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THE IMPACT OF THE EUROPEAN GREEN DEAL ON EXPORTS OF VIETNAMESE TEXTILE AND GARMENT PRODUCTS EXPORTED TO THE EU MARKET

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ABSTRACT

This article analyzes the impact of the European Green Deal (EGD) on Vietnam's textile and garment exports to the EU market. The study applies SWOT analysis to identify the strengths, weaknesses, opportunities, and challenges of the Vietnamese textile and garment industry amid increasingly stringent EU policies. The industry benefits from low labor costs and the advantages of the EVFTA, while its weaknesses include a heavy reliance on imported raw materials and limited green technology capabilities. The EGD (Environmental, Good, and Sustainable Development Goals) creates opportunities for Vietnamese businesses to strengthen their position in the global value chain and shift toward high-end, sustainable product segments; it also poses significant challenges from technical barriers and increased compliance costs. The analysis shows that the green transition is essential to maintaining and enhancing the competitiveness of Vietnam's textile and garment industry in the EU market. Based on that, the article also proposes several solutions to leverage strengths, seize opportunities, and minimize risks for Vietnam's textile and garment industry in the new context.

KEYWORDS: European Green Deal (EGD); Vietnam textile and garment exports; EU market; SWOT analysis; Green transition; Sustainable development; EVFTA

1. INTRODUCTION

The country's key industries have contributed significantly to national GDP, provided employment for millions of workers, and accounted for a substantial share of exports in recent years. Thanks to its large workforce, stable political environment, and numerous preferential policies from signed free trade agreements, Vietnam has become an ideal destination for investors in the textile and garment industry. Vietnam has nearly 7,000 textile and garment enterprises employing over 3 million workers (in 2023), attracting more than 3,500 foreign direct investment projects with a total value of over \$37 billion (Kirin Capital, 2025). Vietnam is one of the top three textile and garment exporters in the world, and textiles and garments are also a pillar of our country's exports, accounting for a stable 10-15% of total export turnover. In 2024, the total export turnover of the entire textile and garment industry reached over US\$41.4 billion, ranking fourth and accounting for 10.2% of the country's total export turnover (Ministry of Industry and Trade 2025).

Vietnam's second-largest textile and garment export market (after the United States), with export turnover of approximately US\$4.1–4.3 billion per year in recent years, accounting for 11–13% of Vietnam's total textile and garment export turnover. The Vietnam-EU Free Trade Agreement (EVFTA), effective from August 1, 2020, has brought many advantages to Vietnam's textile and garment industry, immediately eliminating 77.3% of tariff lines and aiming for 99.8% by 2027, creating a significant competitive advantage over competitors without an FTA with the EU. However, this tariff advantage can only be fully realized when businesses meet the “from yarn onward” rules of origin and increasingly stringent non-tariff standards, with the green standards of the European Green Agreement being the biggest upcoming obstacle.

On December 13, 2019, the European Commission published the European Green Deal (EGD), which the European Council approved on January 15, 2020. This policy package shapes the European Union's (EU) strategy, with the primary goal of becoming the first region in the world to achieve net-zero emissions by 2050 and to build a fully circular economy (Fetting, C. 2020). Its scope extends beyond EU member states to all global trading partners, including Vietnam. Any country wishing to export goods to the EU market must comply with the EGD's green standards; failure to meet them will result in goods being rejected or subjected to high tariffs. The EGD impacts most economic sectors, particularly those with high carbon emissions or high resource consumption.

The textile and garment industry – the world's fourth-largest polluter, consuming up to 10% of global industrial water and emitting 4–10% of greenhouse gases – has been identified by the EU as one of the priority product groups for transition (EU, 2022). Most of the EU's green policies on textiles are centered in the EU Strategy for Circular and Sustainable Textiles, with policy directions on eco-design (design ensuring durability, repairability, recycling, etc.); enhanced information through digital product passports and information requirements to combat greenwashing; minimizing the release of microplastics from textile products into the environment; reducing harmful chemicals in fibers; and applying expanded producer responsibility, etc. (EU, 2022). Businesses that fail to adapt quickly risk losing orders, incurring high carbon fees, or even being banned from importing into the EU market. Meanwhile, about 70% of Vietnamese textile businesses are small and medium-sized, and the level of readiness for “green” practices in Vietnam remains very low, with imports accounting for 60-70% of raw materials and components from China and other countries. Difficulties in meeting the “from fabric onward” and “from yarn onward” rules of origin, lack of capital and technology in the transition to clean energy, etc. The EU's increasingly stringent regulations and higher technical standards will create greater difficulties for textile and garment businesses when exporting to the EU market. However, it must be acknowledged that “greening” is an inevitable and irreversible global trend. Keeping up with this trend will create new development opportunities, help enhance competitiveness, and expand market share.

