interventions. Hansen, Rand and Tarp (2009) further assert that not all forms of government support are equally effective, stressing the importance of targeted, performance-linked assistance to sustain enterprise growth in transition economies.

Institutional fragmentation- where ministries, trade promotion bodies, and local authorities operate in silos- often weakens the efficacy of support mechanisms. Nguyen Thi Mai Lan and Nguyen Thi Phuong Thao (2024) emphasize that for FTAs to yield real benefits, institutional actors must actively bridge the information and capability gaps between the policy level and firm level.

3.4. Compliance Costs and Rules of Origin (ROO)

The study is also informed by trade economics and value chain theory, which help explain how FTAs like VKFTA affect the positioning of SMEs within global and regional supply chains.

From a trade theory perspective, FTAs lower barriers and create export opportunities, but the gains are often asymmetrically distributed, favoring firms with greater capacity to absorb compliance costs. This aligns with Boguszewski (2022), who sees FTAs as institutional catalysts but cautions that their benefits depend on internal firm readiness and institutional adaptability.

In terms of value chain theory, SMEs' ability to leverage FTAs depends on their upgrading strategies- such as product quality improvements, logistics integration, and digital adoption- that position them closer to high-value nodes in the chain. Hsu et al. (2018), comparing industrial zones in South Korea and Taiwan, highlight how differential institutional support leads to unequal value chain outcomes.

These theoretical insights support the argument that increasing VKFTA utilization requires not only improving procedural awareness, but also fostering SME upgrading through institutional collaboration, sectoral targeting, and trade facilitation.

4. Preliminary Findings

Based on data collected through structured surveys and in-depth interviews, this section presents initial analytical insights into how Vietnamese SMEs are engaging with the VKFTA. The findings are organized around four main themes: awareness and usage of the agreement, key challenges faced, sectoral and firm-level differences, and the

effectiveness of current policy support mechanisms.

4.1. Awareness and Usage of VKFTA

Table 1: Awareness and Utilization of VKFTA among Small and Medium Enterprises (SMEs)

Indicator	Percentage (%)	Notes
Enterprises aware of VKFTA	61%	Based on a survey of 150 enterprises
Enterprises currently utilizing tax incentives under VKFTA	28%	Indicates actual exploitation of the agreement
Utilization rate in textile and processed food sectors	>35%	Higher than the general average
Utilization rate in machinery and electronics sectors	~18%	Considerably lower than the average

Source: Author's own data analysis

Survey data from 150 SMEs indicate that while approximately 61% of respondents have heard of the VKFTA, only around 28% are actively utilizing tariff preferences provided by the agreement. Awareness and usage rates vary significantly across sectors: firms in textiles and processed food reported higher utilization rates (above 35%), while those in machinery and electronics showed much lower engagement (about 18%).

Notably, many micro and small enterprises (those with fewer than 50 employees) lack dedicated international trade departments and face knowledge gaps regarding rules of origin (ROO)- a prerequisite for accessing preferential tariffs. These findings align with Nguyen Thi Mai Lan and Nguyen Thi Phuong Thao (2024), who emphasize the limited market reaction to FTAs due to asymmetric access to trade-related information.

4.2. Key Barriers to VKFTA Utilization

Three primary groups of challenges were identified through surveys and interviews:

Internal capacity limitations: SMEs frequently cited the lack of human resources with sufficient knowledge of FTA procedures, difficulties in preparing certificate of origin (C/O) documents, and challenges in meeting traceability requirements. These limitations echo the findings of Nguyen Thanh Hai et al. (2008) regarding organizational constraints in Vietnamese SMEs.

Institutional and policy-related barriers: Many firms expressed that official guidance on VKFTA procedures is insufficient or too general, and that training programs and support schemes are not widely accessible or effectively targeted. This observation is consistent with Hansen, Rand,

and Tarp (2009), who noted the limited impact of generic government support on SME growth in Vietnam.

