

businesses only take on garment stage to obtain processing cost. These are fundamental reasons, which lessen garment proficiency though the turnover rises very fast. The interrelation between export and import value of garment industry obviously expresses this situation.

Table 8 Import and export turnover of garment industry

(million USD)

	1995	1996	1997	1998
Garment export	850	1,150	1,502.6	1,450
Import of material & secondary material	304.6	531.4	897.1	248.8

Source: Statistical yearbook.

From the table, it is obvious that import value usually fluctuates approximately 50% export value of garment industry. Specific year 1998 need extra-conveying.

2.3 General estimation of the effect of the industry/trade policy system to the competitive ability of Viet Nam textile-garment industry

2.3.1 Positive impacts

In the general background of Viet Nam industrial development in the beginning years of industrialization and modernization period, it is affirmable that Viet Nam textile-garment industry has important development, positively participate in solving urgent socio-economic problems of the nation and make an important basis for the stronger and more effective development in the coming years.

The ration of textile-garment production in total industry production has an uninterrupted increase.

Table 9 The ration of textile-garment production in Viet Nam industry

	1995	1996	1997	1998	1999
Overall industry	100	100	100	100	100
Textile industry	5.97	5.40	5.40	5.53	5.56
Garment industry	2.85	2.88	3.22	3.09	3.01

Source: Statistical yearbook 1999.

If in the year 1985, textile-garment production holds only 5.4% of total industry production, this holds 8.57% in the year 1999 (at constant 1994 prices) and 10.06% (at current price).

Textile-garment industry is one of the industry takes the most important part in Viet Nam exports turnover. In 1985, export turnover of textile-garment industry (including product embroidered with laces) is 850 millions USD. In 1999, this reaches 1,747 millions USD, hold more than 15% of export turnover. Textile-garment exports turnover rank no. 2 behind crude oil export.

The development of textile-garment industry has positive impacts in solving job problem and worker income, so that take parts in solving unemployed problems and stabilizing the social. At present, according to incomplete statistic data, the textile-garment industry has about 1 million workers. In the realistic

condition of Viet Nam, it has an important significance and expresses the advance of this industry when economic industries have not developed yet and investment ability for job solving is limited.¹⁰

The development and positive impacts of textile-garment industry directly reflect the result of the renovation of some government macroeconomic policies. In other words, based on clearly defining the position and role of this industry in Viet Nam economic structure, the government has concrete solutions and policies to ensure the development help and incentive, in order to take them to the estimated position, so that take positive part in solving urgent socio-economic problems in the period of economic mechanic conversion and translate the industrialization and modernization into practice. It is affirmable that with its development, textile-garment industry take significant part in helping the nation to escape from the critical time in the later 80s, to integrate into international economic life in the time of socio-economic changes in the Soviet-Union and East Europe socialist countries.

2.3.2 Obstacles and difficulties

However, as the Viet Nam industry managers themselves confirmed "The development of this industry is not corresponding to the potential and the requirement, the economic effect is still low". We completely agree with that comment. In the time of economy globalization, take Viet Nam to a full integration into the regional and world economy, it is obvious that in passed years, the impact of government policies for textile-garment industry is mainly on the width of the development, technology level and competitive ability of textile-garment businesses is still weak. Perhaps, this is the top challenge to Viet Nam textile-garment industry in the coming years. If there is not effective solution to overcome these challenge, the industry can not play the role of one of the main industries, with the mission to bring Viet Nam out of the situation of a poor, low-developing country.

There are some concrete examples below:

First, having strong potential and developing requirement, but Viet Nam textile-garment industry is still smaller than many regional and world countries.

Table 10 Viet Nam textile-garment industry comparing with regional countries

	Textile quantity (millions tons)	Garment quantity (millions m2)	Garment item (millions unit)	Export turn-over
China	5,300	21,000	10,000	50,000
India	2,100	23,000	---	12,500
Bangladesh	200	1,800	---	4,000
Thailand	1,000	4,200	2,500	6,500
Indonesia	1,800	4,400	3,000	8,000
Viet Nam	85	304	400	200

Source: Viet Nam national textile-garment corporation, 2000.

¹⁰ Investing rate to textile-garment industry is 1/10 of electricity industry, 1/15 of mechanical industry, 1/20 of metallurgy industry. The cost of creating a new place of work in garment industry is 1000 USD, 15000 USD in textile industry and 30000 USD in paper industry.

It is obvious that although there are strong developments, it takes a long time for Viet Nam to become a great nation in the textile-garment field of the world. Comparing to other countries, Viet Nam is just a potential competitor, not a direct competitor. The competitive situation is observed in the textile-garment industry, not only in the above countries but also in the Viet Nam domestic market. In international trade, textile-garment products of Viet Nam and the above countries are together presented on many markets (Japan, EU, United States), in some textile-garment market, Viet Nam has to compete in the disadvantageous trade conditions. For example, The United States is the top market in the world, but till now, Viet Nam has not received the ordinary trade regulations with the US. Hence, high tax rate levied on textile-garment goods imported from Viet Nam brings about the disadvantage in competition. In the domestic market although the government has applied economic measures and administrative measures, the market is filled with cloth and ready-made garments from many different ways. In many flows of textile-garment products into Viet Nam, they are many from China. With diversified mode, cheap price, China textile-garment has strong competitiveness on the domestic market.

Second, the exporting by processing way of garment businesses holds the high rate, the incomplete supply of domestic material and secondary material makes heavy impact on export result. It is affirmable that Viet Nam textile-garment industry mainly exports raw labor at present.

The mode of international processing corresponds with the low developing level of textile-garment businesses: ensuring jobs when being not able to penetrate into the world market, limited capital and technology abilities... This can't be the permanent mode in the textile-garment strategy because this causes dependent and unstable conditions in production and business investment, not ensuring the economic effect.

In the present imbalance condition of ability and technology level, Viet Nam businesses can not ensure the material and secondary material for production, they have to mainly import from the exterior, this makes the production effect lower. There is a paradox: the more export, the more import of production factors, production effect is not improved much.

While the textile industry mainly uses import material, cloth export turnover is unobtrusive: including flannelette, knitwear, types of towel, this turnover holds only 10% textile-garment export turnover. In the garment industry, processing mode holds high ratio, while almost material and secondary material have to be imported, this makes the added value low, added ordinarily 20-25%.

Import/export turnover of the subsidiaries of Viet Nam national Textile-garment Corporation in recent years expressed in following table:

Table 11 Finished product export and material import turnover

(Millions USD)

	1996	1997	1998	1999
Export turn-over	243.4	304.7	296.9	330.1
Import turn-over	206.4	238.6	212.5	228.6
Difference	37.0	66.1	84.4	101.5

Source: Viet Nam national Textile-garment corporation.

Comparing to the year 1996, in 1999, textile-garment Export turn-over increased three times, material and secondary material increased 1.11 times, export surplus increased 2.74 times. This shows little by little progress of the national Textile-garment Corporation in ensuring the effect. Widely examining in entire industry, with main processing mode, state-enterprises are not able to ensure the high effect.

Despite of knowing that the effect is not high, Viet Nam textile-garment industry can not easily abolish processing mode and shift to directly exporting under material buying mode (or producing), export sewing. This mode conversion requires series of conditions that Viet Nam businesses are not able to ensure at present: textile modernizing investment secondary material producing investment, businesses working capital, directly approaching foreign market to find customer.

Third, imbalance and backward technology level of businesses is the important factor that lessen competitiveness of businesses (see analysis above).

Fourth, comparative advantages in textile-garment development are fading away. For a long time, labor advantage is usually considered the dominant advantage of Viet Nam comparing to many regional countries. But with the economic development and little by little increase in population living standard, this advantage is not clearly expressed, even weaker than some regional countries.

Table 12 Average salary per worker (USD/person/year)

Year	Viet Nam	China	Indonesia	Malaysia	Korea	Taiwan	Singapore
1992	210	--	720	2,970	8,730	10,380	8,610
1003	340	--	740	3,100	9,590	10,710	8,820
1994	370	420	760	3,440	10,550	10,960	9,990
1995	450	500	930	3,810	12,930	11,620	11,190
1996	550	540	940	3,990	12,700	11,460	11,430
1997	650	550	890	3,840	11,230	11,120	10,890
1998	690	570	330	2,870	7,820	10,260	10,210

Source: UNIDO and the ministry of planning and investment. General view in Viet Nam industrial competition, National politics press, 199, page 142.

Comparing to regional countries, pay rate of a Viet Nam worker rises fast and stable (in 1998, it is 3.29 times more than it is in 1992), while in China, this increased with lower speed (in 1998, it is 1.36 times more than it is in 1994, this in Viet Nam at the same time is 1.86 times). Malaysia and Indonesia are directly and heavily impacted by the financial-monetary crisis, worker salary unexpectedly reduced due to money depreciation. Data from the table show that annual salary of Viet Nam worker is higher than China and Indonesia worker. In worker right aspect, it is good sign of the improvement of workers income and life, since then this industry has attraction to the workers. But in trade aspect, textile-garment product has high raw labor content. The situation above will give goods the disadvantages in competing with those types of goods from countries with lower labor cost.

In order to estimate competitiveness of textile-garment industry, it is possible to examine some more factors on quality and creation of new model conformable to customer's demand. On these aspects, there are weaknesses in Viet Nam textile-garment industry.

In quality management, it is obvious that because garment businesses mainly produce exports, the quality management process is closer. At the same time, textile businesses mainly produce domestic goods, the quality management process is not attached moderate importance, and this causes the product not able to satisfy the more and more requirement of the market. This weakness is obviously presented in non-state businesses. Till the end of 1999, in entire industry, there are only 8 businesses registered ISO 9002 system in quality management, only 4 of them are granted the certificate (Phong Phu thread manufacturer joint-venture, 10 Garment Company, Thang Long garment company, Hanoi textile-garment company).

In model creation stage, Viet Nam has not strong force. This can be comprehended by two main reasons: 1/Viet Nam garment industry uses process mode for a long time, goods model is placed by foreign order. 2/ population standard living is low, model creation is completely fresh. Hence, despite of the establishment of model institute under Textile-garment Corporation, but its role is still limited. Some universities start to set up model-creating specialty, but these are just the first steps.

Fifth, the business effect in textile-garment industry is still low. There is no data for entire the industry, but from annual report of Viet Nam national Textile-garment Corporation, it is possible to see some effective ratios in these large-scale state-owned enterprises of Viet Nam.

Table 13 Some effective ratios of Viet Nam national textile-garment corporation

Ratio	Measure unit	1996	1997	1998	1999
Return on turnover	Dong	-	<i>0.0004</i>	-	<i>0.0027</i>
		0.038	0.038	0.035	0.038
Return on fixed asset	Dong	<i>4.290</i>	<i>4.305</i>	<i>4.477</i>	<i>5.041</i>
		5.483	6.336	6.185	5.554
Return on worker	Dong	-	<i>0.289</i>	-	<i>0.212</i>
		1.178	1.437	1.363	1.748
Export on worker	USD	<i>1867.65</i>	<i>2213.41</i>	<i>2206.77</i>	<i>2410.64</i>
		8078.32	9551.42	8647.90	9494.08

Source: Ph.D. thesis in Economics of postgraduate Duong Dinh Giam, 2000.

Notes: *Italic numbers: Ratios of textile businesses.*

Bold number: Ratios of garment businesses.

From some data in the table, there are two main comments:

- The trade-productive effect of businesses in the corporation is very low and unstable.
- In general, the effective ratio of textile businesses is often lower than these of garment businesses.

These effective ratios above directly reflect the technology level and management ability of textile-

garment businesses.

It is necessary to say something more, in the passed years, with the development of the multi-sectoral economy and the diversification of business organizing types, textile-garment state-owned enterprises is also attached special importance to renovate, but the result is little.

The salient points of this process are the establishment of Viet Nam national Textile-garment Corporation. This is the State Corporation imitating the business consortium model (usually called 91 corporation, due to the establishment oriented by Decision 91/TTg, March 7, 1994 by the Prime minister). This corporation was established in accordance with the state administrative decision—heading for the subject "Promoting agglomeration and concentration, raising competitiveness and economic proficiency". The corporation has three typical features: 1/being established by administrative decision; 2/Including state-owned enterprises belonging to The ministry of Industry only (central state-owned enterprises). 3/ Operating in the textile-garment field (only this field). Since its establishment, the national Textile-garment Corporation has gained certain achievements. However, it has also faced with some difficulties and insufficiencies. Those are:

- Enterprises' specializing qualifications has changed so little, the tendency of " Closed technology" prevails, businesses still exist separately and competitively.
- There exists two independent cost-accounting level (The corporation and subsidiaries), subsidiaries feel the lack of independence and confidence in business.

The confusion of organizing and executing, settling master relationships in the corporation.

Despite of not being one of the key and spearhead sectors in the economy, the ownership diversification of businesses in the industry in the form of state-owned enterprises equitization (pursuant to Decree no.44/ND-CP) sale, or hire (pursuant to Decree no.103/ND-CP) has not worked successfully. In 1999, five small-scale companies were equitized (Binh Minh garment company, Ho Guom garment company, Le Truc garment workshop of Chien Thang garment company, garment workshop of Vinh Phu garment company, garment workshop of Nha Trang garment company). This process has been facing with difficulties and hindrances: proficient businesses do not want to be equitized; businesses having difficulties can not be equitized, textile-garment businesses under state supervision often have rather large capital, with limited ability to attract investment.

Part 3 The orientation of textile-garment industry development and the assurance of government policies

3.1 Opportunities and challenges to textile-garment industry in the international integration

Viet Nam party and government considers the task in the coming years is to promote the country's industrialization and modernization in order to make Viet Nam mainly become an industrial country in

2020. This is a heavy task, although Viet Nam has created important economic-technical bases and attained significant progress in the years of socio-economic innovations, in general, Viet Nam is still a poor and low-developing country.

In order to attain the appointed object, Viet Nam has to solve many problems. Among them, the most important thing is to have a rational economic structure to optimally develop the advantages and ensure a proficiency integration into regional and world economies. Textile-garment industry is continuously considered a main development in industrial structure.

Being a long-standing industry, textile-garment industry development has both opportunity and challenge in a New World development, including globalizing and integrating trends. These directly rule the orientation of Viet Nam textile-garment industry development and the innovation of government macroeconomic policies, so that this industry really plays the positive rule in the promotion of Viet Nam industrialization and modernization.

Below are some features of opportunities and challenges to textile-garment industry in the early years of new decade.

3.1.1 Opportunities

First, it is the fundamental technical and material facilities of Viet Nam textile-garment industry. The next step of development is to expand and raise these material facilities, not to start with empty hands. In general, the technology level is low, but some technological stages reach world standard (garment mainly).

