

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 4/1/2013

**GAIN Report Number:** VM3017

## **Vietnam**

### **Cotton and Products Annual**

### **Commodity Report**

**Approved By:**

Dwight Wilder and Michael Ward

**Prepared By:**

Truong Minh Dao and Bui Thi Huong

**Report Highlights:**

Due to limited cotton production -- less than two percent of total cotton demand -- Vietnam relies heavily on cotton imports to feed its growing textile and spinning industry. Post maintains Vietnam's 2012/2013 cotton production estimate at 4,590 metric tons (mt) or 21 thousand bales. The cotton import reliance is revised to increase by 14 percent in Marketing Year (MY) 2012/2013 with imports reaching 405,000 mt, thanks to strong exports of yarn. In CY 2012, Vietnam imported 416,000 mt of cotton, a year-on-year increase of 27 percent. U.S. cotton accounted for 30 percent (despite recent contract defaults) of total imports that year. Due to a strong increase of U.S. cotton exports to Vietnam in the first 6 months of this MY 2012/2013, post believes U.S. cotton exports this MY will likely lead to a bigger market share. Current trade data on value-added cotton products (mainly yarns) is also provided.

Although it is still early to provide a forecast on Vietnam's cotton production and trade for the next MY (2013/2014), post's initial production forecast has been set at the same level of 2012/2013, due to no changes to Vietnam's biotechnology policy. MY2013/2014 cotton imports are projected to increase slightly.

## SITUATION AND OUTLOOK

### Textile Industry

Vietnam is now ranked among the world's top seven textile, garment, and apparel-exporting countries. Despite the global economic downturn, Vietnam's 2012 textile, garment, and apparel exports still met the government's target, reaching a value of \$16.9 billion -- an increase of 7 percent over 2011 (Source: Vietnam Customs Office). This growth is mainly due to the sector maintaining its traditional export markets (USA, EU, Japan), while also expanding to new export markets (China, Turkey, Korea, the Middle East, Africa etc.). Vietnam has set ambitious targets for the textile industry, with exports targeted by the Vietnam Ministry of Industry and Trade (see table 2) to reach \$25 billion by the 2020. The Trans-Pacific Partnership Agreement (TPP), if finalized, would help Vietnam achieve this target.

The United States remains the largest market for Vietnam's textile industry, and accounted for nearly 45 percent of total sector exports in 2012. This represented a year-to-year increase of nearly 7 percent.

Vietnam is one of very few countries in Asia that have expanded their yarn spinning sector in recent years. From only 2 million spindles in 2000, Vietnam's spindle capacity reached over 5.1 million spindles (equivalent) in 2012, creating the potential for voracious demand for imported cotton.

Due to strong demand for yarns from international markets, especially China and Turkey, Vietnam exports of yarn in 2012 continued growing, and reached 415,000 metric tons, a year-on-year increase of 8 percent. Vietnam exports over 60 percent of the yarn (including cotton yarn) that it produces. Main export markets for Vietnamese cotton yarn are China, Turkey, Korea, Indonesia, and Thailand.

Table 1 and table 2 below illustrate an overview of the Vietnam textile/spinning industry:

**Table 1: Vietnam Textile/Spinning Industry Overview**

	2010	2011	2012
Total Number of Spindles	3,650,000	4,500,000	5,100,000
Total Number of Rotors	103,348	103,348	103,348
Yarn Production from cotton and polyester/rayon (Unit: MT)	514,000	620,000	680,000
Yarns Exports (Unit: MT)	336,000	384,000	415,000
Fabric Production (billion m2)	1.0	1.0	1.0
Fabric Imports (billion m2)	Not available	Not available	6.0

Source: Vietnam Spinning Association (VCOSA)

**Table 2: Vietnam's Projections for the garment and textile industry to 2020**

Description	Unit	2010	2015	2020
<b>1. Export value</b>	\$ million	12,000	18,000	25,000

<b>2. Number of employees</b>	Thousand persons	2,500	2,750	3,000
<b>3. Key products</b>				
- cotton lint	1000 mt	20	40	60
- Fiber, polyester yarn	1000 mt	120	210	300
- all kind of yarn	1000 mt	350	500	650
- all kind of fabrics	million m <sup>2</sup>	1.000	1.500	2.000
- Garment products	million pieces	1.800	2.850	4.000

