

MONTHLY REPORT

Cotton and Yarn Statistic

2023
July

Vietnam Cotton and Spinning Association
Collected & Edited: Information and Communication





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INTERNATIONAL NEWS

Heat waves forecast to bake china's already smaller cotton crop

Heat waves are predicted to hit China's top cotton-producing region of Xinjiang this month, threatening to further reduce output that is already compromised by late planting and earlier cold snaps.

High temperatures are expected in major growing areas of the northwestern region from mid-July, a key period for flowering and boll development, with the mercury climbing above 40C (104F) in some districts, according to the National Meteorological Center. The heat could cause flowers and bolls to fall, leading to a smaller crop, COFCO Futures said in a report Wednesday.

China is the world's biggest textile producer and one of the largest cotton importers. Any more reductions in its crop could increase concerns over domestic supplies and push China to buy more from the international market. A state-owned agency in June already predicted a 13.5% drop in production, and Beijing is planning to release cotton from its state reserves to boost supplies.

Extreme weather has hurt

agricultural production across China this year, from soybeans to rice, posing increased risks for the country's food security. This has become an increasingly important priority for President Xi Jinping after Covid and the Russian war in Ukraine disrupted global supply chains.

Under a government push to increase grain production, more farmers in Xinjiang were also encouraged to grow wheat rather than cotton this year.

The condition of the cotton in Xinjiang, where the vast majority of the country's crop is grown, is already weaker after a freeze and rains in April and May delayed development. That makes plants even more vulnerable to extreme weather, according to a note from Orient Futures.

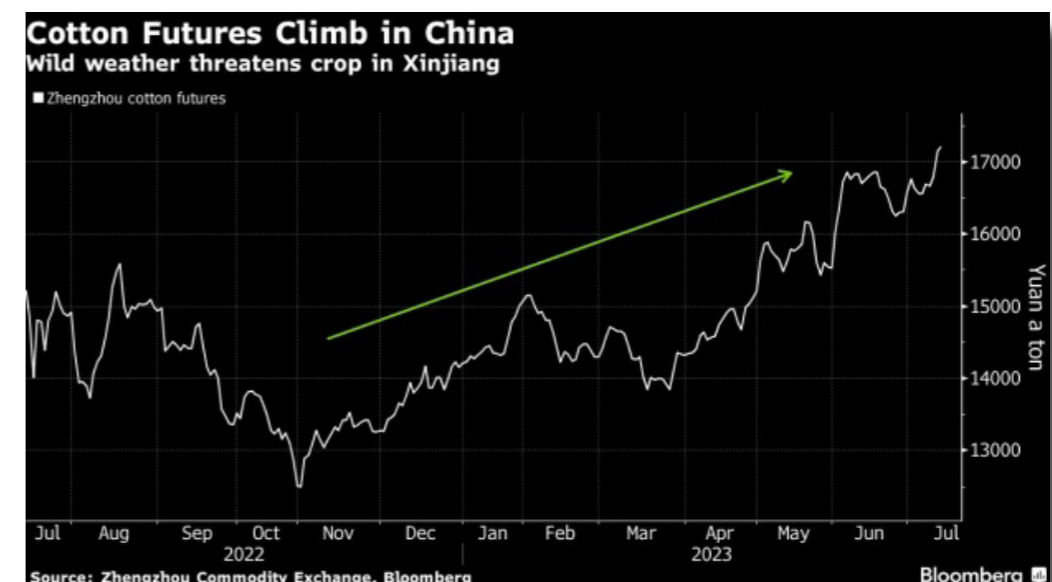
The most suitable temperature for flowering and boll development is about 25-30C, so a continuous period of much hotter weather in July would cut yields and reduce the length of the fiber, Galaxy



Futures said in a note.

Meanwhile, demand from textile producers is weak as operations are restricted by curbs on power use and low overseas orders. Consumption may pick up going forward, however, as the market enters the traditional season for peak demand in September and October, while commercial inventories of cotton and cotton yarn are not high, analysts said.

Source: Bloomberg



Tamil Nadu's MSME spinning mills **stop production and yarn sales**

Tamil Nadu's MSME spinning mills have decided on the stoppage of production and yarn sales due to heavy losses of the Spinning Industry. The state has around 2,032 spinning mills, out of the total 3,542 mills in India.



It was decided in an emergency meeting of MSME Spinning Mills Associations' held at Coimbatore. It has been unanimously decided to declare stoppage of production and sale of yarn from 15th July. For the first time in the last 20 years, exports of yarn and textiles have declined by around 28 per cent.

In a statement, the South India Spinners Association (SISPA) and India Spinning Mill Owners Association (ISMA) informed that the spinning industry in Tamil Nadu has been facing unprecedented losses for several months.

As per guidelines of South Indian Textile Research Association (SITRA), the minimum conversion cost of cotton to yarn should be Rs. 2 per kg. In today's situation, the conversion cost from cotton to yarn is only Rs. 1. So spinning mills incur a loss of Rs. 40 per kg.

A mill having about 10,000 Spindles would produce 2,500 kg of yarn per day, which is incurring a loss of Rs. 1,00,000 per day.

As the mills are forced to incur huge losses, unable to meet the expenses of bank loan repayments (principal and interest), cotton purchase payments, electricity bills, GST, ESI, PF, etc., the mills are at a standstill situation. If this situation continues, the spinning mills will soon become Non-Performing Assets (NPA) and the mills will be at risk of permanent closure.

Due to 11 per cent import duty on cotton, the price of domestic cotton is 15 per cent higher. As a result, India has lost many international orders and is unable to compete with neighbouring countries in the export of yarn, fabric and clothing.

At the same time, over the past several months, banks' interest rates have gradually increased from 7.5 per cent to 11 per cent. As a result, the cost of yarn production has increased from Rs. 5 to Rs. 6 per kg.

Both the associations have requested the Government of India to immediately withdraw the 11 per cent import duty imposed on cotton. And to immediately reduce the interest rates of the banks to the previous level of 7.5 per cent.

Source: Apparel Resources



Photo: Internet

Bamboo clothing market to reach **US \$ 3 billion, globally, by 2032**



According to data from Allied Market Research, the global bamboo clothing market is expanding rapidly, with revenue expected to increase from US \$ 1.3 billion in 2022 to US \$ 3 billion by 2032, representing a compound annual growth rate (CAGR) of 9.1 per cent over the forecast period.

Increased consumer awareness of sustainable fashion, the adoption of eco-friendly materials, and manufacturers taking advantage of economies of scale are all factors that have contributed to this expansion.

Market expansion is hampered by issues like large manufacturer profit margins and a decentralised supply chain, but opportunities are created by the quick development of internet shopping and the drive to decrease carbon footprints.

Due to their UV radiation protection abilities, t-shirts and shirts continue to lead the market in terms of product segment, accounting for almost one-fourth of global sales. While the kids segment is anticipated to increase quickly due to the growing trend of kids' fashion around the world, the women's segment now

holds the highest market share thanks to the huge variety of clothing options and styles.

Independent retail outlets currently dominate the distribution market because they provide convenience and a wide range of brands in a single place. However, specialist shops are predicted to grow at the fastest rate due to their strategic placements and higher exposure of bamboo apparel.

The LAMEA region has the quickest growth rate, driven by marketing initiatives and rising consumer demand for sustainable clothes, while North America leads regionally in sales thanks to high-quality purchases and expanding customer desire for comfortable clothing.

Source: Apparel Resources



India's yarn imports from China surge amid rising raw material costs

Between January and April 2023, India imported 251.533 million kg of yarn from China, accounting for 68.86 per cent of the country's total yarn imports. These imports were valued at \$448.634 million, marking a 17.43 per cent increase compared to the same period the previous year. The significant amount of yarn imports can be attributed to higher raw material prices in India, which make imported yarn more cost-effective.

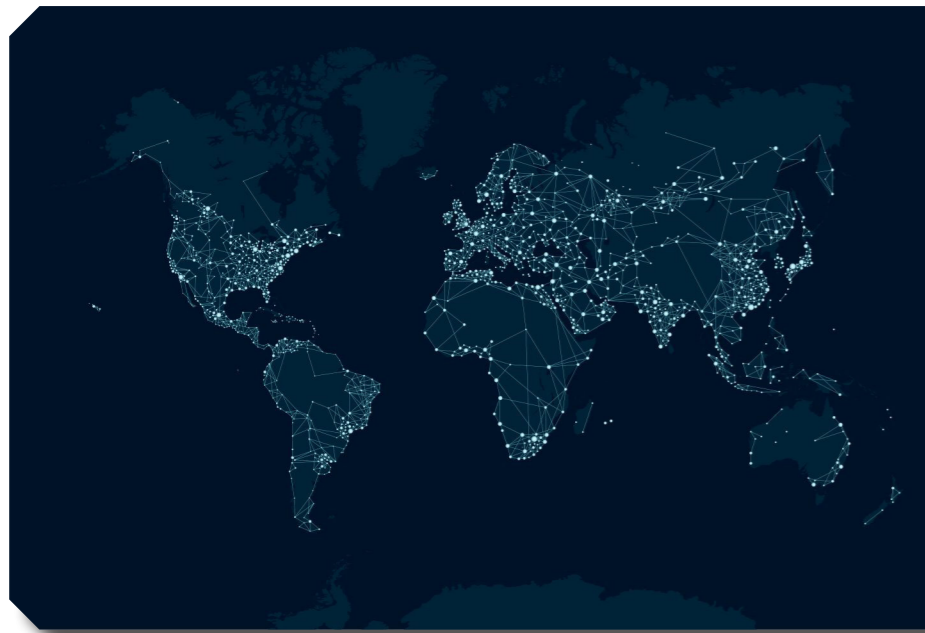
India's yarn imports from China were worth \$384.003 million in January to April 2022. However, these imports were 11.17 per cent less in value compared to the January-April 2021 period, during which the imports were valued at \$432.306 million. For the same period in 2020 and 2019, the value of India's yarn imports was \$150.655 million and \$162.227 million, respectively, as per data provided by Fibre2Fashion's market insight tool TexPro.

In 2022, India's yarn imports amounted to 503.122 million kg, with a total value of \$1,359.584 million. This was an increase from 487.956 million kg (\$1,094.979 million) in 2021, 246.586 million kg (\$513.958 million) in 2020, and 178.995 million kg (\$524.742 million) in 2019.

While the increased imports have posed challenges for India's domestic spinning industry due to diminished demand, the weaving industry has benefitted from the availability of cheaper imported yarn. Furthermore, a slowdown in garment demand from both global and domestic markets has impacted the industry.

According to TexPro, India's total yarn imports were valued at \$654.816 million during the first four months of 2023. Among the top five yarn suppliers to India, China was the leading provider with a 68.86 per cent share of total imports. Other significant suppliers included Indonesia (5.11 per cent), Nepal (4.1 per cent), Vietnam (4 per cent), and Bangladesh (3.60 per cent) for the period between January and April 2023.

Source: Fibre2Fashion



The US apparel sector is ramping up plans to diversify its apparel sourcing base, increasing domestic sourcing and bolstering trade partnerships with major apparel producer countries.

The US seems to be exploring every possible avenue to lower its leverage on China and de-risk supply chains. Credit: Maxger, Shutterstock.

US apparel sector doubling down on China sourcing shift

You know that age-old adage “push yourself out of your comfort zone”? Well, the US apparel and footwear sector certainly appears to be leading with this mindset post-Covid, exploring every possible avenue to lower its leverage on China and de-risk supply chains.

US apparel brands and retailers are clearly looking to exit, or at least reduce their reliance on China when it comes to sourcing. This comes as no surprise, with the nation under continued scrutiny over forced labour concerns – mainly related to the Xinjiang Uyghur Autonomous Region (XUAR).

Last week, Canada’s corporate ethics watchdog announced a probe into NIKE after a coalition of 28 organisations filed a complaint on concerns the sports giant has supply relationships with Chinese firms identified as using or benefitting from Uyghur forced labour.

Of course, Nike insists it has no direct sourcing relationship with

any firms operating out of Xinjiang. But industry stakeholders, globally, are becoming increasingly aware of the dangers of hidden supply chains.

What is clear is that apparel brands and retailers are aware of this and doing everything possible to diversify their sourcing portfolios.

In fact, the latest trade data from the US Office of Textiles and Apparel (OTEXA) reveals in the first five months of 2023, US apparel imports from China fell to a new low of 18.3%. While imports from the five largest Asian suppliers other than China (namely Vietnam, Bangladesh, Indonesia, India, and Cambodia) reached a new high of 44.3%, compared with 37.1% in 2019 before the pandemic.