Second, in the world, developed countries tend to "export" textile-garment industry to developing countries under different forms: direct investment, technology transfer, to reduce domestic production and import goods to satisfy the customer need. This trend goes with adjustment of industrial structure to deal with insufficient labor and concentrate development of high technology and high-effect industry. This trend is expressed more clearly in the following table:

Table 14 Regional distribution of world textile production (1000 tons)

Year	Asia	Europe	Other countries	Total
1980	12,760	9,490	9,390	31,640
1982	13,940	9,350	8,350	31,640
1984	18,700	10,120	9,770	38,590
1986	16,980	10,220	8,670	35,870
1988	19,200	10,760	10,850	40,810
1990	21,020	10,440	10,720	42,180
1992	23,520	9,030	9,990	42,540
1994	25,610	8,720	11,800	46,130
1996	27,830	8,400	11,580	47,810
1997	29,420	8,440	11,540	49,400

Source: Trade research institute (Ministry of trade), 1999

In 18 years (1980-1997), world textile production increased 1.56 times, Asia textile production increased 2.31 times, and that of Europe is 0.89 times only.

Third, textile-garment is the essential human need. When material and spiritual living standards rise, family spending tend to raise the part for clothing, culture need, entertainment, health care. In the United States, spending for clothing is about 20% of family expense. It is affirmable that textile-garment market is promising. Naturally, by levels of consuming and living standard, textile-garment structure is different. Textile-garment industry must have suitable products for market requirements.

Finally, Viet Nam textile-garment product has attended in some markets, including market with close requirements in imports (Japan, EU, North America). Moreover, with policies to innovate and to multilateralize economic-diplomatic relations, Viet Nam has prospects to expand textile-garment market and to attract investment and technology for textile-garment development.

3.1.2 Challenges

Major and coverable challenge is the backward technology and low competitiveness. With different forms of protection, Viet Nam textile-garment industry is able to develop and bring certain advantages. If rightnow, textile-garment businesses do not strongly rise up and improve their competitiveness in the domestic and international market, when the protection is decreased and abolished, these businesses will have many significant difficulties in the competition.

Comparing Viet Nam textile-garment industry with the international trade internationalization of textile-garment product, it is obvious that there are tense challenges. Before 1994 (after 1974), Multi-fibre agreement (MFA) rules textile-garment international trade. In which, import countries can adopt bilateral agreement or if not bilateral agreement is not adopted, the country can unilaterally set up import quota to each export country. Quota increasing speeds are different by different countries. MFA, judged by economists, makes discriminatory in protection.¹¹

In 1994, Agreement on textile and Clothing (ATC) takes the place of MFA and is main international agreement that adjusts the whole of textile-garment international trade. According to ATC regulations, the textile-garment trading liberalization is going to take 10 years of transition stage (from 1/1/1995) and put into practice following 2 main contents:

- Textile-garment step by step integrates into GATT ordinary regulations following 4 stages:
 - 1/1/1995: Integrating not less than 16% of import commodities in 1990 pursuant to commodities list of the Agreement.
 - 1/1/1998: Integrating not less than 16% of import commodities.
 - 1/1/2002: Integrating not less than continuous 18% of import commodities.
 - 1/1/2005: all commodities left must be integrated, MFA's weaknesses must be abolished.

In each stage, import country have the right to make choice of any four categories (fibre, cloth, textile,

¹¹ Economic institute (Ministry of trade). Record of Viet Nam inport items.

garment) to the integrating list.

- Raise quota-increasing speeds of limited products.

In the first stage (1995-1997), quota-increasing speeds is not less than 16%, in the second stage (1998-2001), it is 25%, in the third stage (2002-2004), it is 27%. On the 10 of October, 2000, The governments of Viet Nam and EU have signed the Convention on increasing the quota for Viet Nam's textile and garments to be exported to EU on average by 26% that will be in effect one year earlier than agreed time. This is a very good opportunities for textile-garment industry to promote export to this market. However, it is necessary to note that the EU market's demand for Viet Nam's textile and garment goods seems to decline.¹²

The replacement of MFA by ATC has positive effect to countries with textile-garment export development because of labor advantages. It is also advantageous to developed industrial countries because of the rising in demand for textile-garment material and equipment. But it is obvious that the competition on textile-garment market is not reduced because there are many countries with competence to penetrate one market.

Viet Nam has not become member of world trade organization (WTO), but main exporting markets of Viet Nam are all WTO's members. Hence, Viet Nam has still to follow ATC's limit.

The transition stage from MFA to ATC has relative connection with the Viet Nam's integration into AFTA. This brings more and more pressure to Viet Nam textile-garment businesses in the process to effectively participate in AFTA and also rise the competitiveness with textile-garment businesses from other countries on major market.

Market-share of Viet Nam textile-garment industry is small beside the strong competitions. On the domestic market, although the demand is not high, the production has not satisfied the need yet. The competitiveness is weaker than China and Thailand textile-garment. On the international market, in 9 months of 2000 export of textiles and garments to quota markets including Canada reached 493 USD mil. at the growth rate of 8% compared to the similar period of 1999, but Viet Nam goods exporting to EU is only 5% of China's, 10-20% of ASEAN's; in Japan, in 1997, Viet Nam has become one of seven top countries which export textile-garment to this market, with shuttle-textile market-share is 3,6%, knitwear market-share is 2.3%. In 1998, the largest importers of textiles were USA with the import value of USD 13.46 bil. (shared 8.6%), China - USD 11.08 bil. (7.2%), Germany - USD 10.99 bil. (7%), the UK - USD 8.31 bil. (5.3%), France - USD 7.5 bil. (4.8%). Hongkong imported USD 13.04 bil., but the use for processing was only USD 1.39 bil., the remaining has reexported.¹³

In 1997, textile-garment import turnover of the United State is 44646 millions USD, with 5998 (13,4%)

¹² Le Van Dao, Deputy head of export-import department—Ministry of Trade. Viet Nam Economic Times, No130, 30.10.200, p. 3.

¹³ Nguyen Van Ky. World trade in textiles and garments. Viet Nam Economic Times, No6, 14.1.2000, p.12.

millions USD from China, 5246 millions (9.9%) from Mexico, 3973 (8.9%) millions from Hongkong, but only 26.4 millions (0.06%) from Viet Nam.

In 1998 the US import of clothing increased by 11% compared to 1997 and reached USD 55,720 mil., of which import from Asia shared 56.9%, from Latin America - 28.9%, Western Europe - 6.4%, North America - 2.8%, Middle East 1.9%, Africa 1.9%. During first six months of 1999 the US' import of textiles and garments increased by 5% compared to that period of 1998. So it can be seen that the US is a potential market for the textile and garment enterprises to pay more attention in coming years especially with the implementation of the Viet Nam-American Trade Agreement.

During the period 1990-1998, Viet Nam textile and garment export experienced a high growth rate - 40%. The market structure shows that the main importing countries of Viet Nam's textile and garments are EU (more than 40%), Japan (30%), the remaining belongs to countries of Middle East, East Europe, SNG, North America and other Asian countries.¹⁴ In the case of the China's entry into WTO and the removing of quotas on textiles and garments traded between WTO members at the end of 2004, there will be more challenges for Viet Nam's textile-garment industry in the world competition that must be accounted.

3.2 The developing orientation of Viet Nam textile-garment industry in the background of joining international economic/commercial agreements

After 10 years development (1991-2000) and shifting to a new development period with the target to speeding up the industrialization and modernization, concerned organs of Viet Nam government has been editing directions for the developing strategy of the whole economy as well as each sector in the next 10 years (2001-2010).

Textile-garment industry is one of the important industries in Viet Nam economic and industrial structure. Over the past years, the industry has contributed actively to solve the national socio-economic tasks. In new circumstance, its development copes with both advantages and challenging disadvantages. The bodies of Viet Nam government and Viet Nam national Textile-garment Corporation have drafted documents on directions for the development of textile-garment industry in the next ten years and the main solutions. Below are some important documents drafted in 2000.

- *The section mentioning textile-garment industry in "Draft documents submitted to 9th Viet Nam party meeting"*
- *The section mentioning textile-garment industry in "Proposals of industrialization, modernization and developing strategy for Viet Nam industry to the year 2000 and vision 2010" by the Ministry of Industry (1/2000)*
- *"Proposals of development strategies of science and technology for textile-garment industry to*

¹⁴ Nguyen Van Ky. World trade in textiles and garments. Viet Nam Economic Times, No6, 14.1.2000, p.12.

- 2010 and technology highway to 2005" by the Ministry of Industry (5/2000).*
- *"Strategies of speeding up the development of Viet Nam textile-garment industry to 2010 with the aim of creating jobs and raising export turnover" by Viet Nam textile-garment association and Viet Nam national textile-garment corporation (10/2000)*

We, researchers, in this part, due to limited time and information source can not set our duty of offering another "proposal" of development scenario for Viet Nam textile-garment industry in the coming years but we mainly concentrate on showing some viewpoints on developments directions, not on exact development targets. In addition, some document listed above are not official released, therefore we can not offers direct guidelines.

In The proposal of socio-economic development strategy 2001-2010 and five-year socio-economic directions, tasks and plans (2001-2005), the textile-garment industry is evaluated as a sector that can develop competitive advantage, control domestic market and promote export.¹⁵

Proposals of "Industrialization, modernization and developing strategy for Viet Nam industry to the year 2000 and vision 2010" projects the annual growth rate of Viet Nam industry at 13%, raising the export turnover in 2005 at 3000 millions USD and in 2010 at 4000 millions USD.

As for "Strategy for speeding up and developing textile-garment industry to 2010" by textile-garment association and Viet Nam national textile-garment corporation forecast the greater rise in export turnover in 2005 at 500 millions USD and in 1010 at 8000 millions USD.¹⁶

Though cited data informs numeral forecast in the coming years, there are optimism about developing prospect of the industry.

Below are our opinions about development standpoint of Viet Nam textile-garment industry in the future.

First, in the period of industrialization and modernization, textile-garment industry still to occupies an important position in the national economic structure of Viet Nam. The development of the industry directs to economic tasks and also social tasks. Firstly, the main task is to solve the job, speed up the re-assigning process Viet Nam social labor.

Second, effectively establishing and organizing interdisciplinary relationship in textile-garment industry development. These are relations between textile-garment productions and supply of their "input" factors (cotton, fibre, spare parts, equipment and substitute parts), relation between textile stage and garment stage. These relations are not only relations between the industrial inner and other economic fields. The establishment and solution of these relations need to guarantee the economic effect, basing on concrete analysis of immanent ability and the tendency to globalize the economy.

Third, the ownership diversification in textile-garment industry to broadly attract investments and

¹⁵ See "Draft documents submitted to 9th Viet Nam party meeting" shortening.

¹⁶ Viet Nam economic Times No. 130, October 30, 2000 when informing this strategy bring up the numbers 4000 millions USD and 7000 millions USD.

guarantee economic effect. Despite of its important role, textile-garment industry is still the production of ordinary commodities, the government don't have to hold this industry, but has to stimulate the development of non-state businesses. The decisive role of state economy need investigated in the overall economy, not in each industry.

Fourth, quickly promoting the technology renovation according to the requirement of production modernization and textile-garment industry management to rise the competitiveness on the domestic and abroad market. This is the standpoint that directs the technology selection in textile-garment development in order to quickly overcome the technological backwardness and low competitiveness on the market.

Fifth, rationally combining business scales, raise the specializing level and broaden associate relations in the industry inner. Depending on particular traits of each field to determine the rational scales; textile, fibre, chemical businesses focus on large scale (in the concrete conditions of Viet Nam), the garment businesses prefer small and medium scale. In order to guarantee the effect, it is necessary to use the appropriate organize the labor assignment between businesses, rationally combining the production specialization and diversification of each business.

3.3 Renovation of industrial and trading policies for textile-garment industry development in new international background

3.3.1 Policies for investment attraction and support

Now, many garment-textile companies have strengthened to invest for waiting in front development opportunities. For example, Gidimex, an garment and textile company did the project to construct conjugation garment-textile area in VinhLoc industrial zone, Saigon textile has a project to construct textile enterprise in Tantaio industrial zone, and Garmex Cholon company has a garment enterprise in Binh dang industrial zone, Garmex - Saigon are preparing to construct its enterprise in Cuchi. That projects will contribute to increase productivity of textile sector 1.5 times and for garment sector is 2 times. Besides that, many enterprises have strengthened to invest to new technology, applied informative programs in management (for example MRP1 and MRP2 program), strengthen to apply some advanced quality management system (as ISO 9000, ISO 9002), reinforce to specialize in produce organization... Therefore, State need has appropriate policies to support enterprises in garment-textile sector in renewing technology and produce organization, improving management ways.

In order to develop fast and effectively the textile-garment industry, following objects need large investment:

- Renovating technology, firstly textile industry and synchronizing production line of the whole industry, overcoming weak stages in order to use factor in the most effect way...
- Expanding production-scale from existing bases of businesses, building more businesses.
- Developing auxiliary production for textile-garment industry: making material area; producing

secondary material for textile industry (chemical, dye, and secondary product for garment industry).

These are direct objects for textile-garment investment. Besides, there are series of indirect objects need to be invested: textile-garment mechanical development, technical infrastructure development and modernization for textile-garment industry.

Investing policy is a macroeconomic solution to attractions of internal and external capital sources for textile-garment industry development. This policy must tend to ensure following basic requirement:

- Having obvious orientation and high incentive to preferential objects with appropriate steps.
- Providing incentives and environment to mobilize domestic multiform resources and attract foreign investment.
- Directing to raise the competitiveness of textile-garment businesses on domestic and international markets.
- Combining economic task with social task, economic task is the basis of social task.

According to that spirit, below are some requests to investment attracting and helping policies directing to fast and sustainable development of Viet Nam textile-garment industry:

First, coming urgent investing objects are fibre-textile development and modernization, technological synchronization of garment industry, medium and long term objects are: material production for textile industry (including cotton growing, mulberry growing and silkworm breeding, chemical fibre production), secondary material production for garment industry and textile-garment machinery.

With limited resources, dispersed investment will not bring expecting proficiency.

Second, there must be a rational assignment between state investment and non-state investment. Direct state investment to textile-garment industry has main tendency to construct new, modern bases, especially textile and enterprises that produce chemical textiles, chemical, dye. Investments for technological renovation, modernization of state-owned enterprises must be put into practice by these businesses' exertion their own, in principle of the government to raise the sense of their initiative and self-responsibility.

Textile-garment industry has important role in Viet Nam socio-economic development, but it is ordinary commodity producing industry, therefore, the government needn't to hold and control. The ownership diversification of textile-garment state-owned enterprises must be considered indispensable way. So the government can gather in large capital to concentrate on preferential investment.