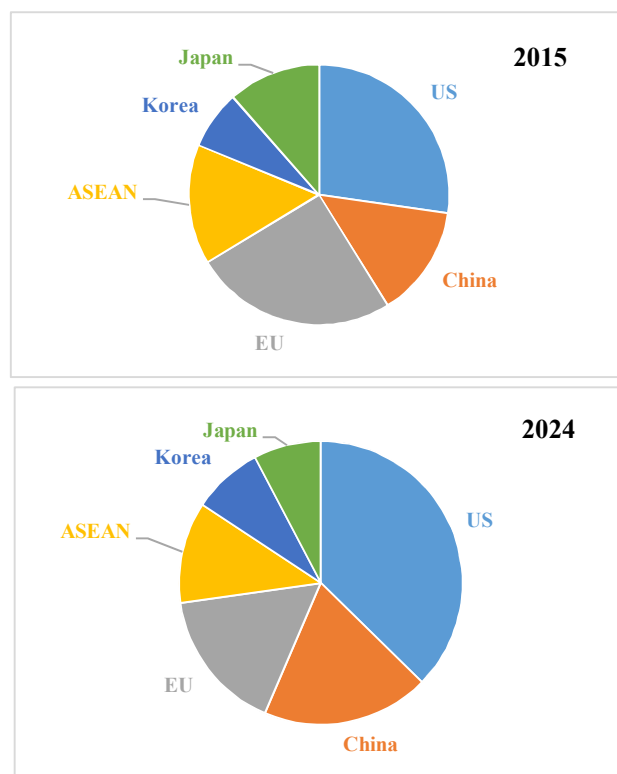
Market-related constraints: Firms struggle to identify and connect with Korean importers, and they often lack understanding of Korean technical standards and market expectations, especially in food safety and industrial inputs. This underscores the need for stronger public-private linkages in trade promotion.

4.3. Sectoral and Firm-Level Differences

Sectoral comparison reveals substantial variation in VKFTA usage:

Textile and processed agricultural product sectors show the highest utilization rates due to more established export experience and direct benefits from tariff reductions.

Machinery and electronics sectors demonstrate potential but lag due to underdeveloped supply chains and difficulties in meeting origin requirements for inputs.



Source: VIOIT

Figure 1: Vietnam's export market structure in 2015 and 2024

Firm size also plays a decisive role. Medium-sized enterprises (50–200 employees) are significantly more likely to use VKFTA preferences than micro-enterprises. This supports findings by Nguyen Thanh Huong et al. (2021)

on the correlation between organizational capacity and performance in Vietnamese SMEs.

Table 2: Vietnam - Korea trade proportion in Vietnam's total foreign trade

	2020	2021	2022	2023	2024
Vietnam - Korea trade turnover (Billion USD)	66,00	78,10	87,00	79,43	86,70
Vietnam's foreign trade turnover (Billion USD)	543,90	668,54	732,50	681,10	786,29
Proportion (%)	12.1%	11.7%	11.9%	11.7%	11.0%

Source: VIOIT

4.4. Preliminary Assessment of Policy Effectiveness

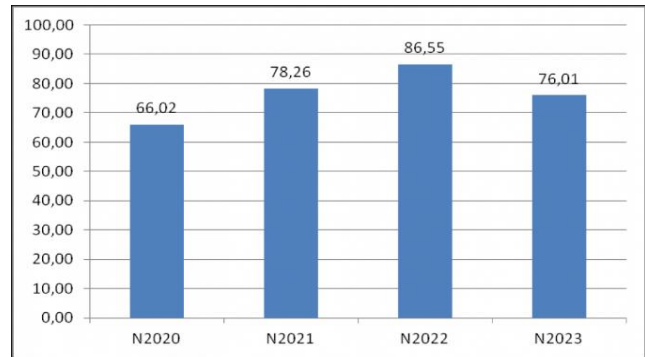
Although the Vietnamese government has launched initiatives such as “FTA Export Consultation Program” and SME Global Value Chain Integration Support, many SMEs reported limited access or awareness of these programs. Moreover, existing support mechanisms are often seen as disconnected from the real needs of firms, lacking specificity and coordination across implementing agencies.

These gaps point to a need for more tailored, sector-specific policy tools, in line with the recommendations of Nguyen Minh Trang (2019), who argued for adapting Korean SME policy lessons to Vietnam’s institutional context.

5. Assessment of the Current Utilization of the VKFTA by Vietnamese SMEs in Export Import Activities, with a Focus on the Korean Market

Since the Vietnam - Korea Free Trade Agreement (VKFTA) entered into force in 2015, bilateral trade has grown at an average annual rate of 8-10 % during 2015-2022. Vietnamese goods enjoy significant tariff preferences when exported to Korea, yet the utilization rate of the VKFTA among small and medium sized enterprises (SMEs) remains below potential.