The shift is happening. The real question is whether and when China will be phased out entirely as a key apparel-sourcing destination. And in the near future will it be a single country that dominates the US apparel sourcing landscape or several?

We’d hope the pandemic has offered some key learning opportunities – in particular not to put all one’s eggs in a single basket – in which case we’d think the latter – diversifying sourcing operations – would win out. Of course, that’s a rather simplistic way of looking at things given there are so many more considerations to be had around price, speed-to-market, and of course in today’s world, social and environmental responsibility.

Source: Just Style

Indian textile industry divided over polyester yarn QCO implementation



The recent implementation and subsequent extension of the quality control order (QCO) on polyester filament yarn have brought these disagreements to the fore. Manufacturers of polyester filament yarn have expressed concerns about the piecemeal implementation and extension of the QCOs. However, the weaving industry opposes the current form of QCO implementation on polyester filament yarn and objects to the quality standards set by the Bureau of Indian Standards (BIS).

India’s textile minister Piyush Goyal consistently advocates for high-quality garments for both domestic and international consumers. Although industry leaders also theoretically support this view, interest-based disagreements from representatives along the value chain reveal a lack of consensus.

RK Vij, president of The Textile Association (India), spoke to Fibre2Fashion, stating, “The government has implemented the QCO on PTA, a crucial raw material for polyester filament yarn. While the country is facing a PTA shortage, the QCO has restricted imported supply. Conversely, the QCO on yarn is deferred, which will result in a surge of imports, placing dual pressure on yarn manufacturers”. He has also expressed these concerns to Arun Barooka, secretary of the chemical and fertilizer ministry.

Vij cautioned that the prices of basic raw materials will rise, and the prices of partially oriented yarn (POY) and fully drawn filament (FDY) will fall due to increased imports after the QCOs’ extension. This situation would encourage more imports of value-added products and fewer exports

of costlier items. The association is preparing to formally address the government on this issue.

In contrast, weaving industry organisations advocate for a longer extension, calling for a revision of the standards themselves. They argue that the current standards were finalised without adequate consultation with the consumer industry. Brijesh Gondalia, president of the Surat (Gujarat)-based South Gujarat Warp Knitters Association, has written to the Committee of Scope & Composition of Man-made Fibres about this issue. He argued that QCOs on various polyester yarns should be deferred for a more extended period and incorporate suggestions from the weaving industry. He also requested exemption for polyester mother yarn from BIS standards. He expressed frustration that overseas suppliers, seeking BIS licenses to export yarn meeting the standards, have been waiting for months for inspections and other formalities. He called for immediate action regarding these overseas applicants.

The weaving industry contends that domestic supply of polyester mother yarn is insufficient, and its quality is

inferior compared to imports. With the implementation of QCOs, a significant gap between demand and supply will lead to an artificial price hike of polyester mother yarn in the domestic market, affecting production and efficiency in net fabric manufacturing. This situation might increase the import of net fabric and garments.

Ashish Gujarati, former president of the South Gujarat Chamber of Commerce and Industry (SGCCI), told F2F, “The weaving industry feels overlooked by the competent committee, as its representative was included only at a later stage due to resistance from the upstream industry. No subsequent meetings were held following this representation, leading to a perceived bias in the establishment of quality standards.” He said that the prescribed standards, as they stand, appear to favour the upstream industry. There is no assurance of dyeing quality, even with grade A and AA yarn, which adheres to global standards. Indian standards should align with these global benchmarks.

Source: Fibre2Fashion

China continues to lead global cotton yarns import market study

The global cotton yarn market is a huge estimated at \$62.50 billion in 2022 and expected to be worth \$66.91 billion this year. It is projected to grow at a CAGR 7.19 per cent to reach \$108.99 billion by 2030.

Cotton and cotton blend yarns are globally the first choice when choosing comfortable regular garments for adults, baby clothes and household items from the bedroom to the dining room. This makes cotton one of the most significant raw material for the textile industry. India grows some excellent cotton in the Central zone, comprising states like Gujarat, Maharashtra, and Madhya Pradesh. Gujarat is the highest producer and Mumbai the largest centre for cotton textile industry.

Latest stats from the AI-driven market intelligence platform in IndexBox reveals, China, traditionally the world's largest import market for cotton yarn is still leading:

- ◆ **China**, in 2022, had a staggering cotton yarn import of \$7.241 billion as it has a vast and diverse market catering to both domestic and international markets. Advantages such as a large skilled labour, booming e-commerce sector, high-tech manufacturing technologies and an extensive distribution network have enabled it to be a leader in the global cotton yarn market.

- ◆ **Bangladesh** currently holds second position in global trade as a quickly-rising import value market with imported yarn cotton worth \$1.176 billion. This

highlights its reliance on imported yarn to meet domestic demand. Its USP lies in large population fuelling domestic demand for clothes and household items, low labor costs and a favorable investment climate which is helped by the government and textile industry leaders that has fuelled foreign investments.

- ◆ **Turkey** is in third position with imported cotton yarn worth \$1.057 billion in 2022 with the most high-tech textile industry in the European region dating back many centuries. With a well-established value chain from spinning to weaving and finishing, Turkey imports cotton yarn from countries like the US, India, and China which feeds its domestic consumption and international markets.

- ◆ **Central American country of Honduras** ranks fourth globally with an import worth \$673.065 million last year. The country has benefitted logistically due to its geographical proximity to the US as one of the largest world exporters of finished cotton apparel, accessories and household decorations. With preferential trade agreements, such as the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) for duty-free access to the US markets, foreign investments are making the Honduras textile industry

boom, despite limited domestic production.

- ◆ **Italy** as a leading European import market for cotton yarn is ranked fifth in the IndexBox survey having imported cotton yarn worth \$526.369 million in 2022. Unlike others, Italy has an extremely high-end fashion and luxury goods market for cotton products, characterised by small to medium-sized companies that focus on niche markets and value-added products for affluent consumers.

The various cotton yarn import markets depend on factors like demand for textile products, strength of the textile industry along with competitive advantage of the country in terms of production capacity and cost-effectiveness. The cotton yarn market is an extremely versatile with blends like cotton-polyester used to make regular apparel, sportswear and home textiles. Cotton-viscose combinations are used for manufacturing towels, shirting, denim, trousers, and knitwear among others.

The pure and more expensive 100 per cent cotton yarn is used for making light summer tank tops, T-shirts, baby items and household items such as coasters, curtains, and hand towels. With an underlying concept of beautiful and breathable fabric lasting forever, unlike synthetics, the cotton yarn trade is a good one now and in the near future.

Source: Fashionating World



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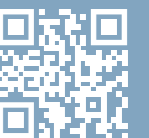
Launched in 2020, the U.S. Cotton Trust Protocol was designed to set a new standard in **more sustainably grown cotton**, ensuring that it contributes to the **protection and preservation of the planet**, using the most sustainable and responsible techniques. It is the only system that provides quantifiable, verifiable goals and measurement in **six key sustainability metrics** and article-level supply chain transparency.

The Trust Protocol provides **brands and retailers the critical assurances** they need to show the cotton fiber element of their supply chain is more sustainably grown with **lower environmental and social risk**.

Trust in a smarter cotton future.

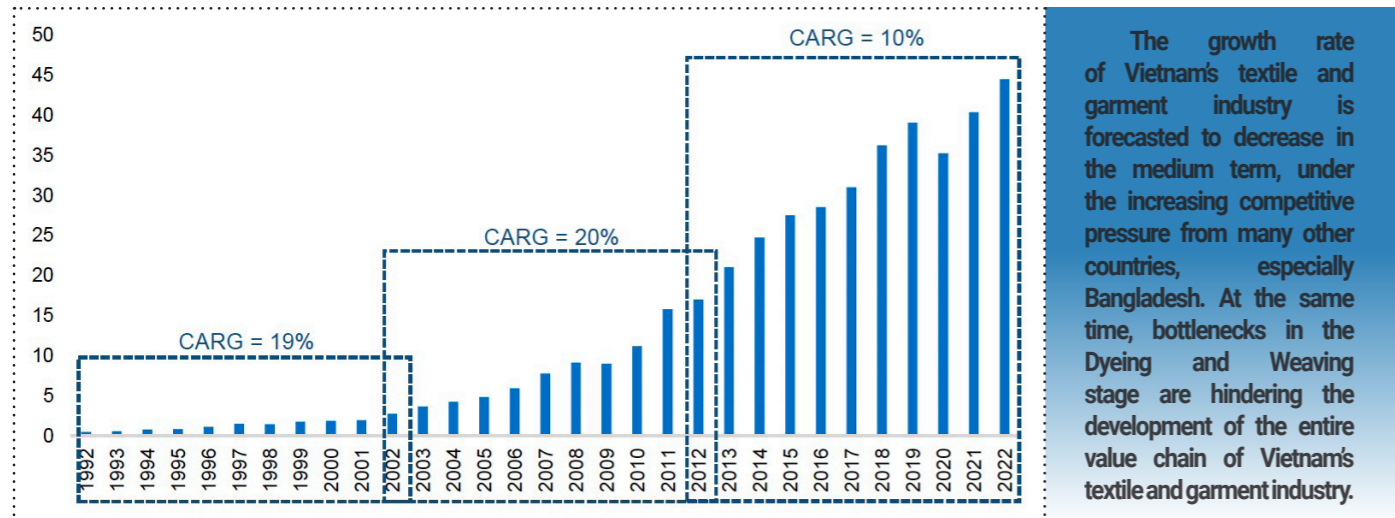


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NATIONAL NEWS

The growth of Vietnam's textile industry is slowing down, facing challenges in the dyeing sector



The growth rate of Vietnam's textile and garment industry is forecasted to decrease in the medium term, under the increasing competitive pressure from many other countries, especially Bangladesh. At the same time, bottlenecks in the Dyeing and Weaving stage are hindering the development of the entire value chain of Vietnam's textile and garment industry.

The CAGR growth rate of the total export turnover of the entire Vietnamese textile and garment industry through various stages. (Source: General Statistics Office, BVSC)

According to the latest analysis from Bao Viet Securities (BVSC), the growth rate of Vietnam's textile industry is projected to slow down as global brands seek to diversify their sourcing options. Moreover, conscious consumption is becoming a priority for customers worldwide.

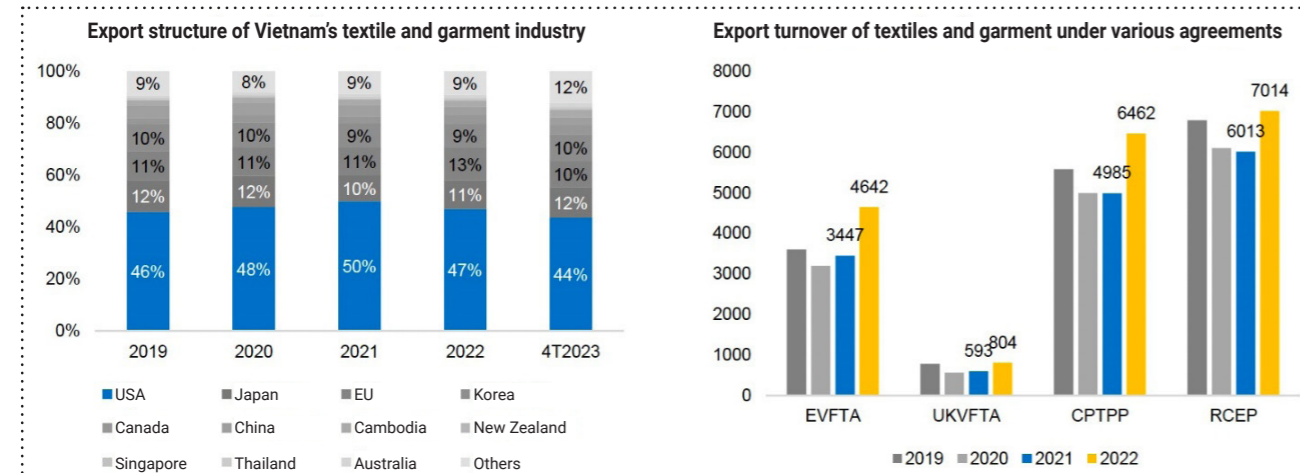
Data shows that the compound annual growth rate (CAGR) of Vietnam's textile industry during the period 2012-2022 was only 10%, which is half of the peak growth

rate seen during 2002-2012.

Vietnam's textile production primarily serves export activities, with the key markets being the United States, Japan, and the European Union. Among these, the United States is the largest customer, with exports reaching 17 billion USD in 2022 (an 8% increase compared to 2021). However, U.S. customers are increasingly shifting some of their sourcing to various Asian countries to reduce dependence on China.