Third, in order to concentrate internal and external investment following the textile-garment developing orientation there are incentive those are large enough to strongly attract the investor. At present, Viet Nam government encourages foreign investor to develop textile industry and produce material for textile-garment industry, in order to improve the backwardness of textile industry and the imbalance between textile and garment. This sound orientation needs help by more incentives as concessionaires on land hiring, tax and product consuming.

Fourth, To renovate credit policy for technological renovation investment of the businesses. In the short term, concentrate on two main tasks:

- Expanding long term investing credit with preferential conditions for technological renovation investment of textile-garment businesses. The use of short-term credit for investing will reliably cause unstableness for both of business and bank.
- ODA distribution with concessionary on payback period and interest rate for technological renovation investment of businesses economic sectors.
- Applying leasing mode to export garment company, step by step expand to all businesses in textile-garment industry. With this mode, commercial bank will more directly participate in the textile-garment industry development, really become travelling companion of textile-garment businesses.
- Providing advantageous environment to attract foreign direct investment to develop textile-garment industry, in which the preference is textile industry, by creating stronger incentive and investing formality simplification.

3.3.2 Material development policy

The lack of domestic material in quantity, quality and cost is one of main factors that lower the proficiency of textile-garment businesses. In long-term strategy, domestic material production and development is one of the most urgent tasks. Textile product is used as main material for garment industry. At present, domestic textile product does not guarantee qualitative requirement for export garment industry. Therefore, material solution for garment industry means to sufficiently supply material for textile industry and garment industry.

Firstly, the following problems refer to the sufficient material supply for textile industry. Viet Nam has certain competence to do this. Natural factor in some areas is advantageous for mulberry growing and silkworm breeding, in near future, when petrochemistry industry development will be the basis to develop production of chemical textiles. At present, domestic cotton production only satisfies about 11% of the cotton demand for textile-spinning. Moreover, cotton quality is still low, often need to be mixed with import cotton from many way.

In theory, it is easily affirmable that the development of cotton growing not only participates in taking the initiative of guaranteeing material for textile industry, but also has an active effect to development of commodity production and economic structural conversion in rural areas. In some projects of The ministry of industry and Viet Nam national Textile-garment Corporation, cotton-growing direction is dealt with as an important solution to the sufficient material supply for textile industry. But this problem need be wholly investigated, not only with the target that can be reached, but also mainly with the necessary condition to translate this policy into reality, even with ability to implement effectively. The requirement need to be concretely calculated:

- **Ability to guarantee cotton quality following textile technology requirement** It is worth attention that cotton quality influence directly to cloth quality, the weakly competitive item. The use of import cotton seed as a replacement of existing cotton seed need time to cope suitably with Viet Nam's condition, even condition of each area. Moreover, cotton quality not only depends on seed, but also many stages of farming and harvesting process.
- **Financial effect** It can be simply investigated as a comparison between domestic production cost and export cost from abroad in the same quality condition.¹⁷ On the world market, prices of agricultural products, including cotton price change frequently. Whole investigation requires to estimate investing cost for cotton development.
- **The tie between economic effect and social effect, or in other words, between business profit and social profit** The harmony is the object, but in fact, it is not always homogenous, even there are some conflicting and inter-impeding circumstances. The government has to consider its interference in order to harmonize beneficial conflict can occur when encouraging and helping farmers to grow cotton, not putting pressure to textile businesses or farmer.

Ministry of Agricultural and rural development hasn't considered cotton a main industrial plant. It is reasonable when comparing cotton plant with other industrial and food plants, also in the international trade development.

The development of chemical textile, chemical and dye is essential for a nation with petrochemistry development. The problem is to select the scale and production technology.

The production of material and secondary material for garment industry is urgent task and need to be solved soon. The main problems need to be interested are:

- Fast renovating garment technology in order to guarantee appropriate products for the demand of export garment industry.
- Producing spare-parts (hook, zipper, mex, ...). Considering between investment for concentrating enterprise and dispersed production organizing in individual business.

3.3.3 Market and export promotion policy

Answering the survey questions about the sectors that need the government support 91.3% of the managers and researchers surveyed indicated technology and product innovation as the first order, followed by investment direction (82.61%), support in market approaching (82.61%) and improvement of customs procedures (56.52%).

So it can be seen that the government support in the market promotion plays an important role.

The first thing related to the market policy is the product portfolio determination.

64.71 % of the surveyed managers responded that the existing textile-garment product portfolio is not relevant.

¹⁷ It is possible to consult cotton price on the world market recent years (USD/ton)

Market	1995	1996	1997	1998	1999
NEW YORK	2105	1717	1598	1541	1223

Source: Viet Nam and world economy 1999-2000. Issued by Viet Nam Economic times.

Besides, there should be more appropriate policies for the domestic and export markets. Today, the trend of market to attach importance to knitwear, so that must concentrate on those kind of goods. For example, in 1999, the increased level of import knitwear of US is 9%, meanwhile shuttle textile good has increased level of import is 4%. Thereto, the trend to consume outside overcast (jacket) in decrease but demand of synchronous clothes are increasing. The structural products policies must pay attention to segment market for choosing suitable market section (conformed market area and living standard, type of products in high-ranking or low-ranking and in average) depend on competitive ability of product and ability to invest for style and raw material.

We also must pay attention to the growth rate of import-export in no quotas of garment-textile market in 2000 only is 7% while in 1999, this rate was 17%, the reason was decrease of export price with 5-6%. Therefore, export policies must pay attention not only increasing export goods quantity that also to ensure the growth rate. The suitable structural product policy is one of the way to implement this demand.

More attention needs to be paid on the domestic market because it is huge and unexploited enough. Greater promotion of domestic market can also create conditions for the textile industry development thanks to wider use of the internal material resources. There must be a careful market analysis and segmentation in order to have good information about the specific demand and to choose an appropriate to each segment product portfolio. The government should provide a fair competition in the domestic market by changing the quota policy with the restricted allocation of quota to some most efficient exporters and by the way directing producers to the huge domestic market.

In term of export markets, then their features for the government and enterprises to have effective policies as the followings should classify them:

- **Japanese market:** This market is has not been restricted by quotas, but it requires high quality products so that the textile-garment industry must invest in improvement of quality and product designs to expand the export to the market.
- **The EU market:** This market is limited by quotas but the quotas have been increased over time (from July, 1, 2000 average increase rate is 26% quota) and hopefully to be removed by the year 2004. Currently the government must have a better quota policy. The selected quota bidding experimentation is a good way but must be considered carefully in order to avoid the unfair behavior in quota bidding. as to raise the price of bidding to win by any way. For example in second bidding quota garment and textile goods to export to EU in Jan, 25,2000 with the number of enterprises to take part increases remarkably (235 enterprises, increase 75 compared with 72 enterprises in 1999), there have 110 enterprises to win in bidding but almost the price-bidding much higher many times than asked price bidding, some commodities price-bidding are higher 20 times)

A lot of company managers and researchers are for the combined option between quota allocation and bidding, while advising the idea of the textile - garment Association in quota allocation for getting a

better results, at the same time avoiding diverse allocation. Besides, there is a need to stimulate direct and independent export to this familiar market for establishing Vietnamese trade marks of textile-garment products.

In coming time, the authorities should chose some well-known products for promoting them to be exported by independent ways, using such supporting measures as assistance in market approaching, exemption of VAT at least for some periods of time on inputs, especially on those that are need to be imported. Export quotas should also be allocated with priorities to enterprises that have own brand and use domestic material resources for exported goods.

- **The USA market:** Vietnamese-American Trade Convention creates not only opportunities, but also challenges for the textile-garment industry. This is because it can have more favorable conditions of getting into a new market, because the import duties are high (but they will be reduced from 40% to 3% for goods of Viet Nam's origins), Vietnamese goods are non-competitive, there has no processing forms of export for this market, export revenues of the American market is small, there exists a very hearted competition with the Chinese goods and lastly, because in coming years this market will be limited by quotas that make the export of textile-garment goods more difficult. So enterprises should be encouraged to export as much as possible to the USA market in order to have a maximum export volume for reference in the future negotiation about the export quotas.

In addition, authorities should enhance the consulting activities for the exporting or going exporting to the USA market enterprises on the specific rules related to the USA import of textile-garment goods, such as the rules of determining the customs fees (on the transaction value basis), the anti-dumping law, the methods of import-export duty calculation (based on the transaction value, but the fees for quotas may be included into the taxable value), the labor use standards in producing exported goods (unfair competition by low wages paid to workers or bad working conditions may not be accepted), the issues of property right (imitated goods can be expropriated and be the subject of penalty).

Moreover, the government should support the export to the USA by preferential taxation, by financing from the Export Support Fund, by financing on the preferential terms from the Investment promotion Fund at least until the Normal Trade Rules (NTR) will be applied for Viet Nam.

- **The SNG and East Europe market:** This market is a traditional market, but at present it has not been expanded enough because some issues of import control and other restrictions, so the government should attempt to negotiate with the partner's governments at the inter-government level for establishing a more favorable textile-garment export environment.

Some other problems should be solved for making textile-garment export better. They are the followings:

- + Shortening the time requirement for giving the certificates of origin and establishing the principles of origin towards the imported goods from the countries with preferential duty.
- + Reconsidering the rules on surcharging regulation because the surcharge imposed on the export

at high prices may reduce the incentives for export and cause the willingness to reduce the prices in competition with the other Vietnamese partners that may hurt the export.

- + Shortening the time for export-import procedures.

Many people responding to the survey questions indicated the need for the authorities to improve the procedure for shortening the time of testing the quality of imported material and exported products, at the same time widen the list of authorized organizations to stream line the procedures.

Nowadays, the points to issue import-export license have increased with added three locations (total 6 locations) and that will be more favorable conditions to import and export garment-textile goods. Nevertheless, we must further improvement in this work to shorten more time needed in doing import and export procedure.

- + Enhancing market information provision:

Answering the survey questions, some managers and researchers gave the idea that the TG industry should have its members with the trade representatives in the main importing countries, for providing useful information to enterprises about the market. Besides, Viet Nam need to join the Asian-Pacific textile-garment information system for getting more comprehensive and updated information.

Enhancing the support for the research on product styles and designs specific for each market segment in order to approach and expand the market. This is a very important action improving the competitiveness of Viet Nam's textiles and garments.

- + One of the major requirement in pushing up clothes export is to enhance to change from endeavor goods to exporting goods by buying semi-finished products material because of the advantages of the method. (Increasing turnover, increasing VA, increasing profit, create employment ...). To change to the method, we need some following conditions:

Firstly, pushing up researching and designing models, concentrating on training specialist on designing models and investing in design technology in an order to catch up with the change of predilection for clothes. We should bring design field to specific design industry with proper investment.

Secondly, companies need increasing capital to have working capital to buy material, because they are likely to reserve material when they change to exporting goods method by buying semi-finished products.

Thirdly, needing to set up and expand firm trade mark: Some companies are afraid of that they have difficulties in controlling market when they don't have their own firm trade mark and model. The companies need to overcome inferiority complex psychology on international market in order to create VN companies' position.

Fourthly, making it better for marketing in an effort to come to grips with customer's demand and seek their own market. The state should support the companies on this issue because international marketing is task that is costly and untrained for VN companies.

All above conditions are likely to be performed if companies are supported directly and indirectly by

the State.

3.3.4 The taxation policy

Results of the survey showed that only 52.94 % of the industry managers and researchers mentioned the taxation policy as the most important supporting policy while the remaining 47.06% considered the policy as the second order importance. Nevertheless, renovation of taxation can have a very significant effect.

Renovation of taxation must be two directions: Reducing protectionism for enhancing incentives, improving competitiveness of enterprises and at the same time providing preferential terms on taxes and duties to direct export and exporters that explore their own markets, use domestic material resources, entry into new markets and expand existing but still limited markets.

Some economists consider that the average import duty must be lower for textiles and garments (to 20%) and must be reduced further in accordance with the AFTA joining process. So it is better for the coming time to reduce the duties of selected competitive products and keep higher duties for some more time for those that are non-competitive and stimulated to increase in production and export.

However, protection must be limited timely and may be supplemented by the exemption and reduction of VAT related to inputs for exported goods as well as of corporate income tax. The corporate income tax may be reduced to 20% like in case of foreign investment (article 38 of the Law of Foreign Investment) as this sector belongs to the sectors of encouragement. It is unwise to impose accelerate tax on income of enterprises that participate in sectors of encouragement (own market export, producing inputs for exported goods). In addition, reinvested profit must be deducted from the corporate taxable income.

The VAT system must be improved both in the tax rates and in the implementation. Most of enterprise and the industry managers have the same idea that 10% rate of VAT for textiles and garments are too high, so it should be reduced to 5%. Besides, tax refund must be improved for overcoming the current delayed process.

The Conference on performing Customs value agreement GATT/WTO in VN, which is organized by State Committee on international economic cooperation and General Directorate of Customs in Ha Noi, on December, 18th 2000, pointed out the defining customs value in an order to calculate tax through the value of real exchange. This is an evident prominent in an effort to ensure requirement on integration, make it easier for companies to import and export, including VN clothes companies. However, VN companies are likely to upgrade their statistic data and accountancy document.

Besides, providing implement on preferential tax through a door preferential tax should be concerned. since then we overcome obstacle in examining preferential tax regulation on export companies.

Now, the State has decreased import tax in order to perform decreased import tax agenda of clothes agreement between VN and EU from 2001 to 2005. With the regulation No.160 /2000/QD/BTC of Ministry of Finance, goods articles which have been reduced taxation involve cotton, man-made Filament fire, man-made Staple thread, wool, wooden spade, decorated carpet which have original certificates.

The regulation made it easier for VN clothes companies to import material in an effort to export goods; however, it set obstacles because the competitiveness between domestic goods and imported goods was pushed up.

Therefore, domestic production should keep an eye out factors about changing tax policy in accordance with integration process.

3.3.5 Promoting the renovation of state-owned enterprises in textile-garment industry and developing the role of Viet Nam textile-garment association

The renovation of state-owned enterprises in textile-garment industry.

At present, textile-garment state-owned enterprises mainly mass up Viet Nam national Textile-garment Corporation. Being considered a powerful corporation, but businesses belonging to Viet Nam national textile-garment corporation hold only 47% of textile production and 30% of garment production of the whole industry. In their actions, the corporation has developed the positive role, but also show many insufficiency (explained in chapter two). The renovation of state-owned enterprises in textile-garment industry need to be put into practice in both the corporation and businesses.

The common way is to promote quickly the renovation of state-owned enterprises to raise their proficiency and competitiveness. In present fact, there must be a careful consideration and certain road in order to put the task into practice, not to make upset in production. Both of these situations are not advantageous for textile-garment development.

Below are some recommendations to renovate state-owned enterprises in Viet Nam textile-garment industry.

