

ITMF Director General
Christian Schindler, Ph.D., says:
“Welcome to Hanoi. We are
looking forward to many
attendees at the annual
ITMF conference.”



ITMF Annual Conference In Vietnam

*ITMF Director General
Christian Schindler,
Ph.D., discusses the
annual conference
and the Vietnamese
textile industry.*

By Jürg Rupp,
Executive Editor

The ITMF 2012 Annual Conference will take place November 4–6 in Hanoi, Vietnam. It is co-organized by the Switzerland-based International Textile Manufacturers Federation (ITMF) and VINATEX, the Vietnam National Textile and Garment Group. The theme of the conference is “Challenges for the Textile Industry — Present and Future.”

“Volatile raw material markets, sovereign debt crises, currency disputes, political instability in some regions, a blocked Doha-Trade-Round, looming protectionism ... these are just a few of the short- and long-term risks that the world economy is confronted with and which have far reaching implications for the global textile value chain.” With those words, ITMF is introducing the conference.

As ITMF states on its website, the conference delegates “will benefit from a wide range of presentations, meetings and workshops in order to

- learn more about the ongoing changes affecting the global textile industry,
- exchange views and experiences regarding the challenges and opportunities of today and tomorrow and
- meet colleagues from the textile and affiliated industries from around the world.”

Textile World spoke to ITMF Director General Christian Schindler, Ph.D., about the reasons why Vietnam was chosen to be the host of this year’s conference.

TW: *Why is this year’s annual ITMF conference taking place in Vietnam?*

Schindler: Vietnam has been opening up in the past two decades and has gradually integrated its economy into the global economy. Its proximity to many rapidly developing and emerging economies in Asia and the regional integration of its economy helped to spur invest-

ments and economic growth. Along with Vietnam's economy as a whole, also its textile and apparel industry grew rapidly. Between 2000 and 2010, Vietnam's textile and apparel exports surged from US\$2.1 billion to US\$13.5 billion — an average annual increase of 54.3 percent. While apparel exports still represent approximately 80 percent of the industry's exports, textile exports have increased significantly. According to ITMF's International Textile Machinery Shipments Statistics, investments in Vietnam's primary textile industry picked up strongly. The segment of spinning machinery especially saw a strong increase. Since the year 2000, the Vietnamese textile industry has on average invested in approximately 210,000 new short-staple spindles every year. In 2011 alone, the industry installed 330,000 new short-staple spindles.

TW: *What are the benefits for the Vietnamese textile industry in organizing this conference?*

Schindler: Bringing the ITMF Annual Conference to Vietnam is an opportunity to showcase the Vietnamese textile and apparel industry, to promote investments in the industry, to build ties and networks with textile representatives from around the world and to discuss topics of mutual interest. In other words, hosting an ITMF Annual Conference provides the possibility to promote the Vietnamese textile and apparel industry.

TW: *What do you expect from this conference for the Vietnamese textile industry?*

Schindler: As the co-organizer of the ITMF Annual Conference, we hope that the participants will discuss the challenges and opportunities of the industry in the various general sessions as well as during the social activities outside the conference room. The ITMF Annual

VINATEX

VINATEX is owned by mother company Vietnam Textile and Garment Group; research and training centers; and nearly 120 sub-companies, which include joint stock companies doing business in various fields, such as textile apparel manufacturing and commercial services.

The organization's chairman is Vu Duc Giang.

VINATEX's strategy for developing the Vietnamese textile apparel industry until 2015, and its orientation toward 2020, includes a focus on specialization and modernization to offer

added value in textile apparel products. The organization's approach comprises two initiatives:

- to achieve sustainable, stable and long-term development of the country's textile apparel industry by implement three decisive programs — cotton planting, high-quality spinning and human resources training; and



Vu Duc Giang, chairman of the VINATEX Members' Council, and other heads of VINATEX visit with Nhabe Garment Corp. at a New Year's 2012 opening ceremony.