However, Vietnam is benefiting

from this trend less than Bangladesh. In 2022, Bangladesh's textile exports to the United States reached 9.7 billion USD, a 36% increase compared to 2021, while Vietnam's exports amounted to 17 billion USD, an 8% increase from 2021.

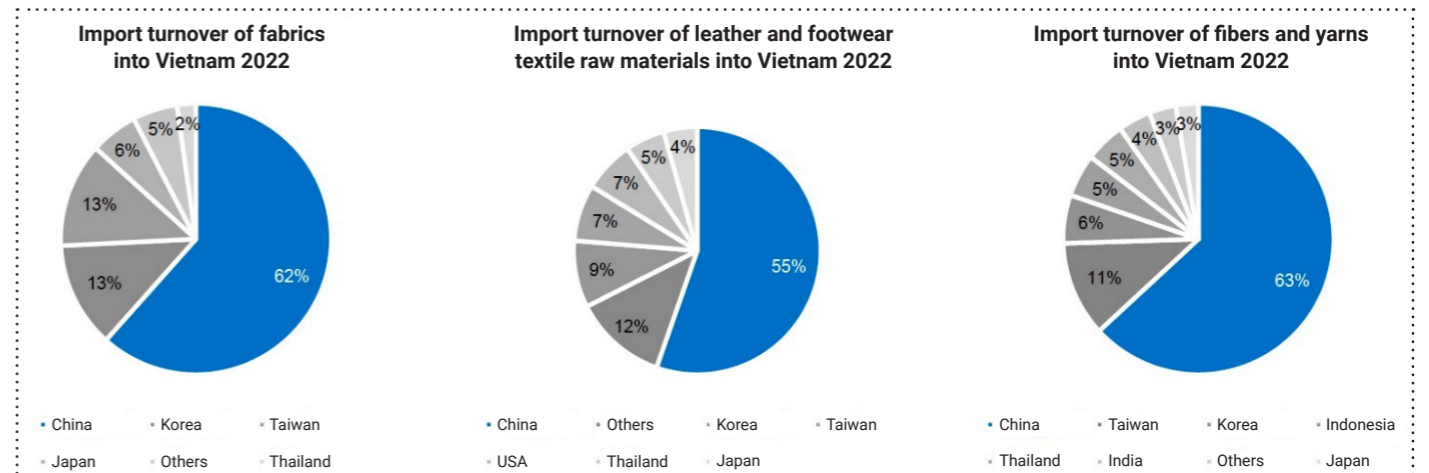


Source: General Statistics Office, BVSC

In the race for market share, Vietnam is trailing behind some other countries, particularly Bangladesh. The main reason is that Bangladesh has been actively developing large-scale textile factories with green standards. Notably, Bangladesh

has the highest number of green textile factories globally, with 52 of them listed in the top 100 most modern green factories worldwide. Therefore, many brands continue to choose Bangladesh to strengthen their commitment to sustainability.

Moreover, Bangladesh has a more diverse range of textile raw materials and lower labor costs compared to the Asian average.



Source: General Statistics Office, BVSC

Regarding input materials, Vietnam relies on China for approximately 62% of its total supply of textile raw materials. In contrast, Bangladesh's reliance on China is only 49%, and it has two other significant sources of competitive raw materials, India and Pakistan.

It's worth noting that the cost of fabric currently constitutes about 60-70% of Vietnam's total input costs in the textile industry. However, the advantage does not lie with domestic fabric manufacturers. Sixty-four percent of Vietnam's fabric supply is imported; among them, 62% comes

from China, 13% from South Korea, and 13% from Taiwan (China). Similarly, the supply of textile fibers and raw materials is also dominated by China. This has limited the value-added and profit margins for the entire textile industry in Vietnam during recent years.

The main reasons directly causing Vietnam's reliance on imported raw materials are two-fold: customer specifications and the local dyeing industry's lack of competitiveness. Specifically:

Production materials depend on customer specifications: 65% of companies use the CMT (Cut-Make-Trim) method, and 25% adopt the OEM/FOB (Original Equipment Manufacturer/Free on Board) method. Both of these methods involve using fabrics provided or specified by the customers, mostly imported from foreign suppliers that meet their requirements and standards. Most Vietnamese companies have not advanced in the textile value chain as they lack the capacity to source domestic fabrics that meet customer demands.



Manufacturing using the CMT and OEM/FOB methods has resulted in low net profit margins for Vietnam's textile businesses, ranging from 1% to 5%. It also exposes them to risks of competition among domestic enterprises, where no company enjoys a distinct advantage, especially amid declining orders since the second half of 2022. Additionally, partners can easily shift a portion of their orders from Vietnam to other countries with lower costs.

The dyeing industry in Vietnam is not competitive enough: Among the three main stages of the textile value chain (Fiber - Dyeing - Cutting and Sewing), the dyeing process in Vietnam is considered the slowest in development, causing bottlenecks in the entire chain. Vietnam's dyeing technical level is also rated lower than other countries in the region.

The scarcity of domestic fabric sources due to the weak dyeing sector forces businesses to follow customer specifications for imported fabrics. Additionally, companies are compelled to export raw fabrics and import processed fabrics, further eroding profit margins. According to the Vietnam Textile and Apparel Association, auxiliary textile companies currently account for

only 15% of the total industry, of which 13% are dyeing companies, and 2% are fiber companies. Furthermore, the application of low import tariffs on textile raw materials is virtually non-existent. BVSC believes this is a double-edged sword for Vietnam's textile industry. Low import tariffs allow garment companies to access diverse raw materials at low costs. However, it also makes

domestic fabric sources less competitive in terms of design and pricing compared to imports from countries with developed textile auxiliary industries.

Source: Trade Magazine



The UK recognizes Vietnam as a market economy, what benefits do exported goods gain?

Vietnam being recognized as a market economy brings several advantages to its export of goods. This recognition allows for fairer treatment, better market access, and expansion opportunities for exported products.



According to the Ministry of Industry and Trade's Trade Remedies Authority of Vietnam, as part of the United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the UK will acknowledge Vietnam's manufacturing sectors as operating under market economic conditions.

Consequently, the UK will not apply any unfavorable provisions to imported goods from Vietnam in the event of trade remedy investigations.

The concept of a market economy is used by some countries when conducting trade remedy investigations on imported goods from other nations.

Determining a country as a market economy often relies on evaluating the level of state intervention in business decisions

and the extent of government control over production factors such as capital and labor. A nation with excessive state intervention may not be considered a market economy.

If an exporting country is not recognized as a market economy, instead of using information on cost and production prices of the exporting firm, the importing country will use representative information from a third-country firm considered a market economy to calculate the dumping margin.

As a consequence, the calculated dumping margin is often higher, leading to significantly higher trade remedy duties compared to countries acknowledged as market economies. In some cases, trade remedy duties imposed on businesses from non-market economy countries can reach over 100%.

As of now, Vietnam has been recognized as a market economy by 71 countries and territories through various channels, including many significant trading partners.

The recognition as a market economy provides opportunities for fairer treatment, better market access, and expansion possibilities for exported goods, contributing to the stability of business operations and production. A stable and transparent business environment will attract investment capital, thereby promoting economic development.

Source: HQ online

Points to consider when exporting goods to Pakistan

Vietnam's Trade Office in Pakistan has issued a warning that Pakistan is currently facing significant challenges in international payments.

As a result, many importing businesses in Pakistan are unable to obtain foreign currency for settling payments to exporting companies. This situation has led to a backlog of imported shipments at Karachi port, exceeding the prescribed time limit, resulting in additional costs, penalties from the port and shipping companies, and potential confiscation and auctioning by Pakistan Customs.

The Vietnam Trade Office in Pakistan has notified that Pakistan Customs has set a regulation whereby all backlog of imported shipments at the port beyond the 30-day limit will be included in the list for confiscation and auction.

In light of this situation, the Trade Office advises all Vietnamese businesses exporting goods to Pakistan to be vigilant concerning delayed payments, especially those exceeding the 30-day limit from the arrival of goods at Karachi port. In such cases, it is essential to inform the Vietnam Trade Office in Pakistan promptly for coordinated handling, in order to avoid incurring additional costs, penalties from the port and shipping companies, and the risk of confiscation and auction by Pakistan Customs.

Source: VITIC



As per the International Monetary Fund (IMF), amid the ongoing complexities in the global economy, Vietnam remains an attractive destination for foreign direct investment (FDI) in the manufacturing sector.

Despite a slowdown in growth amid global economic challenges, Vietnam has out-performed many other countries worldwide and is seen as an appealing destination for FDI in manufacturing. The IMF and DBS Bank - a leading financial and multinational banking corporation from Singapore - have evaluated Vietnam's economic situation in the first half of this year.

Amid the continuing complex global situation and internal challenges, Vietnam's Gross Domestic Product (GDP) in the first six months of 2023 reached only 3.72%, falling short of expectations.

However, most experts consider this growth rate appropriate given the overall global economic context and remain optimistic about Vietnam's economic recovery in the near future.

The IMF also recommends that Vietnam takes decisive actions to restructure the real estate market, promote a healthy corporate bond market, improve the business environment, invest in crucial infrastructure, and enhance education.

With the total newly registered FDI capital in the first half of 2023 increasing by about 30% compared to the same period last year, DBS Bank evaluates that despite facing numerous challenges, Vietnam remains an attractive destination for FDI due to the trends of production relocation, multiple free trade agreements (FTAs), bright medium-term growth prospects at 6-7%, and a developing digital ecosystem.

Notably, the influx of new FDI into the manufacturing sector reflects foreign investors' continued confidence in Vietnam's long-term potential.

In the "OECD Economic Outlook: Vietnam 2023" report, the Organization for Economic Cooperation and Development (OECD) forecasts a robust economic growth of 6.5% in 2023 and 6.6% in 2024 for Vietnam. However, according to Dr. Koen Vincent from the OECD Economic Department, due to the openness of the

IMF considers Vietnam an attractive destination for foreign direct investment



Photo: TTXVN

economy, Vietnam is susceptible to the impacts of political uncertainties and risks of supply chain disruptions.

In addition, in the short term, external conditions pose threats to the economic recovery. Supply chain disruptions may continue to weigh on global trade, and increasing inflation worldwide could add pressure on exchange rate depreciation for Vietnam.

Therefore, macroeconomic policies should focus on

strengthening the resilience of the economy. In the short term, priority should be given to minimizing the impact of high energy prices by providing targeted support to vulnerable households.

In the medium term, the report emphasizes the need to reinforce macroeconomic policy frameworks by enhancing fiscal sustainability through expanding the tax base, strengthening the social safety net, and reducing the scale of the informal economy. Moreover,

Vietnam should further improve the business environment and facilitate the digital transformation process to sustain high economic growth after the recovery.

With a competitive labor force and substantial investment capital, experts believe that Vietnam still has room to implement measures to promote growth and foster optimistic economic prospects in the remaining months of the year.

Source: Bnews

Aim to establish Vietnam as the logistics hub of Asia



Vietnam is among the top 10 emerging logistics markets in the world and ranks fourth in Southeast Asia. However, Vietnam's logistics costs compared to GDP are currently around 17%, which is still higher than the global average (which is only around 11%).

Investing in the development of international-scale logistics centers in Vietnam is considered a strategic move to reduce the cost of goods and potentially establish Vietnam as a

logistics hub in the Asia-Pacific region.

Despite being merely transit points for goods passing through Vietnam to other countries, these goods are currently subjected to strict management, creating significant barriers for the international flow of goods through Vietnam. However, as this flow grows, it provides opportunities for the domestic logistics industry to thrive, attracting foreign businesses to invest in logistics infrastructure and establish

international warehouses in Vietnam.

By truly becoming a global goods transshipment hub, not only will Vietnam's import and export goods benefit, but the country will also boost its export of logistics services, balancing international payment accounts, increasing revenue for the national budget, and creating more job opportunities.

Source: VTV

AIR-JET SPINNING AT A NEW LEVEL WITH RIETER'S J 70

The new Rieter air-jet spinning machine J 70 with individually automated, independent spinning units and optimized technology components enables the production of high-quality yarns with maximum efficiency. Together with the excellent raw-material yield and low energy requirements, spinning mill owners can benefit from low yarn conversion costs. With the J 70, spinning mills are ideally positioned to exploit the growth potential in standard and blended airjet yarns.

Air-jet yarn can be made from a wide range of fibers such as cotton, polyester, and viscose, making it suitable for a variety of applications. In combination with the high productivity, the unique yarn characteristics such as low hairiness and low pilling tendency will contribute to strong growth of this segment in the coming years. The air-jet spinning machine J 70 is the ideal solution for spinning mills – it is characterized by low conversion costs, low energy consumption and high raw material utilization (Fig. 1).