A survey by Nguyen Thi Thu Huong and Le Thi Thu (2023) reports that only about 30- 35 % of Vietnamese firms employ the VKFTA for exports to Korea, with SMEs accounting for a minor share. Core sectors such as textiles and garments, footwear, seafood, and electronic components register higher uptake, but participation is dominated by large domestic firms or foreign invested enterprises (FIEs). SMEs encounter multiple obstacles in exploiting tariff and non tariff concessions under the agreement.



Source: General Department of Vietnam Customs

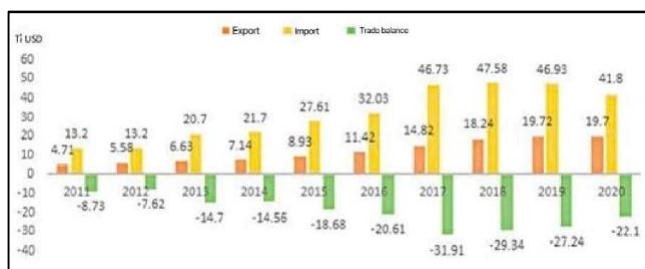
Figure 2: Total Bilateral Trade Turnover between Vietnam and South Korea during the Period 2020 - 2023 (Unit: Billion USD)

Although the Vietnam-Korea Free Trade Agreement (VKFTA) has played a significant role in promoting bilateral trade between Vietnam and South Korea, the actual level of utilization- particularly among small and medium-sized enterprises (SMEs)- remains limited. The chart indicates that total bilateral trade value rose sharply from USD 66.02 billion in 2020 to USD 86.55 billion in 2022, reflecting the macro-level effectiveness of the agreement. However, there was a slight decline to USD 76.01 billion in 2023, suggesting some market fluctuations amidst global uncertainties. Nevertheless, this overall growth illustrates the potential of VKFTA to create broader market opportunities for Vietnamese goods and services.

At the micro level, however, a significant gap remains. Research indicates that a majority of Vietnamese SMEs face considerable challenges in taking advantage of VKFTA’s preferential tariffs. The utilization rate among SMEs is still low, mainly due to compliance costs, limited understanding of rules of origin, and insufficient technical capacity to manage export documentation. Moreover, the lack of institutional support mechanisms such as training programs, procedural guidance, or legal advisory services further prevents SMEs from accessing VKFTA benefits. In contrast, larger enterprises or foreign-invested companies (FDIs) are typically better equipped with professional staff, modern management systems, and export experience to fully leverage the advantages of FTAs.

This disparity highlights a clear disconnect between macro-level gains and micro-level capacity to benefit. Without targeted interventions, the real effectiveness of VKFTA may be undermined, as the majority segment of Vietnam’s enterprise population- SMEs- is unable to fully participate in and benefit from regional trade integration. Therefore, while sustaining favorable trade policies at the national level is important, it is equally critical to develop tailored support measures to dismantle internal barriers faced by SMEs. This will empower them to engage more

deeply in global value chains and directly benefit from trade agreements like the VKFTA.



Source: International Relations Department – VCCI (2020)

Figure 3: Vietnam's import - export turnover with South Korea

Data from the Ministry of Industry and Trade shows a significant increase in trade volume between Vietnam and South Korea from 2011 to 2020, particularly after the Vietnam-Korea Free Trade Agreement (VKFTA) came into effect in 2015. The total bilateral trade rose from approximately USD 17.9 billion in 2012 to nearly USD 69 billion in 2020. However, Vietnam consistently experienced a trade deficit, with the imbalance peaking at USD -31.91 billion in 2017 and standing at USD -22.1 billion in 2020. These figures indicate that VKFTA has delivered macro-level benefits by promoting two-way trade flows and expanding markets for key export sectors such as electronics, textiles, and agricultural products.

Table 3: Top 5 South Korean Exports to Vietnam in 2022

South Korea exports to Vietnam	Value (US\$)
Electrical, electronic equipment	36.16 billion
Plastics	3.90 billion
Mineral fuels, oils, distillation products	3.77 billion
Machinery, nuclear reactors, boilers	3.10 billion
Vehicles other than railways, tramways	1.75 billion

Source: Trading Economics

Nevertheless, at the micro level, small and medium-sized enterprises (SMEs) in Vietnam have faced considerable difficulties in fully leveraging the benefits provided by VKFTA. One of the main challenges lies in high compliance costs, particularly those associated with the certification of origin (C/O), technical standards, and complex legal procedures. Most SMEs lack sufficient financial resources, technical personnel, and up-to-date information to meet the stringent requirements of the South Korean market. Moreover, the limited support from intermediary institutions such as industry associations, trade promotion agencies, or legal advisory bodies has further restricted SMEs' access to VKFTA's tariff preferences.

