

(https://servedbyadbutler.com/redirect.spark? MID=165932&plid=685101&setID=174629&channelID=0&CID=201593&banID=519512122&PID=0&textadID=0&tc=1&mt=1527792726166531&hc=cfe88786179d0d0d8c01fc363929150945e0394&location=)



Link to Innovative Future
Date : June 6 Wed. to 8 Fri., 2018
Venue : Tokyo Big Sight, East Hall 1·2·3

SEARCH

ADVANCED SEARCH (/ADVANCED-SEARCH/)



SUBMIT

CHANNEL

in

Digital Textiles



(https://www.linkedin.com/company/WTIN-)



Informing-

Fibres & Yarns



Search

Knitting & Weaving



global-

Medical Textiles



textile-

Nonwovens



comment (https://twitter.com/WTINcomment)

Performance Textiles



comment (https://www.youtube.com/user/WTINchannel)

Technical Textiles



Textile 4.0



Textile Economics



+ TYPE

Bright prospects for Vietnam's garment and textile exports

By **Jens Kastner** 30 May 2018

Tweet

Print

Official projections for Vietnam's garment and textile exports in 2018 are bright, but input imports for garment and textile production were more than half of the value of garment and textile exports in 2017, highlighting the need for increased domestic sourcing, industry analysts say.

In 2017, Vietnam garment and textile exports increased by 8.7% and 20% year-on-year to US\$25.9bn and US\$3.5bn respectively, but inputs cost US\$15.4bn, according to the Vietnam Textile and Apparel Association (VITAS). However, on the plus side, it forecasts combined exports to top US\$34-35bn this year as international sourcing turns toward the country in anticipation of upcoming free-trade schemes, namely the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the European Union-Vietnam Free Trade Agreement (EVFTA).

"Moving up the textile value chain is essential for reducing the industry's over-dependence on exports for growth, while the increasing wages of Vietnamese workers also raises the prospect of facing greater competition from low-cost production hubs, such as Cambodia and Myanmar," says Sapontl Baroowa, associate director of business intelligence at pan-Asian professional services firm Dezan Shira & Associates, in Ho Chi Minh City.

Speaking to WTIN.com, he adds that "any progress towards more value-added production, including transition from CMT to FOB to ODM (original design manufacturing), will warrant a much larger investment in the development of support industries for the domestic production of input materials."

Although the CPTPP, which was sealed in January and is pending ratification, will open up opportunities for Vietnamese exporters to increase their market share in countries such as Canada, it will require strict adherence to the 'yarn forward' rule of origin, which in turn should prompt the gradual emergence of a domestic supply chain of input material.

The EVFTA, expected to be ratified this year or in 2019, may prove more advantageous in the short-to-medium term owing to the provision for extended cumulation – the rule that FTA partner of country A can use inputs from country B because country B also has an FTA with country A. The EU and South Korea have an FTA, for instance, which will allow Vietnam to continue to use imported South Korean fabric for producing garments for the EU.

Indicating that there is significant progress towards more value-added production, US\$1.1bn has come into the country since this April in the form of foreign direct investment (FDI) in the textile and garment industry, according to VITAS chairman Vu Duc Giang, speaking to English language daily newspaper Viet Nam News.

As a reflection of continuing robust foreign direct investment, the number of spindles in the country has risen from 3.7 million in 2007, to 7 million spindles at present, according to the Vietnam Cotton and Spinning Association.

"The sooner Vietnam progresses up the value chain, the earlier it will be protected from potential external shocks and sudden fluctuations in overseas demand for its textile and garment products," says Baroowa.

"In the meantime, greater investment in skills development and new technologies for increased productivity will be key for Vietnam to remain competitive vis-à-vis its rivals in Asia," he adds.

The CPTPP will allow Vietnamese enterprises to penetrate markets where they currently have smaller market shares, also including Australia and New Zealand.

Japan is also among the CPTPP countries and represents a much larger market, but Vietnamese exports to Japan have already been covered under existing free-trade agreements such as the Association of Southeast Asian Nations (ASEAN)-Japan FTA and the Japan-Vietnam Economic Partnership Agreement.

Have your say. Tweet and follow us @WTINcomment (https://twitter.com/WTINcomment)

Tweet

Print

RELATED ARTICLES



EU set to retaliate on confirmation of US metal tariffs
 (/article/2018/may/280518/eu-set-to-retaliate-on-confirmation-of-us-metal-tariffs/)

John Scrimshaw | WTIN



ATB meets fast-fashion demand with help of Monforts
 (/article/2018/may/280518/atb-meets-fast-fashion-demand-with-help-of-monforts/)

Adrian Wilson | WTIN



Executive Market Report - 29 May 2018 (/article/emr-archive/2017/290518/)



Nitin Madkaikar | WTIN

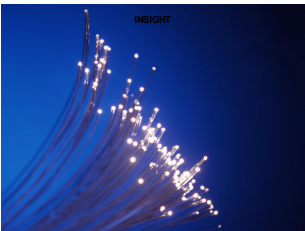
INSIGHT

University develops industry's first colour changing fabric (/article/2018/may/280518/university-develops-industry's-first-colour-changing-fabric/)

INSIGHT

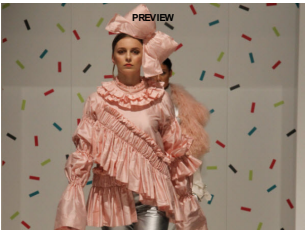
Thailand hopes joining trade deal will boost chances of US export success (/article/2018/may/280518/thailand-hopes-joining-trade-deal-will-boost-chances-of-us-export-success/)

TRENDING



University develops industry's first colour changing fabric (/article/2018/may/280518/university-develops-industry's-first-colour-changing-fabric/)

By Andy Rhodes | WTIN



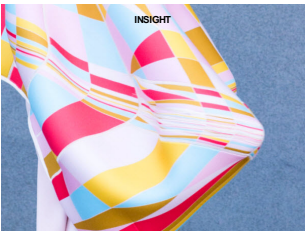
University of Huddersfield to highlight Yorkshire textiles on the catwalk (/article/2018/may/210518/university-of-huddersfield-to-highlight-yorkshire-textiles-on-the-catwalk/)

By Jonathan Dyson | WTIN



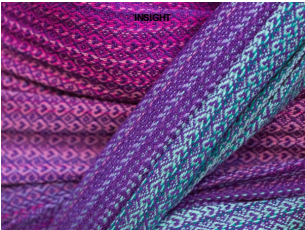
Major textile and apparel digitalization event to come to the United States in 2019 (/article/2018/may/210518/major-textile-and-apparel-digitalization-event-to-come-to-the-united-states-in-2019/)

By John Scrimshaw | WTIN



Fashion industry adopts 3D modelling software (/article/2018/may/210518/fashion-industry-adopts-3d-modelling-software/)

By Chawisa Deeso... | WTIN



Interest grows in 'intelligent wool' innovation (/article/2018/may/070518/interest-grows-in-'intelligent-wool'-innovation/)

By Wendy Mill | WTIN

BOOKMARKS

No articles bookmarked!