Autonomous spinning units and high delivery speed

Each spinning unit is now individually automated and thus independent, enabling maximum efficiency and flexibility (Fig. 2). Each unit fixes yarn breaks independently – both natural and quality cuts. This makes waiting times for the robot obsolete. Up to 20 spinning units can repair and re-piece ends down simultaneously. This allows high production speeds.

A delivery speed of up to 600 m/min is achieved through new technology components. Four robots handle package changes, yarn insertion, and unit cleaning. One robot per side is usually enough, but up to two can operate for specific applications like shorter yarn lengths and dye packages, enabling seamless changes.

Maximum flexibility and efficiency

The J 70 air-jet spinning machine offers remarkable flexibility, revolutionizing modern spinning mills. With the VARIOlot option, it can simultaneously handle up to four different lots, allowing for smaller lot sizes, diverse yarns, and shorter delivery times. Customizable settings for each lot are easily managed through tube color assignments and separate shift reports.

The J 70 also boasts significant cost savings, with up to 50% less fiber loss compared to competitors, energy-efficient drives, optimized suction, and reduced air inlet pressure. Moreover, the machine enables streamlined dye package production, eliminating the need for rewinding after dyeing or bleaching.

Quality assurance

The J 70 utilizes the advanced Q 30A yarn clearer from Rieter for quality monitoring. Adjusting the sensor has been simplified, allowing for flexible cleaning limit adjustments based on quality requirements. A scatter plot visually illustrates the impact of settings on quality cuts, aiding operators in making informed decisions.

The Q 30A features a larger measuring slot, reducing contamination and enabling longer production runs without interruptions for cleaning. Optional features like foreign fiber detection and weak yarn detection can be added through a software update, eliminating the need for hardware replacement.

Innovative solution for a wide range of customer needs

The air-jet spinning machine J 70 offers top raw-material yield, low energy consumption, and simplified operation. It efficiently produces high-quality yarns, meeting the growing demand for polyester-cotton and polyester-viscose blends. With advanced automation, the J 70 is an innovative and cost-effective solution for diverse customer needs.

About Rieter

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and man-made fibers and their blends into yarns. Rieter is the only supplier worldwide to cover both spinning preparation processes and all four end-spinning processes currently established on the market. Furthermore, Rieter is a leader in the field of precision winding machines. With 17 manufacturing locations in ten countries, the company employs a global workforce of some 4 900, about 18% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. www.rieter.com



Fig. 1: The air-jet spinning machine J 70 enables the production of high-quality yarns with maximum efficiency. PP-ID: 98480



Fig. 2: State-of-the-art individual automation for maximum flexibility and productivity. PP-ID: 98477

Make the Difference



J 70 – Maximum efficiency with up to 200 individually automated spinning units

Designed for maximum efficiency, the air-jet spinning machine J 70 achieves a delivery speed of up to 600 m/min. With the VARIOlot option, the J 70 offers the unique flexibility of spinning up to four different lots simultaneously – two per machine side. The reduced energy consumption, highest fiber yield and low space requirements significantly reduce yarn manufacturing costs.

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VCOSA'S ACTIVITIES

★ VCOSA's Activities

- ☆ The China Cotton Textile Forum 2023, organized by CCFGroup, took place in Hangzhou, Zhejiang Province, China, on July 6, 2023. VCOSA had the privilege of being invited to deliver a presentation on the topic "Status of textile factories and investment environment in Vietnam". The presentation received positive feedback from the attendees and covered the following aspects: (1) An overview of the textile and garment industry and relevant data for the first half of 2023; (2) The operational status of textile factories in Vietnam; (3) The investment environment in Vietnam's textile industry.

In addition, on July 5, VCOSA participated in an interview at the New Century Grand Hotel Hangzhou, which was featured on CCFGroup's official WeChat channel. For more information, visit: <https://vcosa.vn/vi/dien-dan-det-bong-trung-quoc-2023-tai-hang-chau-trung-quoc/>

VCOSA is looking forward to continuing to participate in various international forums and conferences to enhance recognition of Vietnam's cotton and spinning industry and promote information about VCOSA members' products to international partners.

- ☆ On July 7, 2023, in Thai Binh City, VCOSA held **Preliminary Meeting** to review the activities of the first six months of 2023 and outline plans for the remaining six months. The event was attended by representatives of member enterprises. According to the report by the Executive Board, VCOSA has carried out significant activities over the past six months, contributing to the development of Vietnam's cotton and spinning industry, meeting both domestic and international market demands.
- ☆ On July 18, 2023, VCOSA joined in an online meeting with the senior advisor, Assoc. Prof. Bui Mai Huong, to discuss relevant topics for technical workshops and updates on trends for the second half of 2023.
- ☆ On July 19, 2023, VCOSA took part in an online workshop on the topic "Considerations in negotiating, signing, and implementing contracts with Indian partners". The workshop was organized by the Vietnam Trade Office in India in collaboration with VCCI, Indian law firms, consulting companies, and universities.
- ☆ On the morning of July 20, 2023, VCOSA attended a meeting with Sustainable Textile Solutions Corporation (STS) at the STS office to discuss the coordination and implementation of the cooperation plan between VCOSA and STS for the event "Textfuture Fall Winter 2023: Going Recycling - Going Circular".
- ☆ On the same day, VCOSA participated in the dialogue conference "Overcoming Difficulties and Challenges for Enterprises in Fire Fighting and Prevention", organized by VCCI in Hanoi. The conference aimed to exchange views on policies, laws, standards, and regulations on Fire Fighting and Prevention for businesses and associations.



The lively roundtable discussion of the VCOSA's 6month activity review in 2023 was marked by active participation and valuable input from member enterprises. Photo: VCOSA



Ms. Duong Thuy Linh, Vice General Secretary of External Relations of VCOSA, delivered a speech at the China Cotton Textile Forum in Hangzhou, Zhejiang Province, China. Photo: VCOSA

Developmental and Supportive Activities for Members ★

Warmly welcome new member joining VCOSA in June 2023:



GHERZI ORGANIZATION



International Cotton Association

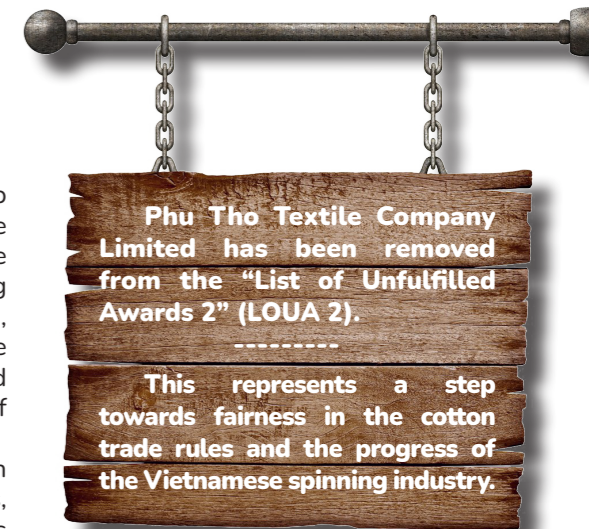
On June 26, 2023, **Phu Tho Textile Company Limited** (Phu Tho), owned by Mr. Nguyen Van Ha, who is also the CEO, located at Thuy Van Industrial zone, Thuy Van commune, Viet Tri City, Phu Tho Province - one of the major spinning producers in the North, and an active member of the Vietnam Cotton and Spinning Association (VCOSA) - was removed from the LOUA 2 of the International Cotton Association (ICA), which is a list of companies proven to have links to one listed on LOUA 1. LOUA 1 is a public list that identifies companies that have failed to comply with one or more arbitral awards under the ICA's Bylaws and Rules.

Phu Tho has a capacity of more than 59,000 spindles and can supply 11,000 tons of yarn per year from cotton, PE to blended yarn (CVC, TCD) for both domestic and international markets. From March 2023 to June 2023, Phu Tho cooperated with VCOSA to provide complete information and legal documents to prove the company's eligibility to be removed from LOUA 2. The VCOSA actively supported the investigation process and worked closely with all parties to achieve the goal and shorten the processing time. This effort of VCOSA demonstrates the strategic vision and deep commitment of Phu Tho's Board of Directors to enhance the company's reputation and competitive capacity. Being removed from ICA's LOUA 2 not only marks an important milestone in the company's history but also demonstrates Phu Tho's continuous efforts to enhance its reputation and expand and build relationships in both domestic and international markets. It can be said

that this is a step forward for the Vietnamese spinning industry, affirming the fairness and transparency of the ICA. Indeed, in recent years, the VCOSA has significantly

contributed to helping the Vietnamese spinning industry enhance its competitive capacity and recognition. The relationship between VCOSA and ICA is increasingly strengthened through activities aimed at protecting the rights and interests of members of both organizations. The ICA actively listens to and improves its Bylaws and Rules to optimize safety, fairness, and transparency in global cotton trade transactions, while VCOSA regularly seeks opinions and contributions from its members to organize programs that support Vietnamese spinning businesses to enhance their competitive capacity, protect their rights and interests when engaging in cotton trade transactions.

Congratulations to **Phu Tho** on being removed from ICA's LOUA 2, and hopefully, this will inspire and motivate other Vietnamese spinning industry partners to continue developing and improving the company's reputation.



Phu Tho Textile Company Limited has been removed from the "List of Unfulfilled Awards 2" (LOUA 2).

This represents a step towards fairness in the cotton trade rules and the progress of the Vietnamese spinning industry.

THE INTERNATIONAL INNOVATIVE FABRIC EXHIBITION

Going Recycling - Going Circular
VIETNAM
TEXFUTURE 2023
Fall Winter

GOING RECYCLING - GOING CIRCULAR

20-22/09/2023 THISKYHALL CONVENTION
 10 Mai Chi Tho, Sala Urban, Thu Duc City, HCMC

Texfuture Vietnam - the world's local exhibition, is the most influential Vietnam textiles & high-end fabric exhibition towards Digital Transformation & Circularity.

Texfuture Vietnam 2023 Fall/Winter with the theme "Going recycling - Going Circular" is a highly anticipated exhibition in terms of scope and difference, taking place from September 20 to 22 at Thisky Hall convention center.

Website:
www.textfuture.com

Hotline:
 (+84) 8 1887 2887
 028 37 405 405



REGISTERING NOW

DISCOVER 3 EXHIBITION SPACE

SOURCING ZONE

Focus to high-end Sustainable Fabric:

- Fashion Fabric
- Functional Fabric
- Textile Raw Material
- Technologies & Service
- Textile Accessories

VENTURE ZONE

Focus to recycle & circular

- Business Ideas & Projects
- Eco-friendly Technologies & Innovation
- Digital Transformation

MIRACLE ZONE

Focus to eco-friendly fashion

- Men/Woman's Clothing
- Kid's Clothing
- Footwear
- Accessories
- Unisex

SUSTAINABLE TEXTILE FORUM

TRENDING ON

- Discussing about:
- Emerging sustainability trends, market dynamics
- Consumer preferences in the context of recycling & circular.

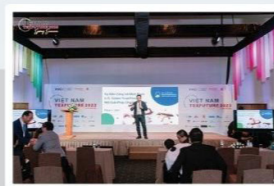
TEXTILE XCHANGE

- Showcasing hands-on activities, and case studies.
- Collaborative problem-solving exercises, including:
- New materials
- Technologies & Manufacturing processes.

NEW AGE OF DESIGN

- Companies, startups and research institutions can exhibit:
- AI textile products
- 3D, fashion design,
- Initiatives, prototypes to highlight their contributions to a more sustainable textile industry.

5 DISTINCTIVE FEATURES



BUSINESS MATCHING

Set-up in-person meetings at Texfuture before going onsite

ANALYTICS

Textile data for data-driven decision-making

EXPO & FASHION UNITED

A new approach showcases the possibilities of circular fashion and sustainable and circular fashion ecosystems.

RECYCLING & CIRCULARITY

What's the trends?

VTAF FORUM

Providing a space for networking, knowledge exchange, and exploration of trends, challenges, and opportunities within the textile and apparel sector.