Based on that, the study uses the SWOT method to comprehensively analyze the strengths, weaknesses, opportunities, and challenges of the European Green Deal's impact on Vietnam's textile and garment exports to the EU market. From this, it proposes several policy solutions to enable

Vietnamese textile and garment enterprises to proactively transform, quickly develop appropriate production and business plans, meet new requirements for effective and sustainable exports to the EU market, and participate deeply in the global supply chain. The paper sets out the following tasks : (1) Systematize the specific policies of the European Green Deal (EGD) that directly and indirectly impact Vietnam's textile and garment industry; (2) Assess the current state of Vietnam's textile and garment exports to the EU ; (3) Conduct a SWOT analysis of the textile and garment industry in relation to the EU Green Deal ; (4) Propose feasible policy solutions to transform challenges into sustainable competitive advantages.

2. THEORETICAL BASIS

In the context of trade liberalization, as global tariffs gradually decrease to 0% through free trade agreements (FTAs), non-tariff barriers become the primary tool for regulating markets. According to Brian R. Copeland and M. Scott Taylor (2004), in their article *"Trade, Growth and the Environment,"* This shows that environmental standards are increasingly playing an essential role as a legitimate trade protection tool for countries, protecting the health of domestic consumers and prioritizing "green" products from countries with cleaner technologies. Bhattacharya, CB, & Sen, S. (2019) also conducted in-depth research on the impact of corporate social responsibility initiatives on consumer behavior and responses, showing that consumers are increasingly concerned about corporate social responsibility, have higher loyalty, and are willing to support products. This applies to socially responsible companies. In the textile industry, EU policies such as the Carbon Border Adjustment Mechanism (CBAM) and the Circular and Sustainable Textile Strategy, with regulations requiring textile products to be sustainable, recyclable, reduce emissions, and use environmentally friendly materials, have transformed previously voluntary environmental standards into mandatory regulations. This forces textile businesses to change and adapt to meet the regulations; otherwise, their goods will not be imported, or consumers will turn away from products that do not meet these standards.

Gereffi (1999) introduced the concept of the global value chain, particularly emphasizing the role of buyer-led supply chains in the textile industry, where retailers and major brands play a central role, controlling the value chain through design, marketing, and distribution systems. The article also describes how developing countries, especially East Asian nations such as South Korea, Taiwan, and Hong Kong, have moved up the textile value chain. The upgrade in the value chain from processing to mastering design and branding depends not only on the enterprise's capabilities but also on trade barriers and quotas. Humphrey, J., & Schmitz, H. (2002) The four types of upgrades are categorized as follows: (1) Process upgrade: improving the production system, applying new technologies to increase productivity and efficiency; (2) Product upgrade: switching to higher quality, more complex designs or higher value product lines; (3) Functional upgrade : (4) change the steps in the chain with higher added value; and (4) inter-industry upgrading: move to a new, higher-value production industry. Ponte S, Sturgeon T. (2013) This theory is expanded by emphasizing multi-tiered governance, governance based not only on direct control but also through sets of standards (on quality, safety, environment, and social responsibility), and leading companies that can exert power and control

over suppliers worldwide without direct ownership or supervision, simply by requiring compliance with international certifications and standards. Thus, the European Green Deal (EGD) is not only about addressing environmental barriers but also about providing tools to help EU retailers manage their textile supply chains through sustainability standards and green certifications. Compliance with these standards not only motivates businesses to upgrade their production processes and products but also helps them move up the value chain in the global textile supply chain, maintaining their position and increasing their competitiveness.