First, long-term general tendency is to diversify state-owned enterprise ownership forms. Because, as already stated, despite of its important role in the economy, textile-garment industry is not one of the essential and key industries of the national economy. The diversification of ownership forms is mainly put into practice by forms of state-owned enterprise equitization.¹⁸ This is completely correspondent with the policy of Viet Nam communist party which is "as for businesses that is not necessary be held 100% of capital by the state, it is necessary to make plan to equitize in order to make developing motivation, raise the proficiency. Modifying, giving supplementary to documents, consolidating the equitizing-guidance organ at each level. Experimenting the stocks sale for foreigner...".

While not basically putting the diversification of textile-garment state-owned enterprise ownership forms into practice, it is necessary to concentratively consolidate and develop these businesses in order to raise their business proficiency, their competitiveness, and raise the attracting level when equitizing.

The main tasks are:

¹⁸ Pursuant to Decree 44/ND-CP June 29, 1998 of the government, the four ways of state-owned enterprise equitization are: preserving the state's share, issuing stock for more capital; selling a part of state's share at the business; split a part of business to equitize; selling all state's share at the business.

- Expanding the financial and investing self-control.
- Raise the business' authority in using labor based on the respect of regulations of Labor Law.
- Renovating the appointment of state-owned enterprise's director, strengthen the regulations concerning incentives and material and spiritual responsibility to the Director and managerial cadres of state-owned enterprises.

Put the financial publication and the audit in state-owned enterprises into practice.

Second, consolidating, raising the proficiency of Viet Nam national Textile-garment Corporation.

There are two types of work:

- **In the short term**, concentrating on the organization consolidation, determining the functions, objects, authorities of the management board; the relationship between the management board and the general director, the relationship between the corporation and their subsidiaries, especially independent cost-accounting businesses.
- **In the long term**, establishing the textile-garment corporation following business consortium model. This is the indispensable requirement of production organizing in order to promote agglomeration, centralization, raise the specialization and competitiveness. The corporation with business consortium model is different from the existing state corporation model: 1/ multi-ownership: the subsidiaries are not only state enterprises but also enterprises from other economic sectors; 2/ Establishing process: basing on the renovation of existing textile-garment corporation, with spontaneous participation of other non-state businesses; 3/ Management mechanism: parent company - subsidiaries model; 4/ Field: multi-field but the central field is textile-garment.

Viet Nam textile-garment association:

With the policy to develop the multi-sectoral economy, Viet Nam textile-garment industry has been developing businesses from different economic sector. That is the right development. At present, the businesses are still existing independent from each other. Even state-owned enterprises belong to Viet Nam national Textile-garment Corporation, in some circumstance, they competed with each other. This makes things difficult for not only individual business but also general development of Viet Nam textile-garment industry.

In the tendency to develop international economy, associate requirement to reinforce the competitiveness on the domestic and international markets. The establishment of trade organization of textile-garment businesses from economic sectors is recognized an objective requirement. According to the requirement of founder businesses, on July 16, 1999, The government has Decision no. 24/QD/1999 which allows establishing Viet Nam textile-garment association. The association has three main tasks: 1/ Exchanging and providing economic-technical information; 2/ Consulting and trade promoting; 3/ Giving recommendations to the government in building and modifying policy towards textile-garment industry.

At present, The association has 156 members who are domestic businesses from economic sectors,

but it has not any all-foreign business. The operating time is short and there are not enough data to value its real role. However, this is a right action.

Conclusion

In Viet Nam, garment industry have considered as one of the sectors that has ability to compete, textile and cotton industry have considered as one of the sectors that has ability to compete in the future. But in the context of more hearted international competition, Viet Nam textile and garment competitiveness is limited. While emphasizing the exertion enterprise's strength as fundamental element to raise competitive ability in the market, we must know clearly that it will not bring result as we desire if government's helps does not implement.

When Viet Nam attends wholly to international relationship with ties of promised determined regime, the government assistants by tariff protection will be erased and non-tariff protection will be limited, thus, renovation macroeconomic policies of State must consider as most urgent task.

The researcher group hopes to contribute in solving this complicated and extensive problem by bring out independent ideas about estimating overview situation of Viet Nam textile-garment industry, analyzing the impacts of some macroeconomic policies on textile-garment industry and giving some recommendation for renovation that policies, so that can make textile-garment develop fast and effective in the integrative condition.

The researcher group expresses heartfelt to State's management agencies and all businesses that help us related information to study; thank JICA for his sponsor and sending experts to coordinated study.

Implement with time limits, thought we did us best, the first report may have shortcomings. The makers hope to receive advised ideas for continuing to perfect this research project.

Appendix

Appendix 1 Cultural standard of labor in Viet Nam (year 1997)

Cultural standard	Total		Urban		Rural	
	Persons	%	Persons	%	Persons	%
Total	36,296,942	100	7,333,112	100	28,963,830	100
Illiterate	1,850,826	5.10	129,670	1.77	1,721,156	5.94
Not graduate primary education	7,352,733	20.26	941,242	12.84	6,411,491	22.11
Graduate primary education	10,212,162	28.14	1,726,563	23.54	8,485,599	29.30
Graduate popular education	11,749,062	32.37	2,147,148	29.28	9,601,914	33.15
Graduate secondary education	5,132,159	14.14	2,388,489	32.57	2,743,670	9.47

Source: Statistical yearbook 1999

Appendix 2 Professional labor in Viet Nam through 1979,1989,1997

	1979		1989		1997		1979-1989		1989-1997		1997-1979	
	Amount	%	Amount	%	Amount	%	%	% average increase	%	% average increase	%	% average increase
Total	2,476	100	3,295	%	3,898	100	133.08	3.308	118.30	2.29	157.43	3.19
Technical worker	1,699	68.6	1,478	44.9	1,590	40.8	86.99	-1.30	107.58	0.95	93.59	-0.36
Technician	538	21.7	1,161	35.2	1,380	35.4	215.80	11.58	118.86	2.36	256.51	8.695
College, University	239	9.7	656	19.9	928	23.8	274.48	17.45	141.46	5.18	388.29	16.02

Source: To enhance quantity of labor for demand of modernization and industrialisation, National Political House, 1999, page 120

Appendix 3 Professional, technical people in labor age (16-60) (Labor force in 1989 and 1997)

	1989						1997					
	Whole country		Urban		Rural		Whole country		Urban		Rural	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total	32,028,869	100	7,043,936	100	24,984,933	100	36,296,942	100	7,333,112	100	28,963,830	100
None professional and technical	286,842	89.56	5,421,193	76.96	23,551,041	94.26	31,837,305	87.71	4,986,502	68.00	26,850,803	92.7
Having professional and technical degree	3,344,644	10.44	1,622,743	23.04	1,433,892	5.74	4,459,637	12.29	2,346,610	32.00	2,113,027	7.30
+ Technical worker has diploma	571,077	1.78	327,447	4.65	339,644	1.36	742,496	2.05	434,671	5.93	307,825	1.06
+ Technical worker has not diploma	956,369	2.98	412,460	5.80	243,630	0.98	847,710	2.34	455,839	6.22	391,871	1.35
+ Vocational education	1,161,205	3.62	493,570	7.00	622,990	2.49	1,380,110	3.80	611,806	8.34	768,304	2.65
+ College, university and post graduate university	655,993	2.04	389,250	5.50	227,620	0.91	927,712	2.56	652,812	8.91	274,900	0.95
+ Primary							546,390	1.51	183,195	2.50	363,195	1.25
+ Other							15,219	0.04	8,287	0.11	6,932	0.024

Source: To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999 page 121

Appendix 4 Culture degree of workers

Culture degree	Total	
	5,303 workers	Rate
		100 (%)
From first to fourth class	95	1.79
From sixth to eighth class	820	15.46
From tenth to eleventh class	621	11.71
Graduate primary	124	2.34
Graduate middle	1,012	19.08
Graduate secondary	1,679	31.66
Intermediate	705	13.29
Higher education	230	4.34
Post graduate university	4	0.08
No answer	13	0.25

Source: To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999
page 124

Appendix 5a Foreign language of workers

Level	Language		English		Russian		French		Chinese	
	Total	Person	%	Person	%	Person	%	Person	%	
										Person
A		431	8.13	100	1.89	56	1.06	32	0.60	
B		175	3.30	22	0.41	10	0.19	7	0.13	
C		65	1.23	17	0.32	3	0.06	2	0.04	
After C		32	0.06	5	0.09	5	0.09	3	0.06	
Do not know any		4,600	86.74	5,159	97.28	5,229	98.60	5,259	99.17	

Source: To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999
page 127

Appendix 5b Grade of workers

Grade	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	No answer
Total workers (5,303)	199	511	955	973	769	473	130	130
Rate (100%)	3.60	9.64	18.01	18.35	14.41	8.24	2.45	24.63

Source: To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999
page 127

Appendix 6 Culture in different economic sector

Sector Culture degree	State		Non state		Joint venture	
	Persons	%	Persons	%	Persons	%
Total	4,524	100	551	100	228	100
From first to fourth class	79	1.75	15	2.72	1	0.44
From sixth to eighth class	662	14.63	130	23.59	28	12.28
From tenth to eleventh class	531	11.74	56	10.10	34	14.1
Graduate primary	99	2.19	18	3.27	7	3.07
Graduate middle	851	18.81	131	23.77	30	13.16
Graduate secondary	1,459	32.25	144	26.13	76	33.33
Intermediate	634	14.01	37	6.72	34	14.91
Higher education	198	4.38	16	2.00	16	7.02
Post graduate university	4	0.09	0	0.00	0	0.00
No answer	7	0.15	4	0.73	2	0.88

Source: *To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999*
page 126

Appendix 7 Culture in some economic sector

	1989						1997					
	Whole country		Urban		Rural		Whole country		Urban		Rural	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total	32,028,869	100	7,043,936	100	24,984,933	100	36,296,942	100	7,333,112	100	28,963,830	100
None professional and technical	286,842	89.56	5,421,193	76.96	23,551,041	94.26	31,837,305	87.71	4,986,502	68.0	26,850,803	92.7
Having professional and technical degree	3,344,644	10.44	1,622,743	23.04	1,433,892	5.74	4,459,637	12.29	2,346,610	32.0	2,113,027	7.30
+ Technical worker has diploma	571,077	1.78	327,447	4.65	339,644	1.36	742,496	2.05	434,671	5.93	307,825	1.06
+ Technical worker has not diploma	956,369	2.98	421,460	5.80	243,630	0.98	847,710	2.34	455,839	6.22	391,871	1.35
+ Vocational education	1,161,205	3.62	493,570	7.00	622,990	2.49	1,380,110	3.80	611,806	8.34	768,304	2.65
+ College, university and post graduate university	655,993	2.04	389,250	5.50	227,620	0.91	927,712	2.56	652,812	8.91	274,900	0.95
+ Primary							646,390	1.51	183,195	2.50	363,195	1.25
+ Other							15,219	0.04	8,287	0.11	6,932	0.024

Source: To enhance quality of labor for demand of modernization and industrialization, National Political House, 1999 page 126

Questionnaire of Vietnamese garment and textile companies
<About situation and development policy of Vietnamese garment and textile company>

For proposal to the Party and the Government on the development policy of Vietnamese textile industry, will you please reveal some information by answering these following questions.

Thank you very much

Name of answerer Sex male/ female

Position:

I - General information of the enterprise.

1 - Name and address of the enterprise:

In Vietnamese

In English

In abbreviation :

Year of foundation :

Address :

Telephone : Fax :

2 - Please tell us the kind of the enterprise (Tick 3 in the appropriate blank).

Table with 4 columns: Enterprise Type, Number, Enterprise Type, Number. Rows include Central State Enterprise, Local State Enterprise, Stock Enterprise, Limited Company, Private Company, Joint Venture Company, and Other.

3 - What are the main products of the enterprise? :

.....
.....
..... The percent it accounts for in the total revenue
..... % .

4 - What are the other products or activities of the enterprise?

.....
.....
.....
.....

5 - Has your enterprise applied the International quality control system (ISO 9000)?

(Tick 3 in the appropriate blank).

Already Not yet Going to

II - About the performance of the enterprise.

6 - Original investment capital of the enterprise : VND million

and the current total working capital is: VND million

7 - Is the enterprise in a shortage of funds for production and business currently?

(Tick 3 in the appropriate blank).

Yes No

If yes, give an estimation of percentage over the total demand:

8 - From which source are funds appealed, the rate it accounts for in the total capital?

(Tick 3 in the appropriate blank)

- | | | |
|--|------------|---|
| 1. Original capital of the enterprise | Rate | % |
| 2. Accumulation from gains | Rate | % |
| 3. Borrowing from bank | Rate | % |
| 4. Borrowing from foreign (not banks) | Rate | % |
| 5. Borrowing preferential credit of the Government | Rate | % |
| 6. Borrowing by guarantee of Funds for Development Support | Rate | % |
| 7. Leasing | Rate | % |
| 8. Joint Venture | Rate | % |
| 9. Issuing share | Rate | % |
| 10. Issuing bond | Rate | % |
| 11. Direct borrowing from labor within the enterprise. | Rate | % |
| 12. Other sources (specify) | Rate | % |
| | Rate | % |

9 - At present, which source is of the most convenience to the enterprise?

(Tick 3 in the appropriate blank).

- Borrowing banks 1
- Borrowing from Foreign (not banks) 2
- Borrowing preferential credit of the Government 3
- Borrowing by guarantee of Funds for Development Support 4
- Leasing 5
- Joint Venture 6
- Issuing share 7
- Issuing bond 8
- Direct borrowing from labor within the enterprise. 9
- Other sources (*specify*) 10

.....

That source is favorable about: (Tick 3 in the appropriate blank).

- | | | |
|--------------------|-----------|-----------------|
| Interest rate | Procedure | Other (specify) |
| 1 | 3 | 5 |
| Borrowing duration | Fund size | |
| 2 | 4 | |

10 - Has the enterprise got annually additional investment in production?

(Tick 3 in the appropriate blank).

- Yes
- No

If yes, please specify the number of projects in 2 years 1999 and 2000

In which, there are projects investing technological innovation,
accounting for % of total investment capital.

11 - The rate at which new equipment are installed in the enterprise in 2 years 199 - 2000 %.

and in the next year, has the enterprise got any intention of great investment in equipment and factory? (Please circle the number with corresponding meaning)

- 0. No
- 1. Yes
- 2. No plane yet
- 9. No answer

12 - Revenue in 3 years 97, 98, 99 compared with that of 1996?

(Please circle the number with corresponding meaning)

- 0. Keep constant
- 1. Increase
- 2. Decrease
- 3. Fluctuate
- 4. Fluctuate

13 - Profit of the enterprise in 3 years 97, 98, 99 compared with of that of 1996?

