

Current Situation of Textile and Clothing Export to Japan

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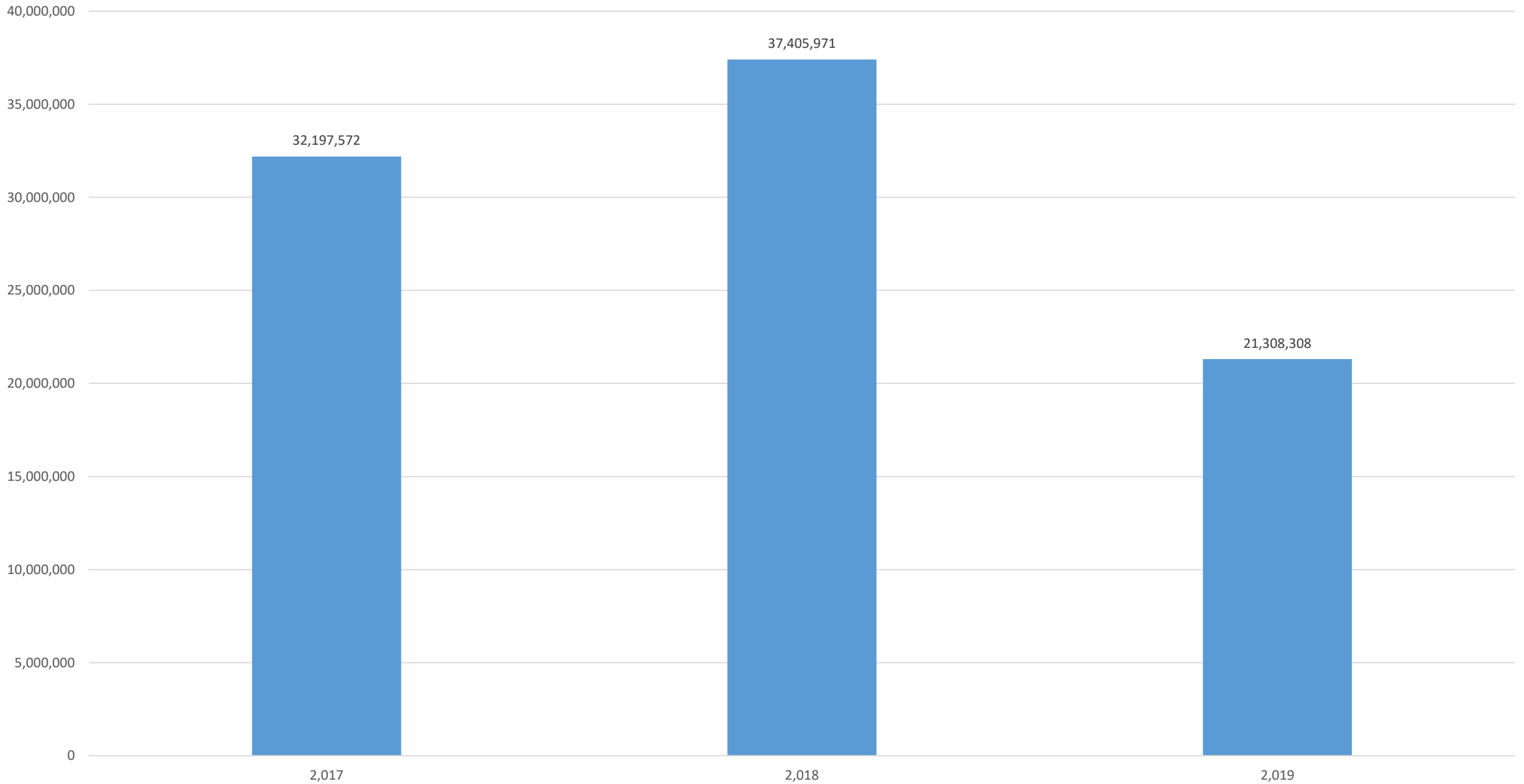
Content

- Current situation of textile and clothing export to Japan
- Challenges to enter the global value chain in textile industry
- Strategy to support the exporter of textile and clothing

Current situation

- Base on statistic from Department of Import and Export show that Lao PDR export textile and clothing products to Japan value over 32 million USD in 2017; 34 millions USD in 2018 and 21 million USD in 2019.
- As of 2018, there are 78 sewing factories in Lao PDR, mainly located in the capital of Vientiane. Seven factories are owned by Lao capital. Japanese companies have made large investment in the sewing industry, followed by Thai companies .
- Of the 78 companies, 50 manufactures export-bound clothing while 28 handle both export-bound and domestic clothing. In addition, 28 factories manufacture clothing parts. These factories employ a total of 26,000 people, 90% of whom are women.

Statistic of Textile and Clothing Export to Japan

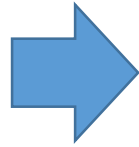


Challenge

- Raw material are limited, most of the necessary materials are procured from abroad through parent companies.
- **Worker shortage is a big issue** within the Lao textile industry, leading to can not effort to deal with big orders and decline in export value in the past several years
- Most of firms in Laos are SME, very small scale compare to competitor in other. This situation lead Lao's firms only do subcontract work from large companies in neighboring country.

The Government Strategy

Orientation of the Five-year National Socio-Economic Development plan and base on the ten year Development strategy for Manufacturing and trade of Ministry of Industry and Commerce 2011-2020



Increase production efficiency and improved quality of workers to attract and promote labor-intensive industry

The establishment of a major clothing manufacture group

Increased productivity of the processing industry (priority are: food processing and beverages, building material, clothing ,tobacco and shoes)

The promotion of silk and textiles (woven materials) as a new processing industry

The creation of global partnerships for development to increase export through providing incentive, especially for agriculture goods, clothing and textile goods

Some Recommendation Policy

- Support the textile and garment sector's to access to raw materials
- Establish curricula in universities, colleges and vocational schools
- Facilitate firm-level access to finance

Some activities to support exporters

- Lead outstanding firms to attend international trade fair
- Provide market information through online and offline flat form

Thank you for your attention