SCALE OF AN EVENT

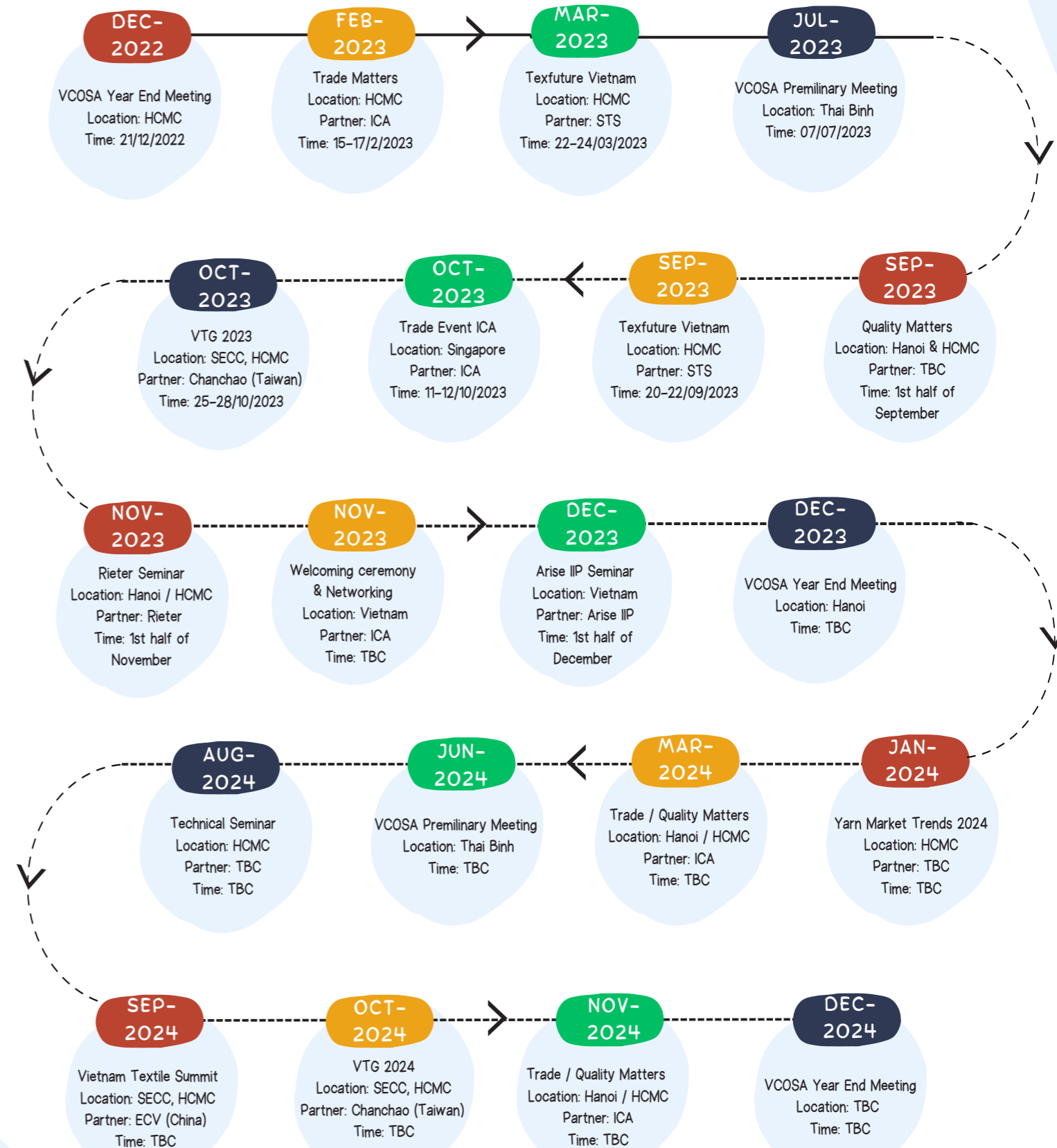
- +10.000 Visitorship
- +300 Participants
- +2.000 Fabric & textile products
- +30 Experts and speakers
- +120 Press
- +3.500 m2 Exhibition space

CONTACT

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VCOSA EVENT TIMELINE

VIETNAM COTTON & SPINNING ASSOCIATION



REPORT AND DATABASE

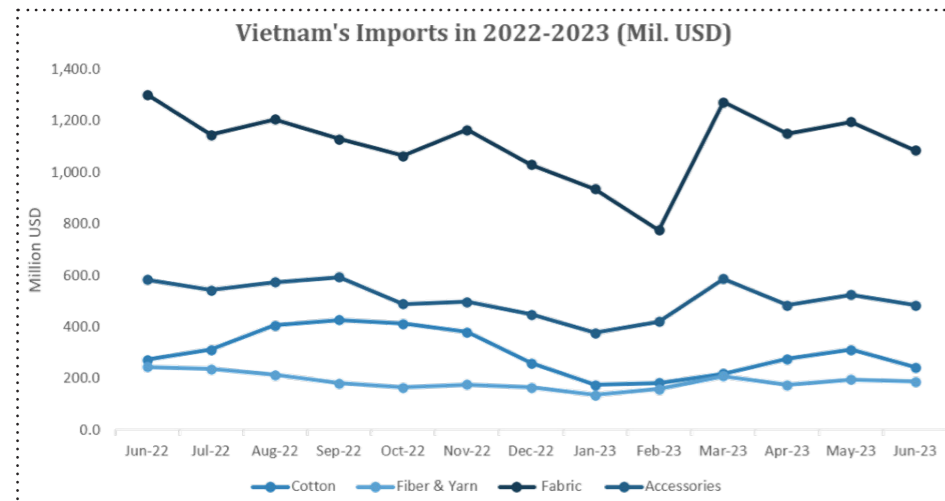
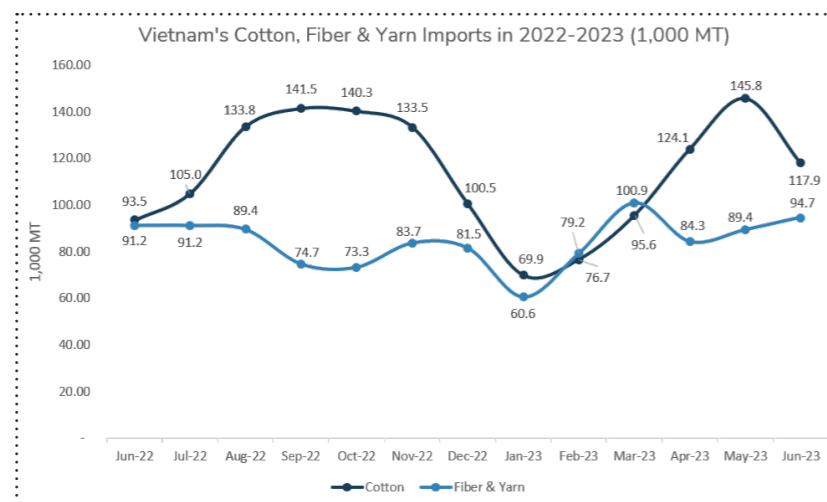
1. Monthly Import Statistics

| Items | Jun-2023 | | Compared to the previous month (%) | | 6 months 2023 | | Compared to the same period last year (%) | |
|--------------|----------------|------------------|------------------------------------|--------------|----------------|------------------|---|--------------|
| | Qty (1,000 MT) | Value (Mil. USD) | Qty | Value | Qty (1,000 MT) | Value (Mil. USD) | Qty | Value |
| Cotton | 117.9 | 243.1 | -19.1 | -22.0 | 629.6 | 1,406.0 | -7.5 | -23.3 |
| Fiber & Yarn | 94.7 | 188.6 | 5.9 | -4.1 | 509.2 | 1,064.9 | -7.7 | -24.4 |
| Fabric | - | 1,085.9 | - | -9.3 | - | 6,416.0 | - | -19.4 |
| Accessories | - | 485.2 | - | -7.6 | - | 2,879.8 | - | -18.3 |
| TOTAL | - | 2,002.8 | - | -10.8 | - | 11,766.7 | - | -21.4 |

The import of cotton decreased by 19.1% in quantity and 22% in value compared to the previous month, while the import of fiber and yarn increased by 5.9% in quantity but decreased by 4.1% in value.

Compared to the same period last year, both cotton and fiber/yarn imports decreased by approximately 7-8% in quantity and around 23-24% in value.

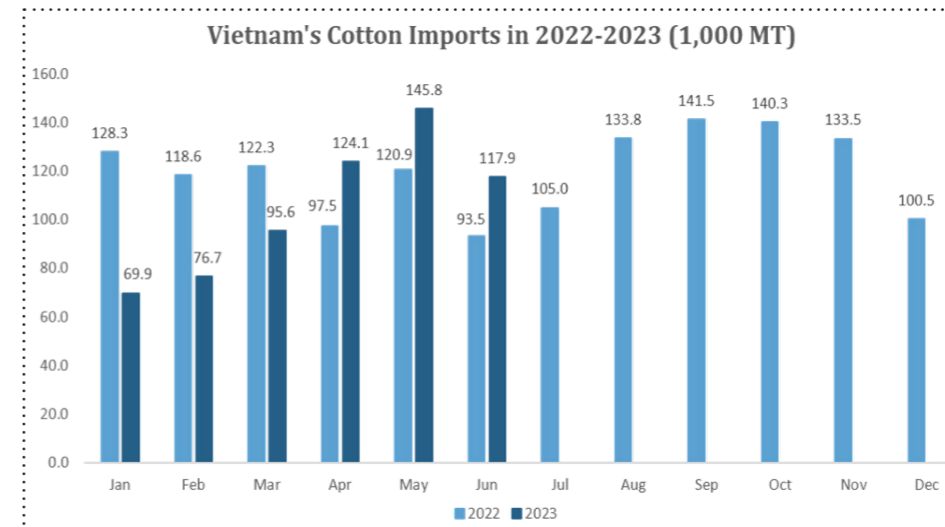
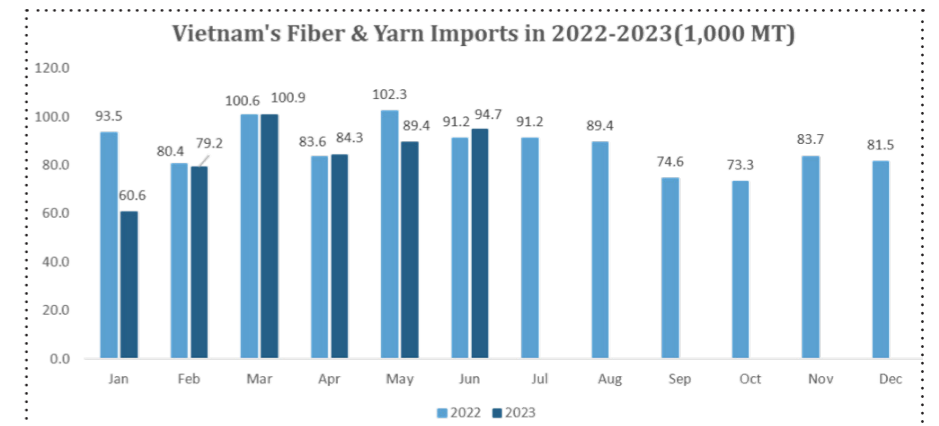
Preliminary statistics indicate that in June 2023, the import of cotton decreased by 19.1% compared to the previous month, from 145.8 thousand tons to 117.9 thousand tons. On the other hand, the import of fiber and yarn increased by 5.9% from the previous month, rising from 89.4 thousand tons to 94.7 thousand tons.



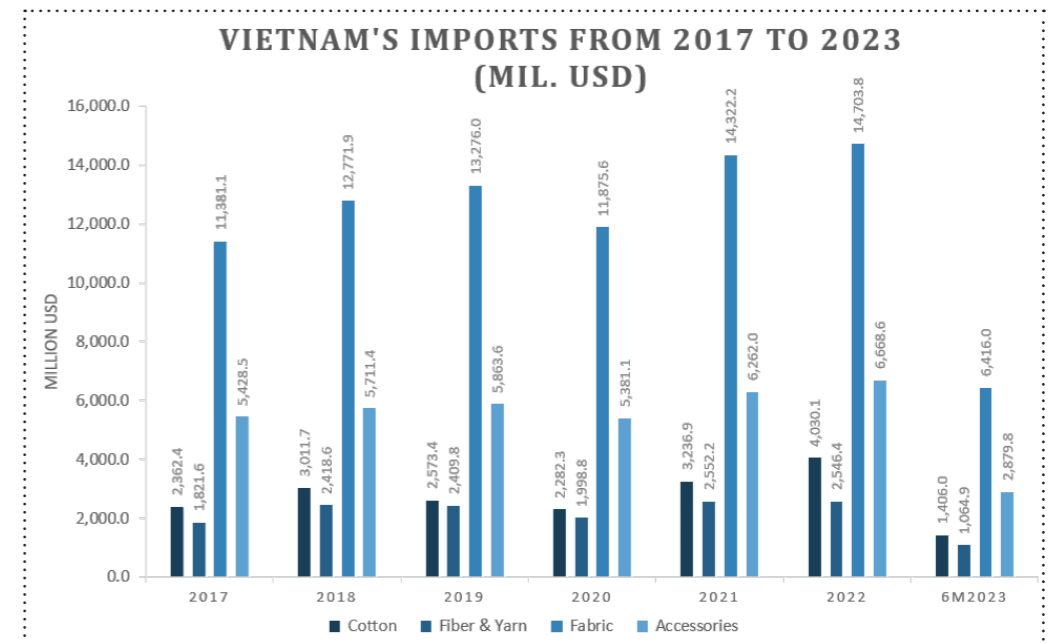
The import turnover of products related to the textile and garment industry in June 2023 decreased compared to the previous month.