The debate over how meeting environmental regulations affects business operations and product competitiveness is growing. (Research by Porter and van der Linde) (1995) argues that strict environmental regulations will not increase business costs, reduce profits, and limit competitiveness, but, on the contrary, if environmental regulations are well designed, they can encourage businesses to innovate, thereby offsetting compliance costs. Process innovation helps reduce energy consumption, recycle waste, and optimize operations. Product innovation helps create products that are of better quality, safer, or more economical for customers. To further strengthen the "Porter hypothesis," empirical studies by Jaffe and Palmer (1997), Ambec and Lanoie (2008), and Lanoie et al. (2011) showed that environmental regulations promote solution-seeking activities and increase technological innovation (R&D). However, these studies also indicated that the positive impact of environmental regulations does not appear immediately but usually has a time lag. In short, in the context of free trade agreements (FTAs) gradually reducing tariffs, non-tariff barriers are increasing, especially environmental regulations, which are not only challenges but also strategic opportunities for Vietnamese and developing country textile and garment businesses to transform, improve their position in the global value chain, enhance sustainable competitiveness, and meet the increasingly stringent demands of the EU market as well as international consumers.

3. RESEARCH CONTENT

3.1. Overview of the EU Agreement and related textile policies

The Economic Goals Directive (EGD) is a comprehensive, long-term program announced by the European Commission in December 2019 and officially adopted in January 2020. The main objective of the EGD is to address urgent global climate issues and reshape economic development strategies to make the EU the first region in the world to achieve net-zero emissions by 2050. The EGD covers many areas, including climate, energy, trade, agriculture, industry, and the environment. It applies not only to entities within the EU but also significantly impacts businesses outside the EU (such as those in Vietnam) that export to this market. The textile and garment industry is one of the EGD's priority sectors due to its significant impact on the environment and climate change (ranking fourth, after food, housing, and transportation). In this sector, the EU ranks third in water and land use and fifth in raw material use and greenhouse gas emissions. Each year, the EU discards approximately 5.8 million tonnes of textiles (11-12 kg/person), with only 1% recycled into new clothing (EU, 2022).

The most important policy document directly affecting textile imports into the EU is the EU Strategy for Sustainable and Circular Textiles, published in March 2022, as part of the Circular Economy Action Plan (CEAP) and the European Green Deal (EGD). It aims to transform the textile industry towards a circular and sustainable model, with the specific goal that by 2030 all textile products on the EU market will “*have a long lifespan and be recyclable, largely made from recycled fibers, free from harmful substances and produced in a manner that respects social and environmental rights. Consumers will benefit for longer from high-quality, affordable textile products, fast fashion obsolescence, and widely available, economically advantageous reuse and repair services*” (EU, 2022).

Table 1: Some policies/measures used by the EU for the textile industry.

No.	Policies and measures	Objectives/ Content
1	Ecodesign for Sustainable Products Regulation (ESPR)	Establish mandatory minimum standards for the use of recycled fibers, durability, repairability/recyclability, and the reduction of hazardous substances. Prohibit the destruction of unsold or returned garments.
2	Digital Product Passport (DPP)	All products must have a QR code providing clearer information about: the source of raw materials and products; fiber composition; manufacturing process; repairability; recycling guidelines; and carbon emissions.
3	Addressing microplastic pollution	Addressing microplastic release from textiles can be achieved through various measures, including product design and manufacturing processes, pre-washing at industrial production facilities, labeling, and the use of advanced materials.
4	The Green Claims Initiative, Regulations for Greenwashing	Remove false or misleading information. causing confusion about the product's environmental impact. The product's environmental profile requires that all environmental claims be supported by scientific evidence and independent verification, and that they avoid vague statements.

5	Extended Producer Responsibility (EPR)	Importers/manufacturers must pay fees to cover the costs of collecting, sorting, and recycling textile waste. EPR fees will be adjusted (increased or decreased) based on the product's sustainability.
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Source: (EU, 2022)

The EU Strategy on Sustainable and Circular Textiles (EU, 2022) applies to all textile products on the EU market, including imports. This strategy is implemented in multiple phases, with numerous regulations codified and gradually implemented, requiring exporters to adapt to maintain their competitiveness continuously. The goal is to achieve this by 2030. All textile products marketed in the EU must be sustainable, free of harmful substances, easily recyclable, and prioritize the use of recycled fibers. These changes present numerous challenges for Vietnamese textile and garment businesses, particularly increased compliance costs with green and sustainable standards, complex supply chain information declaration procedures, and heightened accountability when exporting to the EU. However, this also presents a valuable opportunity for the Vietnamese textile and garment industry to upgrade, transition to green production, increase added value, and access the high-end segment. If Vietnamese businesses do not proactively adapt and change promptly, their goods risk losing market share to competitors who comply better, such as Turkey, Bangladesh, or India – countries that are rapidly adapting to global sustainability trends. Acting early will not only help maintain the EU market but also open up long-term competitive advantages in other markets.

