

Vietnam textile projects delayed over pollution fears

By Jens Kastner | 29 May 2018

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Concerns that Vietnam's local governments are not licensing textile and dyeing projects over pollution fears may prevent the country from taking full advantage of the CPTPP trade deal, an industry association has warned.

The Vietnam Textile & Apparel Association (VITAS) has added in comments to Vietnamese media that this reluctance may prevent the clothing sector from satisfying origin rules of the upcoming the Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP).

VITAS's wake up call is partly based on its finding that while 90% of total foreign direct investment (FDI) entering the Vietnamese textile and clothing industry feeds into garment projects, only 8.3% develops textile and dyeing factories.

"If local authorities continue refusing textile and dyeing projects, Vietnam will have to continue doing outsourcing for foreign partners, because it doesn't have fibre and fabric for export," Truong Van Cam, deputy chair of VITAS, told online daily the VietNam.Net Bridge.

Among the cities and provinces that have turned down textile and dyeing investments in recent years are Da Nang, Dong Nai and Ba Ria-Vung Tau.

And this trend is continuing. Chinese textile-maker Huafang earlier this month said it has abandoned plans to build a US\$110 fabric factory in Vinh Long province, in the Mekong delta, after a local authority refused authorisations for a project that has been planned for at least three years.

"Vietnam is overly dependent on imports of raw material and inputs for its garment manufacturing industry, and a successful transition will not be easy as it has its inherent challenges, the shortage of modern dyeing facilities being one of them," warns Saponti Baroowa, associate director of business intelligence at pan-Asian professional services firm Dezan Shira & Associates, in Ho Chi Minh City.

Baroowa adds that the Vietnamese government currently favours developing more industrial parks and special economic zones, which could become home to modern dyeing facilities. The government is expected to give final approval to three new special economic zones (SEZs) during the ongoing session of the National Assembly, which ends on 14 June.

A special analysis on just-style last week modelled the impact of the upcoming CPTPP and EVFTA trade pacts on apparel exports from Vietnam - and [warned buyers to prepare for limited growth](#).

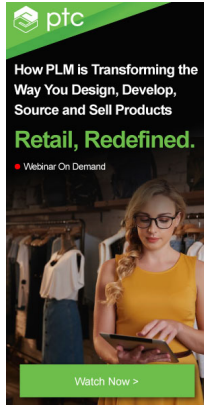
Nevertheless, Vietnam's textile and garment industry still expects exports to reach up to US\$200bn by 2035.

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