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Report Highlights:

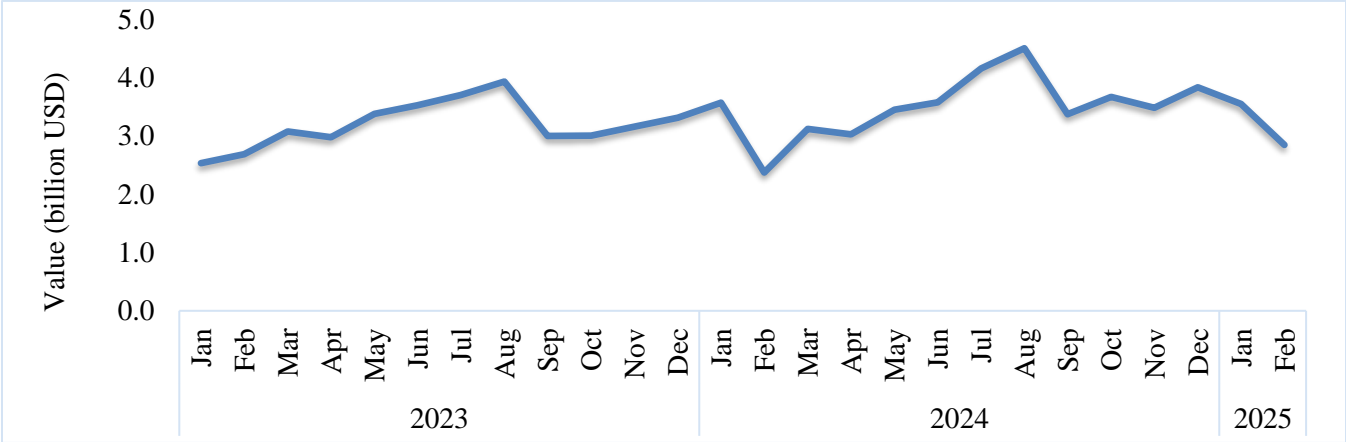
Cotton imports are forecast to grow by six percent to 7.6 million bales in marketing year (MY) 2025/26 based on expected growth in the textile and yarn sector. Post reduces forecast MY 2024/25 cotton imports by 200,000 to 7.2 million bales based on partial year import statistics and economic challenges faced by cotton spinners. Stocks remain low as producers try to manage the risk of sliding cotton-fiber and cotton-yarn prices. Brazil has surpassed Australia and the United States to become the largest cotton supplier to Vietnam.

SITUATION AND OUTLOOK

Textile Industry

Vietnam textile and apparel exports grew 11 percent in calendar year (CY) 2024 to \$42 billion due to higher demand in major export markets, including the United States, Japan and European Union.¹ Exports in the first two months of 2025 were up eight percent over the same period last year, totaling \$6.4 billion. Orders have already been placed for the second quarter. Some apparel exporters have opted for shorter contracts on an expectation that prices will rise in the second half of the year.

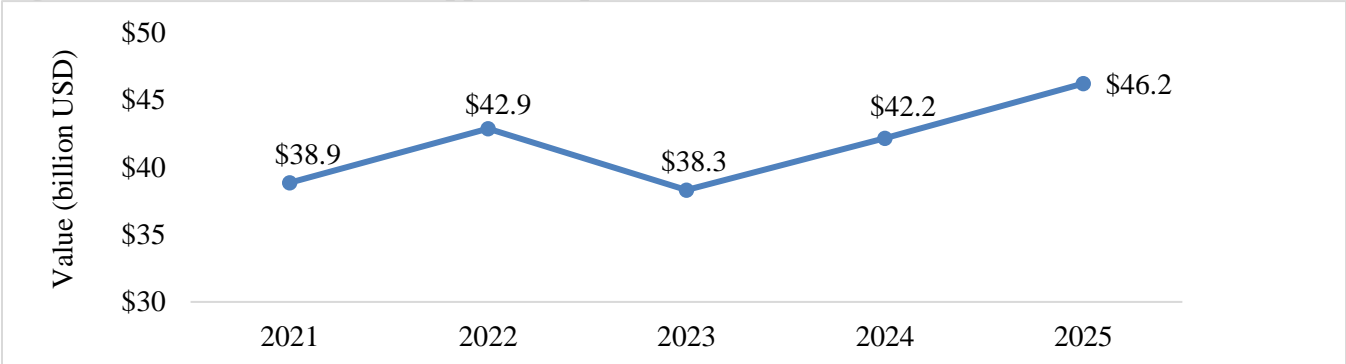
Figure 1: Vietnam Textile and Apparel Exports from 2023 to February 2025