(Please circle the number with corresponding meaning)

- 0, No profit
- 1, Keep constant
- 2, Decrease
- 3, Increase
- 4, No knowledge.
- 5, Fluctuate
- 9, No answer

14 - Expectation of increase rate of revenue this year compared with that of the rate last year is:

(Please circle the number with corresponding meaning)

- 0. No change
- 1. Increase%
- 2. Decrease%
- 3. Unfortellable
- 9. No answer

15 - Consumption revenue rate year 1999 and 9 first months year 2000

a) Year 1999

1- Domestic :%

2- Export :%

b) first 9 months of the 2000

1- Domestic :%

2- Export :%

16 - In case of export, please tell the revenue part of each market over the total export revenue:

- 1- EU market Rate%
- 2- Japanese market Rate%
- 3- North American market Rate%
- 4- ASEAN market Rate%
- 5- SNG and East European Rate%
- 6- Other (specify) Rate%

.....

17 - The current direction of intensification in which market:

(Please circle the number with corresponding meaning)

Domestic market

Foreign market

For the main reasons that:

.....

.....

.....

.....

.....

18 - Your evaluation on the level of convenience in export into markets for the enterprise currently:

(Number from 1 to 6 in terms of preferential level 1 - The most convenient 6 - The least convenient)

EU market	1
Japanese market	2
Northern American market	3
ASEAN market	4
SNG and East European market	5
Other (specify)	6

19 - According to your evaluation, which is the biggest difficulty of Vietnamese textile enterprise in export and with which level (Please circle the appropriate number 1. extremely great 2. rather great 3. Average 4. Little 5. Extremely little)

Poor quality and packaging, models	1	2	3	4	5
Poor competitiveness of price	1	2	3	4	5
Poor ability to access market	1	2	3	4	5
Unfavorable quota policy	1	2	3	4	5
Lack of assistance from the Government	1	2	3	4	5
Unfavorable tax policy	1	2	3	4	5
Unfavorable exchange rate	1	2	3	4	5
Obstructing customs management	1	2	3	4	5

20 - The ability to access foreign markets of the enterprise is limited due to:

(Tick 3 in the appropriate blank).

Lack of information

Poor quality of the products

Absence of ISO 9000 certificate

Unsuitable marketing policy

Other (specify) :

.....

21 - The main form of export of the enterprise at present: (Tick 3 in the appropriate blank).

Directly

Trust

22 - Main mode of export at present :

Processing

Accounting for.....% export turnover

Self producing and consuming

Accounting for.....% export turnover

23 - Has the enterprise got any strategy of developing domestic and foreign

Already

Not yet

24 - Your evaluation of advantages and disadvantages of the two models of production:

a) For export processing:

Advantages:.....

.....

.....

Disadvantages

.....

.....

b) For self producing and consuming:

Advantages:.....

.....

.....

Disadvantages:

.....

.....

25 - In your opinion, in the coming time, which model of production should be given preference for development? (Tick 3 in the appropriate blank).

Processing

Self producing and consuming

Please give reasons:

.....

.....

26 - In your opinion, which form should be used by the Government for export quota?

(Tick 3 in the appropriate blank).

Allocation

Bid

Please give reasons:

.....

.....

27 - Please tells the material source of the enterprise at present?

% rate from domestic:%;

% rate from export:%

28 - Please tell the labor situation of your enterprise at present:

	Date 1/7/2000	In terms of age group			
		<24	24-54	55-60	>60
Total labor force (*)					
In terms of sex :					
Male					
Female					
In terms of knowledge level					
General education					
College education					
Postgraduate education					
In terms of education					
Manager (*)					
Engineer					
Both manager and engineer					
Worker (*)					

* Remark: Total labor force includes both permanent and contract labor.

Managers: all cadres of officers, bureaus with the managing function (finance, accounting, planning, market, director board)

Workers: all producing worker, service workers, administrative officer, and drivers.....

Date of identification: 01/07/2000

III - Evaluation of development policies of textile industry.

29 - Your evaluation of the influence of legal taxes promulgated in two years 199 and 2000 on the textile industry. (Tick 3 in the appropriate blank).

a) General evaluation

More favorable	1
No influence	2
More difficult	3
Other (specify)	4

b) Specified evaluation.

- About Laws (Tick 3 in the appropriate blank).

	More favorable	No change	More difficult
Domestic investment law	1	2	3
Law on trade	1	2	3
Law on banking and credit institutions	1	2	3
Law on land	1	2	3
Law on VAT	1	2	3
Other (specify) :	1	2	3

- About Decrees (Tick 3 in the appropriate blank).

	More Favorable	No change	More difficult
About export - import and processing	1	2	3
About domestic investment	1	2	3
About finance of state-owner enterprise	1	2	3
Oversea national current exchange management	1	2	3
About Value Added Tax	1	2	3
About bid	1	2	3
About foreign investment	1	2	3
About inspection and examination	1	2	3
About regulation of loan and payment to the Government	1	2	3
Other (specify):	1	2	3

- About directive circulars (Tick 3 in the appropriate blank).

	More favorable	No change	More difficult
About domestic investment	1	2	3
About export and import	1	2	3
About VAT	1	2	3
About customs	1	2	3
About land	1	2	3
About foreign investment	1	2	3
About financial enterprise	1	2	3
About loan and payment to foreigners	1	2	3
Other (specify):	1	2	3
.....			

30 - For the enterprise, the current VAT rate is %, gains taxes rate is %

In your opinion taxes rate for the enterprise at present is suitable/ unsuitable

Suitable

Unsuitable

If unsuitable, the reasons are: (Tick 3 in the appropriate blank).

- Too high taxes rate
- Unsuitable taxes calculating method
- Inadequate taxes calculating basis
- Other (specify):

.....

31 - In your opinion, to intensify export, the Government needs a policy of assisting textile enterprise in: (Tick 3 in the appropriate blank).

In terms of level of influence	The greatest	The average	The least
Innovation of technology and product	1	2	3
Investment of funds and investment direction	1	2	3
Facilitation of market access	1	2	3
Tax	1	2	3
Development of inputs market	1	2	3
Export support	1	2	3
Customs procedure	1	2	3
Other policy	1	2	3
.....	1	2	3

32 - Your evaluation of the development policy of material sources for Vietnamese textile industry

(Circle the number with meaning 1. Very efficient ; 2- Good; 3- Average; 4- Poor)

Quantity	1	2	3	4
Quality	1	2	3	4
Series	1	2	3	4
Price	1	2	3	4
Time of supply	1	2	3	4
Other (specify):	1	2	3	4

33 - In your opinion, interrelationship between Vietnamese textile enterprises at present are being exploited at a level:

High and Efficient Average
Low No significance

34 - About integration policy of the enterprises.

a) *The significance of Vietnamese - US commercial agreement to the enterprises:*

An opportunity for the enterprises, because :

.....

.....

A challenge for the enterprises, because

.....

.....

b) *Has enterprise built the strategy of economic integration with the region and the world in period 200 - 2006?*

Already Not yet

c) *Your evaluation of the level of readiness of the Vietnamese textile enterprises to adjust to economic integration process:*

High Average Low Not ready yet

35 - Other proposal/suggestions about Government of policies to develop Vietnamese textile industry:

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

We are greatly grateful to you for your cooperation

Interviewer

(Signature, full name)

Interviewee

(Signature, full name)

.....

Survey

About situation and development policy of Vietnamese garment - textile company
(To management and research organizations)

For proposal to the Party and the Government on the development policy of Vietnamese textile industry, will you please reveal some information by answering these following questions:

Thank you very much

Name of answerer Sex male/ female

Position:

1 - Please tell us your opinions about:

a) About structure of textile and garment products (Tick 3 in the appropriate blank)

Suitable		Not suitable
	1	2

If not suitable, what direction we must to adjust (*We should increase or decrease products of what sector and should supplement what product of specific sector*)?

- For textile sector :
.....
.....

- For garment sector :
.....
.....

b) About structure of scale of garment and textile enterprises now: (Tick 3 in the appropriate blank)

Suitable		Not suitable
	1	2

In your opinions, textile-garment industry should: (*Tick 3 in the appropriate blank*)

- Priority to develop small and medium enterprises 1
- To set up some corporations, companies with large scale 2
- Others (Specify) 3
-

c) About structure of garment and textile in zone: (Tick 3 in the appropriate blank)

Suitable	Not suitable
1	2

In your opinion, how should we strengthen to locate garment and textile industry in areas
(Circle the number with meanings : 1- Most preferred; ... 5- Least preferred)

- Strengthen to expand in big cities
- Strengthen to expand in interprovincial
- Strengthen to expand in other provinces
- Strengthen to expand in industrial zone
- Strengthen to expand in countries and mountainous areas

The reasons is:

d) About structure of owner between State and Non - State: (Tick 3 in the appropriate blank)

Suitable	Not suitable
----------	--------------

The orientation to adjust in future (Write 1 - Increase, 2- Decrease)

- State enterprises
- Private enterprises
- Foreign enterprises

e) About specialization way of produce

Finished Product	Stage of technology
------------------	---------------------

2 - Your opinions about policies and regulations of the State in recent years for garment and textile enterprises:

a) General evaluation (Tick 3 in the appropriate blank)

- | | |
|------------------|---|
| More favorable | 1 |
| Not influence | 2 |
| More difficult | 3 |
| Others (Specify) | 4 |

.....
.....
.....

b) Concrete Evaluations

- About Laws (*Tick 3 in the appropriate blank*)

	More favorable	Fixed	More difficult
Law on domestic Investment	1	2	3
Trade Law	1	2	3
Law on bank and credit institutions	1	2	3
Law of land	1	2	3
VAT	1	2	3
Other (Specify):	1	2	3

- About Governmental decisions (*Tick 3 in the appropriate blank*)

	More favorable	Fixed	More difficult
Import - Export and Process	1	2	3
Law on domestic Investment	1	2	3
Financial state-owned enterprises	1	2	3
Management of foreign exchange	1	2	3
VAT	1	2	3
Bidding	1	2	3
Foreign Investment	1	2	3
About check and inspect	1	2	3
About regulations of loan and payment to the State	1	2	3
Other (Specify):	1	2	3

- About circular letters (*Tick 3 in the appropriate blank*)

	More favorable	Fixed	More difficult
Law on domestic investment	1	2	3
Import - export and process	1	2	3
VAT	1	2	3
Custom formalities	1	2	3
Land	1	2	3
Foreign investment	1	2	3
About financial enterprises	1	2	3
About procedure for a loan and to pay debt for foreign	1	2	3
Other (Specify):	1	2	3

3 - In your opinion, what the most difficult in investment of garment and textile enterprises

Level	Most	Average	Least
Lack of capital	1	2	3
Not having opportunities to invest	1	2	3
Not having orientation of			
State and management organization to invest	1	2	3
Too complex procedure in investment	1	2	3
Other (<i>Specify</i>).....	1	2	3
.....			

4 - Please specify the number of the investment projects in garment and textile in 1999 and 9 months in the beginning of 2000

a) 1999

- Total project:, Valued: millions VND

In which:

- Domestic: projects, valued:millions VND
- Foreign: projects, valued:millions VND
- Textile Industry: projects, valued:millions VND
- Garment Industry: projects, valued:millions VND

b) 9 months beginning of 2000

- Total project: projects, valued millions VND

In which:

- Domestic: projects, valued:millions VND
- Foreign: projects, valued:millions VND
- Textile Industry: projects, valued:millions VND
- Garment Industry: projects, valued:millions VND

c) In your opinion, what are the most difficulties of garment-textile industry in 1999 - 2000?

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

5 - What are preferred fields of garment and textile enterprises to invest now?

(Circle the number with meanings : 1- Most; 2- Average, 3- Least)

Renovation in technology and mills	1	2	3
Supplement investment for equipment and mills	1	2	3
Investment for training and education	1	2	3
Investment for seeking and expanding foreign markets	1	2	3
Investment for seeking and expanding domestic market	1	2	3
Investment for development of material resource	1	2	3
Other (Specify)	1	2	3

6 - Your evaluations about import and export of garment - textile enterprises? (Tick 3 in the appropriate blank)

Favorable Relatively favorable Difficult

In your opinions, the impediments in export of garment and textile enterprises now are:

.....

.....

.....

7 - The orientation of the market and form of produce for garment and textile enterprises to strengthen to develop? (Tick 3 in the appropriate blank)

a) About market

Domestic market Foreign market

Basic reasons are:

.....

.....

b) About form of produce

Process
Self producing and consuming

Basic reasons are:

.....

.....

8 - Preferred orientation to expand market in future:

(Write the number from 1-6 with meaning : 1- Most preferred;... 5- Least preferred)

EU market

Japan market

North America market

ASEAN market

SNG and East Europe market

Other market (Specify)

.....

9 - In your opinion what are biggest difficulties for garment and textile enterprises in export and level of which? (Please circle the appropriate number with the meaning: 1 - Extremely great; 2- Rather grate; 3- Average; 4- Little; 5: Extremely little)

Bad in quality and models	1	2	3	4	5
Weak competition in price	1	2	3	4	5
Bad in approaching market	1	2	3	4	5
Unfavorable in quota policy	1	2	3	4	5
Lack of state's support	1	2	3	4	5
Unfavorable in tax policy	1	2	3	4	5
Disadvantage in exchange policy	1	2	3	4	5
Unfavorable procedure in customs	1	2	3	4	5

10 - Solution for quota problem, the State should: (Tick 3 in the appropriate blank)

Allocate

Bid

11 - Fields need to be supported by Government for garment and textile enterprises: (Tick 3 in the appropriate blank)

Level	Most	Average	Least
Renovation in technology and products	1	2	3
Capital and orientation for investment	1	2	3
To make conditions to approach the market	1	2	3
Tax policy	1	2	3
Develop input market	1	2	3
Support to export	1	2	3
Customs procedure	1	2	3
Others policies	1	2	3
.....			

12 - Your evaluation about tax rate of VAT applied to garment and textile enterprises: (Tick 3 in the appropriate blank)

Suitable	Not suitable
If not suitable, what are the reasons: (Tick 3 in the appropriate blank)	
- Tax rate is too high	1
- Tax approach is unreasonable	2
- The object to count in tax is wrong	3
- Other (Specify):	4

13 - Your opinion about policy to develop material resource (Please circle the appropriate number with the meaning: 1 - Very good; 2- Good; 3- Average; 4- Bad)

Quantity	1	2	3	4
Quality	1	2	3	4
Kinds	1	2	3	4
Price	1	2	3	4
Time to supply	1	2	3	4
Other (Specify):	1	2	3	4
.....				

