

VIETRADE - The transpacific partnership - TPP when comes into effect would become a hitch to Vietnam's garment and textile industry. However, in order to benefit from TPP, Vietnamese enterprise should comply with the "yarn forward" ROO (Rule of Origin), which requires the enterprises to use yarn produced among 12 TPP members in textiles. The rules are challenging for Vietnam textile enterprises in general and for Nam Dinh textile business owners in particular.

Nam Dinh has been considered the "textile capital" of Vietnam. Garments and textile contribute most to the total export turnover of the province. Statistics by the Nam Dinh's Department of trade, in 2015, garments and textiles gained USD 850 million in export value, accounting for 85% of the total USD 981 million export turnover of Nam Dinh province. Despite the industry's biggest share in the province's export turnover, many Nam Dinh textile enterprises are only contractors, receiving the least interest from the production value chain, said Mr. Nguyen Minh Van - Director of Nam Dinh's Department of Industry and Trade. Few enterprises participate in the raw material production chain, still, their raw materials self-sufficient ratio is only 30% leaving the rest on import; and 90% of the imported materials are from China which is not TPP member.

Once TPP takes effect, textile enterprises have no other choice than complying with the "yarn forward" ROO, actively investing into raw material production such as yarn, fabric, thread and silk.

In its support for textile enterprise, beside the advisory work for the People's Committee in adopting international economic integration work plans, Nam Dinh's Department of Industry and Trade has collaborated with relevant agencies in deploying communication activities to inform, disseminate and popularize the economic integration process; plan and implement projects on

strengthening the competitiveness of enterprises, products and services; develop and reinforce the infrastructure for business activities and distribution network. Management staffs, enterprises and certain group of people will therefore be better aware of the international economic integration; many textile companies have gained a head start, getting ready for the opportunities.

The Department of Industry and Trade advises the People's Committee in making plan and investing into industrial zone construction for textile production chain projects. For example, Rang Dong industrial zone with the textile production chain of yarn, fiber and tailoring is under the first phase, starting the 600 hectare construction this year.

Besides, several large textile companies have invested into production lines to successfully manufacture various raw materials for fiber production: Nam Dinh Joint stock Corporation is capable of producing fibers which are 100% cotton , 100% PE, 100% Visco... Nam Dinh Joint Stock Silk Corporation, besides their traditional products like silk fabric with the annual production capacity of 300,000 meters per annum, also provides such auxiliary products as Pe/Co fiber and assorted cottons...Other newly founded companies have invested into products that comply with the "yarn forward" ROO (at Hoa Xa, My Trung and An Xa industrial zones and clusters). Son Nam Garment and Textile Joint Stock company has invested nearly VND 400 billion in constructing a fiber plant; Thuy Binh Joint Stock company has invested nearly VND 30 billion into wool fiber plant with products made from fibrous materials. Thuy Dat Joint Stock company has invested into a spinning plant with different factories: fiber factory with production capacity of 3,600 tons per annum; textile factory with the optimum production capacity of nearly 1,000 tons of assort towels per annum.