

Vietnamese textile, garment, footwear firms see drop in orders

27 Sep '22



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Vietnamese textile, garment and footwear firms are witnessing a fall in orders for the rest of this year, which will possibly continue next year as well. Several enterprises in Ho Chi Minh City are seeing a sharp drop in export orders, mainly from the United States and the European Union (EU) as consumers there have tightened spending due to inflation.

In the first eight months this year, Vietnam's textile and garment export value reached \$30.1 billion, but this was primarily generated in the initial few months of the year, Pham Xuan Hong, chairman of HCM City Textile and Embroidery Association, said.

The enterprises have been facing several difficulties, including reduction in export orders, since July, he was quoted as saying by a news agency.

The demand for high-end clothing items made from recycled cotton fibres would slow down in the second half of 2022, according to an analysis by

VNDirect Research, which said US customers had shortened the order period to three months before the deadline for goods delivery instead of six months due to high inventories and inflation.

At present, only a few large enterprises have enough export orders for 2022 third quarter, while fourth-quarter orders have also slowed due to inflation concerns.

The Vietnam Leather, Footwear and Handbag Association said exports in this sector would certainly be affected as the year draws to a close due to inflation and reduced consumer demand in key markets.

The association said footwear enterprises have been forced to reduce overtime and some have negotiated with partners to accept orders that were signed during the pandemic for maintaining operations and ensuring income for staff.

At present, large textile and garment enterprises with bulk orders are sharing orders with smaller enterprises lacking orders. Some are exploring newer markets like India and Pakistan as well.