Host country environmental regulations impacts on Vietnam's textile export

Le Thu Trang, Tu Thuy Anh, Le Huyen Trang

Abstract

This study investigates the impact of environmental regulations imposed by key trading partners on Vietnam's textile and garment exports, utilizing panel data covering the period from 2000 to 2023. Employing the Gravity Model of international trade in conjunction with the Feasible Generalized Least Squares (FGLS) estimation technique, the analysis aims to enhance the robustness and accuracy of the regression results. The econometric results reveal that environmental regulations in importing countries have a positive effect on Vietnam's textile and garment exports. This outcome is attributed to Vietnam's proactive adoption of environmentally friendly technologies and the increased importation of high-quality raw materials that meet the environmental standards of destination markets. The findings offer valuable insights for policymakers, industry associations, and exporting enterprises by highlighting the comparative environmental advantage of eco-friendly textile products. The study recommends that export strategies be aligned with environmental sustainability goals, and that exporters be regularly updated on the evolving environmental regulations of importing countries. Such measures will enable Vietnamese firms to maintain compliance and strengthen their competitive position in the global market.