- to complete capitalization of all state-owned textile apparel enterprises and VINATEX.

Conference with a truly international platform enables all participants to better understand the developments and ongoing changes in the global textile value chain — from fibers to retail — that the industry needs to understand to overcome the challenges and to prosper in the future. Of course, we hope that the links between the Vietnamese and the international textile industry can be intensified and strengthened.

TW: *What are your hopes for the ITMF attendees for the conference?*

Schindler: I hope that the participants will listen to informative presentations, will be able to participate in interesting discussions, will meet old and new colleagues and friends, will learn more about the Vietnamese textile industry, and

will better understand the short- and long-term challenges and opportunities of the global textile industry.

TW: *What should not be missed while visiting Vietnam and the conference?*

Schindler: Attending the ITMF Annual Conference in Hanoi enables every participant to experience first-hand this fascinating country with a vibrant and dynamic society and economy. If time allows, one should also consider participating in the ITMF post-conference tour to central Vietnam. The cultural and natural treasures of Vietnam are numerous and definitely worth visiting and seeing. We are looking forward to welcoming a lot of guests to Hanoi in November. **TW**

After severe times, Vietnam has made tremendous efforts to become a serious player in the textile industry in Southeast Asia.

Vietnam: A Small Tiger Is Growing Up

TW Special Report

From humble beginnings since the reunification of its northern and southern regions, Vietnam has become a strong player in the global textile market. The textile and apparel industry plays a major role in increasing the country's prosperity. The Vietnamese textile industry, with more than 3,800 companies, is the leading export sector.

State-owned enterprises make up just 0.5 percent of Vietnam's businesses; however, 75 percent are joint stock or limited companies. The country ranks fifth worldwide in textile and apparel exports and has a labor force in that sector of more than 2 million people, of whom 1.3 million are working directly in the industry.

VINATEX

The Vietnam National Textile and Garment Group (VINATEX) is one of Asia's leading textile and apparel

groups, and has a relationship with more than 400 organizations from 65 countries. It was established in 1995 as a result of merging textile and apparel state-owned enterprises. Of its 120 members, 95 percent already have been equitized. VINATEX member companies account for 9 percent of the Vietnamese textile and apparel industry's total labor force and 18 percent of total exports.

Economy

Vietnam's gross domestic product (GDP) grew by 5.9 percent in 2011, down from 6.8 percent in 2010. However, 2011 GDP growth was relatively high considering the country's efforts to control inflation.

Vietnam's textile and apparel exports in 2011 totaled US\$15.8 billion, up 24.4 percent compared to 2010. Its main export markets were

the United States, which accounted for \$6.9 billion of those exports; the European Union, \$2.5 billion; and Japan, \$1.7 billion. Of the total textile and apparel exports, yarn exports accounted for \$1.79 billion — up 27.8 percent from the previous year. China accounted for 30.5 percent of yarn exports; Korea, 16.1 percent; and Turkey, 15.4 percent. Vietnam's fabric exports totaled \$831.7 million.

Vietnamese textile and apparel exports continued to record growth in the first six months of 2012, growing by \$7.7 billion — an 8.2-percent increase over the same period in 2011.

In 2011, textile imports, not including accessories, netted \$9.3 billion — a 28.8-percent increase over 2010 imports worth \$7.2 billion. Cotton imports totaled 332,600 metric tons (mt) valued at \$1.05 billion.



Main Products Produced By VINATEX Members

Product	Unit	2005	2006	2007	2008	2009	2010	2011 est
Yarn	1,000 mt	109	123	121	116	115	117	112
Fabrics	million m ²	196	222	203	209	224	222	235
Apparel	million pcs	171	186	205	224	226	245	267
Total Revenues	billion VDN	17,811	20,055	22,455	22,960	24,264	29,719	35,912

Table 1

Source: VINATEX

Imports of other fibers and yarns totaled 614,100 mt and were worth \$1.53 billion. Fabric imports totaled approximately \$6.7 billion.