Source: Vietnam Customs data

Local producers continue to pursue reforms in sourcing and manufacturing processes to comply with regulations related to traceability, sustainability, forced-labor prevention, and climate protection in large developed markets. The Vietnam Textile and Apparel Association (VITAS) is encouraging members to also develop alternative export markets and suppliers to avoid over dependence on one source or market. VITAS forecasts that Vietnam’s textile and apparel exports will increase 8-10 percent in CY2025.

Figure 2: Vietnam Textile and Apparel Exports Over Years



Source: Vietnam Customs data, post estimate for 2025

¹ Vietnam Customs data for textiles and apparel, yarn of all types, and technical fabrics. Does not include footwear materials and accessories.

Yarn exports

All-type yarn exports expanded 5 percent in CY2024 to 1.9 million metric tons (MT). Over 70 percent of Vietnam's yarn were shipped to China, South Korea and the United States. While most yarn exported to China, South Korea and other markets is cotton-contained yarn, yarn shipped to the United States is mostly man-made fiber yarn.

Table 1: Vietnam all-type Yarn Export

Country	Quantity (metric tons)		Value (million USD)		Average unit value (USD/MT)	
	CY2023	CY2024	CY2023	CY2024	CY2023	CY2024
China	882,715	882,850	2,317	2,141	2,625	2,425
South Korea	138,802	153,118	384	437	2,770	2,852
United States	105,490	141,742	147	190	1,397	1,343
Bangladesh	36,651	53,676	134	189	3,659	3,514
Taiwan	31,744	43,090	87	106	2,750	2,462
Pakistan	17,476	41,978	48	109	2,741	2,601
Japan	40,420	39,991	103	97	2,543	2,425
Philippine	37,765	39,671	83	81	2,189	2,033
Indonesia	35,548	37,654	106	107	2,987	2,848
Brazil	27,432	31,068	41	54	1,494	1,738
Others	430,177	408,360	905	897	2,105	2,195
Total	1,784,220	1,873,198	4,356	4,407	2,441	2,353

Source: Vietnam Customs

Vietnam's cotton yarn spinning capacity remains unchanged in CY2024 with no new investment or shutdowns recorded. Post estimates that there are 121 cotton yarn-contained spinning mills operating in Vietnam (Table 2), with 44 percent located in the South. The largest concentration of spinning mills is in Thai Binh, Thua Thien Hue, Dong Nai, and Long An province. While Quang Ninh province only has four spinning mills, the two belonging to Texhong Group in the province have a total capacity of approximately one million spindle equivalence. Figure 3 provides a visual map of Post's analysis of spinning mill information in the market.