14 - Your evaluation about relationship between garment and textile enterprises: *(Tick 3 in the appropriate blank)*

Close and effect ; Average ; Low ; Non meaning

15 - How is the role of Viet Nam Garment and Textile Coporation to development of garment and textile enterprises in specific fields *(Circle the number from 1-6 with level 1- Extremely great; 6- Extremely little)*

Seeking and expanding domestic markets

Seeking and expanding foreign markets

Regulating price

Investment and orientation to invest

Support and speed up to export

Other: *(Specify)*.....

.....

16 - About integration policy

a) The significance of Vietnamese - US commercial agreement to the garment and textile industry *(Tick 3 in the appropriate blank)*

An opportunity for industry because:

.....

.....

.....

A challenge for industry because:

.....

.....

b) Has Garment - Textile industry built strategy of economic integration with region and the world period 2000-2006 yet? *(Tick 3 in the appropriate blank)*

Yes ; No

c) Your evaluation of the level of readiness of Vietnamese garment-textile enterprises to adjust to the economic integration of Viet Nam: *(Tick 3 in the appropriate blank)*

High ; Average ; Low ; Not ready

17 - In your opinion, what are current policies to obstruct to garment and textile enterprises (*Please specify*):

.....

.....

.....

.....

.....

.....

18 - In your opinion, what are current policies to make most favorable to garment and textile enterprises (*Please specify*):

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

19 - Your evaluation of the importance of the follow policies to garment and textile industry (Circle the appropriate number with meaning: 1- Very important; 2- Important; 3- Less important; 4- Non meaning)

Tax policy	1	2	3	4
Support to export policy	1	2	3	4
Credit guarantee policy	1	2	3	4
Develop financial market	1	2	3	4
Change clue of management organization	1	2	3	4
Support information	1	2	3	4
Reallocate state-owned enterprises	1	2	3	4
Reform administration	1	2	3	4
Technology and transfer technology policy	1	2	3	4
Quality and management of quality	1	2	3	4
Using land and natural resource	1	2	3	4
Support to foreign investment	1	2	3	4
Support to domestic investment	1	2	3	4
Education and training	1	2	3	4
Salary and labor force	1	2	3	4
Research	1	2	3	4
Invention, trade mark of good	1	2	3	4

20 - Your other comment/ suggestions about policies to develop garment and textile industry:

.....

.....

.....

.....

.....

.....

.....

We are greatly grateful to you for your cooperation

Interviewer
(Signature, full name)

Interviewee
(Signature, full name)

.....

Result of investigation

Sample No 1

JICA - NEU Project
Garment - textile group

General result of sample 1 in the investigation

Total note: 23

No 5: Have ISO standards been applied in your enterprise?

Answer	Frequency	Rate %
Yes	8	34.78
No	4	17.39
Going to	11	47.83

No 7: Are your enterprise lack of capital for operation currently?

Answer	Frequency	Rate %
Yes	17	73.91
No	6	26.09

No 8: Resources of capital mobilization?

Resources	Frequency	Rate %
Original owner's capital	22	95.65
Accumulation from benefit	12	52.17
Banking loan	15	65.22
Oversea loan	1	4.35
Government's preferential fund	4	17.39
Borrowing under the guarantee of the development assisting fund	0	0
Financial lease	1	4.35
Joint - venture	1	4.35
Stock issuing	0	0
Bond issuing	0	0
Worker's fund mobilization	7	30.43
Others	3	13.04

No 9: At present, which source of fund mobilization is of the most convenience to the enterprise?

Resource	Frequency	Rate %
Banking Loan	16	69.57
Oversea Loan	0	0
Government's preferential fund	4	17.39
Borrowing under the guarantee of the development assisting fund	0	0
Financial lease	0	0
Joint - venture	0	0
Stock issuing	0	0
Bond issuing	0	0
Worker's fund mobilization	4	17.39
Others	0	0

No10: Does your enterprise added investment annually for operation?

Answer	Frequency	Rate %
Yes	23	100
No	0	0

No11: In the next year, does your enterprise intend to invest in heavy for equipment and buiding factory?

Answer	Frequency	Rate %
No	0	0
Yes	22	95.65
No plan	1	4.35
Don't answer	0	0

No12: Your turnover in 1997,1998,1999 compared with that in1996

Answer	Frequency	Rate %
Unchanged	0	0
Increase	21	91.3
Decrease	0	0
Fluctuate	2	8.7

No 13: Profit in 1997,1998,1999 compared with that in 1996

Answer	Frequency	Rate %
No profit	0	0
Keep constant	0	0
Decrease	0	0
Increase	18	78.26
No knowledge	0	0
Fluctuate	4	17.39
No answer	1	4.35

No14: Expectation of increase rate revenue this year compared with that of the last year

Answer	Frequency	Rate %
No change	0	0
Increase	22	95.65
Decrease	0	0
Un fortellable	1	4.35
No answer	0	0

No17- The current direction of intensification on which market :

Answer	Frequency	Rate %
Domestic market	8	34.78
Foreign market	5	21.74
Both	10	43.48

No18- Your evaluation on the level of convenience in export in to market for enterprises:

- Quantity

Market \ Level	Level					
	1	2	3	4	5	6
EU	10	6	5	1	1	0
Japan	9	5	3	2	3	1
North America	0	2	3	7	6	5
ASEAN	3	4	8	5	2	1
SNG and East Europe	0	5	4	5	8	1
Others	1	1	0	3	3	15

- By %

Market \ Level	1	2	3	4	5	6
EU	43.48	26.09	21.74	4.35	4.35	0
Japan	39.13	21.74	13.04	8.7	13.04	4.35
North America	0	8.7	13.04	30.43	26.09	21.74
ASEAN	13.04	17.39	34.78	21.74	8.7	4.35
SNG and East Europe	0	21.74	17.39	21.74	34.78	4.35
Others	4.35	4.35	0	13.04	13.04	65.22

No19 - Which is the biggest difficulty of Vietnamese textile and garment in export and with which level:

- Quantity

Reasons \ Level	1	2	3	4	5
Bad in quality and models	5	8	7	1	2
Weak competition in price	3	8	9	2	1
Bad in approaching market	5	7	1	4	6
Unfavorable in quota policy	3	4	11	2	3
Lack of State support	3	6	5	7	2
Unfavorable in tax policy	3	6	8	5	1
Unadvantage in exchange policy	2	8	6	6	1
Unfavorable procedure of custom	3	5	10	3	2

- By %

Reasons \ Level	1	2	3	4	5
Bad in quality and models	21.74	34.78	30.43	4.35	8.7
Weak competition in price	13.04	34.78	39.13	8.7	4.35
Bad in approaching market	21.74	30.43	4.35	17.39	26.09
Unfavorable in quota policy	13.04	17.39	47.83	8.7	13.04
Lack of State supports	13.04	26.09	21.74	30.43	8.7
Unfavorable in tax policy	13.04	26.09	34.78	21.74	4.35
Disadvantage in exchange policy	8.7	34.78	26.09	26.09	4.35
Unfavorable procedure of custom	13.04	21.74	43.48	13.04	8.7

No20 - The ability to access foreign market of the enterprises is limited due to:

Answer	Frequency	Rate %
Lack of information	17	73.91
Poor quality of the product	3	13.04
Absence of ISO 9000 certificate	7	30.43
Not apply suitable marketing policy	16	69.57
Other	2	8.7

No 21 - The main form of export of the enterprises at present

Answer	Frequency	Rate %
Direct	16	69.57
Trust	2	8.7
Both	5	21.74

No23 - Has the enterprise got any strategy of developing domestic and foreign market at present?

Answer	Frequency	Rate %
Yes	19	82.61
No	4	17.39

No 25 - In your opinion, in the coming time, which form of production should be given preference for development?

Answer	Frequency	Rate %
<i>Processing</i>	6	26.09
<i>Self producing and consuming</i>	16	69.57
<i>No answer</i>	1	4.35

No 26 - Which form should be used by the Government for export quota?

Form	Frequency	Rate %
<i>Allocation</i>	11	47.83
<i>Bidding</i>	9	39.13
<i>Both</i>	2	8.7
<i>No answer</i>	1	4.35

29 - Your evaluation of the influence of legal texts promulgated in 2 years 1999-2000 on textile and garment industry

a) General evaluation

	Frequency	Rate %
<i>More favorable</i>	19	82.61
<i>No influence</i>	3	13.04
<i>More difficult</i>	1	4.35
<i>Other</i>	0	0

b) Specified evaluation

- About Law (Quantity)

	More Favorable	Unchange	More difficult	No answer
<i>Law on domestic investment</i>	12	3	2	6
<i>Trade Law</i>	8	6	0	9
<i>Law on bank and credit institutions</i>	9	6	1	7
<i>Law of land</i>	7	1	4	11
<i>VAT</i>	7	2	11	3
<i>Other</i>	0	0	0	0

b1) By %

	More Favorable	Unchange	More difficult	No answer
<i>Law on domestic investment</i>	70.59	17.65	11.76	
<i>Trade Law</i>	57.14	42.86	0	
<i>Law on bank and credit institutions</i>	56.25	37.5	6.25	
<i>Law of land</i>	58.33	8.33	33.33	
<i>VAT</i>	35	10	55	
<i>Other</i>	0	0	0	

- About Decrees

	More Favorable	Unchange	More difficult	No answer
<i>Export - import and processing</i>	14	6	0	3
<i>Domestic investment</i>	9	4	1	9
<i>Finance of state-owned enterprises</i>	5	7	1	10
<i>Foreign exchange mangement'</i>	3	5	6	9
<i>VAT</i>	4	3	10	6
<i>Bidding</i>	6	7	2	8
<i>Foreign investment</i>	7	3	2	11
<i>Inspection, examination</i>	3	6	1	13
<i>Regulation of loan and payment to the Government</i>	8	4	0	11
<i>Other</i>	1	0	0	22

+ By %

- About Decrees

	More Favorable	Unchange	More difficult	No answer
<i>Export - import and processing</i>	70	30	0	
<i>Domestic investment</i>	64.29	28.57	7.14	
<i>Finance of state-owned enterprises</i>	38.46	53.85	7.69	
<i>Foreign exchange mangement'</i>	21.43	35.71	42.86	
<i>VAT</i>	23.53	17.65	58.82	
<i>Bidding</i>	40	46.67	13.33	
<i>Foreign investment</i>	58.33	25	16.67	
<i>Inspection, examination</i>	30	60	10	
<i>Regulation of loan and payment to the Government</i>	66.67	33.33	0	

- About directive circular documents

	More Favorable	Unchange	More difficult	No answer
<i>Domestic investment</i>	6	5	1	11
<i>Export - import</i>	12	4	0	7
<i>VAT</i>	4	2	7	10
<i>Customer</i>	2	6	5	10
<i>Land</i>	2	5	1	15
<i>Foreign investment</i>	5	3	3	12
<i>Fianacial enterprise</i>	4	7	1	11
<i>Regulation of loan and payment to the foreigner</i>	5	4	0	14
<i>Other</i>	0	0	0	23

+ By %

	More Favorable	Unchange	More difficult	No answer
<i>Domestic investment</i>	50	41.67	8.33	
<i>Export - import</i>	75	25	0	
<i>VAT</i>	30.77	15.38	53.85	
<i>Customer</i>	15.38	46.15	38.46	
<i>Land</i>	25	62.5	12.5	
<i>Foreign investment</i>	45.45	27.27	27.27	
<i>Fianacial enterprise</i>	33.33	58.33	8.33	
<i>Regulation of loan and payment to the foreigner</i>	55.56	44.44	0	
<i>Other</i>				

No 30 - About VAT policy for garment and textile enterprises

Answer	Frequency	Rate %
Suitable	5	21.74
Not suitable	18	78.26

If not suitable the reasons are:

Reason	Frequency	Rate %
- Too high tax rate	17	73.91
- Unsuitable tax calculating method	3	13.04
- Indaquate tax calculating basic	3	13.04
- Other	0	0

No31 - In your opinion, to intensify export the Government need policy of assisting textile and garment enterprises:

Effective levels	Most	Average	Least
Renovation in technology and products	21	2	0
Capital investment and orientation for investing	19	4	0
Make conditions to catch the market	19	4	0
Tax policy	11	8	4
Develop input market	16	4	3
Support to export	17	3	3
Custom procedure	13	9	1
Others	0	0	0

- By %

Effective levels	Most	Average	Least
Renovation in technology and products	91.3	8.7	0
Capital investment and orientation for investing	82.61	17.39	0
Make conditions to catch the market	82.61	17.39	0
Tax policy	47.83	34.78	17.39
Develop input market	69.57	17.39	13.04
Support to export	73.91	13.04	13.04
Custom procedure	56.52	39.13	4.35
Others	0	0	0

No32: About policy to develop material resource

- By quantity

Degree	1	2	3	4
Quantity	2	4	10	7
Quality	2	5	11	5
Kinds	0	3	12	8
Price	2	1	14	6
Time to supply	2	4	9	8
Others	0	0	2	1

- By %

Degree	1	2	3	4
Quantity	8.7	17.39	43.48	30.43
Quality	8.7	21.74	47.83	21.74
Kinds	0	13.04	52.17	34.78
Price	8.7	4.35	60.87	26.09
Time to supply	8.7	17.39	39.13	34.78
Others	0	0	8.7	4.35

No 33 - About relation between garment and textile enterprises

Degree	Frequency	Rate %
<i>Close and effect</i>	3	13.04
<i>Average</i>	14	60.87
<i>Low</i>	5	21.74
<i>Non meaning</i>	1	4.35

No34 - Has the enterprise built the strategy of economic joining the region and the world period 2000-2006 yet?

