



VIETNAM DAILY NEWS



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Market Analysis

1. VIC saves market from heavy loss

The day saw 190 stocks inching down and 190 others rising. Some 150 million shares changed hands with a total value of nearly VND3.3 trillion, down slightly in volume but up in value against the last trading session of last week.

Of the total, block deals accounted for 19 million shares, contributing some VND610 billion to the total trade value on the southern exchange.

VIC seemed to rebound from its strong drop in the morning but still ended down 0.09% at VND113,100 per share. Meanwhile, its affiliate VHM fell 2.47% to VND34,000, with matching volume of 2.63 million shares.

Among the large-cap stocks, VCB, GAS, TCB and POW also declined around 1% each.

Meanwhile, lender HDB staged an impressive performance as it surged 3.25% to VND28,600, with foreign investors net buying nearly 680,000 HDB shares, nearly half of the volume of HDB shares transacted.

BID inched up 2.16% to VND35,500 per share and its matching volume totaled 1.4 million shares.

Beverage giant SAB jumped 0.82% to VND246,200. Dairy firm VNM and low-cost carrier VJC also increased 0.22% and 0.09% to VND136,000 and VND113,300, respectively.

The best performer by liquidity was property developer FLC with more than eight million shares matched. It ended down 0.99% at VND5,010 per share, with foreign investors net selling 2.2 million shares.

Construction firm ROS ranked second by liquidity, with 7.17 million shares traded. It closed at its reference price of VND31,500.

Steel maker HSG and plastics stock AAA were also among the stocks that took the lead by liquidity, with five million shares changing hands each.

After announcing its business plans for this year, property firm HAG picked up 0.38% at VND5,290 with 4.1 million shares traded.

The HNX-Index dropped 0.55% to 107.11 points, with 28.44 million shares worth VND368.92 billion changing hands, down 14% in volume but up 4% in value versus the previous session.

Among the blue chips on the northern bourse, only bank stock SHB gained 1.33% at VND7,600, insurer PVI edged up 0.25% at VND40,000, and port operator PHP rose 6.36% at VND11,700.

Most of the remainder declined. Industrial firm VCS reported the biggest fall of 4.15% at VND64,600.

Macro & Policies

2. Vietnamese, Japanese firms seek investment, trade partnerships

The event, held by the Ho Chi Minh City Union of Friendship Organisations (HUFO) in collaboration with the Vietnam-Japan Friendship Association, and the Japan-Vietnam Friendship Association of Nishinomiya city in the Japanese prefecture of Hyogo, drew the participation of representatives from some 60 Vietnamese businesses and 20 firms from Hyogo and Osaka prefectures.

Speaking at the event, President of the Vietnam-Japan Friendship Association of HCM City Nguyen Cong Tanh thanked the Japan-Vietnam Friendship Association of Nishinomiya city for its coordination to organise the programme, helping to connect enterprises from both countries and develop friendship and cooperation between HCM City and Hyogo prefecture in the fields of trade, economy and investment.

Meanwhile, Sakai Hironori, President of the Japan-Vietnam Friendship Association of Nishinomiya

city, said that Japanese companies want to cooperate with Vietnamese firms not only in economy and trade but also in social and charitable activities.

Following the opening ceremony, Vietnamese and Japanese businesses joined in an exchange programme and sought partners in the fields of investment and trade, distribution of food and cosmetics, human resource supply, chemicals and fertiliser, among others.

The Japan-Vietnam Friendship Association of Nishinomiya city was established in September 2016, aiming to become a bridge to promote mutual understanding and collaboration between Nishinomiya and other localities of Hyogo prefecture and Vietnamese cities and provinces in the spheres of economy, politics, education, culture, tourism and people-to-people exchange.

3. VIETRADE strives to boost export through Amazon

Vu Ba Phu, head of the Vietnam Trade Promotion Agency (VIETRADE) under the Ministry of Industry and Trade, said that lasting for three years as of 2019, the scheme aims to help businesses build a brand name for their products as well as boost their sales via Amazon.

The deal will provide participating firms with training courses in which they will update their sales skills and better their knowledge about direct export.

Last week, the VIETRADE launched a plan solely aimed at promoting exports via Amazon. Both parties have agreed to pick up a total of 100 firms nationwide to export through Amazon.

The VIETRADE will then give more refresher courses to local firms from now until late 2019,

with a view to selecting additional businesses capable of selling their products on Amazon.