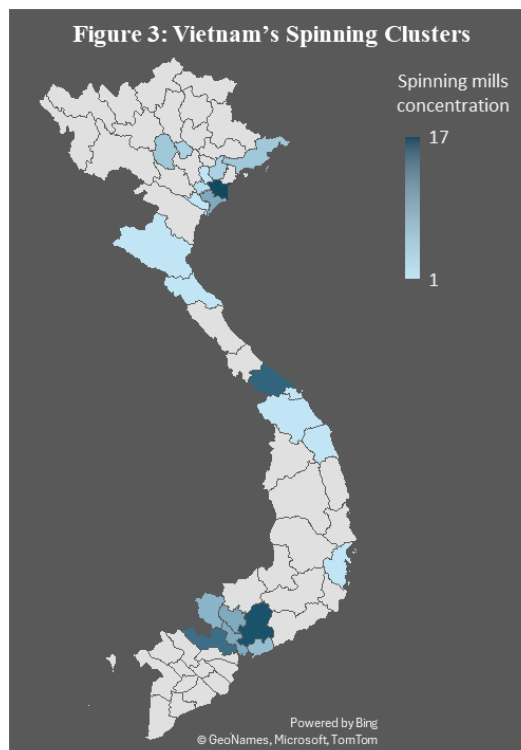


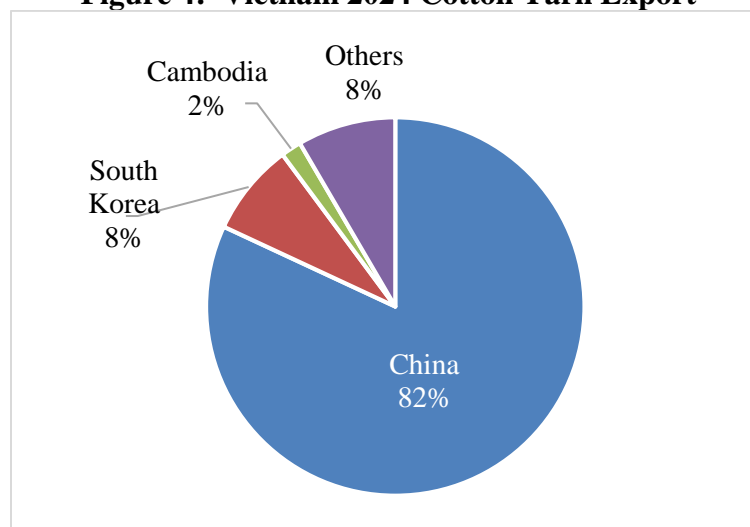
Table 2: Vietnam's Cotton Yarn Spinning Capacity

	Spinning mills	Spindles	Rotors	Murata Vortex Spinning	Spindles equivalence
Foreign Invested	46	5,039,910	47,932	10,000	5,709,230
South	34	3,694,110	27,712		4,061,230
North	11	1,260,800	19,220	10,000	1,553,000
Center	1	85,000	1,000		95,000
Locally Owned	75	3,926,058	79,670	320	4,725,958
North	37	2,015,894	54,910		2,564,994
South	20	1,134,864	22,072	320	1,358,784
Center	18	775,300	2,688		802,180
Grand Total	121	8,965,968	127,602	10,320	10,435,188

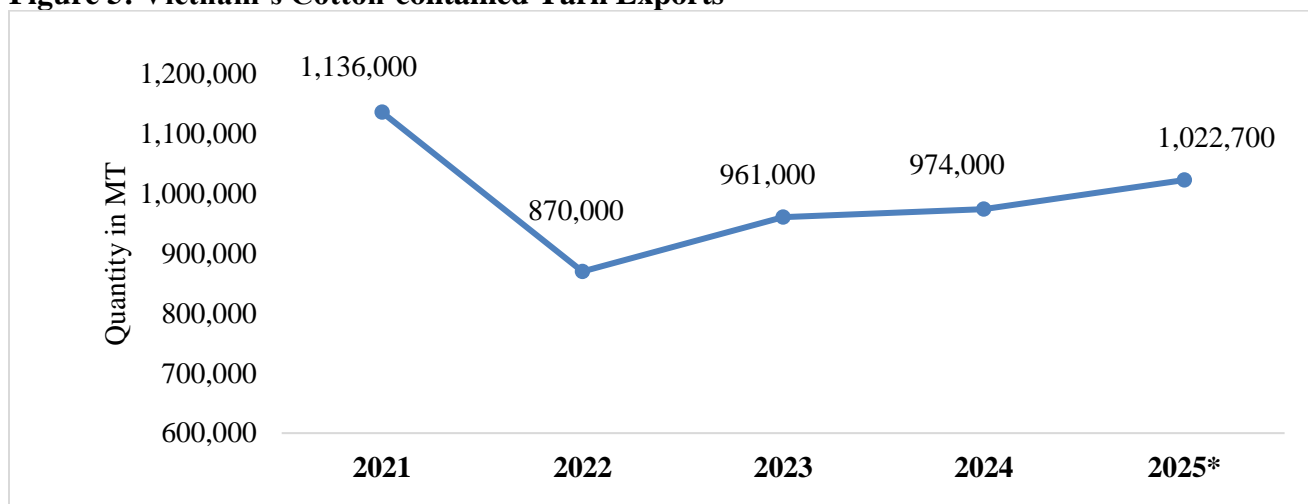
Source: Joint research by Post, Cotton Council International, and the Vietnam Cotton and Spinning Association.