Source: Ministry of Industry and Trade

### Cotton Market

Post maintains the forecast for MY 2012/13 cotton lint production at 21 thousand bales, an 11.4 percent decline compared to MY 2011/12, as low cotton prices and strong competition from other agricultural crops (i.e. corn and soybeans) will reduce planted area slightly. Due to current low cotton trend and the delay in allowing BT cotton seed cultivation, the production in MY 2013/14 is forecast to be the same as the current crop. Vietnam's plan of having a domestic cotton growing area of 76,000 hectares by 2020 seems to be overly ambitious (Vietnam planted around 10,000 ha in 2012). In all likelihood, Vietnam will continue to rely heavily on cotton imports to fulfill its cotton needs.

Post revises the MY 2012/13 cotton imports to 405,000 mt or 1,858 thousand bales, an increase of 14 percent over MY 2011/12. This growth is attributed to the expanding cotton spinning sector and continued strong exports of Vietnamese cotton yarns to overseas markets, especially China and Turkey.

In 2012, China became the biggest buyer of Vietnamese yarns (mainly low-count cotton yarns) with its imports reaching 198,000 mt -- an increase of nearly 70 percent over 2011.

In 2012, Vietnam imported 416,000 mt of cotton, a year-on-year increase of 27 percent, thanks to strong demand for cotton yarns in international markets. For the sixth consecutive year, the United States remains the largest supplier of cotton to Vietnam. Vietnam sourced 126,600 tons (about 30 percent) of its total cotton imports in 2012 from the United States, making it the 4<sup>th</sup> largest market for U.S. cotton at a value of \$248 million. In fact, in terms of value imported U.S. cotton, Vietnam has just jumped from the 7<sup>th</sup> largest market in 2011 to the 4<sup>th</sup> largest market in 2012, surpassing Indonesia, Korea, and Thailand.

**Table 3: Vietnam's Cotton Production, Supply and Demand (PS&D Table)**

Cotton Vietnam	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Planted	0	11	0	10		10
Area Harvested	10	11	10	10		10
Beginning Stocks	341	341	339	309		388
Production	23	24	23	21		21
Imports	1,625	1,624	2,150	1,858		1,914
MY Imports from U.S.	0	521	0			
Total Supply	1,989	1,989	2,512	2,188		2,323
Exports	0	0	0	0		0
Use	1,650	1,680	2,100	1,800		1,908
Loss	0	0	0	0		0
Total Dom. Cons.	1,650	1,680	2,100	1,800		1,908
Ending Stocks	339	309	412	388		415
Total Distribution	1,989	1,989	2,512	2,188		2,322
Stock to Use %	21	18	20	22		22
Yield	501.	475.	501.	457.		457.
TS=TD		0		0		0
Comments						

Source: FAS, Official USDA Estimates, post estimates

Note for unit measures:

- Planted area/Harvest area: 1,000 ha
- Stocks/Production/Imports/ MY imports from U.S/ Total Supply/Exports/Use/Total Domestic Consumption/Ending Stocks/Total distribution: 1,000 bales (480-lb bale equivalent to 218-kg bale)

## PRODUCTION (see Tables 4 and 5 for details)

### - Vietnam's Cotton Production in 2012/2013 and 2013/2014

Post maintains the forecast for MY 2012/13 cotton lint production at about 21 thousand bales, an 11.4 percent decline compared to the previous year as low cotton prices and strong competition from other agricultural crops (i.e. corn and soybeans) resulted in a reduction of planted area.

It is still quite early to provide a forecast for the next Marketing Year (August 2013- July 2014). However, with current low cotton price trends (compared to other agricultural crops, i.e. corn and soybeans) and the delay in allowing BT cotton seed cultivation, Vietnam cotton production forecast for MY 2013/14 is initially set at the same level of the current crop.

Vietnam's plan of having a domestic cotton growing area of 76,000 ha by 2020 seems to be overly ambitious, as planted area only reached 10,000 ha in 2012.