Answer	Frequency	Rate %
<i>Yes</i>	13	56.52
<i>No</i>	10	43.48

Your evaluation of the level of readiness of Vietnamese textile - garment enterprises to adjust to integration in economic of Viet Nam process

Level	Frequency	Rate %
<i>High</i>	5	21.74
<i>Average</i>	13	56.52
<i>Low</i>	5	21.74
<i>No ready</i>	0	0

General informations of garment-textile enterprises
in investigation with sample No 1

No	Name of Enterprises	Answerer, Position	Kind of Enterprise	Turnover of the main Product / Total Turnover (%)	Original capital (VND millions)	Total Capital now (VND millions)
A	B	C	D	E	F	G
1	Hanoi Industry Cloth Textile	Nguyễn Hoa Lư Assistant Director	1	85	6650	14246
2	HaDong Wool Factory	Lâm Quỳnh Mai Vice Director	1	90	9174	18874
3	INTIMEX Garment Company	Bùi Hồng Lịch Director	1	30	3000	5000
4	Eight March Textile Company	Lê Minh Thu Head of Planing Investment - Marketing Department	1	99	-	-
5	Muadong Knitwear Company	Director	2	90	-	-
6	Thang Long Knitting Company	Nguyễn Bảo Khanh Head of Planing - Import and export	2	90	5000	8000
7	HaNoi Knitting Textile Company	Lê Thị Thu Hương Accountant	2	100	4600	8700
8	Minh Khai Textile Company	Nguyễn Minh Hùng Director	2	95	10846	14752.96
9	Chien Thang Garment Company	Trịnh Ngọc Bảo Vice General Director	1	100	9985	11985
10	Thang Long Garment Company	Vũ Thị Minh Sâm	1	80	2700	7000
11	Jensmart International Ltd	Mrs. Hương Chief Representative	5	100	-	-
12	Coast Phong Phu Company HN	Khiến Anh Head of Service Department	7	100	14000	84000
13	No 26 Company	Nguyễn Duy Long Director	1	90	20000	21000
14	No 20 Company	Phạm Thị Hợp Vice Head of Planing Dept	1	-	51000	63000
15	Le Truc Garment Stock Company	Dương Văn Khán Director	3	94	4200	9978.9
16	10/10 Textile stock Company	Mai Lân Dead of Dept	3	100	8000	15000
17	19/5 Garment Company	Đoàn Thị Tâm Head of finance	1	80	1991	5810
18	No 10 Garment Company	Lê Kho Thường Chief of cabinet	1	70	7000	30000
19	Đức Giang Garment Company	General Director	1	90	1200	65930
20	Hà Nội Garment and Textile Company	Hồ Lê Hùng Head of Dept	1	95	50000	161000
21	No40 Garment Company	Ngô Việt Lân Director	2	100	4185.8	9025.8
22	Đông Xuân Knitting Wear Textile Company	Nguyễn Danh Tạo Head of Dept	1	97	24891	63210
23	Đà Nẵng Textile Company	Hoàng Sỹ Long Director	2	84	2026	7400

Note:

Column D write:

- 1: Central State Enterprises
- 2: Local State Enterprises
- 3: Stock Enterprises
- 5: Limited Enterprises
- 6: Private Enterprises
- 7: Joint Venture Company
- 8: Other

Situation of enterprises' investment

No	Name of enterprises	Investment in 2 years 1999 -2000			
		Projects	Projects for technology renovation		The rate equipment to be investment in 1999-2000 (unit:%)
			Quantity	Rate/ Total capital of investment (%)	
A	B	C	D	E	F
1	Hanoi Industry Cloth Textile	2	2	100	20
2	HaDong Wool Factory	1	1	100	-
3	INTIMEX Garment Company	Small	Small		
4	Eight March Textile Company	-	-	-	-
5	Muadong Knitwear Company	2	1	30	10
6	Thang Long Knitting Company	2	2	100	20
7	HaNoi Knitting Textile Company	2	2	100	10
8	Minh Khai Textile Company	1	1	100	30
9	Chien Thang Garment Company	5	2	30	30
10	Thang Long Garment Company	2	1	-	-
11	Jensmart International Ltd	1	1	100	-
12	Coast Phong Phu Company HN	-	-	-	-
13	No 26 Company	4	2	30	30
14	No 20 Company	-	-	-	-
15	Le Truc Garment Stock Company	2	1	10	28
16	10/10 Textile stock Company	2	1	50	40
17	19/5 Garment Company	6	6	100	50
18	No 10 Garment Company	3	2	40	40
19	Đức Giang Garment Company	2	1	95	30
20	Hà Nội Garment and Textile Company	17	1	80	35
21	No40 Garment Company	5	4	86	30
22	Đông Xuân Knitting Wear Textile Company	2	2	100	6.9
23	Đà Nẵng Textile Company	5	5	100	60

Situation on import and export of enterprises

No	Name of the enterprises	Revenue				% Main mode of Exp/ Turn - Over in Exp		Revenue part of each market					
		1999 (%)		First 9 months in 2000 (%)		Process	Self producing and consume	1	2	3	4	5	6
		Domestic	Exp	Domestic	Exp								
A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Hanoi Industry Cloth Textile	80	20	75	25	70	30	10	0	0	70	20	0
2	HaDong Wool Factory	90	10	93	7	60	40	-	-	-	-	-	-
3	INITIMEX Garment Company	0	100	5	95	100	0	-	-	-	-	-	-
4	Eight March Textile Company	91	9	89	11	4	96	29	5	0	27	4	35
5	Muadong Knitwear Company	40	60	30	70	80	20	65	10	5	0	20	0
6	Thang Long Knitting Company	20	80	15	85	50	50	45	0	0	0	5	50
7	HaNoi Knitting Textile Company	33	67	18	82	0	100	0	98	0	0	0	2
8	Minh Khai Textile Company	13	87	20	80	5	95	0	97	0	0	0	3
9	Chien Thang Garment Company	10	90	10	90	90	10	62	18	0	10	7	3
10	Thang Long Garment Company	5	95	16	84	30	70	70	10	0	5	15	0
11	Jensmart International Ltd	0	100	0	100	100	0	0	0	100	0	0	0
12	Coast Phong Phu Company HN	-	-	-	-	0	100	-	-	-	-	-	-
13	No 26 Company	90	10	100	0	90	10	10	-	-	-	-	-
14	No 20 Company	60	40	65	35	100	0	-	-	-	-	-	-
15	Le Truc Garment Stock Company	-	-	3	97	90	10	15	48	0	35	2	0
16	10/10 Textile stock Company	70	30	53	47	0	100	-	-	-	-	-	-
17	19/5 Garment Company	92	8	95	5	5	95	40	20	0	40	0	0
18	No 10 Garment Company	18	82	21.5	78.5	80	20	60	15	5	5	10	5
19	Đức Giang Garment Company	6.2	93.8	-	-	56	44	80	0	0	0	10	10
20	Hà Nội Garment and Textile Company	57	43	59	41	5	95	20	40	0	0	5	35
21	No40 Garment Company	2	98	1	99		100	0	80	5	0	0	15
22	Đông Xuân Knitting Wear Textile Company	14	86	20	80	15	85	12	80	0	8	0	0
23	Đà Nẵng Textile Company	100	0	100	0	-	-	-	-	-	-	-	-

Note: From Column I -> N:

- 1: EU market
- 2: Japan market
- 3: North America
- 4: ASEAN market
- 5: SNG and East Europe market
- 6: Other market

Result of investigation

Sample No 2

JICA - NEU Project
Garment - textile group

General result of sample No2 in the investigation

Total note: 17

N01: Specialist's opinion about:

a) About structure of textile and garment products

Answer	Frequency	Rate %
Suitable	6	35.29
Unsuitable	11	64.71

b) About structure of scale

Answer	Frequency	Rate %
Suitable	8	47.06
Unsuitable	9	52.94

Orientation in the future

Answer	Frequency	Rate %
Priority to develop small and medium enterprises	11	61.11
To set up some corporation, companies with large scale	2	11.11
Others	5	27.78

c) About structure of garment - textile in zone

Answer	Frequency	Rate %
Suitable	7	41.18
Unsuitable	10	58.82

- Ideas about strengthening to locate garment - textile (absolute number)

Area	Degree	1	2	3	4
In big cities		6	5	5	1
In other cities		3	5	5	4
In industrial zone		7	4	3	3
In countries and mountainous		3	5	3	6

Ideas about strengthening to locate garment - textile in areas (%)

Area	Degree	1	2	3	4
In big cities		35.29	29.41	29.41	5.88
In other cities		17.65	29.41	29.41	23.53
In industrial zone		41.18	23.53	17.65	17.65
In countries and mountainous		17.65	29.41	17.65	35.29

d) About structure of owner between State and non state

Answer	Frequency	Rate %
Suitable	6	35.29
Unsuitable	11	64.71

In the future, we must adjust this situation with orientation:

- For State enterprises

	Frequency	Rate %
+ Decrease	12	70.59
+ Increase	5	29.41

- For non state enterprises

	Frequency	Rate %
+ Decrease	4	23.53
+ Increase	13	76.47

- Foreign enterprises

	Frequency	Rate %
+ Decrease	6	35.29
+ Increase	11	64.71

e) About specialization way of produce

	Frequency	Rate %
Finished product	6	35.29
Stage of technology	11	64.71

N02: Your opinion about policies and regulations of State in recent years for garment-textile enterprises.

a) General evaluation

	Frequency	Rate %
More favorable	12	70.59
Not influence	5	29.41
More difficult	0	0
Others	0	0

b) Concrete evaluation

- About law documents

	More favorable	Fixed	More difficult
Law on domestic investment	12	5	0
Trade Law	10	7	0
Law on bank and credit institutions	8	9	0
Law of land	5	7	5
VAT	0	6	11
Others	0	0	1

b1) By percentage (%)

	More favorable	Fixed	More difficult
Law on domestic investment	70.59	29.41	0
Trade Law	58.82	41.18	0
Law on bank and credit institutions	47.06	52.94	0
Law of land	29.41	41.18	29.41
VAT	0	35.29	64.71
Others	0	0	5.88

- About Decree

	More favorable	Fixed	More difficult
Import - export and process	11	6	0
Domestic investment	12	5	0
Financial state enterprises	5	9	3
Management of foreign exchange	6	7	4
VAT	0	7	10
Bidding	10	7	0
Foreign investment	12	5	0
About check and inspection	5	9	3
About regulation for a loan and to pay a debt for state	5	12	0
Others	0	0	0

+ By percentage(%)

- About Decision

	More favorable	Fixed	More difficult
Import - export and process	64.71	35.29	0
Domestic investment	70.59	29.41	0
Financial state enterprises	29.41	52.94	17.65
Management of foreign exchange	35.29	41.18	23.53
VAT	0	41.18	58.82
Bidding	58.82	41.18	0
Foreign investment	70.59	29.41	0
About check and inspection	29.41	52.94	17.65
About regulation for a loan and to pay a debt for state	29.41	70.59	0
Others	0	0	0

- About Directive Circular Letters

	More favorable	Fixed	More difficult
Domestic investment	12	5	0
About import and export	10	7	0
VAT	3	7	7
Custom formalities	4	8	5
Land	4	8	5
Foreign investment	8	9	0
About financial enterprises	4	12	1
About regulation for a loan and to pay a debt for state	4	12	1
Others	0	0	0

- By percentage(%)

	More favorable	Fixed	More difficult
Domestic investment	70.59	29.41	0
About import and export	58.82	41.18	0
VAT	17.65	41.18	41.18
Custom formalities	23.53	47.06	29.41
Land	23.53	47.06	29.41
Foreign investment	47.06	52.94	0
About financial enterprises	23.53	70.59	5.88
About regulation for a loan and to pay a debt for state	23.53	70.59	5.88
Others	0	0	0

N03: About difficulties of garment and textile enterprises in investment now?

Influenced Level	Most	Average	Least
Lack of capital	11	6	0
Not having opportunities to invest	5	11	1
Not having orientation to invest	4	11	2
Too complex procedure in investment	6	8	3
Others	2	0	0

+ By percentage(%)

Influenced Level	Most	Average	Least
Lack of capital	64.71	35.29	0
Not having opportunities to invest	29.41	64.71	5.88
Not having orientation to invest	23.53	64.71	11.76
Too complex procedure in investment	35.29	47.06	17.65
Others	11.76	0	0

No 5: What preferred fields of garment and textile enterprises to invest now?

Fields	Levels		
	1	2	3
Renovation in technology	13	4	0
Supplement investment for equipment	7	10	0
Investment for training and education	12	5	0
Investment for seeking and expanding foreign markets	13	4	0
Investment for seeking and expanding domestic markets	4	11	2
Investment for development of material resource	7	7	3
Others	0	0	0

Fields	Levels		
	1	2	3
Renovation in technology	76.47	23.53	0
Supplement investment for equipment	41.18	58.82	0
Investment for training and education	70.59	29.41	0
Investment for seeking and expanding foreign markets	76.47	23.53	0
Investment for seeking and expanding domestic markets	23.53	64.71	11.76
Investment for development of material resource	41.18	41.18	17.65
Others	0	0	0

No 6: About export - import of garment and textile enterprises

	Frequency	Rate %
Favorable	4	23.53
Relatively favorable	10	58.82
Difficult	3	17.65

No 7: The orientation of the markets of garment and textile enterprises?

a) About market

	Frequency	Rate %
Domestic market	5	29.41
Foreign market	7	41.18
Both	5	29.41

b) About the form of produce

	Frequency	Rate %
Process	6	35.29
Produce and consume by oneself	5	29.41
Both	6	35.29

No 8: Preferred orientation to expand market in future

- Frequency

Preferred Levels	1	2	3	4	5	6
Market						
EU	7	4	4	1	1	0
Japan	8	3	2	2	2	0
North American	2	1	4	5	3	2
ASEAN	4	4	4	3	2	0
SNG and East European	3	4	3	4	3	0
Others markets	0	1	0	0	1	4

- By percentage (%)

Preferred Levels	1	2	3	4	5	6
Market						
EU	41.18	23.53	23.53	5.88	5.88	0
Japan	47.06	17.65	11.76	11.76	11.76	0
North American	11.76	5.88	23.53	29.41	17.65	11.76
ASEAN	23.53	23.53	23.53	17.65	11.76	0
SNG and East European	17.65	23.53	17.65	23.53	17.65	0
Others markets	0	5.88	0	0	5.88	23.53

No 9: Difficulties for garment and textile enterprise in export

- Quantity

Difficulty Levels	1	2	3	4	5
Reasons					
Bad quality and model	11	5	1	0	0
Weak competition in price	6	7	4	0	0
Bad in approaching new market	8	3	5	1	0
Unfavorable in quota policy	2	5	6	4	0
Lack of state support	2	5	8	2	0
Unfavorable in tax policy	6	3	5	2	1
Disadvantage in exchange rate	3	1	6	5	2
Unfavorable procedure of custom	5	3	4	4	1

- By percentage (%)

Difficulty Levels	1	2	3	4	5
Reasons					
Bad quality and model	64.71	29.41	5.88	0	0
Weak competition in price	35.29	41.18	23.53	0	0
Bad in approaching new market	47.06	17.65	29.41	5.88	0
Unfavorable in quota policy	11.76	29.41	35.29	23.53	0
Lack of state support	11.76	29.41	47.06	11.76	0
Unfavorable in tax policy	35.29	17.65	29.41	11.76	5.88
Disadvantage in exchange rate	17.65	5.88	35.29	29.41	11.76
Unfavorable procedure of custom	29.41	17.65	23.53	23.53	5.88

No 10: Solution for quota policy, the State should:

	Frequency	Rate %
Allocate	6	35.29
Bidding	11	64.71

No 11: Fields of State to support garment and textile enterprise:

- Quantity

Effective levels	Most	Average	Least
Renovation in technology and products	17	0	0
Capital investment and orientation for investing	13	4	0
Make conditions to catch the market	11	6	0
Tax policy	4	13	0
Development into market	4	8	5
Support to export	5	9	3
Custom procedure	7	7	3
Other	0	1	0

- By percentage (%)

Effective levels	Most	Average	Least
Renovation in technology and products	100	0	0
Capital investment and orientation for investing	76.47	23.53	0
Make conditions to catch the market	64.71	35.29	0
Tax policy	23.53	76.47	0
Development into market	23.53	47.06	29.41
Support to export	29.41	52.94	17.65
Custom procedure	41.18	41.18	17.65
Other	0	5.88	0

No 12: About tax policy applied to garment and textile enterprise now?