Specifically, cotton decreased by 22% (243.1 million USD) and fibers and yarns decreased by 4.1% (188.6 million USD). Imported fabrics also decreased by 9.3% (1.085 billion USD), textile and footwear materials and accessories decreased by 7.6% (485.2 million USD).

Preliminary statistics indicate that in June 2023, Vietnam imported approximately 94.7 thousand tons of fiber and yarn. This import volume increased by 5.9% compared to the previous month and grew by 3.9% compared to the same period last year.



In June 2023, Vietnam imported 117.9 thousand tons of cotton, showing a decrease of 19.1% compared to the previous month but a significant increase of 26.1% compared to the same period last year.



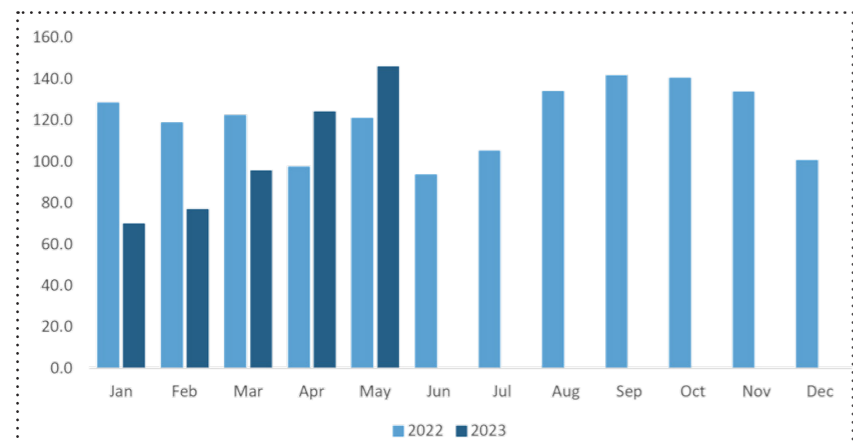
During the first 6 months of 2023, Vietnam's imports of textile-related items all decreased compared to the same period last year. The import of cotton experienced the most significant decline, with a drop of 23.3% (reaching 1.4 billion USD). The import of fiber and yarn decreased by 24.4% (amounting

to 1.06 billion USD). Various types of fabric imports totaled 6.42 billion USD, showing a reduction of 19.4%. Additionally, the import of textile and footwear materials and accessories decreased by 18.3% (equivalent to 2.88 billion USD).

1.1. The import price of cotton fell for another month, marked the ninth consecutive decline

According to preliminary statistics from the General Department of Customs, Vietnam imported 145.82 thousand tons of cotton in May 2023, worth 311.73 million USD, representing a 17.5% increase in quantity and a 12.8% increase in value compared to April 2023. Compared to May 2022, the import volume

increased by 20.6% but the value decreased by 8%. Overall, in the first five months of 2023, Vietnam imported 512.01 thousand tons of cotton, worth 1.16 billion USD, reflecting a 12.8% decrease in quantity and a 25.4% decrease in value compared to the same period in 2022.



Source: VITIC

217 thousand tons, worth 492 million USD, representing a 12.4% increase in volume but an 11.7% decrease in value compared to the same period in 2022, accounting for 42.5% of the total cotton import volume. In May 2023 alone, imports from the US reached 92.37 thousand tons, valued at 203.21 million USD, showing a 29.8% increase in volume and a 25.3% increase in value compared to April 2023, and a significant 60% increase in volume and a 24.6%

increase in value compared to May 2022.

Australia occupied the second position as a cotton supplier, with imports reaching 107 thousand tons, valued at 257 million USD, reflecting a 124.9% increase in volume and a 107.5% increase in value compared to the same period in 2022. However, in May 2023, imports from Australia declined to 12.24 thousand tons, valued at 26.95 million USD, representing a 25.7% decrease in volume and a

28.4% decrease in value compared to April 2023, but still showing a remarkable 469.9% increase in volume and a 321.3% increase in value compared to May 2022.

Furthermore, imports from all other markets significantly decreased in volume during the first five months of 2023 compared to the same period in 2022, such as imports from India decreasing by 72.4%, Argentina by 91%, and Côte d'Ivoire by 85%.

During the first five months of 2023, Vietnam sourced cotton imports from 11 markets, one more than the same period in 2022. All major cotton importing markets to Vietnam experienced decreases in import volume compared to the same period in 2022, except for Australia, which saw a significant increase.

The United States remained the largest cotton supplier to Vietnam in the first five months of 2023, with imports reaching

Vietnam's cotton imports

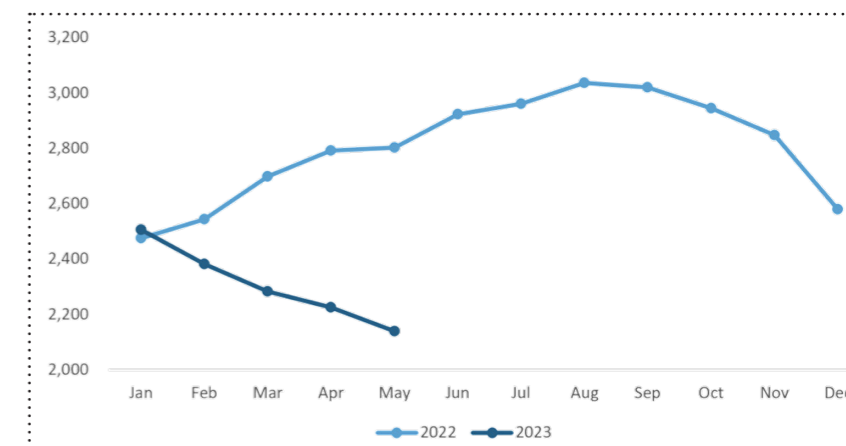
| Country | May-2023 | | Compared to Apr-2023 (%) | | Compared to May-2022 (%) | | 5 months 2023 | | Compared to 5 months 2022 (%) | |
|--------------|----------------|-------------------|--------------------------|-------------|--------------------------|-------------|----------------|-------------------|-------------------------------|--------------|
| | Qty (tons) | Value (1,000 USD) | Qty | Value | Qty | Value | Qty (tons) | Value (1,000 USD) | Qty | Value |
| Total | 145,829 | 311,733 | 17.5 | 12.8 | 20.6 | -8.0 | 512,010 | 1,163,694 | -12.8 | -25.4 |
| USA | 92,377 | 203,211 | 29.8 | 25.3 | 60.0 | 24.6 | 217,552 | 492,316 | 12.4 | -11.7 |
| Australia | 12,247 | 26,956 | -25.7 | -28.4 | 469.9 | 321.3 | 107,472 | 257,279 | 124.9 | 107.5 |
| Brazil | 12,321 | 26,867 | -8.2 | -17.5 | -66.6 | -74.8 | 83,708 | 209,809 | -49.5 | -52.2 |
| India | 5,088 | 7,265 | 23.5 | -5.4 | -48.7 | -68.1 | 22,823 | 39,625 | -72.4 | -79.2 |
| Argentina | 43 | 86 | 48.3 | 113.9 | -98.3 | -98.8 | 2,537 | 5,362 | -91.6 | -93.3 |
| Indonesia | 532 | 922 | 2.3 | 0.4 | 362.6 | 443.8 | 3,031 | 5,132 | 11.9 | 39.9 |
| Ivory Coast | 1,245 | 1,531 | 108.5 | 46.3 | 103.4 | -15.4 | 1,910 | 2,718 | -85.9 | -91.7 |
| Korea | 385 | 788 | 55.2 | 49.0 | 65.9 | 47.1 | 1,168 | 2,454 | -11.6 | 3.5 |
| China | 20 | 59 | -68.3 | -52.7 | | | 111 | 260 | -40.3 | -25.8 |
| Pakistan | | 0 | | | | | 149 | 222 | -78.4 | -77.6 |
| Taiwan | | 0 | | | | | 42 | 46 | | |

Source: VITIC

Regarding prices, the average cotton import price to Vietnam in May 2023 reached 2,138 USD per ton, declining by 4% compared to April 2023 and 23.7% compared to May 2022. This marks the 9th consecutive month of declining cotton import prices

to Vietnam since reaching its peak in August 2022. Overall, in the first five months of 2023, the average cotton import price to Vietnam was 2,273 USD per ton, decreasing by 14.4% compared to the same period in 2022.

The average import price of cotton in 2022-2023 (USD/ton)



Amidst challenges in the global textile market, which includes high inventory levels and declining profits, the economic and political uncertainties continue to affect consumer sentiment. In the United States, a major export market for Vietnamese textiles, retail sales for apparel have decreased in the early months of 2023, with no signs of recovery in subsequent months.

The global textile demand decline has impacted cotton prices. While signs of market recovery are not yet clear, low demand for textiles continues to drive cotton prices. Specifically, Bangladesh's cotton consumption is predicted to increase in the 2023-2024 season due to the recovery of orders from retailers and international clothing brands.

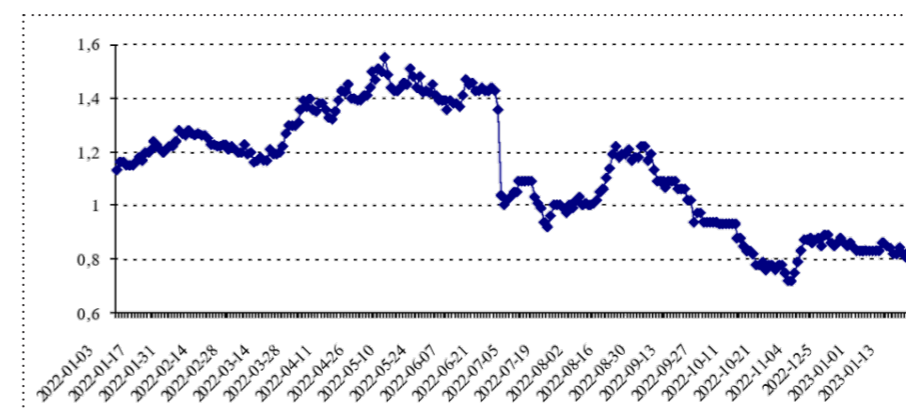
India's government has increased the minimum support price (MSP) for cotton by about

9% in the 2023-2024 season to stabilize prices and potentially lead to a 5% increase in cotton cultivation area. This is expected to meet the raw material demand. However, some concerns are raised that India's increased MSP without a corresponding increase in cotton yields may threaten India's competitiveness in the global market.

While global cotton prices fluctuate, the downward trend in cotton imports into

Vietnam continues for the 9th consecutive month in May 2023. It is forecasted that cotton import prices to Vietnam will not increase in the coming months, providing an opportunity for domestic production firms to consider increasing cotton imports to serve the expected recovery in orders.

US cotton price in 2022-2023 (USD/pound)



Source: macrotrends.net

The average cotton import price from the main markets in May 2023 increased compared to April 2023. Notably, the import price from Argentina increased by 59.3% to 2,200 USD per ton, and from India increased by 18% to 2,201 USD per ton.