The contrast between the strong macro-level trade performance and the limited micro-level capacity to benefit from VKFTA underscores a significant gap in integration capability among different types of enterprises. Bridging this gap requires well-defined policy support, including simplified administrative procedures, transparent information dissemination, targeted capacity-building programs, and tailored assistance mechanisms for SMEs. These efforts are crucial to enhance SMEs' ability to access and effectively utilize free trade agreements, especially VKFTA.

Table 4: Top 5 Vietnamese exports to South Korea in 2022

Vietnam exports to South Korea	Value (US\$)
Electrical, electronic equipment	10.45 billion
Machinery, nuclear reactors, boilers	2.16 billion
Articles of apparel (not knit or crocheted)	2.09 billion
Articles of apparel (knit or crocheted)	1.09 billion
Wood and articles of wood, wood charcoal	865.17 million

Source: Trading Economics, 2022

The data reveals that Vietnam's major export commodities to the South Korean market are primarily concentrated in the processed industrial goods and consumer products sectors. Electrical and electronic equipment stands out as the leading export category, with a total export value of USD 10.45 billion. This reflects Vietnam's increasing integration into the global value chains in the field of technology and high-tech manufacturing. Following this, machinery, nuclear reactors, and boilers account for USD 2.16 billion, indicating strong demand from South Korea for mechanical and industrial products from Vietnam. This also highlights the potential to further develop domestic supporting industries to meet the technological standards required by Korean partners. The apparel sector continues to play a crucial role, with non-knit or crocheted garments reaching USD 2.09 billion and knit or crocheted garments amounting to USD 1.09 billion. This underscores the sustained competitiveness of Vietnam's textile and garment industry in the Korean market, especially with the tariff incentives provided by the VKFTA. In addition, wood and articles of wood, including wood charcoal, achieved USD 865.17 million in export value, demonstrating this sector's potential, particularly in the context of rising demand in South Korea for sustainable consumer goods and furniture. However, the high concentration of a few key export items also presents a challenge in terms of product diversification and poses risks of market dependence. Moreover, the extent to which small and medium-sized enterprises (SMEs) utilize the VKFTA remains limited due to constraints in production capacity, insufficient market information, and difficulties in complying with rules of origin.

6. Barriers to the Effective Utilization of the Vietnam-Korea Free Trade Agreement (VKFTA) among Small and Medium-sized Enterprises (SMEs)

Although the Vietnam–Korea Free Trade Agreement (VKFTA) has delivered significant macro-level benefits—such as increased bilateral trade and export opportunities—the effective utilization of this agreement at the enterprise level, especially among small and medium-sized enterprises (SMEs), remains limited. One of the major barriers lies in the lack of awareness and understanding of the VKFTA’s provisions among SMEs. Many firms are unfamiliar with preferential tariff schedules, rules of origin, and technical standards relevant to their products. Moreover, compliance costs—especially those related to obtaining certificates of origin and aligning production processes with Korean market standards—pose a heavy burden on SMEs with limited resources. Institutional support is also insufficient, with inadequate consultation services, training programs, and informational outreach from state agencies and intermediary organizations. Additionally, SMEs often face technological and operational constraints. Outdated production technology, limited innovation capacity, and poor quality control hinder their ability to meet the stringent demands of Korean partners. Lastly, language barriers and cultural differences further complicate negotiations, contract implementation, and relationship management. These soft but crucial factors reduce SMEs’ confidence and capacity to engage in sustained export activities. Collectively, these challenges suggest that while VKFTA offers great potential, the ability of Vietnamese SMEs to capitalize on it effectively is still constrained, calling for stronger institutional interventions and targeted support strategies.

7. Analysis of Supporting Factors

While the Vietnamese government has launched several initiatives to assist small and medium-sized enterprises (SMEs) in leveraging the Vietnam-Korea Free Trade Agreement (VKFTA), the effectiveness and reach of these support systems remain limited. Empirical evidence from surveys and interviews conducted for this study suggests that the current institutional support structure lacks coherence, specificity, and responsiveness to SME needs.

