

# The Relationship Between Logistics and Vietnam's Imports from European Union

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**Abstract:** *The article investigates the connection between logistics activities and bilateral trade between Vietnam and the European Union using the gravity model (EU). Regarding to some of the typical variables in the gravity model, such as import volume, bilateral distance, GDP, and bilateral trade representative dummy variables, this article includes two logistics-specific variables: the Performance Logistics Index (LPI) and Cross-Border Transactions (TAB). Whereas the LPI promotes the interpretation of the international logistics environment, cross-border transactions are more useful for elucidating the logistics quality inherent to the supply chain. According to data collected between 2008 and 2018, despite the elimination of language barriers and GDP, Vietnam's demand for imported goods has not increased significantly due to the impact of the barrier of geographical distance. Moreover, the research demonstrates the significance of logistics for EU imports into Vietnam.*

**Keywords:** *Import, logistics performance, cross-border transactions, gravity model, EU, Vietnam.*

## 1. Introduction

Following the establishment of diplomatic relations between the European Union (EU) and Vietnam in 1996, the relationship has been narrowed and developed. Vietnam has been a member of the World Trade Organization since

2007. (WTO). This not only creates numerous growth opportunities for Vietnam, but also helps strengthen the relationship between Vietnam and the European Union. According to data from the General Statistics Office of Vietnam (GSO), the proportion of imports and exports increased significantly in both Vietnam and the EU from 2008 to 2018. From 2008 until 2018, the volume of goods exported from the

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