

## VIETNAM - Emerging market for man-made textiles

Vietnam is amongst the top exporters of textile and apparel products globally. Its T&A exports has registered a positive growth at a CAGR of 12% over the last five years to reach US\$ 28.7 billion in 2016 while its imports have increased at a CAGR of 10% in the same period to reach US\$ 16.1 billion in 2016. Vietnam's textile and apparel trade balance recorded a surplus of around US\$ 12.6 billion in 2016.

Despite being one of the largest exporter of T&A in the world, Vietnam is also one of the leading importer of T&A. Manmade Textiles is the largest imported category by Vietnam, representing about 54% of its total textile and apparel imports (2016). This is followed by cotton textiles, others and apparel with a share of 28.0%, 14.5% & 3.4% respectively. Top 10 suppliers accounted for around 94% of textile and apparel imports by Vietnam. China & Hong Kong is the largest supplier accounting for 47% share followed by Korea and Taiwan with a share of 15% and 13% respectively.

### India's Textile and Apparel Exports to Vietnam

India is amongst the top supplier of T&A products to Vietnam. India's exports of T&A to Vietnam stood at around US\$ 351 million in 2016. It has registered a growth at a CAGR of 11% over the last five years. However, since 2013 India's export to Vietnam has decreased. Also, India's share in total Vietnam's textile and apparel imports has come down from 4% to 2%, while exports of T&A products from other countries like China, Korea, USA, etc. has increased.

Cotton Textiles is the largest category with a share of 77% in India's T&A exports to Vietnam. This is followed by

Table 1: Vietnam's Total T&A Trade (In US\$ Bn.)

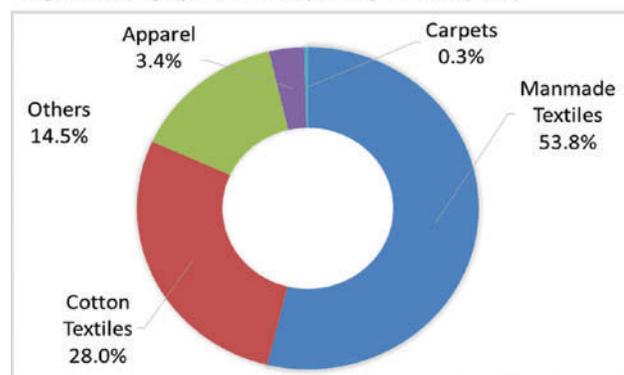
Year	Imports	Exports	Trade Balance
2012	10.9	18.1	7.2
2013	12.8	21.5	8.7
2014	14.5	25.2	10.7
2015	15.4	27.3	11.8
2016	16.1	28.7	12.6
CAGR	10%	12%	

Data Source: UN Comtrade

manmade textiles and apparel having share of 17% and 4% respectively.

In the past few years Vietnam has emerged as one of the leading exporter of apparel in the world. Its apparel export stood at US\$ 24.8 Bn. in 2016, which has grown significantly at a robust CAGR of about 18% since 2000. Continuing growth of apparel export from Vietnam will lead to higher consumption of intermediate textile products i.e., fabric as well as yarn. Currently, China, Korea, Taiwan

Figure 1: Category-wise T&A Imports by Vietnam (2016)



Data Source: UN Comtrade

Figure 2: Top Suppliers of T&A to Vietnam (2016)



Table 2: Vietnam's Top 10 textile and apparel imported commodities (Values in US\$ mn)

HS Code	Commodity	2014	2015	2016	CAGR
6006	Knitted or crocheted fabrics	1.92	2.18	2.35	11%
5201	Cotton, not carded or combed	1.42	1.61	1.64	7%
5407	Woven synthetic filament yarn, monofilament > 67 decitex	1.10	1.21	1.26	7%
5512	Woven fabric with >85% synthetic staple fibres	0.81	0.86	1.22	23%
6004	Knitted or crocheted fabrics with width>30 cm	0.69	0.74	0.89	14%
5903	Textile fabric Impregnated, coated or covered with plastics	0.72	0.76	0.76	3%
5402	Synthetic filament yarn (no sew thread), no retail	0.69	0.71	0.67	-1%
5515	Woven fabric of synthetic staple fibre	0.93	1.04	0.57	-22%
5209	Woven cotton fabrics, >85% cotton and >200 g/m2	0.53	0.52	0.48	-5%
5208	Woven cotton fabrics, >85% cotton and <200 g/m2	0.57	0.51	0.48	-8%

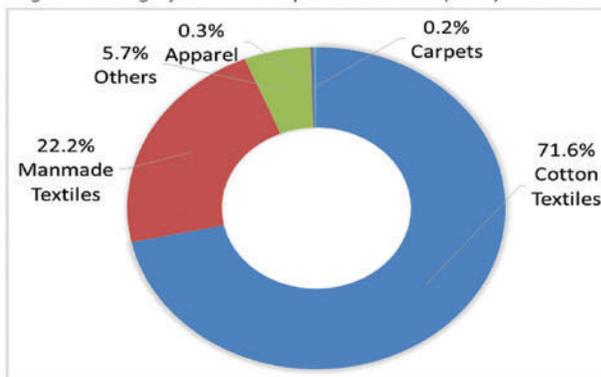
Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to Vietnam



Data Source: UN Comtrade

Figure 4: Category-wise T&A Exports to Vietnam(2016)



Data Source: UN Comtrade

Table 3: India's potential categories of textile and apparel exports to Vietnam

S.No.	Market Segment	Existing Products	New Products
1	Cotton Textiles	<ul style="list-style-type: none"> <li>Cotton not carded or combed</li> <li>Cotton yarn (Single yarn of combed fibre) containing &gt;85% cotton and measuring decitex between 232-714</li> <li>Cotton yarn (Single yarn of uncombed fibre) containing &gt;85% cotton measuring decitex between 232-714</li> </ul>	<ul style="list-style-type: none"> <li>Denim fabric containing &gt;=85% cotton and weighing &gt;200g/m2</li> <li>Knitted or crocheted fabric of cotton</li> </ul>
2	Manmade Textiles	<ul style="list-style-type: none"> <li>Synthetic filament yarn of Polyester including yarn of &lt;67 decitex</li> </ul>	<ul style="list-style-type: none"> <li>Staple fibre of viscose rayon</li> <li>Polyester staple fibre (not carded or combed)</li> <li>Woven fabric containing &gt;=85% of polyester filaments</li> <li>Woven fabric of high tenacity yarn of nylon or other polyamides or polyester</li> </ul>

Data Source: UN Comtrade and Wazir Analysis

are the leading supplier of yarn and fabric to Vietnam.

Vietnam is a significant importer of manmade based textile products with a share of 54% in its overall textile and apparel imports. A large part of the MMF based fabric manufactured and processed in India are low value added and primarily supplied to the mass domestic market. India's product basket is majorly cotton focused. Hence

in order to give an exponential growth to India's export of textile products to Vietnam and other countries, Indian firms need to invest in MMF based textile manufacturing processes. Also, the firms that are already in manufacturing of Man-made based textile products should target Vietnam as a key market. ♦