The Trans Pacific Partnership – Free Trade Agreement will not only be beneficial to TPP Members but all Exporters in Vietnam.

Garment Exporters will be the biggest Beneficiary. Currently Vietnam exports $7.7 Bill to the US. The forecast for 2020 was to double the exports. **However with TPP Vietnam it could be 3 times the current level according to forecast by experts.**

37% of US Imports of Apparel comes from China, and 8% from Vietnam. With TPP we can get 10% of China’s share.

The main concern is the Yarn Forward Rule of Origin. This concept would require all products in a garment to be produced within the TPP region in order to qualify for Duty Preference.

This was proposed by the US. And designates to ensure TPP Member Countries, rather than others such as China would benefit from the agreement.

The challenge that Vietnam faces that it does not have sufficient production of yarn and fabric which accounts for 65 to 70% of the garment cost. This is due to high Investment cost, insufficient Skilled Personnel and lack of Technical know how.

The other issue is the environmental impact as Dying and finishing Plants need Effluent treatment plants to treat the waste water, which again needs the Technology Know how and high investment.

Some examples in South India, which became self sufficient in Fabrics for Export garments over the past few years, will illustrate the differences between Vietnam and India in industrial planning and development. Why did India succeed in creating “supporting industries” while Vietnam did not?

The US has proposed 2 “Short Supply” lists, one “Permanent Benefits” and the other “Temporary Benefits.” This is to cover Products that are not commonly available in Commercial Quantities in TPP Member countries.

From the US point of view, they are looking for Increased Market Access in Vietnam, namely in Trade in Goods, as well as Services, including Financial Services.