Answer	Frequency	Rate %
Suitable	5	29.41
Unsuitable	12	70.59

The reasons it is not suitable / appropriate are as follows

Reason	Frequency	Rate %
- Tax rate too high	8	47.06
- Tax approach is unreasonable	6	35.29
- The object to count in tax is wrong	7	41.18
- Others	0	0

No 13: About policy to develop material resource

- Quantity

Degree	1	2	3	4
Quantity	0	0	9	8
Quality	4	0	9	4
Kinds	0	3	9	5
Price	0	6	6	5
Time to supply	0	4	7	6
Others	0	0	0	0

- By percentage (%)

Degree	1	2	3	4
Quantity	0	0	52.94	47.06
Quality	23.53	0	52.94	23.53
Kinds	0	17.65	52.94	29.41
Price	0	35.29	35.29	29.41
Time to supply	0	23.53	41.18	35.29
Others	0	0	0	0

No14: About relationship between garment and textile enterprises

	Frequency	Rate %
High and effect	0	0
Average	12	70.59
Low	5	29.41
Non meaning	0	0

No 15: The impact of Viet Nam textile and garment corporation on development of garment and textile enterprises

- Quantity

Degree	1	2	3	4	5	6
Seeking and expanding domestic market	0	5	3	3	4	2
Seeking and expanding foreign market	7	3	2	3	0	2
Regulating price	5	3	2	4	3	0
Investment and orientation to invest	5	3	5	2	0	2
Support and speed up to export	4	4	5	3	1	0
Others	0	0	0	0	7	10

- By percentage (%)

Degree	1	2	3	4	5	6
Seeking and expanding domestic market	0	29.41	17.65	17.65	23.53	11.76
Seeking and expanding foreign market	41.18	17.65	11.76	17.65	0	11.76
Regulating price	29.41	17.65	11.76	23.53	17.65	0
Investment and orientation to invest	29.41	17.65	29.41	11.76	0	11.76
Support and speed up to export	23.53	23.53	29.41	17.65	5.88	0
Others	0	0	0	0	41.18	58.82

No 17: About integration policy

a) Skip

b) Does the garment and textile sector have integral strategies with zone and world 2000 - 2006?

	Frequency	Rate %
Yes	11	64.71
No	6	35.29

b) Evaluation the ready degree for approaching with integration of Viet Nam of garment and textile enterprises.

Degree	Frequency	Rate %
High	3	17.65
Average	9	52.94
Low	3	17.65
Not Ready	2	11.76

No 18: Skip

No 19: About importance level of the policies

- Quantity

Policies	Importance degree			
	1	2	3	4
Tax	9	8	0	0
Export support	7	7	3	0
Credit guarantee	5	9	3	0
Develop financial market	3	7	7	0
Change clue of management organization	1	8	6	2
Support information	8	5	4	0
Reallocate state enterprises	7	5	5	0
Reform administration	6	5	6	0
Technology and transfer technology	8	7	2	0
Quality and management of quality	5	6	3	4
Using land and natural resource	3	7	6	1
Support to invest foreign	4	8	3	2
Support to invest domestic	7	9	1	0
Education and training	5	8	3	1
Salary and labor force	5	8	3	1
Research	4	9	4	0
Invention, trade mark of goods	8	6	3	0

- By percentage (%)

Policies	Importance degree			
	1	2	3	4
Tax	52.94	47.06	0	0
Export support	41.18	41.18	17.65	0
Credit guarantee	29.41	52.94	17.65	0
Develop financial market	17.65	41.18	41.18	0
Change clue of management organization	5.88	47.06	35.29	11.76
Support information	47.06	29.41	23.53	0
Reallocate state enterprises	41.18	29.41	29.41	0
Reform administration	35.29	29.41	35.29	0
Technology and transfer technology	47.06	41.18	11.76	0
Quality and management of quality	29.41	35.29	17.65	23.53
Using land and natural resource	17.65	41.18	35.29	5.88
Support to invest foreign	23.53	47.06	17.65	11.76
Support to invest domestic	41.18	52.94	5.88	0
Education and training	29.41	47.06	17.65	5.88
Salary and labor force	29.41	47.06	17.65	5.88
Research	23.53	52.94	23.53	0
Invention, trade mark of goods	47.06	35.29	17.65	0

List of specialists and leaders
in survey (sample No 2)
of situation and policy to develop garment-textile industry in Viet Nam

No	Full name	Position, Organization
1	Vu Quoc Tuan	High ranking specialist of Research Committee of Minister
2	Le Hoan	Head industrial Department in Central Economic Committee of Party
3	Tran Manh Thu	Planing Investment Department - Ministry of Industry
4	Duong Dinh Giam	Principal Researcher The Institute of Industrial Policy Strategy
5	Nguyen Thi Luan	Vice Head of Fine arts - investment department, Vietnam Garment and textile Coporation
6	Nguyen Trung Thanh	Head of General Planing Vietnam Garment and textile Coporation
7	So Kim Chi	Expert/researcher of market research of trade institute
8	Pham Minh Ngoc	Vice Head of Trade - Service Department, Ministry of Planing and Investment
9	Name?	Institute of World Economy
10	Nguyen Van Tuan	Director of Centre of Training Officer Vietnam Garment and textile Coporation
11	Nguyen Xuan Hoa	Deputy General Secretary of Vietnam Garment - Textile Association
12	Trinh Van Tien	Specialist of textile in Industry department - Ministry of Industry
13	Nguyen Van Quang	Vice Head Enterprises - MPI
14	Nguyen Van Phung	Head of Policy Department, Ministry of Finance
15	Dr. Nguyen Van Hoa	Principal Expert Investment Department, MOT
16	Tran Kim Hao	Vice Head of Enterprise Department - Central Institute of Economic Management
17	Nguyen Xuan Thu	Head of General Committee - DSI - MPI

Some evaluation based on general investigation results, insight into the situation and policy of the development of textile industry of Viet Nam

Note: Hereby, we give some original quotations of some evaluations of specialists in open question. These evaluations have been through research, selection and supplement for the main report of the subject.

1. Sample 1

1.1 About the object, amount of investigations

- **Object of investigation:** Textile and garment enterprises
- **Quantity:** 23 enterprises

In which:

- In terms of kinds of production: 13 garment enterprises and 10 textile enterprises.
- In terms of kinds of enterprises: 13 central state, 6 local enterprises, 2 joint stock, 1 limited and 1 joint venture.

23 investigation questionnaires have been through treatment.

1.2 General remark

- **About the major product of enterprises**

Investigation shows that: the majority of current textile enterprises, especially textile ones have their revenue relying mainly on their major products (accounting for 70 -100 percent of revenue); some enterprises such as Intimex dressmaking enterprise, Thanglong dressmaking company, Hanoi industrial fiber - weaving company, together with concentration on production of the major product, also make use of some other effective business directions such as Hanoi textile weaving company who deal with materials for textile industry (accounting for 15% of revenue), Thanglong dressmaking company who trades on fashion clothes of all kinds (20% of revenue), Intimex enterprise trading in commerce and export - import (accounting for up to 70% of revenue), other have setup additional kinds of trade as service of office - rent, trading on dressmaking equipment, acting as agents for domestic and foreign firms, commercial services while textile companies take part in ready made clothes trading.

One conclusion can be drawn from those above: Vietnamese garment-textile companies still have limited (restricted) fields and forms of trade, trading mostly on main products while neglecting other fields of trade.

- **About the capital of enterprises**

The original (fix) capital of enterprises in medium and small in scale (the least 1.991 billion and the

most 51 billions), percent operating capital of enterprises has multiplies many times compared with the original capital on being established (5.036 on average, the least 1.05 and the most 54.94 times). However, the enterprise are still in the inadequacy funds for operation and production; up to 73.91 % of requested enterprises would assecc that they are in the shortage of funds.

An analysis of capital source of enterprise has shown that most of Vietnamese textile companies have their funds apealed from the the original fund (95.65 % answers), accumulation from return (57.17 % answers) and loan from banks as the majority, some has exploited some other sources such as direct borrowing from workers within enterprise, financial leasing, borrowing from foreign countries and preference credit of the Government. 69.57 % would say funds borrowed from banks are the most convenience, while 17.39 % consider those from preference credit of the Government is the most convenience and 30.43 % put it down to direct borrowing from workers within the enterprise. Consequently, it's the truth that funds lent by bannks are great importance to the operation of the enterprise.

So, it's clear that at present, the problem of capital is very critical to the enterprises; they are in a shortage of funds; still the find those borrowed form banks (which very significant and convenient) difficultly accessible. This put pressure on both banks and textile enterprises; banks should reconsider regulations, procedure, size and maturity/liquidity of loans to make sure whether they are suitable for characteristics of production of textile enterprises, for enterprises, it's advisable to reconsider their performance as well as capital effidciency to see the reason why banks find them not credit worthy enough to give them loans.

- **About the suitation of investment of enterprise**

100 % of requested enterprises reply that they have annual additional investment in production. 95 % reveal that they have the intention of the great investment of equipment and factories; only 4.35 % have got no plan yet. In 2 years 1999 and 2000. all enterprises have the projects of investment in technology innovation with the capital ratio from 30 % to 100 % over total investment capital for the projects. This indicates that now textile companies have emphasized on investing in sience - technology. Investigation into 23 enterprise has shown that an average of 29.37 % of equipment are newly installed in 1999 and 2000, with the least of 6.9 % and the highest 60 %.

- **About revenue and profit of enterprises**

There's 91.3% requested confirm for revenue's increased for the last 3 years (97,98,99) compared with that of 1996; only 8.7% say it fluctuates. Say increase in profit accounts for 78.26% of answers while fluctuations in profit 17.39% and 4.34% has no answer. Results show that in general, textile enterprises are well - performing. this conduction is reassured/ justified by annual report 1999 which tells only 6 of all textile companies suffered from losses.

In the following year, all requested enterprises expect their revenue to increase by 5-30% compared with that of the previous year.

About direction of preference for market intensification for the time being 43.48% answer they would concentrate on both markets while 34.78% only domestic market and 21.74 % give their preference to foreign market.

Reasons for choice of markets can be summed up into some points:

a. Choosing domestic market due to:

- It is a potential market and easy for competition for a small enterprises.
- The characteristics of enterprises. i.e. 19/5 dressmaking company, of the Ministry of Public Security Service, mostly try to meet the demand of their unique profession.

b. Choosing both due to:

- Domestic market is potential but still new, so needs associating with foreign market.
- Promote domestic goods consumption and substitute for import goods.
- About the performance of consumption:

Tables 3 shows the most of consumption is from export (57.56% on average), from domestic market 43.44%. in which, the major part of revenue of wearing enterprises is from domestic market and that of dressmaking ones is from foreign market.

Enterprises still use direct export (accounting for 69.57%) only 8.7% use trusting way and 17.39% investigated apply both.

The leading market for export is EU and Japan. followed by ASEAN, SNG and East Europe, some such as Thang Long shirtwear company, 8/3 wearing company and Hanoi dressmaking company have exported goods into other market such as Hongkong, Korea...

About mode of production, weaving and some unique dressmaking enterprises (such as 19/5 Dress marking of Ministry of Public Security Service specializes in clothes for police profession) produce and sell goods by themselves. Dressmaking enterprises use processing for the majority. In sum, processing accounts for 51.36%. In particular processing and self production rate of weaving enterprises is 31.6% and 68.44% correspondingly and 57.38% and 42.62% for dressmaking ones.

- Evaluation of convenience for export of markets to enterprises. Convenience descends from 1 to 6, according to that, 43.48% ranks EU level 1, 20.09% ranks level 2 ASEAN has 13.04% ranking as the level 1. In general. We can infer that EU and Japan is relatively convenient for Vietnamese textile enterprises. 39.13% ranks Japan level 1 and 21.74% ranks it level 2 at the same time.

- Evaluation of difficulties in export:

Difficulties in export are (according to level of difficulty):

1. Limited potential of market access.
2. Bad quality appearance and price of poor competitiveness.
3. Disfavorable tax policy.

4. Absence of government assistance.
5. Disfavorable policy
6. Disabling customs management.
7. Disfavorable exchange rate policy.

73.91% agree that reason for bad market access is due to informationally inefficiency absence of applying appropriate marketing policy (69.57%), absence of ISO 9000 certificate (30.43%) and bad quality of products (only 13.04%). Consequently, because the enterprises themselves are in a shortage of information and absence of applying the international quality management system, they don't find that limit of export results from bad quality of products, failing to meet foreign market's demand.

- **About quota of export**

47.83% think it advisable to allocate. 39.13% to bid and 8.7% to apply both. So this problem is still critical.

The reason for allocation, according to ideas is due to many current limits of experimental quota bid such as: bid price doesn't reflect the red cost of enterprises, some financial powering enterprises raise too high price compared with average price and in general, this pushes small enterprises into difficulty through lack of quota.

Ideas for bid are because they think this a guarantee for enterprises to improve their competitiveness to gradually join the world market, to avoid the state of raking in production.

So, bid exercising or allocation improvement of quota still requires consideration to match utility of enterprises as well as to improve economic efficiency.

- Evaluations of enterprises about influence of legal documents on their performance. 82.61% requested thinks it makes more favorable, 13.04% think it makes no difference and 4.35% think it creates difficulties. Most of ideas assess Domestic Investment Law, Commercial Law, Law on Credit Intitutions, Land Law makes it more favorable, 55% consider VAT Law difficulty for business of textile enterprises; 78.26% think currently applied VAT Law unsuitable and 75% boils it down to high tax rate. 15% to unreasonable way of tax calculation.

- Suggestions of enterprises to the Government to promote export 91.3% requested thinkthe Government should concentrate on assisting enterprises in product and technology innovation; 82.61% in capital investment and investment instruction, 82.61% in helping enterprises access markets, 73.9% agree on export financing. 69.57% on input market developing and 56.52% on innovating customs procedure.

- Suggestions of enterprises about policies concerning material resources development.

Result show the majority access the policy of developing material resources still contains many drawbacks 43.48% think the quantity of materials for production only reaches the average level 34.43% think the poor level; About quality, 47.83% rank it average and 21.74% rank it poorly; At the same time