In all likelihood, Vietnam will continue to rely heavily on cotton imports to fulfill its cotton needs.

**Table 4: Vietnam's Cotton Production (from 2010/11 to 2013/14)**

	2011/12	2012/13	% change 2011/12 vs 2012/13	2013/14 (Projected)
Crop area (THA)	10.6	9.84	-7.0	9.84
Crop yield (MT/HA)	1.34	1.28	-4.5	1.28
Seed cotton production (TMT)	14.2	12.58	-11.4	12.58

GOR (%)	36.5	36.5		36.5
Cotton fiber production (TMT)	5.18	4.59	-11.4	4.59
Bales Equivalent Quantity (1,000 bales, 218kg/bale)	24	21	-11.4	21

Source: MARD, GSO, other trade sources and Post's projection

**Table 5: Vietnam's cotton production by region, 2010 – 2012**

Growing Regions	2010			2011			2012*		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
	THA	MT/HA	TMT	THA	MT/HA	TMT	THA	MT/HA	TMT
North East	0.82	1.2	0.98	0.90	1.24	1.12	0.80	1.30	1.04
North West	1.80	1.2	2.16	1.90	1.16	2.20	1.80	0.80	1.44
North Central Coast	0.12	1.1	0.13	0.12	1.20	0.14	0.12	0.80	0.10
South Central Coast	0.80	1.6	1.28	1.70	1.63	2.77	1.40	1.40	1.96
Central Highlands	3.90	1.34	5.23	4.12	1.35	5.56	3.90	1.40	5.46
South East	2.40	1.3	3.12	1.85	1.3	2.41	1.80	1.40	2.52
Mekong River Delta	0.00	0.00	0.00	0.00	0.00	0.00	0.02	3.00	0.06
Total Vietnam	9.8	1.31	12.90	10.6	1.34	14.20	9.84	1.28	12.58

Source: MARD; General Statistics Office (GSO); and other trade sources.

Note:

- Prod.: Production
- THA: Thousand Hectares
- MT/HA: Metric Ton per Hectare
- TMT: Thousand Metric Tons
- (\*): estimates

Cotton production in Vietnam is highly susceptible to weather conditions and can fluctuate widely from one year to the next. More than 90 percent of the cotton production area in Vietnam is rain-fed, with planting initiated in the rainy season (May/June – August) and harvesting taking place from October - December. In areas where irrigation is possible, cotton may be planted in the dry season (November/December), thereby allowing for harvesting from March through May.

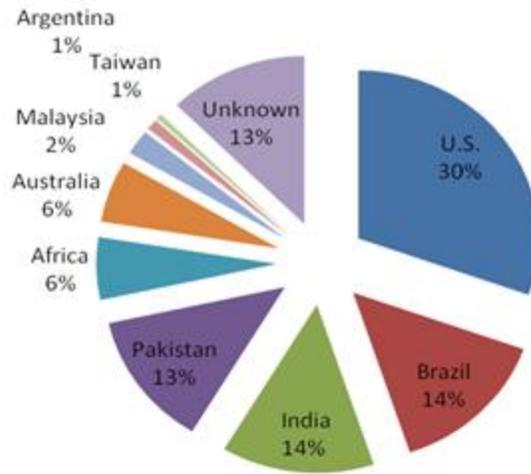
## TRADE

As a result of strong demand for cotton yarns from international markets, especially China, Vietnam cotton imports in calendar year 2012 saw a significant increase -- 27 percent over 2011. Its imports reached a record of 416,000 mt or 1,908 thousand bales with a value of \$870 million. U.S. cotton exports to Vietnam during 2010-2011 remained relatively stable, between 132,900 and 133,200 mt. However, exports in 2012 dropped by 5 percent reaching 126,600 mt.

### - Vietnam's Primary Cotton Suppliers

According to Table 6 and the pie chart below, in 2012, Vietnam imported about 416,000 tons of cotton, a year-on-year increase of 27 percent. The United States remains the number one cotton supplier to Vietnam, with more than a 30 percent share of Vietnam's total cotton imports (note: this marks the sixth consecutive year that the U.S. is the leading supplier of cotton to Vietnam). Brazil ranked second and India was the third largest supplier. Other major suppliers include Pakistan, African countries, and Australia.