Structure

There are 70 spinning companies in Vietnam, 31 of which are located in northern Vietnam, six in the middle region and 33 in the south.

At the end of 2011, the textile sector employed some 840,000 people — 11.2-percent more than in 2010. The average hourly wage for textile workers that year was 60 cents in U.S. currency terms.

Important Retail Business

The cornerstone of the Vietnamese textile industry is basically the retail business. The country has 71 textile/apparel supermarkets, with locations in 25 cities and provinces. Plans call for increasing that number to 200 supermarket and trade centers nationwide by 2015, and to establish textile and apparel material and accessories centers in northern and southern Vietnam. Plans are also in place to promote and enhance fashion brands to increase competitive

Vietnamese Textile Capacities And Imports In 2010

Product	Unit	Capacity	Import
Yarn	1,000 mt	514	582.2
Wovens	million m ²	680	2,180
Circular knits	1,000 mt	58	70
Flat knits	1,000 mt	23	106.1
Towels	1,000 mt	38	—
Tire cord	1,000 mt	8	—
Nonwovens	million m ²	19	—

Table 2

Source: VINATEX

strengths, and to create an online textile/apparel trade website.

The Vietnamese textile and apparel industry's customers include the top labels worldwide. To name a few from the top three markets, U.S. brands and retailers include, among others, JCPenney, Nike Inc., Gap Inc., PVH Corp., Liz Claiborne, Target Brands Inc. and Perry Ellis; European brands and retailers include Marks & Spencer, C&A, The Otto Group, Camel, Seidensticker, Pierre Cardin and Jacques Britt; and Japanese brands and retailers include Itochu Corp., Sojitz Corp., Marubeni Corp., Mitsui & Co. Ltd., Seikyo, Mitsukoshi Ltd. and Katakura Industries.

Capacities

Vietnam consumes some 400,000 mt of cotton annually — with 35 percent of that total imported from the United States, 32 percent from India and 19 percent from South Africa.

In 2010, 3,656,756 ring spindles and 104,348 rotors were installed in Vietnam. Total yarn production capacity was 514,000 mt per year, primarily for 100-percent cotton yarn. Domestic consumption accounted for 34.7 percent of the yarn produced. Woven fabric capacity in 2010 was 680 million square meters (m²). The available production capacities and imports of these and other textile products are shown in Table 2.

Vietnamese Textile And Apparel Industry Development Plan

		2010	2015	2020
Export	US\$	11.2 billion	18 billion	25 billion
Capacity/year	Spinning	550,000 mt	880,000 mt	1 million mt
	Weaving	680 million m ²	1,500 million m ²	2,000 million m ²
	Apparel	1.8 billion units	2.85 billion units	4 billion units
Workforce		2 million	2.75 million	3 million

Table 3

Source: VINATEX

Vietnamese Textile Industry Self Evaluation

In collaboration with VINATEX, the Vietnamese textile industry evaluated its own strengths and weaknesses in a SWOT analysis. A SWOT analysis is a strategic planning method to evaluate the strengths, weaknesses/limitations, opportunities and threats involved in a business or project. Here is the outcome of the analysis:

Strengths

- Dominant exporting capability and highly potential domestic market;
- Low costs, skillful labor force;
- Renovated and modernized equipment;
- Stable political environment; and
- Incentive policies.

Weaknesses

- Most enterprises are medium and small size;
- 50 percent of raw materials are imported;
- Production management is still weak and inefficient; and
- Marketing strategy is not paid serious attention.

Opportunities

- Shifting trend from China to Association of Southeast Asian Nations (ASEAN) countries, including Vietnam;

- Attracting investors from potential markets such as Russia and Korea;
- Expanding market share in United States, European Union and Japan market; and
- Large population: 86 million people.

Threats

- Strong competition from rivals including China, India and Indonesia; and
- Bargains of technology, hygiene, social responsibilities.

