

## Vietnam garment and textile exports rise

By Jens Kastner 08 March 2019

The latest data from the General Department of Vietnam Customs shows that the country's garment and textile exports grew by 19 % in the first two months of the year from January-February 2018, outpacing 2018's full-year growth of 16% and serving as an early indicator that official export targets for 2019 may easily be met.

The Vietnam Textile and Apparel Association (VITAS) had, in early February, set the industry development target this year for an export turnover at US\$40bn, which would represent an increase of 10.8 % from 2018. The country has been focusing in attracting investment to build local backward textile and yarn linkages to service the booming clothing element of this export sector.

VITAS noted that many businesses already had full order books for the first half of this year and beyond. "The sector has gradually completed the supply chain thanks to an increasing flow of capital invested in the textile and dyeing industry, making its products more competitive," said VITAS chairman Vu Duc Giang, told Vietnamese media, such as the Voice of Vietnam, the national radio broadcaster.

Vietnam's apparel – clothing and textiles – export figures enjoyed 13% annual growth between 2014 and 2018, so the 10.8% target growth rate seems achievable, says Sheng Lu, an associate professor at the department of fashion and apparel studies, at the University of Delaware, US. He pointed out that this growth rate is sensitive to the import demand from the US, the European Union and Japan, which altogether accounted for around 80% of Vietnam's apparel exports last year.

He notes an economic model that he has built shows if the GDP growth in the US, EU and Japan can reach 2.5 %, 1.3 % and 1.1 % in 2019 respectively, as the International Monetary Fund (IMF) forecasts: "Vietnam's apparel [garments and textiles] exports this year potentially might exceed 12 %."

Going forward, such growth may be tough to sustain, however. Lu adds that, "on the other hand, with the implementation of the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) and EVFTA (EU-Vietnam Free Trade Agreement) this year, it will become more challenging for Vietnam to continue to expand its apparel production and export that fast. This is because of "the intensified competition for labour between apparel and other exporting-oriented sectors in the country" sparked by these trade deals.

Among the textile companies investing in local production of textile inputs in light of this impressive export growth is Germany's Amann Group.

Amann is constructing a €15m plant for sewing and embroidery thread production in the coastal central Vietnamese city of Da Nang, with completion scheduled for mid-2019.

With Vietnam's own consumer market remaining relatively weak, virtually all output will be used by customers for the Vietnam-based production of apparel and shoe exports, according to Jan Chorvath, Amann manager responsible for global marketing.

The company says that the new plant will meet Amann's standards in terms of technical equipment, product quality, occupational safety and just-in-time delivery. It is installing its own water treatment system in addition to the existing biological-chemical wastewater treatment plant. The fresh water obtained is used for the environmentally friendly dyeing of sewing and embroidery threads.

"One can clearly sense a new spirit of excitement and optimism in Vietnam, and the expansion of the production facilities is our response to growing demand in this market," Amann CEO, Bodo Th. Bölzle, says.

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