3.2 . Current status of Vietnam's textile and garment exports to the EU market

The textile and garment industry is one of Vietnam's export pillars, consistently ranking among the top 5 key export items along with electronics, computers and components; telephones and components; machinery, equipment, tools and other spare parts, etc. In 2024, total textile and garment exports reached over US\$41.4 billion, an increase of nearly 10% compared to 2023, and accounting for 10.2% of the country's total export turnover. Of this, garment exports reached US\$37.04 billion; exports of various types of textile fibers and yarns reached US\$4.41 billion; other technical fabrics reached US\$771 million; and exports of raw materials and accessories for textiles, garments, leather, and footwear reached US\$2.23 billion (Ministry of Industry and Trade, 2025).

The EU is one of Vietnam's major textile and garment export markets, along with the United States and Japan. Between 2015 and 2024, Vietnam's textile and garment exports to the EU grew significantly, particularly following the entry into force of the Vietnam-EU Free Trade Agreement (EVFTA) in 2020. However, this period also faced fluctuations due to the COVID-19 pandemic, inflation, and stringent sustainability requirements from the EU. Between 2015 and 2019, Vietnam's textile and garment exports to the EU grew steadily, reaching a high of \$4.26 billion in 2019. In 2020 and 2022, the textile and garment industry in Vietnam was severely impacted by the Covid-19 pandemic, with export turnover to the EU plummeting to US\$3.07 billion (a 27.8% decrease). After

the EVFTA came into effect, turnover surged to a record high in 2022 (reaching US\$4.38 billion). In 2023, due to the global economic recession and high inflation in the EU, purchasing power decreased, orders declined, and exports fell by approximately 13.7 % to US\$3.77 billion. By 2024, export turnover had gradually recovered to US\$4.25 billion, an increase of 12.5% compared to 2023. The main import markets for textiles and garments include the Netherlands, Germany, Spain, France, Belgium, and Italy, accounting for 80 % of total turnover (Ministry of Industry and Trade).

Table 2. Vietnam's textile and garment export value to the EU and its share of the country's total export value.

Year	Total value of Vietnam's textile and garment exports (billion USD)	Export turnover to the EU (billion USD)	Year-on-year growth (%)	Percentage of Vietnam's total textile and garment exports (%)
2015	22, 80	2,298	But	10.1
2016	23, 84	3,800	6.5	15.9
2017	26.04	3,780	9.9	14.5
2018	30.49	4,098	8.4	13.4
2019	32.85	4,261	3.9	12.9
2020	29.81	3,075	-27.8	10.3
2021	32, 75	3,510	14.1	10.7
2022	37.60	4,382	24.8	11.6
2023	33.30	3,779	-13.7	11.3
2024	37.04	4,252	12.5	11.5

Source: Compiled from the Ministry of Industry and Trade, 2015 - 2025.

The EU is the world's largest textile and garment import market, with a total value of approximately US\$115 billion (2023). Of this, China leads, with exports to the EU totaling US\$33.238 billion, accounting for about 28.9% of the EU's textile and garment imports. Bangladesh ranks second (15.5 %), followed by Turkey (12.9%), India (5.7%), Pakistan (5.1%), and Vietnam ranks sixth with a market share of 3.92 % (2023). (EURATEX, 2024). Although the EU is a demanding market with many

environmental and health regulations, it is also a large potential market with significant room for expansion. Leveraging opportunities from free trade agreements, especially the Vietnam-EU Free Trade Agreement (EVFTA), will be crucial for Vietnam's textile and garment industry to enhance competitiveness and increase market share.

The agreement offers significant advantages by eliminating 77% of textile and garment tariffs immediately and 99% after 7 years. However, the export value of Vietnamese textiles and garments to the EU market with certificates of origin remains low. The rate of use of EUR.1 certificates of origin to the EU market was only about 15.67% in 2022, 25.9% in 2023, and 31.2% in 2024, still falling short of expectations (Ministry of Industry and Trade, 2025). The reason is that to benefit from preferential treatment, products must meet strict rules of origin. "From yarn onwards," while our country's raw materials are still mainly imported from China and countries outside the EVFTA. Textile and garment businesses are primarily small- and medium-sized enterprises that lack the capacity to meet complex documentation requirements and to cover the high compliance costs.

