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Overview of GARMENT 10 JOINT STOCK COMPANY (GAR CO 10)

Established: 1946

Business type:

Before 2005 it was State owned

From 2005 January it is an equitization joint stock enterprise

Firm size:

Labor force: 10,000

Manufacturing factory : 15 plants are located in seven provinces in Vietnam

Main product: shirts, suits, trousers and woven jacket

Main export markets: EU, U.S., Japan

Export value in 2010: \$115 million USD

USA market share: 40.56%

EU: 38.81%

Japan and other markets: 20.63%

Forms of business and export:

There are two forms of production and export: doing the outwork and FOB.

Assembly: 72% production capacity. Enterprises only perform the cutting, sewing, packing and import - export. All the materials are supplied by the client (usually by the intermediary supply)

FOB: 28% production capacity. Enterprises invest the initial money to buy all the materials for tailoring, packaging and export.

In both these types of business we are just one part of the supply chain of garment: there is the intermediary merchant, the suppliers of raw materials, the Garment Manufacturer - the final purchase.

In this supply chain, the final purchase or the intermediate merchant is the one who select and specify the suppliers of raw materials.

Assessing the position and concerns of the Vietnamese businesses when Vietnam join the TPP agreement :

Domestic: having been the State owned enterprise before, but now we are operating as a joint-stock company, we do not get any support from the Government, such as the capital investment, searching developing consumer market, selling products. The enterprise alone accounts for, plans itself and takes responsibility for the performance of business.

To the customers and partners: our enterprise is just a small chain in the textile supply one, has always been competitive and threaten to be out of the supply chain if our products are not international standard. That means they must meet the high quality, competitively priced, environmentally friendly product and meets all the strict requirements of the consumers.

Before 2001, the main export markets are EU and Japan, GARCO 10 JSC's scale just counted for 4000 labours and 7 plants. When the trade relation between Vietnam and the United States was normalized, we have expanded the business gradually. In the early years, it still was limited by quotas, the expansion was limited, too.

By 2007, when Vietnam officially becomes a WTO member, we have really actively expanded production for export. We continued to maintain the old markets like EU, Japan. On the other hand, we extended to meet the needs of the new markets, the U.S. market.

However, being in the chain of the textile supply, the added value in our products is very small, mainly in wages of the workers, the income is not high.

This is the reason why we have gradually narrowed the factories in the urban areas, and expand to the rural ones for the purpose to make use of the surplus labor, cheap labor, contribute to the poverty reduction for the ethnic minority areas, facilitate economic and cultural trade with the poor regions or the remote ones.

In the last seven years, we narrowed the urban manufacturing workers from 3500 to less than 2500, mostly remaining as indirect labor. Instead, we grow plants in rural region and the remote areas to create more jobs for more than 5000 workers with an average income from 70 USD to 120 USD per month. For those employees before, most of them take part in agriculture, per capita income was only 20 to 30 USD / month (before moved to work for the company).

As far as we're concerned, when we join in TPP, our textile business will be better incentive in export, but we know there maybe some new provisions in the rules of textile origin. It will impact significantly on our textile companies' operations for the reasons below:

- + We actually remain passive in choosing the supply of the raw materials, including the fabrics, because the final purchase is the one who select the suppliers meeting their high quality. The U.S. imports with the major brands we are exporting to, are: Perry Ellis, Philip Van Hueusen, Express inc., Walmart, Sears, ...
- + The domestic raw fabric materials in Vietnam have not met the demand yet, including the quantity and the quality. Textile industry desiring to invest and expand to meet the domestic material sources certainly need a very long time.

For the two reasons above, the determination of the origin of the fabric certainly will make a huge impact to the existing activities of the textile enterprises in Vietnam. Consequently, we – the enterprises of the developing countries are not only be disadvantaged, get no more incentives, but also lose the benefits when we join TPP agreements, particularly the risk of lacking / loss of jobs of thousands of workers that we are doing to reduce poverty.

We hope with the new provisions of TPP, the parties who make the negotiations will take care of the interests of the poor labor in the least developed countries like us.