

# COTTON USA Helps Propel Exports in Vietnam

**FAS Funding Source:** FMD & MAP

Beginning in MY 15/16, Vietnam overtook China to become the largest cotton importer in the world. Since MY 13/14, Vietnamese imports have increased 217% from 3.2 million bales to 6.95 million bales in MY 17/18. As Vietnam's imports have grown, so too has its importance to the U.S. cotton industry.

While Vietnamese imports have increased dramatically over the past five years, U.S. exports into Vietnam have experienced an even larger increase. U.S. exports to Vietnam have increased by 294% since MY 13/14 from 1 million bales to 3.4 million bales (worth nearly \$1.2 billion) in MY 17/18, making Vietnam the largest export market for U.S. cotton beginning in MY 15/16. Cotton Council International (CCI) has made Vietnam a priority market for U.S. cotton and its efforts over the past several years have helped to increase the United States' market share from 32% in MY 13/14 to 43% in MY 17/18.

Several CCI events, sponsored by both MAP and FMD funds, focused on the region have contributed to the increase in market share in the world's largest export market. In July 2018, a 17-member Special Trade Mission (STM) delegation from Vietnam, representing some of the largest and most influential Vietnamese cotton importers, visited the U.S. cotton belt using FMD funding. During its U.S. tour from July 22-27, the group traveled to New York, N.Y.; Cary, N.C.; Memphis, Tenn.; McAllen and Lubbock, Tex.; and Phoenix, Ariz.; to meet with U.S. cotton producers, industry organizations and exporters to facilitate increased U.S. cotton exports to these manufacturers. A pre-post survey found that the proportion of attendees who were "very likely" to purchase U.S. cotton in the next year increased from 40% to 70% after the event.

CCI also conducts an annual Cotton Day event in Vietnam with the intent to educate the largest and most influential mills and manufacturers in the country on the benefits of U.S. cotton. Post-survey results from the 2018 Vietnam Cotton Day indicated that participants expected to purchase over 800,000 bales of additional U.S. cotton, valued at over \$600,000, as a result of the event.

Five Vietnamese mills have participated in the Mill Exchange Program (MEP) in the past two years, learning about the benefits of using U.S. cotton from peer mills in neighboring countries. This program has been particularly effective as participating mills in Vietnam increased U.S. cotton usage from 10% to 50% of their total volume in the year following their participating.

CCI has also worked to increase its COTTON USA licensees in the country, from 5 in 2015 to 26 licensees in 2018, covering 1.8 million bales of U.S. cotton valued at over \$600 million. CCI has achieved this large increase through a number of activities aimed at attracting licensees. COTTON USA licensees are invited to exclusive invitation only global events such as the COTTON USA Sourcing Fair and the biannual Sourcing USA Summit as well as regional events such as industry seminars. CCI has also sponsored the annual denim expo trade fair and a machinery trade show in Vietnam. In addition, consumer promotions have targeted five major brands in the country, licensing 1.7 million products with the COTTON USA trademark.

As Vietnam has risen to become the world's largest importer of cotton, CCI has increased its presence and value in this country. These efforts have paid off in a big way as COTTON USA licensees in the country have increased dramatically and in turn, U.S. cotton has taken a much larger market share in Vietnam, increasing sales by nearly 300% to a value of nearly \$1.2 billion.