

## China to turn major buyer of Vietnamese garments, textiles: Vinatex

# 15

Jun '21



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China is set to turn a major buyer of Vietnam's textiles and garments, making up for the pandemic-induced lull in traditional markets like the European Union (EU) and Japan, according to the Vietnam National Textile and Garment Group (Vinatex). In its 14th five-year plan, China has indicated that it will not focus on textile and garment production in the 2021-2025 period.

As the EU is facing the risk of a pandemic resurgence, while Japan's economy is yet to revive, the country's textile and garment exports to these two markets are not expected to rise this year, Vinatex said.

Vietnam's textile and garment exports to China in the first quarter (Q1) of this year was as high as that to the EU at \$680 million and witnessed the highest growth among the five largest export markets—the United States, Japan, South Korea, the EU and China, Vinatex reported.

A challenge for Vinatex this year is the falling demand of office wear, which is one of the group's

main products, according to a report in a Vietnamese newspaper. Amidst the pandemic, consumers prefer casual wear and sportswear. Another difficulty is that inflation is expected to rise this year, resulting in higher lending rates and increased financial expenses.

Vinatex targets revenues of VND1.5 trillion (\$66 million) this year, up by 5 per cent year on year, and a pre-tax profit of VND201 billion, up by 37 per cent. The group said it will continue to divest from ineffective companies this year.

Vietnam's textile and garment exports in the first five months of 2021 hit \$12.2 billion, up by 15 per cent year on year, according to the General Statistics Office.

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