### Major Cotton Suppliers to Vietnam in CY 2012



**Table 6: Import Trade Matrix**

**Country: Vietnam**

**Commodity: Cotton**

**Unit: Metric Ton**

Time Period					
Imports for:	<b>2010</b>		<b>2011</b>		<b>2012</b>
<b>U.S.</b>	132,900	<b>U.S.</b>	133,200	<b>U.S.</b>	126,600
<b>Others</b>		<b>Others</b>		<b>Others</b>	
Africa	71,339	Africa	50,000	Brazil	60,200
India	65,917	India	43,000	India	57,000

Brazil	14,893	Brazil	29,000	Pakistan	53,850
Australia	10,364	Pakistan	17,400	Africa	25,000
Pakistan	10,300	Australia	10,800	Australia	24,700
Malaysia	4,647	Malaysia	10,000	Malaysia	10,000
CIS	4,030	Argentina	5,800	Argentina	4,350
Argentina	2,537	China	2,700	China	676
Mexico	1,070	Mexico	1,850	Mexico	
Taiwan	950	Taiwan	1,100	Taiwan	2,240
<b>Total for Others</b>	<b>186,047</b>		<b>171,650</b>		<b>238,016</b>
<b>Others not Listed</b>	<b>33,953</b>		<b>22,150</b>		<b>51,384</b>
<b>Grand Total</b>	<b>352,900</b>		<b>327,000</b>		<b>416,000</b>

Source: Vietnam Customs Department; MARD; World Trade Atlas, Traders & Post's Estimates

### U.S. Cotton Exports to Vietnam

In 2012, U.S. cotton exports to Vietnam totaled 126,600 tons for a value of \$248 million, a year-on-year decrease of 5 percent in quantity and 31.5 percent in value due to slump in international cotton prices.

While table 7 shows the growth of U.S. cotton exports to Vietnam during the last 6 years, table 8 and table 9 will provide the details of U.S. cotton grades exported to Vietnam in volume (thousand metric tons) and in value (thousand USD).

**Table 7: U.S. Cotton Exports to Vietnam**

	2007	2008	2009	2010	2011	2012	% change in compared with the same period 2011
<b>Quantity (1000MT)</b>	66.7	125	141.3	132.9	133.2	126.6	-5
<b>Value (\$ mil.)</b>	88.2	192.6	165.1	248.8	362.3	247.8	-31.5

**Table 8: U.S Cotton Exports to Vietnam by Grades (Quantity in thousand metric tons)**

	2009	2010	2011	2012	Aug 2011 - Jan 2012	Aug 2012 - Jan 2013	Aug-Jan Period
Product	Qty	Qty	Qty	Qty	Qty	Qty	% Change
5201001090 - CT,>25.4,<28.58	113.3	101.6	82.2	80.9	37.4	44.9	20
5201009000 - CT,NT PMA,>28.58	24.4	25.4	46.5	42.5	9.8	28.2	187
5201001025 - RAW CTTN,<25.4	2.3	3.7	2.5	3.0	1.0	1.0	-5
5201002030 - PIMA,ETC,>28.58	1.2	2.2	1.9	0.2	0.2	0.5	211
<b>Total</b>	<b>141.3</b>	<b>132.9</b>	<b>133.2</b>	<b>126.6</b>	<b>48.4</b>	<b>74.6</b>	<b>54</b>

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

**Table 9: U.S. Cotton Exports to Vietnam by Grades (Value in thousand US dollars)**

	2009	2010	2011	2012	Aug 2011- Jan 2012	Aug 2012- Jan 2013	Aug-Jan Period
Product	Value	Value	Value	Value	Value	Value	% Change
5201001090 - CT,>25.4,<28.58	129,851	184,070	184,844	153,539	80,313	73,818	-8
5201009000 - CT,NT PMA,>28.58	29,958	51,299	162,321	85,214	28,840	49,381	71
5201001025 - RAW CTTN,<25.4	3,520	8,784	7,612	8,423	3,775	2,633	-30
5201002030 - PIMA,ETC,>28.58	1,779	4,597	7,563	651	683	1,338	96
<b>TOTAL</b>	<b>165,108</b>	<b>248,750</b>	<b>362,349</b>	<b>247,826</b>	<b>113,616</b>	<b>127,169</b>	<b>12</b>

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

According to table 8, U.S. cotton exports to Vietnam during August 2012-January 2013 shows a sharp increase of 54 percent in comparison with the same period of 2011/12. Post believes U.S. cotton exports to Vietnam in MY 2012/13 will likely lead to a bigger market share in Vietnam.

