



Vietnam

Key Contributors:
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Background



- Located in Southeast Asia on the Indochina peninsula
- Developing country
 - Employment and health rates are better than previous years
- Population: over 99 million people
- Resources: coal, manganese, and offshore oil and gas deposits
- Majority of employment comes from service sector and agriculture industries
- Value importance of family and community
 - Respect, honor, and education also very important

Overview (Then)

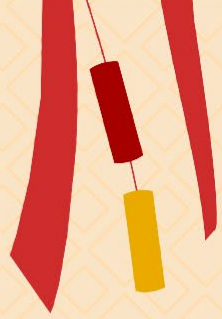
- Got their start in the textile sector in 1954 when they got their independence from France in order to build up their economy.
- Started in the textile sector by producing cotton and weaving yarns.
- Textile and apparel were big contributors to their economy growth but oil and gas were the main contributors.
- Exporting did not take off until 2007 when they joined the WTO.

Overview (Now)

- There has been a shift from the textiles to apparel production.
- Apparel production is the top contributor to Vietnam's economy.
- They provide cheap labor and high quality garments, leading them to supply 6.4% of the world's apparel exports.
- They have an unemployment rate of 2.4%, with apparel production being the second largest contributor of employment in Vietnam.
- The textile and apparel industry contribute 15% to Vietnam's overall GDP.

Imports & Exports

- Vietnam is the third highest garment exporter in the world
- Current GDP: \$371.5 billion
- Many developed countries go to them for goods because they have quick production and cheap labor
- They rely most on their exports to the U.S., which has accounted for the largest part of their textile exports amounting to almost 14 billion U.S. dollars
- They exported items worth \$37.57 billion just last year

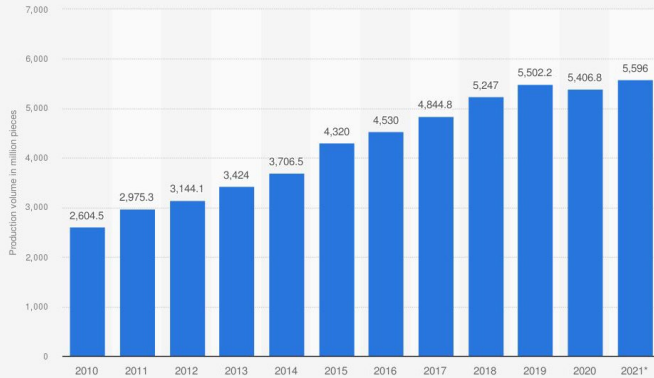


Global Trade & Production Role

- Major textile and apparel exporter
 - Was ranked #3 worldwide for apparel exports
 - Export value of clothing and textiles went up to around 44 billion dollars in United States
 - United States is leading partner for Vietnam's exports
- Not a major importer for textiles and apparel
 - Still relies on other countries for imports of cotton and other fibers

Historical Review

Production volume of clothes in Vietnam from 2010 to 2021 (in million pieces)



Source
General Statistics Office of Vietnam
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Additional Information:
Vietnam; General Statistics Office of Vietnam; 2010 to 2021

- 1995
 - Vietnam and United States decided to have bilateral relationship
- 2000's
 - They signed first bilateral trade agreement in 2000
 - Vietnam officially became member of World Trade Organization in 2007
 - Allowed for Vietnam to have normal trade relations status
 - Clothing became Vietnam's biggest export
 - United States also starting exporting more textiles
- Present
 - Apparel no longer Vietnam's biggest export but still a big asset of their economy

Absolute Advantage

Best Alternatives

1. United States exports textiles to Vietnam (Capital Intensive)


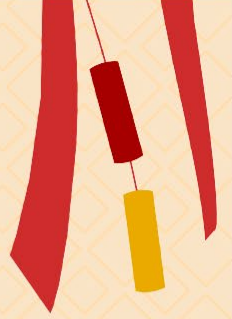


2. United States imports apparel from Vietnam (Labor Intensive)







U.S. Companies That Should Trade

- Considering Vietnam is able to produce high quality garments in short periods of time, I recommend fast fashion brands should look into producing with this country.
 - Even higher luxury brands that have ready-to-wear lines should take advantage of Vietnam's reliability.
 - Brands that currently produce in Vietnam: Patagonia, Gap, and Nike.
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How to Import Clothing?

- In order to import clothing from Vietnam to the US, the company must be in compliance with rules and regulations.
 - Value-added Tax (VAD)- 10% applies to apparel along with other goods and services.
 - Companies must contain a license from Ministry of Industry and Trade of the Socialist Republic of Vietnam (MOIT) in order to do business with Vietnam manufacturers.
 - All products must be overseen by the seven ministries and agencies that Vietnam assigns to ensure all products being imported/exported are complying with quality/performance standards according to MOIT.
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How to Import Clothing (Documentation)

- Import Goods Declaration Form
- Bill of Lading (Ocean)
- Contract between the U.S company and Manufacturer
- Cargo Release Form
- Commercial Invoice
- Customs Import Declaration Form
- Packing List



Benefits & Losses

Benefits:

- High quality, durable fabric that lasts a long time
- The Trans-Pacific Partnership (TPP) Agreement strengthens economic ties with the U.S. and provides the tools to support Vietnam's economic reforms.
- TPP will also bring benefits to U.S. workers, businesses, and more by significantly expanding market access and eliminating tariffs as high as 74 percent on key American exports.

Losses:

- Ethically questionable.
- Wages are kept extremely low for Vietnamese garment workers in order to produce the masses.
- Extended shipping time to actually get garments.
- More expensive to pay for faster shipment.



Reflection

1. Since joining the WTO in 2007, Vietnam is now much easier to trade with
2. The United States has the absolute advantage over Vietnam for textile exports, due to it being capital intensive.

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