Competitive Advantages

However, VINATEX has defined some important competitive advantages over its neighboring states, such as:

- Abundant source of skillful, fast-learning and wage-competitive labor;
- Modern facilities backed with high-quality water treatment systems;
- Cost-competitive locations for manufacturing and exporting;
- Good and strong relationships with big international buyers/importers;
- Recognition of credibility for high-quality products; and
- Support from free trade agreements with major exporting markets.

Source: VINATEX

Investment Opportunities

Investment projects, along with government incentives for foreign investment, are deemed to be central to the improvement of the Vietnamese textile and apparel industry as Vietnam seeks to strengthen its competitive position in global apparel markets. Other contributing factors include low labor costs and a stable political environment.

The Vietnamese textile industry

today comprises mainly apparel cut-and-sew enterprises. VINATEX has the following investments in the works to build manufacturing capacity for upstream textile production:

- viscose fiber plant (phase one): 30,000 mt/year capacity;
- compact spinning mill with 60,000 spindles: 4,500 mt/year capacity;
- greige fabrics plant: 30 million running meters/year capacity; and

- dyeing plant: 30 million running meters/year capacity.

Human Resources

VINATEX is focusing on R&D and training to foster competitiveness. There are plans for the long-term development of vocational schools and colleges. In this context, 20,000 workers should receive training to reach intermediate, college, or higher skill levels. There also is a plan to add some 60,000 educated and skilled workers every year. And, finally, the textile industry wants to cooperate with international partners to provide high-quality training.

Future Plans

The Vietnamese textile and apparel industry has an ambitious target plan, with investment capital estimated to total approximately \$25 billion in 2020 (See Table 3). A complete infrastructure is planned for the industrial areas, including traffic systems, power and water supply, drainage and wastewater treatment centers.

The current textile and garment industrial total area of 510 hectares (ha) is based in two regions: in the north, in Pho Noi B comprising 121 ha and Bao Minh comprising 165 ha; and in the south, in Binh An comprising 76 ha and VINATEX Tan Tao comprising 148 ha. There is an ambitious plan to further extend the industrial area for textiles and garment production by 1,080 ha.

Bright Future

The future of the Vietnamese textile industry looks bright because of continuous efforts made by textile companies to upgrade their equipment to enhance their competitiveness. Over the last three years, there has been a fundamental change in the industry's structure, especially in the spinning subsector. **TW**

Editor's note: Executive Editor Jürg Rupp and Managing Editor Janet Bealer Rodie contributed to this report.

2012 ITMF ANNUAL CONFERENCE PROGRAM

Saturday, November 3

13:00 – 15:30:
Board Meeting

15:00 – 19:00: Registration

16:45 – 18:15:
Directors' Meeting
Directors of member associations, associate and corporate members

19:00 – 20:00:
Joint Reception
ITMF officers; directors of member associations, associate and corporate members

Sunday, November 4

09:00 – 10:30: Meeting
ITMF Spinners Committee

11:00 – 12:30: Meeting
Joint Cotton Committee

12:00 – 19:00: Registration

12:30 – 14:00: Lunch

Fiber Session

- 14:00 – 15:00: Cotton
- **Global Cotton and Textiles: Friends or Foes?** — Robert P. Antoshak, managing director, Olah Inc., New York City
 - **Cotton vs PSF: Perspectives for Future Consumption** — Antonio Vidal Esteve, CEO, Ecom Agroindustrial Corp. Ltd., Brazil, and president, International Cotton Association (ICA), United Kingdom
 - Richard Shaw, Fiber business development manager, Bayer CropScience, Research Triangle Park, N.C.
 - **Panel Discussion/Q&A**

15:00 – 15:30: Coffee Break

- 15:30 – 16:30:
Man-made Fibers
- **Review of Global Demand for Chemical Fibers** — Peter Driscoll, managing director, PCI Fibres, United Kingdom
 - R.D. Udeshi, president, polyester chain, Reliance

