

Vietnam's export sectors become M&A targets for foreigners

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[Vietnam's textiles-garment and leather-footwear sectors](#) are facing a new threat—that of mergers and acquisitions (M&A) by foreign investors. A recent study of COVID-19's impact on key export-oriented industries in Vietnam found that instances of M&As have surged in the textiles-garment, leather-footwear and electronics sectors in the last three years.

In 2018, Japan's Itochu Corporation purchased 10 per cent of the shares of the [Vietnam National Textile and Garment Group \(Vinatex\)](#) at a reported \$47 million. Itochu raised its stake to about 15 per cent, thus becoming the second-largest shareholder after the ministry of Industry and Trade (MoIT).

Other major M&A deals include the one between the Taekwang MTC Vietnam Co Ltd and the Jin Heoung Vina JSC in the leather-footwear industry. Korean investors, who have inked a number of M&A deals, have concentrated on sectors like textiles-garment and leather-footwear, besides

electronics.

Experts have called for streamlining legal regulations, especially those on information transparency like setting up a regular consultative mechanism between the MoIT and the ministry of planning and investment to develop an M&A database that would protect the interests of all sides.

Vietnamese enterprises should proactively diversify technical solutions to keep the information transparent, identify the targets in M&A deals, and analyse partners to avoid risks during negotiations, they have said.

Vietnam's textiles-garment industry is known for its low labour costs, and has been identified as one of six sectors on a list of supporting industry products prioritised for development. Vietnam is now known as the "footwear factory" of the world, and has also been establishing itself as the world's electronic manufacturing hub.

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