Vietnam's cotton yarn exports (HS code 5205 and 5206) increased one percent by volume in 2024 to 974,000 MT but dropped 6 percent by value to \$2.5 billion according to Trade Data Monitor statistics. Local spinning mills have been struggling with low yarn prices along with rising labor, power and freight costs. Foreign invested mills have been able to navigate the adverse business environment more easily as many belong to vertically integrated groups that allow them to capture more of the value chain.

China remains the largest market for Vietnam's cotton yarn exports, accounting for 82 percent of cotton yarn exports in 2024. Exports to South Korea, Vietnam's second largest export market, grew 12 percent to 77,000 MT. Cambodia surpassed Thailand and Indonesia to become the third largest export market in 2024 (Figure 4). Post forecasts that Vietnam's total cotton yarn exports will expand five percent in CY2025 to 1.02 million MT based on an expected recovery in demand (Figure 5).

Figure 4: Vietnam 2024 Cotton Yarn Export

Source: Trade Data Monitor LLC

Figure 5: Vietnam's Cotton-contained Yarn Exports

Source: Trade Data Monitor LLC. *Post forecast

Yarn imports

Vietnam all-type yarn imports jumped 18 percent in in CY2024 to 1.2 million MT. Cotton yarn accounted for 9 percent of the total imports. Strong domestic cotton yarn production capacity supplies most local and export demand.

Table 3: Vietnam Imports of All-type Yarn from Global Market (thousand MT)

Reporting Country	Calendar Year					Market share CY2024
	2020	2021	2022	2023	2024	
Total yarns imported	1,047	1,092	1,040	1,053	1,243	100%
China	581	626	638	679	857	69%
Taiwan	147	163	147	104	92	7%
Thailand	74	60	67	75	98	8%
South Korea	70	67	59	46	35	3%
Indonesia	57	64	55	59	48	4%
Others	118	112	74	90	113	9%
Cotton yarn imports	102	119	78	90	107	
Cotton yarn share of yarn imports	9.7%	10.9%	7.5%	8.5%	8.6%	

Source: analysis of trade statistics from Trade Data Monitor LLC and Vietnam Customs

