

Report on the Vietnam Textile and Garment Exhibition, Ho Chi Minh City, Vietnam (29th October – 1st November 2014)

Following up on the successful trade delegation of the top Indian fabric manufacturing companies to Vietnam in August 2014, the Council participated with an information booth in the Vietnam International Textiles & Garment (VTG) exhibition held in Ho Chi Minh City, Vietnam from 29th October to 1st November, 2014.

Main Objectives:

The main objectives of participating in this exhibition were:

- 1) To maintain the continuity of India's presence in the Vietnamese market especially after the BSM in February and the visit of the fabric delegation in August.
- 2) To understand and explore the requirements of the buyers that visit this Fair.

14th Vietnam International Textiles & Garment Exhibition (VTG)

In its 14th time in Ho Chi Minh City, VTG2014, Vietnam International Textile & Garment Machinery Industry Exhibition had more than 95 exhibiting companies from 17 countries, displaying latest technology and trends. Country representations included China, Germany, Hong Kong, Italy, Japan, Korea, Singapore, Taiwan & Vietnam. Moreover, the event had attracted more than 11,300 professional buyers and visitors attending the event.

On the whole, VTG significantly brought large amounts of benefits, such as industry contacts, exchange information, market analysts etc. From that point of view, Texprocil might possibly gain a road map of Vietnam market, strategically generate marketing plans, and maximize their profit when entering the market.

In the VTG 2014, there were 95 exhibitors and being held in Vietnam, the domestic exhibitors continued to significantly account for nearly 40%. Furthermore, China and Taiwan participated for more than 40% of the total number – 28% and 16% respectively.

The Fair is mostly visited by Textile, knitting, & garment manufacturers, Textile & Garment machinery importers & exporters, distributors & agent of textile & garment machinery & accessories.

Vietnam Textile & Garment Industry

Vietnam's textile and garment sector has seen fast and sustainable growth over the past few years, playing an important role in national socio-economic development. Demand for labor in the sector is huge. Every year, the sector gives employment for 2.2 million people, generating income for the workers.

Export value of textile and garment products in recent years has been ranking number two in the country's total export revenue, earning a major source of foreign exchange and contributing significantly to Vietnam's gross national product and budget. The country exported US\$ 20 billion worth of garments in 2013 and will aim to achieve about US\$ 25 billion by 2020.

Vietnam is one of the top 5 garmenting nations in the world and imported about US\$ 14 billion worth of textiles in 2013. Of this about US\$ 5.6 billion was of cotton textiles. It is also one of the top importers of fabrics in the world with imports of over US\$ 8 billion in 2013 of which cotton fabrics was US\$ 5 billion. India's share (US\$ 29 million) in the fabric segment is very negligible (less than 1%).

Vietnam is on the threshold of entering into FTA with EU by the end of the year. More importantly, they are seriously negotiating the Trans Pacific Partnership Agreement (TPP) with the USA which is expected to be a game changer. Under the TPP Agreement Textiles & Garments will be permitted to be exported duty free to the USA under the "yarn - forward" rule where all activities of manufacturing commencing from the yarn stage (which should be of Vietnamese or US origin) should be done in Vietnam.

However, according to analysts, the advantage of TPP will be more for Garments made from manmade fibre rather than Cotton as the duties on MMF products is around 32% as against 18 % for Garments. There is still scope for Cotton items to be imported into Vietnam.

Given these circumstances, it is necessary to intensify the marketing efforts coupled with diplomatic efforts to convince the Vietnamese Garment Companies to source Textiles products like, Cotton Yarn & Fabrics from India.

Texprocil booth:

The Council participated at the event with a 9 sq mt stall to explore the possibility of increasing fabric and yarn trade with Vietnam. The TEXPROCIL stall at VTG was an effective platform to showcase and promote the various types of fabrics manufactured in India to the Vietnamese market and this was done by displaying samples from a few companies at the stall.

The Council requested Vietrade.com (the professional agency that mapped the profile of the Vietnamese importers for the Council's trade delegation in August) to officially represent the Council at the stall.

Visitors at the Texprocil stall:

Most of the visitors to the Texprocil booth expressed their well-prepared knowledge of textile industry, including China, Hong Kong, Korea and other countries. For Texprocil's Indian products: Specifically, Denim dominantly accounted for more than 40% of visitor requests or questions, followed by Khaki at 34%. Other categories like Yarn and other fabrics constituted the balance enquiries.

Additionally, the visitors also required further details about Texprocil products with 48% in Price and 36% in category of products.

Recommendations:

China and Korea have made huge investments in Vietnam and once trade level reaches a reasonable size & Vietnamese Companies get familiar with Indian business practices, Indian companies can also think of investments in Vietnam especially in the spinning sector to take advantage of TPP arrangements as & when they come into force.

The fabric market in Vietnam holds very good potential and hence participating in relevant exhibitions in Vietnam is an important area to showcase the capability and strengths of Indian fabrics. It is recommended to organize an India pavilion with about 10 exporters under the MDA scheme in October 2015.

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