Although textile and garment exports to the EU are recovering and growing thanks to the EVFTA, the scale of businesses in the industry is still mainly small and medium-sized, production methods are primarily based on outsourcing, raw materials are imported, and the ability to produce according to design and brand is limited. Low market share, low utilization of tariff preferences, and limited business readiness to be "green" are the most significant weaknesses as the European Green Deal begins to implement mandatory requirements from 2025 to 2030.

3.3. SWOT analysis of the textile and garment industry in relation to the EU Green Deal.

a. Strengths

- Vietnam's position in the global textile and garment industry.

Vietnam's textile and garment exports currently rank third in the world, after China and Bangladesh. Export turnover has steadily increased over the years, reaching over US\$41.4 billion in 2024 (an increase of nearly 10% compared to 2023), accounting for 10.2% of the country's total export turnover (Ministry of Industry and Trade, 2025). Key export markets include the US, the EU, Japan, and South Korea. The industry boasts a large workforce of over 3 million highly skilled workers and a relatively complete production ecosystem (from yarn, weaving, and dyeing to garment manufacturing). These advantages are making Vietnam a preferred choice for international brands in their supply chain diversification strategies. This presents a strategic opportunity for Vietnam to attract investment, receive green orders, and solidify its position as a leading textile and garment manufacturing hub.

- Leverage the Vietnam-EU Free Trade Agreement (EVFTA)

The EVFTA agreement brings significant advantages to Vietnam's textile and garment industry, with a commitment to eliminate import tariffs on textile and garment products within a maximum of 7 years (most tariffs were already reduced to 0% by 2025). This preferential tax rate helps increase competitiveness compared to major rivals that do not have an FTA with the EU, such as Bangladesh and India (with an average tax rate of around 9.6%). As a key export market, compliance with green

standards not only helps Vietnamese textile and garment businesses maintain and expand their market share but is also a crucial condition for maximizing the tariff benefits offered by the EVFTA.

- Opportunity to get ahead and enhance competitiveness.

Proactively adopting a green transition early on provides Vietnamese businesses with a significant competitive advantage. Businesses that promptly respond to consumer trends and the stringent requirements of international markets (such as the EU) will create a clear distinction from competitors who are not yet ready to transition. A green transition helps build a sustainable, environmentally friendly corporate image, thereby enhancing brand value and the supply chain. This is particularly important for attracting customers and investors interested in green growth, thereby making it easier to access green capital. This, in turn, contributes significantly to fulfilling Vietnam's climate commitments and its sustainable development orientation, enhancing the country's international reputation and standing.

b. Weaknesses

- Low localization rate

Although the localization rate of Vietnam's textile and garment industry has improved significantly in recent years, Vietnam still imports approximately 70% - 80% of its fabric annually, mainly from markets outside the FTA bloc, such as China, South Korea, and Taiwan. This dependence significantly reduces the ability to take advantage of the "from fabric onward" rules of origin under the EVFTA. At the same time, this also poses a significant obstacle to controlling carbon and chemical traceability and to meeting EU green standards requirements for recycled fibers/circular fabrics.

- Limitations in capital and technology

As of 2023, Vietnam's textile and garment industry had approximately 7,000 enterprises, of which 80% were small and medium-sized enterprises and 40% were FDI enterprises (Kirin Capital, 2025). This leads to limitations in capital, scale, and production technology. Therefore, many businesses struggle to meet stringent standards for emissions reduction, water conservation, and traceability quickly. The challenge is further compounded by the high cost of investing in green production technologies, renewable energy, and waste treatment. Moreover, using recycled/sustainable materials is a significant financial barrier for most small and medium-sized enterprises.

- Adaptability and awareness are limited.

A complex policy package with a long and continuously evolving roadmap, lacking a single set of standards or a unified green transition roadmap for all goods. Failure to recognize and promptly address these green requirements will create significant barriers to Vietnamese goods entering the EU market. Meanwhile, many businesses are still unaware of, or have only heard of, the green standards regulations; 88-93% of respondents were unaware of, or had only a superficial understanding of, the Green Agreement. In particular, a significant percentage of businesses and households ... business and associations. Only 4% of people have a good understanding of the EU Green Deal. (VCCI, 2023).

c. Opportunities

- Market demand for "Sustainable Fashion."