In MY 2011/12, Vietnam imported 354,000 tons (or 1,623 thousand bales) of cotton, valued at \$871 million, a slight increase of 3 percent in quantity but a sharp decrease of 18 percent in value over the previous year due to plummeting world cotton prices (see table 10 below).

According to table 11 below, cotton imports in the first 6 months of MY 2012/13 (August-March) reached a record of 316,000 mt, a year-on-year increase of 49 percent in quantity. Due to high imports and strong demand of Vietnamese cotton yarns in international markets, especially China, cotton imports for MY 2012/13 are forecast to reach 405,000 tons (or 1,858 thousand bales), a sharp increase of 14 percent.

It is still early to provide a forecast for Vietnam's cotton imports for the next marketing year (2013/2014). However, given the expanding cotton spinning sector, strong exports of yarn, and low price trends (relatively lower prices in comparison with prices in the last 18 months), initially, Vietnam's cotton imports in 2013/14 are forecast to continue increasing slightly, by 3 percent, to reach 417,000 tons (or 1,914 thousand bales).

**Table 10: Vietnam's Monthly Cotton Imports (MY2010/11 and 2011/12)**

	August 2010-July 2011		August 2011-July 2012	
	Qty (1000MT)	Value (\$ million)	Qty (1000MT)	Value (\$ million)
Aug	32	64	21	58
Sep	31	59	14	53
Oct	24	50	30	80
Nov	23	49	33	93
Dec	30	76	25	63
Jan	37	104	18	47
Feb	29	85	33	77
Mar	38	131	38	86

Apr	29	107	32	73
May	29	121	38	84
Jun	21	82	35	75
Jul	20	78	37	83
<b>TOTAL</b>	<b>343</b>	<b>1007</b>	<b>354</b>	<b>871</b>

Sources: Vietnam General Statistic Office, Vietnam Customs Department, and other trade sources.

**Table 11: Vietnam's monthly Cotton Imports (August 2012-March 2013)**

	2011/2012		2012/2013		% Change in Qty	% change in value
	Qty (1000MT)	Value (\$Million)	Qty (1000MT)	Value (\$Million)		
Aug	21	58	34	65		
Sep	15	55	32	62		
Oct	30	80	44	85		
Nov	33	93	40	77		
Dec	25	63	36	68		
Jan	18	47	51	98		
Feb	33	77	36	67		
Mar	37	83	43	82		
	212	555	316	604	49	9

## CONSUMPTION

Vietnam's domestic cotton consumption continues to increase in order to meet strong demand from its expanding textile industry. Demand for yarns is strong, both for export and domestic markets. Vietnam is currently home to 100 spinning mills with 5.1 million spindles (equivalent) for a total capacity of 680,000 tons of cotton-man-made fiber yarns. Vietnam's cotton consumption has been increasing at an average rate of 7-8 percent, per year, for the last five years. Post revises estimated domestic cotton consumption for 2012/13 to 392,400 tons, equivalent to 1,800 thousand bales (note: the previous Post's estimate was 1,680 thousand bales). Please see the PS&D Table (table 3) for more details. This revision reflects the stronger exports of cotton yarn to overseas markets, especially China and Turkey.

## STOCKS

In 2012, Vietnamese businesses suffered from high interest rates on bank loans. The average interest rate was about 16 percent, which is among the highest in Asia. As a result, cotton users and traders tried to minimize cost by reducing carry-over stocks of cotton. Ending stocks in 2011/12 were 309 thousand bales, with a stock-to-use ratio of 18 percent. As cotton prices and bank interest rates have gradually softened during MY 2012/13, cotton users and traders have taken on a larger inventory (388 thousand bales), creating a slight increase in the stocks-to-use ratio (22 percent).