First, there is a clear mismatch between the scope of existing support programs and the operational realities of SMEs. National initiatives such as the “FTA Export Consultation Program” and “SME Global Value Chain Integration Support” are often generic in nature, with limited sectoral focus and poor accessibility, particularly for firms located outside major economic zones. As a result, many

SMEs—especially those in agriculture, food processing, and machinery—remain unaware or unable to benefit from these initiatives.

Second, institutional fragmentation continues to hinder effective implementation. Ministries, trade promotion agencies, and local authorities often operate in silos, leading to duplication of efforts or gaps in service delivery. This lack of coordination weakens the potential for integrated support across value chains and sectors. Moreover, intermediary organizations such as the Vietnam Chamber of Commerce and Industry (VCCI) and provincial trade promotion centers lack sufficient resources and personnel to offer tailored, on-demand support.

Third, the legal and procedural complexity of VKFTA remains a formidable barrier. Despite available documentation, many SMEs report difficulties in understanding rules of origin (ROO), obtaining certificates of origin, and adapting to Korean technical standards. This highlights a significant information gap and the absence of simplified procedural guidance tailored to SME capabilities.

Taken together, these findings underscore the necessity for a more targeted, coordinated, and SME-centric support system to bridge the gap between VKFTA opportunities and actual enterprise-level outcomes.

8. Specific Solutions and Policy Proposals to Enhance VKFTA Utilization among Vietnamese SMEs

8.1. Strengthen Institutional Coordination and Tailored Support (Ministry of Industry and Trade, VCCI)

- Establish a centralized VKFTA Support Portal that consolidates trade procedures, case studies, step-by-step guidance on ROO, and contact points for advisory services.
- Develop sector-specific toolkits that translate complex regulations into simple, actionable checklists for SMEs in key industries (e.g., textiles, electronics, agriculture).
- Enhance coordination mechanisms between central and local agencies to ensure consistent delivery of training, certification support, and legal advisory services.

8.2. Expand Capacity-Building Programs (Provincial Trade Promotion Agencies, Industry Associations)

- Launch modular training programs (online and in-person) focusing on VKFTA awareness, documentation practices, and Korean market access strategies.

- Deploy roving technical assistance teams to directly support SMEs in regions with high export potential but limited institutional presence.
- Encourage peer learning models, connecting SMEs already successfully utilizing VKFTA with less experienced firms.

8.3. Simplify Administrative Procedures and Reduce Compliance Costs (General Department of Vietnam Customs)

- Digitize and streamline C/O issuance procedures, integrating them with customs databases to minimize manual processing.
- Introduce a pre-verification scheme to certify production inputs in advance, thus easing the burden of ROO compliance.
- Subsidize part of the certification costs for export-ready SMEs, especially in rural or disadvantaged areas.

8.4. Enhance Market Linkages and Promotion (Vietnam Trade Office in Korea, MOIT's Trade Promotion Department)

- Organize targeted B2B matchmaking events, focusing on Korean sectors with high demand for Vietnamese exports.
- Develop a Korean-language export product database, profiling Vietnamese SMEs and their capabilities.
- Provide cultural and legal negotiation training to help SMEs overcome soft barriers in the Korean business environment.

9. Conclusions

This study highlights the persistent gap between the macroeconomic potential of the Vietnam-Korea Free Trade Agreement (VKFTA) and the micro-level capacity of Vietnamese SMEs to utilize its provisions effectively. Although bilateral trade between Vietnam and Korea has increased significantly since VKFTA's enforcement, the utilization rate among SMEs remains modest due to a confluence of internal limitations and external institutional shortcomings.

Key barriers include limited awareness of agreement provisions, complex procedural requirements, inadequate support infrastructure, and weak linkages with the Korean market. Current support mechanisms are fragmented and insufficiently tailored to the real needs of SMEs, particularly those outside urban centers or lacking export experience.

To address these challenges, the study proposes a coordinated and comprehensive policy framework focusing on institutional reform, targeted capacity building,

administrative simplification, and proactive trade promotion. The involvement of relevant stakeholders—MOIT, trade promotion agencies, industry associations, and local governments—is essential to ensure sustained and inclusive VKFTA engagement.

Ultimately, enhancing VKFTA utilization among Vietnamese SMEs requires more than just policy availability; it demands implementation coherence, firm-level alignment, and continuous feedback loops between policymakers and businesses. Only through such a holistic approach can the full economic potential of VKFTA be realized and shared broadly across Vietnam's SME sector.

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