EU consumers are increasingly prioritizing sustainable, traceable textile products, creating a promising green product market. A proactive green transition is the optimal strategy for Vietnamese businesses to stay ahead, capitalize on this rapidly growing customer base, expand markets, improve quality, and increase product value. Furthermore, meeting the EU's stringent green requirements creates a double competitive advantage, ensuring export opportunities to other developed markets such as the United States, Canada, Japan, and Australia, where green economic goals are also being strongly promoted.

- Technology and Digital Transformation

The application of advanced technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and Big Data optimizes production processes, enhances supply chain transparency, and meets traceability requirements. Digital transformation also provides a strong impetus for innovation, encouraging the research and application of new technologies in production, energy management, and waste treatment to achieve carbon neutrality and move towards a circular economy. Simultaneously, digital transformation expands opportunities for cooperation and technology transfer in clean production with European partners, helping optimize energy and water use and chemicals, thereby improving product quality and reducing green operating costs.

- Financial support and attracting green FDI.

Proactive green transformation opens the door for businesses to access preferential funding from international organizations easily and benefit from domestic support policies. It can also attract high-quality FDI. Advanced technology, a strong environmental commitment, and robust financial capabilities are essential for sustainable textile projects. Furthermore, green businesses can receive tax incentives or import duty exemptions on machinery, equipment, and technologies used directly in green production, thereby significantly reducing initial investment costs. Green transformation requires a high initial investment, but in the long run, it helps businesses significantly reduce production costs and improve efficiency by lowering energy costs, optimizing production processes, and simplifying supply chain management, thereby increasing sustainable competitiveness.

d. Challenges

- New technical and legal barriers

The European Green Deal is setting extremely stringent standards for ecodesign, recycling, chemical management and use, and extended producer responsibility (EPR). These regulations are gradually being codified into law and becoming mandatory, requiring businesses to make significant investments and comprehensive changes to their production processes. Complying with the EU's usual technical trade barriers is already difficult for many businesses. With the new green standards, which are set at a higher, stricter, and more complex level, the difficulty will undoubtedly increase significantly. This

will pose a significant challenge for small businesses with limited technological capabilities and capital, making it difficult for them to meet comprehensive "greening" requirements immediately.

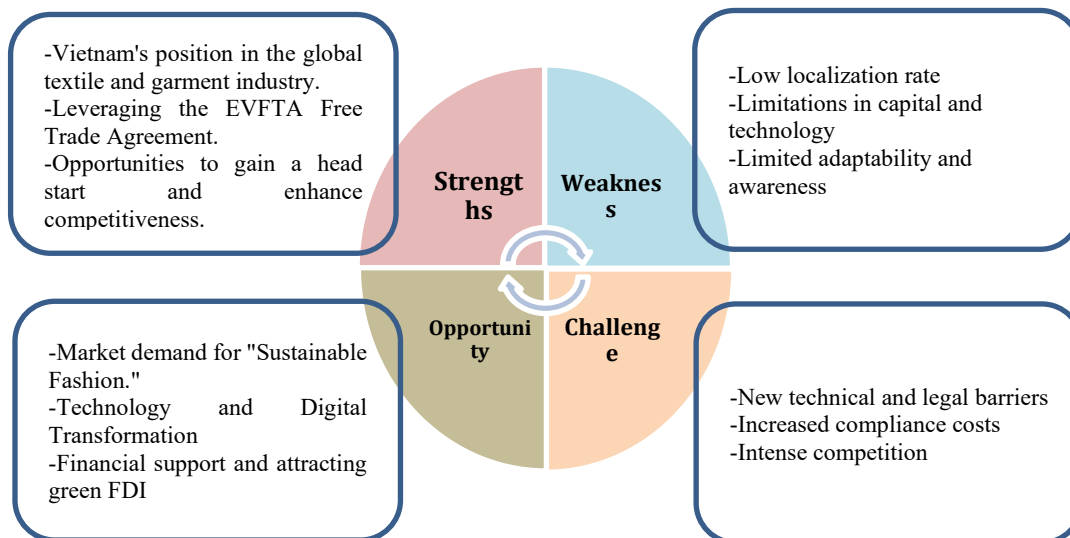
- Compliance costs are increasing.