PRODUCTION

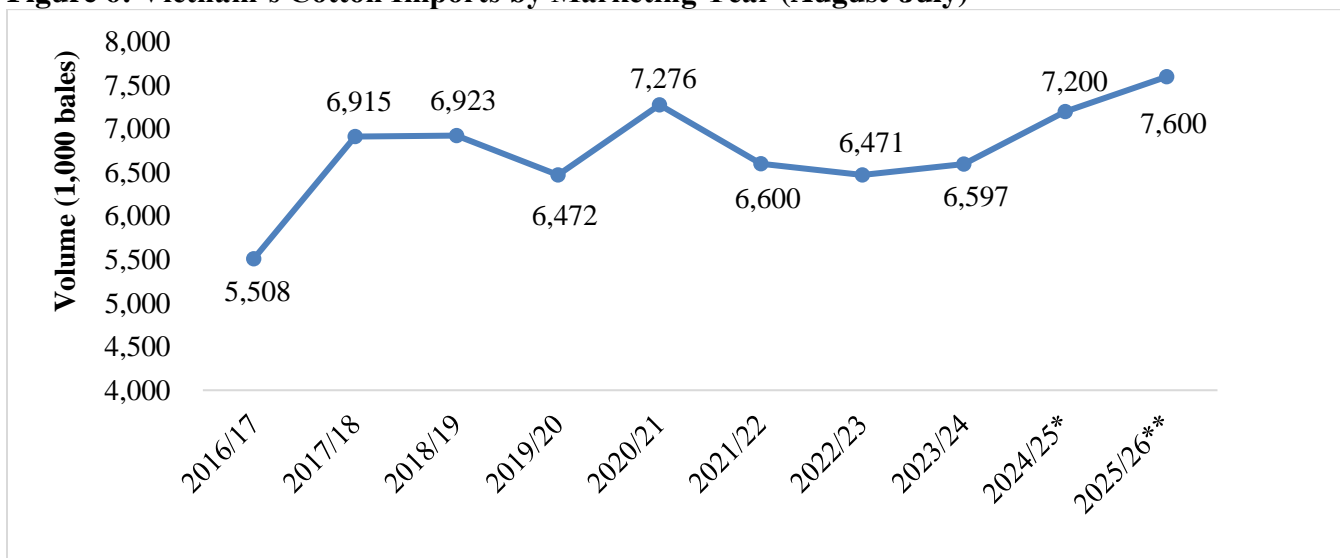
Vietnam remains a net importer of cotton. Post estimates that domestic cotton accounts for less than one percent of total market demand. For a further discussion on the decline in planted area, please see [GAIN Report VM7019: Cotton and Products Annual 2017](#).

TRADE

Cotton imports during the first seven months of MY2026 (August 2024-February 2025) totaled 948,000 MT (4.4 million bales) according to Vietnam customs data, up 15 percent over the same period last year. Over two thirds of the imported cotton went to FDI spinning mills. Based on import trends, post estimates MY2024/25 cotton imports at 7.2 million bales. Post forecasts MY2025/26 cotton imports at 7.6 million bales on expected continued growth in the sector.

While the cotton yarn and textile sector in Vietnam is showing signs of recovery, some mills still face challenges. Four more local spinning mills and trading companies were added to the International Cotton Association's defaulter list in February 2025. Spinning mills in Vietnam continue to prioritize cotton purchases from bonded warehouses, afloat or the spot market to minimize the risk of price volatility.

Figure 6: Vietnam's Cotton Imports by Marketing Year (August-July)



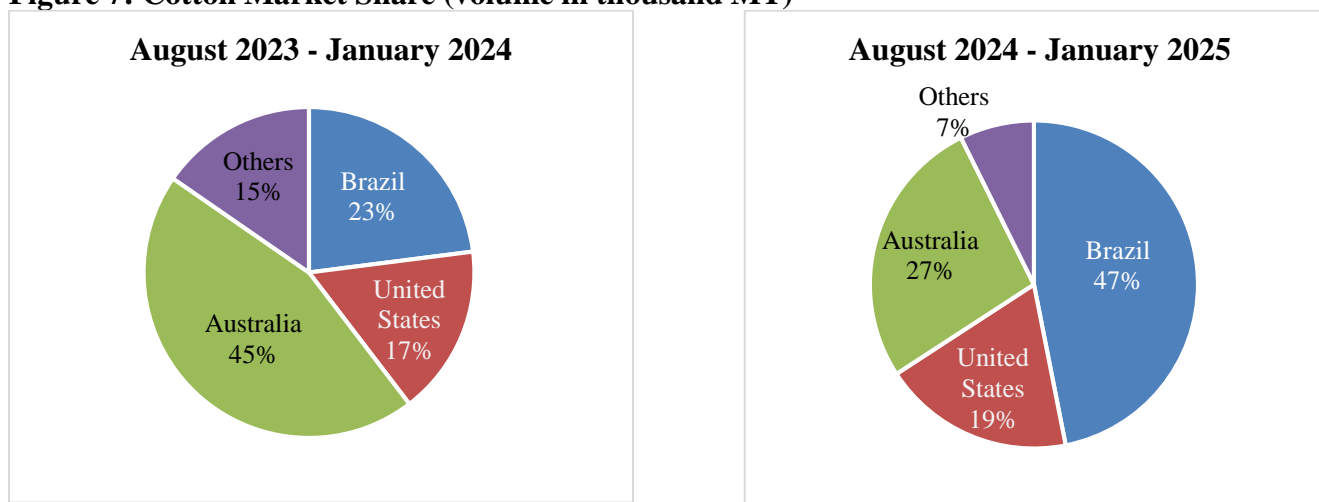
Source: Post's processing on Vietnam Customs data, * Post's estimate and **Post's forecast