Industries Ltd., India
• **Panel Discussion/Q&A**

17:00 – 18:30: Meeting
Fiber/Technical
Textiles Committee

19:30 – 22:00:
Welcome Reception
and Dinner

Monday, November 5

Formal Opening Session

- 09:00 – 09:45:
Welcome Addresses
- Vu Duc Giang, chairman, VINATEX, Vietnam
 - Bashir H. Ali Mohammad, president, ITMF
 - Ho Thi Kim Thoa, vice minister, Ministry of Industry and Trade, Vietnam (TBC)
 - Hoang Trung Hai, deputy prime minister, Vietnam (TBC)

09:45 – 10:15: Coffee Break

10:15 – 10:45
State and Outlook of
the Global Economy

First General Session

- 10:45 – 12:15:
Vietnam's Textile and
Apparel Industry on
the Rise
- Phan Chi Dung, director, Ministry of Industry and Trade, Vietnam (TBC)
 - Le Tien Truong, vice general director, VINATEX
 - **Panel Discussion/Q&A**

12:30 – 13:45: Lunch

Second General Session

- 14:00 – 16:00:
How to Do Business in
Times of Uncertainty
and Volatility
- **Sustainable Development of Chinese Textile Industry and Win-Win Cooperation for Global Textile Industry**

- Wang Tiankai, president, China National Textile & Apparel Council (CNTAC), China
- **Making a Difference in the Textile and Apparel Industry** — Marjorie Yang, chairman, Esquel Group, Hong Kong
- **U.S. Trade Policy: Presidential Elections Do Matter** — Thomas G. Travis, chairman, Sandler, Travis & Rosenberg, Miami
- **Panel Discussion/Q&A**

16:00 – 16:30: Coffee Break

16:30 – 18:00: Meeting
Committee of Home
Textiles Producers

Evening: Gala Dinner
Temple of Literature

Tuesday, November 6

Third General Session

- 09:00 – 10:00:
From Fiber to Retail —
How to Handle the
Textile Supply Chain
- **Cotton in the World's Supply Chain: Now and into the Future** — Mark A. Messura, senior vice president, Cotton Incorporated, Cary, N.C.
 - **Sustainability in the Textile Supply Chain: A Chemical Company's View** — Huntsman Textile Effects, Singapore
 - **Panel Discussion/Q&A**

10:00 – 10:30: Coffee Break

Fourth General Session

- 10:30 – 12:00:
Old and New
Retail Markets
- **Global Changes in Clothing Consumption by 2020, and their Impact on Fiber-Manufacturer Supply Chains** — Arvind Singhal, chairman, Technopak, India

- Thomas Nelson, vice president, VF Corp., Hong Kong
- **Apparel Retail's Future and the Implications for Supply Chain Partners** — Colin Funnell, executive vice president, Global Supply Chain, Gap Inc., San Francisco
- **Panel Discussion/Q&A**

12:00 – 14:00: Meeting
Committee of Management

12:00 – 14:00: Lunch

Fifth General Session

14:00 – 15:00:
Technical Textiles and
Nonwovens

- **Technical Textiles for Infrastructural Applications in Asia** — Wally Moore, global group director, TenCate Geosynthetics, Pendergrass, Ga.
- **Challenges and Opportunities for Nonwovens: Global and Regional Market Trends** — Jacques Prigneaux, market analysis and economic affairs director, EDANA, Belgium
- **Panel Discussion/Q&A**

- 15:00 – 15:15:
The Global Textile
Machinery Market
Situation
- Christian P. Schindler, Ph.D., director general, ITMF

15:15 – 15:30: Invitation
Invitation to the 2013 ITMF
Annual Conference

15:30 – 16:00:
Coffee Break

16:00 – 18:00: Workshop
Offered by Huntsman
Textile Effects

For latest program updates,
visit itmff.org. Program accurate
as of *Textile World's* press time.