The green transition is mandatory. Vietnamese textile and garment businesses have to increase costs to comply with the EU's new green standards. considered a challenge. This is an undesirable situation for most Vietnamese businesses. They have to increase investment in technology (renewable energy, wastewater treatment, etc.), sustainable raw materials (recycled fibers, organic fibers, etc.), traceability systems, certification, training, etc. This drives up product costs, putting particular pressure on small- and medium-sized enterprises (SMEs) with limited capital. Currently, some large textile and garment businesses have begun to adapt. However, the majority of small and medium-sized enterprises are still only at the awareness stage, which risks losing orders from the EU if they do not change soon to comply with these new regulations.

- Intense competition

Vietnam's main rivals include Turkey and India. Bangladesh is transforming its economy, directly threatening our country's textile market share. Turkey benefits from proximity to the EU market, shorter shipping times (lower carbon footprint), self-sufficiency in recycled cotton and yarn, and a high share of renewable energy. Meanwhile, Bangladesh is accelerating its green transition, with factories achieving LEED green building certification from the U.S. Green Building Council. Vietnam leads the world in the number of LEED Platinum factories, and the government strongly supports textile and garment businesses with low-interest loans to import energy-efficient machinery, water treatment systems, and waste management systems. Competition from other countries puts tremendous pressure on the Vietnamese textile and garment industry; if businesses do not meet the new standards promptly, they will gradually lose their competitive advantage, potentially be excluded from major brands' supply chains, and lose market share in the EU.

Table 3. SWOT analysis of the impact of the EU Green Deal on the textile industry.



3.4. Recommendations

- For regulatory agencies

Government agencies need to promptly issue regulations on "green textile" standards compatible with EU regulations, and to provide specific guidance documents for businesses to follow. A mandatory roadmap for greenhouse gas inventory and sustainability reporting should be developed for the textile industry in stages to facilitate its implementation by businesses.

There are support funds or preferential credit packages with low interest rates specifically for projects involving renewable energy conversion, the installation of wastewater treatment systems that meet circularity standards, and the procurement of high-tech machinery to encourage textile businesses to adopt new technologies quickly.

Promote the development of concentrated textile and garment industrial zones with modern waste-treatment systems, creating conditions for domestic enterprises to localize the fabric supply chain to meet the "from fabric onward" rules of origin.

To help textile and garment businesses understand the information and regulations that will apply in the EU, it is necessary to establish an information portal that provides market reports, green consumer trends in the EU, and a list of certified sustainable raw material suppliers, to facilitate easy access for businesses. Proactive coordination with international organizations is also needed to enhance information dissemination through training sessions, thematic reports, and the provision of documents, etc.

- *For textile and garment businesses*

Textile and garment businesses need to gradually shift from purely contract manufacturing (CMT) to higher-value-added production methods, such as ODM (designer) and OBM (own brand), in line with green principles. At the same time, it is necessary to increase investment in modernizing technology, equipment, and machinery, and in adopting clean energy, recycled fabrics, and other measures to implement a green transformation.

It is necessary to proactively diversify the supply sources of textile raw materials and accessories, increase imports of raw materials from countries participating in the agreement, and use domestic raw materials to meet the "from yarn onwards" or "from fabric onwards" requirements. Strengthening cooperation among domestic yarn, textile, dyeing, and garment businesses will reduce dependence on imported raw materials from outside the bloc, thereby ensuring compliance with the EVFTA rules of origin while facilitating compliance with EU chemical and environmental standards.

Increased investment in technology is crucial for green transformation. Textile and garment businesses should prioritize installing rooftop solar power systems to minimize their direct carbon footprint, while also investing heavily in supply chain management software to ensure transparent traceability data and compliance with stringent EU regulations.

Strengthening the training of the workforce for the textile and garment industry, especially highly skilled workers capable of operating modern production lines, training a team of professional designers and technicians, and continuously organizing training courses on clean technology operation skills for workers.

4. CONCLUSION

In recent years, Vietnam's textile and garment exports to the EU market have overcome many difficulties and challenges, achieving positive results and making a significant contribution to the country's export activities and economic growth. The European Green Deal (EGD) will pose a technical challenge, requiring the Vietnamese textile and garment industry to adapt and change to maintain market share in this strategic export market and take advantage of tariff preferences under the EVFTA. Although the Vietnamese textile and garment industry will face many difficulties in capital, technology, and reliance on imported raw materials, the EGD also offers significant opportunities for the industry to transition from a low-value processing model to sustainable, high-tech production. Therefore, the textile and garment industry needs to implement coordinated solutions to successfully achieve this "green transformation," which will not only maintain its position in the EU market but also enhance its standing against strong competitors such as Bangladesh and Turkey.

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