

Vietnamese Sewing Industry: Business Active this Year, Many Talks about Foreign-invested Companies' Factory Expansion

Interview with Mr. Kang Kim Heng, Chief Representative, Pegasus Sewing Machine Pte. Ltd., Vietnam Representative Office

Business in this year has been turning upward in comparison with last year. Orders from buyers in U.S.A. and EU are returning to Vietnamese sewing factories. Every big-scale factory is running at its full capacity. They have orders for up to the end of this year, or even next March.

Moreover, among Japanese buyers, a move of selecting Vietnam as the source for "China Plus" purchase is speeding up. This is because: Now that no tariff is imposed on bilateral trade thanks to EPA (Economic Partnership Agreements) between Japan and Vietnam, business can be carried out more smoothly than before.

On the other hand, Vietnam now has serious problems such as chronic labor shortage and wage hike in sewing factories and electric power shortage in some areas. Labor shortage is particularly serious in large cities Ho Chi Minh and Hanoi. Inside these cities, it is very difficult to manage a sewing factory, so almost all the sewing factories are situated away from city center, or in suburbs. Also, shipment of sewing machines for factories in the north is increasing. In the south, there are sewing factories in the Mekong Delta region, and in the central region, Danang has such factories. As a recent large-scale project, a Taiwanese-founded company already having a sewing factory in a prefecture is constructing another factory in other prefecture. Owing to such active moves, Pegasus' sales in Vietnam is expected to increase 20 to 30% from the year before.

Vietnamese sewing factories tend to prefer economy type sewing machines, and machine models most purchased by them are basic ones, mainly overlock stitcher M700/M800. In the category of interlock stitcher, the main model in this market is W1500/W1600 series. On the other hand, even local large-scale companies tend to favor highly sophisticated machine models, so installation of the FS series (flat seamer), W200 and the like, and various labor saving devices is becoming widespread. It is the characteristic of present Vietnamese sewing industry that the latest models of sewing machines are favored. Such latest models can contribute to alleviation of labor shortage in Vietnam and improvement of sewing quality. This is an advantage for Pegasus to carry out its business.

For 3 days from August 5 to 7, Viet Tien Tung Shing Corp., Pegasus' agent in Vietnam held a private show named "product introduction, exhibition & technical seminar" at Lake Side Hotel. Pegasus' highlight at this show was its new item Plus series, i.e., a new item capable of sewing free from oil stain was introduced. Pegasus has also been holding in-house seminars mainly for big users, thereby actively introducing its new items.