## PRICES

Table 12 and the chart below illustrate a decline in monthly cotton import prices in 2012. The average import price for 2012 was \$2.09/kg, a decrease of 35 percent in comparison to the average import price in 2011.

**Table 12: Cotton Average Import Price in 2010-2012**

**Country: Vietnam**  
**Commodity: Cotton**

Price in USD per Kg			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Jan</b>	1.58	2.81	2.58
<b>Feb</b>	1.64	2.93	2.31
<b>Mar</b>	1.67	3.42	2.24
<b>Apr</b>	1.55	3.69	2.27
<b>May</b>	1.78	4.17	2.19
<b>Jun</b>	1.88	3.98	2.14
<b>Jul</b>	1.97	3.89	2.00
<b>Aug</b>	2.00	2.76	1.91
<b>Sep</b>	1.90	3.67	1.94
<b>Oct</b>	2.08	2.67	1.93
<b>Nov</b>	2.13	2.84	1.93
<b>Dec</b>	2.53	2.52	1.89
<b>Calendar Year Average Price</b>	1.88	3.24	2.09
<b>Exchange Rate</b>	20,900	Local Currency/US\$	

Source: Vietnam Customs Department and Vietnam Ministry of Industry & Trade

**Chart: Monthly Averaged Cotton Import Price in 2012**



**Domestic Prices:**

Presently, the Vietnam Cotton Company (VCC) is buying seed cotton at an average price of VND 12,000/kg, equivalent to \$0.574/kg (or 26.0 U.S. cents/lb), a decrease of 29.4 percent in comparison with the previous crop (note: in the previous crop, VCC bought seed cotton at VND 17,000-18,000/kg). VCC is currently selling ginned cotton to mills at \$1.99-2.04/kg (90.3-92.5 US cents/lb). However, it is quite difficult for mills to accept these price levels due to the current slump in international cotton prices.

**CONSUMPTION OF VALUE-ADDED COTTON PRODUCTS**

**Cotton Yarns**

Vietnam produced 680,000 mt of yarns in 2012, an increase of 9.7 percent over 2011. It is quite difficult to determine the exact breakdown of yarns made from cotton in the total production due to the complexity of cotton content in cotton lint-polyester/rayon fiber blended yarns. From discussions with various trade sources, post estimates that yarns with 100 percent cotton accounts for 45 percent of its total production; yarns blended of polyester fiber and cotton accounts for 30 percent; and yarns made from 100 percent polyester fiber and rayon accounts for 22 percent.

Vietnam exports over 60 percent of its yarn production. From its total production of 680,000 mt of cotton-fiber yarns in 2012, Vietnam exported nearly 415,000 mt of yarns, a year-on-year increase of 8 percent. The yarns staying in the domestic market accounted for 39 percent, or 264,000 mt. The main markets for Vietnamese yarns are: China (198,000 mt or 29 percent of its total production); Turkey (90,000 mt or 13 percent); and Korea (71,000 mt or 11 percent). See table 13 below for more details of Vietnam exports of yarns in the last three years (2010-2012). The average growth rate of Vietnam exports of yarns during 2010-2012 is 11 percent per year.

According to the Vietnam Spinning Association, most of the exported yarns from Vietnam are cotton yarns (either 100 percent cotton yarns (mainly) or cotton lint-polyester/rayon fiber blended yarns).

**Table 13: Yarn Export Trade Matrix**

**Country: Vietnam**

**Commodity: Yarn**

**Unit: Metric Ton**

<b>Time Period</b>	<b>Jan-Dec</b>				
Exports for:	<b>2010</b>		<b>2011</b>		<b>2012</b>
<b>U.S.</b>		<b>U.S.</b>		<b>U.S.</b>	
<b>Others</b>		<b>Others</b>		<b>Others</b>	
China	90,500	China	116,500	China	198,000
Turkey	37,500	Turkey	82,000	Turkey	90,000
Korea	80,700	Korea	79,600	Korea	71,500
Thailand		Thailand	30,000	Thailand	19,000
Malaysia	21,000	Malaysia	12,000	Malaysia	10,500
Taiwan	14,900	Taiwan		Taiwan	
Brazil		Brazil	9,500	Brazil	9,000
<b>Total for Others</b>	<b>244,600</b>		<b>329,600</b>		<b>398,000</b>
<b>Others not Listed</b>	<b>91,400</b>		<b>54,400</b>		<b>17,000</b>
<b>Grand Total</b>	<b>336,000</b>		<b>384,000</b>		<b>415,000</b>

