

Textile exports to fall for the first time in 25 years

By **Dat Nguyen** December 6, 2020



A woman makes masks at a factory in Tan Binh District, Ho Chi Minh City. Photo by VnExpress/Nguyet Nhi.

Vietnam's textile and garment exports is set to fall 15 percent to \$34 billion this year, the first drop in 25 years, over Covid-19 impacts.

With the Covid-19 situation remains serious in the U.S. and some European countries, exports to these markets will continue to face difficulties due to a shortage of orders, the Ministry of Industry and Trade said in a recent report.

The 15-percent decrease, however, is still lower than the 20-25 percent plunge in global demand this year, it said, adding that domestic companies have been making efforts to pump up revenue by producing lower-added value products to ensure cash flow.

HCMC-based Dony Garment is focusing on small orders. Pham Quang Anh, CEO, said that in the beginning of the Covid-19 outbreak, his company took

on orders of millions of masks from buyers in the U.S. and the E.U, but now the company is accepting orders as low as 36,000 units.

Even though the value of masks is 10 percent or 5 percent of other products made before the pandemic, many customers have reached out to the company and asked for them, which has helped keep the business running, he added.

The company's revenues in the first 11 months actually surged 2.7 times year-on-year thanks to masks, he said.

Other companies expect new trade pacts will help boost exports.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS), said that the recently-signed Regional Comprehensive Economic Partnership (RCEP) is likely to boost China's demand for garments made in Vietnam.

Japan is another potential market. The East Asian giant requires Vietnamese companies to prove their products are sourced from other ASEAN countries or from Japan to enjoy incentive tariffs while most of Vietnamese products are made from materials imported from China, he said.

But when the RCEP takes effect, even products with materials from China will enjoy incentive tariffs, he added.

Than Duc Viet, CEO of Garment 10 Corporation Jsc (Garco10), said the scrapping of tariffs on many textile and garment exports to the E.U. thanks to the EU-Vietnam Free Trade Agreement (EVFTA) will push the sector's growth.