

## **Vietnam's Communist Party calls on textile producers to increase product value**

By Jens Kastner 29 March 2018

The official publication of the Communist Party of Vietnam, *Nhân Dân*, is urging Vietnamese enterprises to increase the product value of textiles and garments by improving human resource development programmes, adopting advanced technologies and brand development.

In an unsigned editorial published in early March, *Nhân Dân* criticised Vietnam's textile and garment sector, noting that while it has reached double-digit growth rates in recent years, with a total export turnover exceeding US\$31bn in 2017, the products' added value has been low, accounting for only 5%-10% of total worth.

"It is essential to focus on forming a complete supply chain, increasing the localisation rate, proposing solutions on financing human resources and technology in order to gradually minimise outwork and move to an Original Design Manufacturer (ODM) model," said the note, which comes against the backdrop of 70% of all Vietnamese garments using fabric from China and the textile sector lacking skilled workers, such as dyers.

"One of the core issues in developing brands for the textile and garment sector is securing the financial potential to improve the quality of human resources, investing in equipment and machines, aiming to increase the products' added value and bringing higher profits for enterprises," it added.

The Communist Party's mouthpiece went on to explain that for labour-intensive sectors, such as textiles and garments, high-quality human resources play an important role in improving productivity and helping enterprises to utilise high added-value phases in the global value chain such as fashion design, materials supply, exports and marketing.

It is going to be a fight against significant odds, however. While the World Bank's 2018 Ease of Doing Business index praised Vietnam authorities for strengthening access to credit by adopting a new civil code that broadens the scope of assets that can be used as collateral, thereby unleashing more of the financial potential needed to increase the product value of textiles and garments, shortcomings persist in human resource development.

Adecco Vietnam, the local branch of the Switzerland-based HR services firm, urged Vietnam to get ready for a new wave of technology, especially in the labour-intensive textile, clothing and footwear sectors.

Specifically, Adecco points out that more efforts are still needed to close the skills gap and structurally improve the quality of skill supply.

"At present, less than 20% of employers in Vietnam maintain regular interaction with general education and vocational training institutes, and the interactions are primarily focused on their short-term recruitment needs," said Andree Mangels, general director of Adecco Vietnam.

"Companies should be encouraged to work closely with educational institutions to develop curriculum and training programmes that align with recruitment needs and ensure relevant skills are being taught to future workers," he added.

Chris Walker, a Ho Chi Minh City garment manufacturing consultant, said more Vietnamese manufacturers should start 'getting down to the nitty gritty details' and apply Standard Allowed

Minute (SAM), a formula used by industrial engineers to calculate the minutes and seconds needed for every working procedure.

“I question Vietnam on speed,” said Walker. “I believe this is Vietnam’s weakness, and I believe productivity in Vietnam is low compared to China.” Lower productivity working against the trend to fast fashion is a drawback exacerbated by higher raw material prices resulting from the country relying on imported yarns, fabric and dye ingredients, he said.

Source: WTiN – [www.wtin.com](http://www.wtin.com)