Top Cotton Suppliers to Vietnam

Brazilian cotton exports to Vietnam surged 129 percent in the first half of MY2024/25 (August – January) to 1.5 million bales due to ample supply and lower prices compared to U.S. and Australian cotton. Brazil is now the largest cotton supplier to Vietnam. However, local industry contacts report problems with high contamination of animal hair and honeydew in Brazilian cotton.

Australian cotton exports to Vietnam shrink 33 percent during this period to 875,000 bales due to tighter supply and higher prices. Australian cotton exports to Vietnam are expected to continue dropping as more Australian cotton is going to China. U.S. cotton exports to Vietnam increased 27 percent to 610,000 bales. China's 15 percent retaliatory tariffs on U.S. cotton will likely divert more U.S. cotton to the Vietnam market. Post estimates U.S. cotton exports to Vietnam will increase 17 percent in MY2024/25 to 1.5 million bales.

Figure 7: Cotton Market Share (volume in thousand MT)



Source: Trade Data Monitor LLC

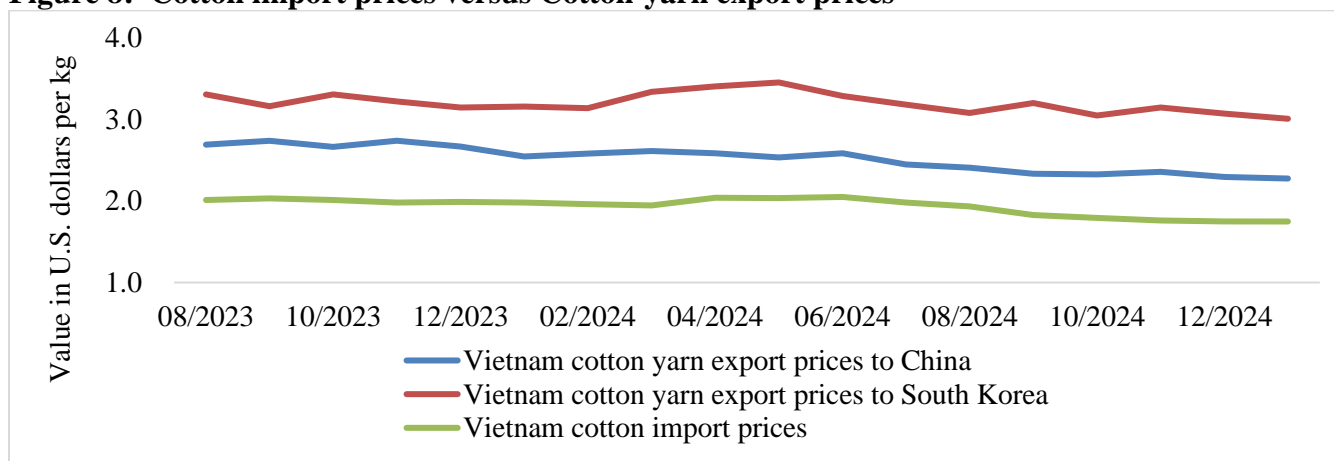
CONSUMPTION

Post lowers estimated MY2024/2025 cotton consumption to 7.2 million bales. Cotton yarn prices remain low and global market demand is still uncertain. MY2025/26 consumption is forecast to grow to 7.5 million bales based on expected growth in the global textile and apparel sector, better cotton yarn prices and expansion plans by FDI cotton mills.