Source: Vietnam Cotton Spinning Association, Vietnam Customs Department; Traders & Post's Estimates

According to the World Trade Atlas, in 2012, Vietnam exported about \$785 million of cotton yarns (mainly the products under Harmonized System Codes 5205 and 5206) to overseas market. China, Korea, and Turkey are the three biggest importers accounting for over 93 percent of the total export value. Table 14 shows details of Vietnam export value of yarns by countries.

**Table 14: Countries importing cotton yarns from Vietnam - 2012**

**Unit: thousand US dollars**

<b>Reporting Total</b>	<b>785,000</b>
------------------------	----------------

China	613,142
South Korea	94,011
Turkey	24,793
Malaysia	20,708
Thailand	10,096
Hong Kong	9,602
Taiwan	3,700
United States	1,869
Japan	1,866
Sri Lanka	961
Guatemala	907
Australia	787
Germany	384

Source: World Trade Atlas, (HS code 5204, 5205, 5206, 5207)

Although Vietnam is a sizable exporter of yarns (mainly cotton yarns), Vietnam also imports yarns for domestic use. According to Vietnam Cotton Spinning Association, Vietnam imports of yarns in 2012 are estimated at 120,000 mt. It is difficult to estimate the quantity of cotton yarn in the total imports as there is no official statistic figure on Vietnam imports of cotton yarns.

According to the World Trade Atlas (table 15 below), in 2012, Vietnam imported about \$293 million of cotton yarns from overseas markets, mainly from China, South Korea and India. The three suppliers accounted for 95 percent of the total import value.

**Table 15: Countries exporting cotton yarns to Vietnam - 2012**

**Unit: thousand US dollars**

<b>Reporting Total</b>	<b>292,918</b>
China	198,214
South Korea	41,383
India	38,755
Taiwan	7,810
Thailand	2,867
Hong Kong	2,215
Malaysia	520
Japan	482
United States	220
Turkey	83

Source: World Trade Atlas, (HS code 5204, 5205, 5206, 5207)

**Vietnam imports of fabric:**

With the limited dyeing capacity, Vietnam is able to produce about 1-1.2 billion square meters of fabric. To feed the growing apparel sector (for exports), Vietnam has to rely on imported fabrics. In 2012, Vietnam imported over 6 billion square meters of fabric, mainly from China.

## **MARKETING/POLICY**

### **Tariff on Cotton**

Cotton lint (HS code 5201 and 5203) has a zero tariff but a 5 percent value added tax is assessed.

### **Tariff on Cotton Yarn**

Cotton yarn (HS code 5204-5205-5206-5207) has a 5 percent tariff and a 10 percent value added tax.

### **Biotech Policy and Cotton Production**

Currently, the regulatory framework to evaluate and approve the cultivation biotech crops and for utilization of biotech agriculture for food and feed use are under development. The Vietnamese Ministry of Natural Resources and Environment (MONRE) has been working on the Circular on the Procedure to issue Bio-Safety Certificate for Genetically Modified Organisms (GMO) since last year. The Circular provides legal frame for agricultural biotechnology to be legally cultivated in Vietnam following successful field trials conducted by the Ministry of Agricultural and Rural Development (MARD). MONRE's Circular will permit the legal cultivation of biotech corn, cotton, and soybeans, once a biotech trait receives the Bio-safety Certificate from MONRE.

MARD is also developing the Circulars on the approval of GMO products allowed for feed and food use. The Feed Circular was notified to the WTO for comments by trading partners. MARD is now reviewing comments. In addition, MARD also plans to have the Circular on Approval of GMO products allowed for food use issued by the end of 2013.

For more information on agricultural biotechnology in Vietnam, please refer to [VM2071](#).