Import price of cotton

| Country | May-2023 (USD/ton) | Compared to Apr-2023 (%) | Compared to May-2022 (%) | 5 months 2023 (USD/ton) | Compared to 5 months 2022 (%) |
|--------------|--------------------|--------------------------|--------------------------|-------------------------|-------------------------------|
| Total | 2,138 | -4.0 | -23.7 | 2,273 | -14.4 |
| Argentina | 2,200 | 59.3 | -21.2 | 2,263 | -21.4 |
| India | 2,201 | 18.0 | -4.3 | 2,394 | -7.7 |
| Ivory Coast | 2,181 | 24.4 | -26.3 | 2,506 | -5.3 |
| Brazil | 1,428 | -41.2 | -50.7 | 1,736 | -24.9 |
| Taiwan | 1,993 | 232.0 | | 2,113 | -19.5 |
| Korea | 1,733 | -18.7 | -25.0 | 1,693 | 25.0 |
| USA | 1,230 | -46.1 | -56.5 | 1,423 | -41.4 |
| Indonesia | 2,047 | 15.8 | 38.8 | 2,101 | 17.0 |
| Australia | 2,933 | 28.5 | -1.5 | 2,340 | 24.3 |
| Pakistan | | | | 1,493 | 4.1 |
| China | | | | 1,098 | |

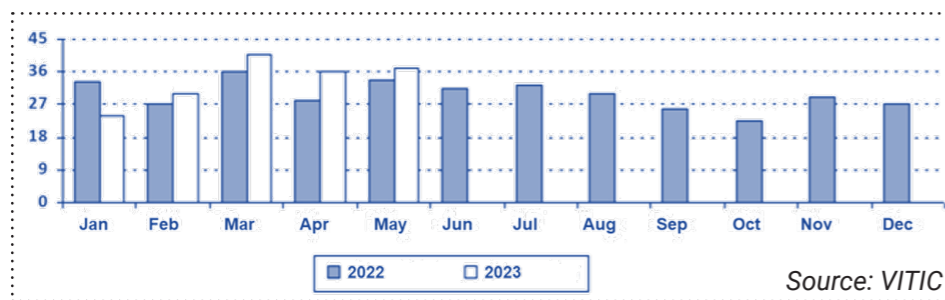
Source: VITIC

1.2. Import prices of fiber continue to experience a slight increase

According to statistics from the General Department of Customs, Vietnam imported 37.18 thousand tons of fiber in May 2023, valued at 51.72 million USD, showing a 2.6% increase in quantity and a 3.7% increase in value compared to April 2023. In comparison to May 2022, there was a 10.2% increase

in quantity and a 10.8% increase in value. Over the first five months of 2023, Vietnam imported 168 thousand tons of fiber, worth 221 million USD, reflecting a 5.9% increase in quantity and a 1.3% increase in value compared to the same period in 2022.

Vietnam's fiber imports in 2022-2023 (thousand tons)



Source: VITIC

During this period, Vietnam imported fiber from 30 markets, adding five more markets compared to the same period in 2022. Notably:

China remained the largest supplier of fiber to Vietnam, with imports in May 2023 reaching 17 thousand tons, valued at 20.62 million USD. While there was a 0.7% decrease in quantity, there was a 3.7% increase in value compared to April 2023. Additionally, there was a significant 20.2% increase in quantity and an 18% increase in value compared to May 2022. From January to May 2023, Vietnam imported 79.27 thousand tons of fiber

from China, valued at 92.61 million USD, accounting for 47.1% of the total fiber imports. This represented a 15.3% increase in quantity and a 6% increase in value compared to the same period in 2022.

Thailand occupied the second position as a supplier, with imports reaching 5.4 thousand tons, valued at 8.29 million USD in May 2023. This marked a 44.2% increase in quantity and an 89.4% increase in value compared to April 2023, but a 3.5% decrease in quantity and a 13.5% increase in value compared to May 2022. Over the first five months of 2023, Vietnam imported

21.9 thousand tons of fiber from Thailand, valued at 26.72 million USD, accounting for 13% of the total fiber imports. This represented an 18.3% increase in quantity and a 7.4% increase in value compared to the same period in 2022.

Overall, fiber imports from major markets to Vietnam increased in the first five months of 2023, except for imports from South Korea, which decreased by 32.3% in quantity.

Notably, some markets experienced a significant surge in fiber imports during the first five months of 2023, such as Bangladesh, Japan, and Slovenia.

Vietnam's fiber imports

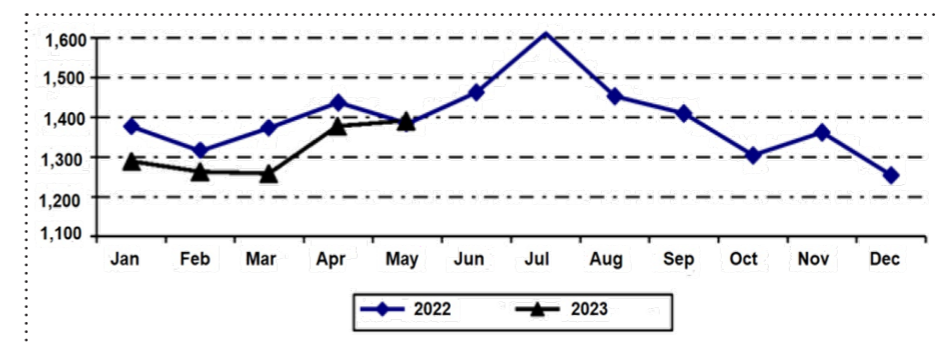
| Country | May-2023 | | Compared to Apr-2023 (%) | | Compared to May-2022 (%) | | 5 months 2023 | | Compared to 5 months 2022 (%) | |
|--------------|---------------|-------------------|--------------------------|------------|--------------------------|-------------|----------------|-------------------|-------------------------------|------------|
| | Qty (tons) | Value (1,000 USD) | Qty | Value | Qty | Value | Qty (tons) | Value (1,000 USD) | Qty | Value |
| Total | 37,188 | 51,720 | 2.6 | 3.7 | 10.2 | 10.8 | 168,299 | 221,520 | 5.9 | 1.3 |
| China | 17,000 | 20,626 | -0.7 | 3.7 | 20.2 | 18.0 | 79,273 | 92,610 | 15.3 | 6.0 |
| Thailand | 5,482 | 8,297 | 44.2 | 89.4 | -3.5 | 13.5 | 21,905 | 26,729 | 18.3 | 7.4 |
| Korea | 2,645 | 5,814 | 28.2 | 32.2 | -11.7 | 11.4 | 11,216 | 22,737 | -32.3 | -19.2 |
| Indonesia | 4,011 | 4,721 | -11.7 | -16.0 | 181.0 | 168.8 | 18,715 | 22,121 | 39.1 | 30.7 |
| Taiwan | 3,274 | 4,029 | 155.1 | 143.2 | -44.7 | -50.9 | 15,117 | 17,790 | -36.8 | -44.8 |
| Bangladesh | 1,727 | 2,216 | -50.5 | -48.7 | 843.5 | | 9,617 | 12,265 | 1,082.0 | 1,555.8 |
| Japan | 163 | 405 | -58.1 | -52.5 | -31.5 | -34.4 | 1,587 | 4,110 | 95.7 | 109.8 |
| Spain | 297 | 768 | -69.2 | -70.4 | | | 1,530 | 3,925 | | |
| Singapore | 72 | 406 | -82.1 | -66.3 | -79.5 | -70.6 | 1,326 | 3,842 | -22.3 | -20.1 |
| India | 573 | 630 | 6.5 | -33.9 | -59.8 | -63.0 | 1,853 | 2,783 | -76.0 | -68.1 |
| USA | 261 | 391 | -27.7 | -74.4 | 159.2 | 49.1 | 778 | 2,616 | 87.8 | 114.4 |
| Malaysia | 416 | 576 | 49.3 | 80.2 | 17.8 | 22.1 | 1,582 | 1,858 | 1.9 | -5.4 |
| Austria | 347 | 730 | | | | | 598 | 1,486 | 467.4 | 299.3 |
| Slovenia | 122 | 291 | -45.6 | -47.7 | 103.4 | 58.2 | 428 | 1,111 | 435.3 | 359.1 |
| UK | 51 | 216 | -59.9 | -60.2 | -31.1 | -34.8 | 204 | 867 | 50.0 | 50.3 |
| Germany | | - | -100.0 | -100.0 | -100.0 | -100.0 | 235 | 694 | -31.8 | -39.4 |
| Hong Kong | 44 | 140 | -60.9 | -47.6 | -79.1 | -46.9 | 364 | 676 | 8.0 | -10.0 |
| Turkey | 198 | 363 | 176.2 | 280.1 | | | 335 | 577 | | |
| Cambodia | 108 | 96 | -27.4 | -28.6 | -55.1 | -57.7 | 541 | 492 | -66.3 | -66.6 |

Source: VITIC

Regarding prices, the average fiber import price to Vietnam in May 2023 reached 1,391 USD per ton, a 1% increase compared to April 2023 and a 0.5% increase compared to May 2022.

Among these prices, the lowest was from Indonesia at 1,177 USD per ton, followed by China at 1,213 USD per ton, and the highest was from South Korea at 2,198 USD per ton.

The average import price of fiber in 2022-2023 (USD/ton)



Source: VITIC

The global fiber prices have been fluctuating, but there is a general upward trend due to some positive information in the global market. Experts believe that factories are increasing their purchases despite limited supplies of fiber, driven by strong demand from textile production businesses, leading to positive

sentiment in the fiber market.

While there have been positive developments in the global fiber market, the actual demand is still limited, preventing a significant surge in prices at the moment.

In Vietnam, the import prices of fiber have increased in the past two months. However, with the forecast of stable and restrained

fiber prices globally, this provides an opportunity for Vietnamese businesses to take advantage of the current prices and increase imports of this raw material to meet production needs in the near future.

Import price of fiber

| Country | May-2023 (USD/ton) | Compared to Apr-2023 (%) | Compared to May-2022 (%) | 5 months 2023 (USD/ton) | Compared to 5 months 2022 (%) |
|--------------|--------------------|--------------------------|--------------------------|-------------------------|-------------------------------|
| Total | 1,391 | 1.0 | 0.5 | 1,316 | -4.4 |
| China | 1,213 | 4.4 | -1.8 | 1,168 | -8.1 |
| Thailand | 1,514 | 31.4 | 17.6 | 1,220 | -9.2 |
| Korea | 2,198 | 3.2 | 26.2 | 2,027 | 19.3 |
| Indonesia | 1,177 | -4.9 | -4.3 | 1,182 | -6.1 |
| Taiwan | 1,230 | -4.7 | -11.2 | 1,177 | -12.6 |
| Bangladesh | 1,283 | 3.5 | 42.6 | 1,275 | 40.1 |
| Japan | 2,489 | 13.5 | -4.2 | 2,589 | 7.2 |
| Spain | 2,588 | -3.8 | | 2,566 | |
| Singapore | 5,652 | 88.7 | 43.5 | 2,897 | 2.8 |
| India | 1,101 | -37.9 | -7.8 | 1,501 | 32.9 |
| USA | 1,497 | -64.6 | -42.5 | 3,363 | 14.1 |
| Malaysia | 1,383 | 20.7 | 3.7 | 1,175 | -7.2 |
| Austria | 2,106 | | | 2,484 | -29.6 |
| Slovenia | 2,385 | -4.0 | -22.2 | 2,594 | -14.2 |
| UK | 4,230 | -0.7 | -5.4 | 4,246 | 0.2 |
| Germany | | | | 2,950 | -11.1 |
| Hong Kong | 3,204 | 34.1 | 154.2 | 1,857 | -16.6 |
| Turkey | 1,830 | 37.6 | | 1,726 | |
| Cambodia | 888 | -1.7 | -5.8 | 910 | -0.8 |
| Sri Lanka | 2,799 | | | 2,869 | -45.4 |

Source: VITIC



- ✦ All data are accurate, relevant and verified from sources: the Ministry of Industry and Trade, General Department of Vietnam Customs, General Statistics Office of Vietnam, International Trade Center, Cotton Incorporated and other reliable sources.
- ✦ This text provides general information. VCOSA assumes no liability for the information given being complete or correct. Due to varying update cycles, statistics can display more up-to-date data than referenced in the text.

Communication and Information Department.