PRICES

Average cotton-fiber import prices have decreased in recent months, putting pressure on cotton yarn producers. The gap between cotton-yarn export prices to China (HS code 5025) and cotton-import prices was less than \$1 per kg, which spinning contacts confirmed is less than the cost of production (Figure 8). China accounted for 82 percent of Vietnam's yarn exports in 2024 (Figure 4). Yarn export prices to South Korea are still profitable, but that market accounts for just 8 percent of Vietnam yarn exports.

Figure 8: Cotton import prices versus Cotton-yarn export prices



Source: Post analysis of trade statistics from Vietnam Customs and Trade Data Monitor LLC

STOCKS

Vietnam spinning mills continue to minimize stocks as they struggle with profitability. Cotton trade contacts report that mills are prioritizing cotton purchases from bonded warehouses, afloat, and the spot market. Post estimates the stocks-to-use ratio will remain low in MY 2024/25 at around 15 percent.

MARKETING/ POLICY

Vietnam textile and apparel exporters have promoted their respective products to foreign buyers through diverse channels, from direct sales to trade missions and trade shows. SaigonTex – SaigonFabric and HanoiTex – HanoiFabric are the most important trade shows for textile machinery and technology, fabrics, yarn and garment accessories in Vietnam. These annual shows take place in Ho Chi Minh City and Hanoi. More details about these shows are available at www.cpexhibition.com. Spinning contacts also participated in trade shows in Shanghai and Pakistan to promote their yarn to foreign buyers.

The Government of Vietnam (GOV) has used free trade agreements to promote investment and exports. Vietnam has signed and implemented 17 free trade agreements with major trading partners, providing favorable export conditions for textiles, apparels and other products. The Government of Vietnam plans to build specialized industrial zones to attract investors in weaving, knitting, dyeing and finishing with an aim to increase fabric production. The expansion of fabric production will eventually support yarn consumption and help local spinners be less dependent on export markets.

The GSM 102 Credit Guarantees program has been available in Vietnam for over two decades, but applications for cotton purchases remain insignificant.

Tariffs on cotton

Cotton fiber (HS codes 5201, 5203) has a zero percent tariff and a five percent value added tax.

Tariff on cotton yarn

Cotton yarn (HS codes 5204, 5205, 5207) has a five percent tariff and an eight percent value added tax.

Table 4: Production, Supply, and Distribution

Cotton	2023/2024		2024/2025		2025/2026		
Market Begin Year	Aug 2023		Aug 2024		Aug 2025		
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	1	-	1	-	-	-	(1000 HA)
Beginning Stocks	1,046	1,046	1,034	1,046	-	1,046	1000 480 lb. Bales
Production	3	-	3	-	-	-	1000 480 lb. Bales
Imports	6,585	6,600	7,400	7,200	-	7,600	1000 480 lb. Bales
Total Supply	7,634	7,646	8,437	8,246	-	8,646	1000 480 lb. Bales
Exports	-	-	-	-	-	-	1000 480 lb. Bales
Domestic Use	6,600	6,600	7,400	7,200	-	7,500	1000 480 lb. Bales
Loss	-	-	-	-	-	-	1000 480 lb. Bales
Domestic Use and Loss	6,600	6,600	7,400	7,200	-	7,500	1000 480 lb. Bales
Ending Stocks	1,034	1,046	1,037	1,046	-	1,146	1000 480 lb. Bales
Total Distribution	7,634	7,646	8,437	8,246	-	8,646	1000 480 lb. Bales
Stock to Use %	16	16	14	15	-	15	(PERCENT)
Yield	653	-	653	-	-	-	(KG/HA)
Stocks to Use	2	2	2	2	-	2	(MONTHS)
Supply Less Imports	1,049	1,046	1,037	1,046	-	1,046	1000 480 lb. Bales
Total Use	6,600	6,600	7,400	7,200	-	7,500	1000 480 lb. Bales

Attachments:

No Attachments