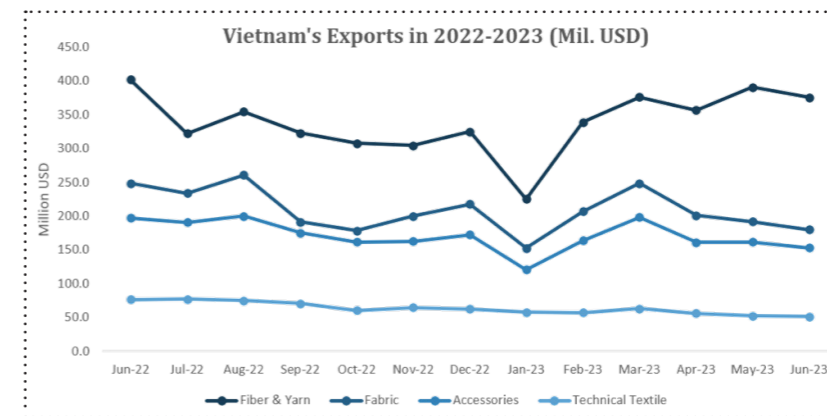
2. Monthly Export Statistics

| Items | Jun-2023 | | Compared to the previous month (%) | | 6 months 2023 | | Compared to the same period last year (%) | |
|------------------------------------|----------------|------------------|------------------------------------|-------------|----------------|------------------|---|--------------|
| | Qty (1,000 MT) | Value (Mil. USD) | Qty | Value | Qty (1,000 MT) | Value (Mil. USD) | Qty | Value |
| Fiber & Yarn | 154.0 | 375.7 | -3.9 | -3.9 | 832.3 | 2,063.7 | -2.5 | -25.6 |
| Textile & Apparel (include fabric) | - | 3,060.4 | - | 4.9 | - | 15,729.6 | - | -15.4 |
| - Fabric | - | 180.3 | - | -6.2 | - | 1,184.0 | - | -17.7 |
| Accessories | - | 153.4 | - | -5.1 | - | 958.6 | - | -18.6 |
| Technical Textile | - | 51.5 | - | -1.3 | - | 337.6 | - | -25.6 |
| TOTAL | - | 3,641.0 | - | -1.4 | - | 19,089.5 | - | -21.3 |

Vietnam's exports of fiber and yarn have experienced a decline both in quantity and value in June 2023, compared to the previous month and the same period last year. Specifically: In June 2023, the quantity and value of Vietnam's fiber and yarn exports dropped by 3.9% compared to the previous month, with exports totaling 154.0 thousand tons and a value of

375.7 million USD.

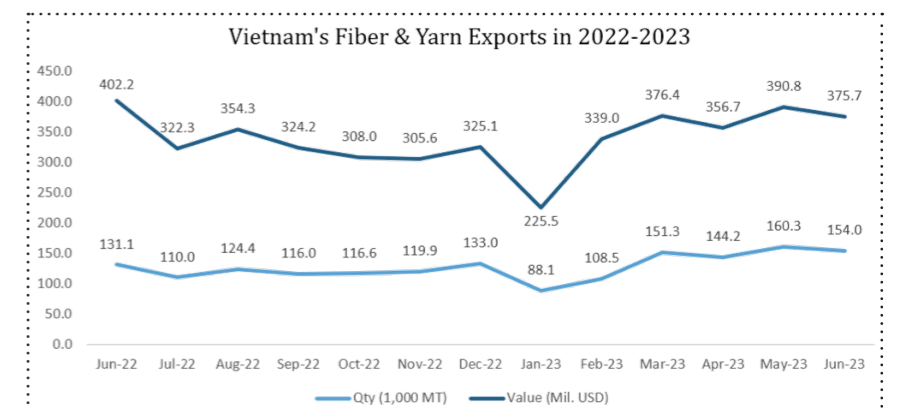
Over the first six months of 2023, Vietnam's fiber and yarn exports witnessed a reduction of 2.5% in quantity and a significant 25.6% decrease in value compared to the same period last year. The total exports during this period amounted to 832.3 thousand tons, valued at 2,063.7 million USD.

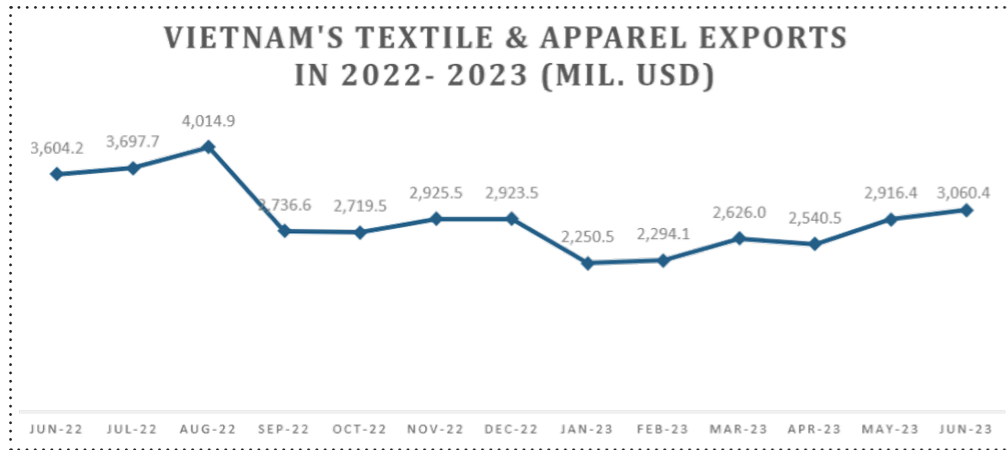


In comparison to the previous month, Vietnam's exports of fiber, yarn, fabrics, textile raw materials for footwear leather, and technical textile have all shown a declining trend. The export of fiber and yarn reached 375.7 million USD, experiencing a decrease of 3.9%. Fabric exports amounted to 180.3 million USD, reflecting a 6.2% reduction.

Furthermore, the export of textile and footwear materials and accessories reached 153.4 million USD, marking a decline of 5.1%. Additionally, exports of technical textile amounted to 51.5 million USD, showing a decrease of 1.3%.

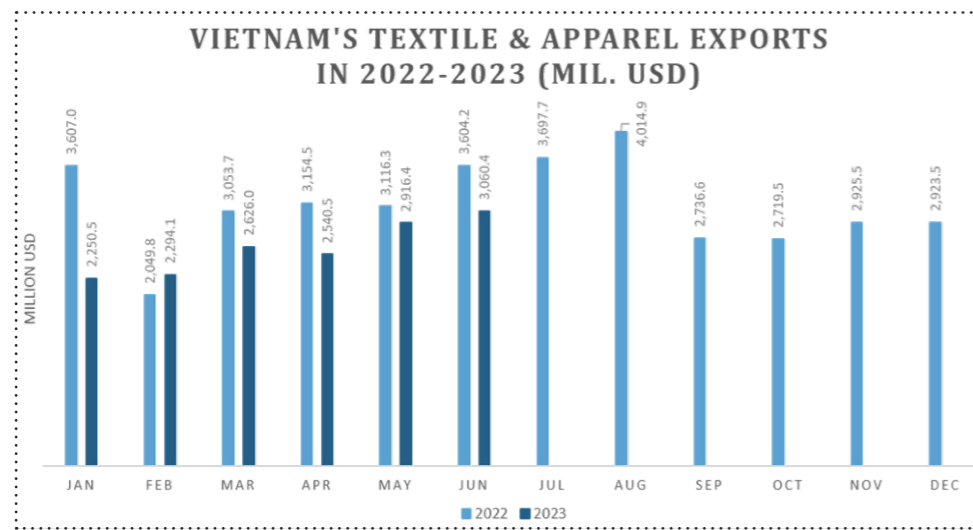
Vietnam's fiber and yarn exports in June 2023 suffered a notable decline of 3.9% in both quantity and value compared to the previous month. The total export volume amounted to 154.0 thousand tons, with the export value reaching 375.7 million USD.





In Jun 2023, textile and garment exports reached 3.06 billion USD, showing a 4.9% increase compared to the previous month.

According to preliminary statistics in June 2023, Vietnam's textile and garment exports reached 3.06 billion USD, showing a 15.1% decrease compared to the same period last year.



In the first six months of 2023, Vietnam's exports of textile and garment items including fiber, yarn, fabric, textile materials and technical textile all declined compared to the same period last year. The export value of fiber and yarn reached 2.06

billion USD (-25.6%). Fabric exports reached 1.18 billion USD (-17.7%). Exports of textile and footwear materials and accessories amounted to 958.6 million USD (-18.6%). The export value of technical textile reached 337.6 million USD (-25.6%).

3. Cotton Outlook

The USDA released an update to its planted acreage estimates at the end of June. Revisions were minor for upland (-1.1% or -124,000 acres versus the March estimate, from 11.1 million acres to 11.0 million acres) but were significant for pima (-29% or -45,000 acres versus the March estimate, from 154,000 to 109,000 acres).

There have been dramatic changes in the weather for major U.S. growing regions for both upland and pima, with both West Texas (upland) and California (pima) swinging from drought to flooding during the winter and spring. Although weather-related uncertainty remains, the rainfall in West Texas has been considered beneficial and should lead to sharply lower abandonment rates than were suffered last crop year. In California, however, extreme precipitation has not been helpful, and the inability to plant in flooded

areas is expected to lead to a smaller pima harvest and may cause tightness in pima supply.

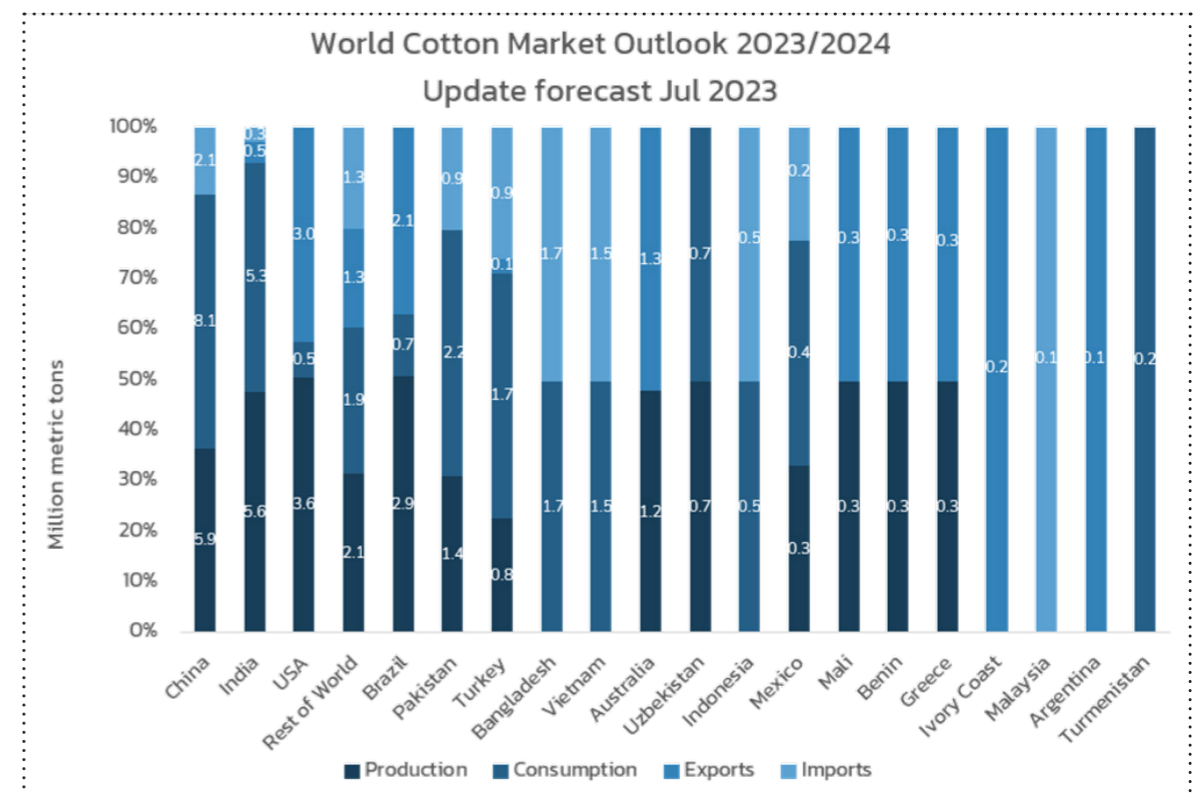
Questions continue to loom from the demand side of the balance sheet. The USDA is suggesting a recovery in mill-use in the upcoming crop year (from 109.8 million bales in 2022/23 to 116.4 million in 2023/24). However, reports from the spinning industry have been persistently downbeat, with complaints about sluggish downstream demand and minimal margins.

Nonetheless, the 2023/24 crop year has yet to begin, and there is considerable time for the business environment to evolve. One source of optimism could come from recent inflation figures. The latest data from the U.S. indicates that the rate of price increases is slowing faster than expected. If the trend toward lower inflation persists, it may lead to fewer interest rate increases.

Several other central banks have been following the pattern of rate changes by the Federal Reserve, so the implications are international. If interest rates do not climb as high as has been feared, it would lower an obstacle to economic growth and could lend some support to consumer demand.

Another source of eventual support could come from inventory realignment. After surging to keep up with consumer demand after stimulus, inventory concerns pushed U.S. apparel imports to the lowest levels in decades. It is possible that an overcorrection in order reduction throughout supply chains may be underway. After the drawdown concludes, inventory recovery and stabilization could stimulate demand as the new crop year unfolds.

Source: CI



Source: CI

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