Phu noted that the country's e-commerce market and internet economy in general have enjoyed robust growth in recent years. As such, the ministry always gives priority to aiding local firms in promoting their exports via e-commerce platforms.

During 2018, the country's e-commerce revenue reportedly enjoyed an annual surge of 30 per cent by reaching some US\$8 billion. The figure is expected to touch US\$15 billion by 2020.

By 2025, the e-commerce market is forecast to hit US\$33 billion in revenue, regardless of the challenges ahead.

4. Việt Nam's exports to Japan increase rapidly in Q1

Việt Nam's export value to Japan in the first quarter surged 6.7 per cent year on year to US\$4.6 billion, the general department said. Việt Nam became one of three markets gaining an export value in the billions of US dollars to Japan, after the US and China.

In March 2019 alone, the export value to Japan reached \$1.7 billion, a sharp increase of 62.3 per cent month on month and a surge of 2.7 per cent year on year.

The strong growth in Việt Nam's export value to Japan was attributed to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). According to this agreement, Japan for the first time has pledged to completely eliminate tariffs for the majority of Việt Nam's agricultural and seafood products exported to this market.

That meant Japan immediately abolished 86 per cent of tariff lines, equivalent to 93.6 per cent of Việt Nam's export value to Japan, and then this figure will increase to 90 per cent of tariff lines within five years.

On the other hand, the Việt Nam-Japan and ASEAN-Japan free trade agreements have created advantages in tariffs for some of Việt Nam's seafood products exported to Japan, reported *vneconomy.vn*.

About 62.5 per cent of Việt Nam's total goods items exported to Japan in the first quarter gained strong growth compared to the same period last year, according to the general department.

The major export products to Japan included textiles (export value of about \$900 million), means of transport and spare parts (\$630 million), machinery and equipment (\$450 million) and seafood products (\$306 million).

Especially, the fertiliser exports to this market had a sudden growth in the first quarter of 2019 to 8,126 tonnes, earning \$3.7 million. The exports rose up by five times in volume and about 11 times in value year on year.

In addition, Việt Nam saw strong growth in exports of some goods to Japan in the first quarter, including chemical products (up 70 per cent), animal feed and raw materials (up 56.8 per cent), ore and minerals (up 52 per cent), all kinds of steel (up 49 per cent) and plastic materials (up 43 per cent).

Meanwhile, Japan sharply reduced imports of cassava and cassava products from Việt Nam, with a reduction of 99.6 per cent in volume and 98.5 per cent in value over the same period, despite the average export price of cassava surging by 3.3 times to \$886 per tonne.

In 2018, Việt Nam's goods export value to Japan reached more than \$18.8 billion. Textiles and garments accounted for the largest proportion with over 20 per cent of the total export value. Meanwhile, seafood, furniture and footwear respectively hold 7.4 per cent, 6.1 per cent and 4.5 per cent.

5. Garment industry eyes 60 billion USD from exports by 2025

Last year, the industry earned 36 billion USD in exports, up 16 percent year-on-year, making the country one of the world's three biggest exporters of textiles and apparel, according to the Vietnam Textile and Apparel Association (VITAS).

Vu Duc Giang, chairman of VITAS, said the association this year set a target of 40 billion USD in exports, up 11 percent year-on-year.

Speaking at the 2019 Global Textile and Apparel Supply Chain Conference held last week in HCM City, Giang said the industry was expected to enjoy

a trade surplus of 20 billion USD, and employ 2.85 million workers.

Textile enterprises have seen positive signs for orders this year. “Many businesses have already received orders for the first six months of 2019 and even for the entire year,” he said.

Because of increased capital flow to the industry, the country has gradually completed a textile and apparel supply chain, while the upcoming enforcement of new FTAs will also be a good factor for the industry this year.

This year, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to boost the development of many industries of Vietnam, including the textile and apparel industry.

The industry is also expecting more orders to shift from China to Vietnam due to the ongoing US-China trade war.

Vietnam is participating in 16 FTAs. Ten out of 12 signed agreements have been enforced, including the ASEAN Trade in Goods Agreement, the ASEAN-China FTA and the ASEAN-Korea FTA, while the two remaining, the CPTPP and the ASEAN-Hong Kong FTA, have not yet come into force.

Participation in various FTAs could help Vietnamese enterprises have more choices in exporting their products, but it also brings challenges to the industry, according to VITAS.

The FTAs that Vietnam has signed all have environmental barriers with higher green standards, which require enterprises to improve not only product quality but also production processes.

If enterprises fail to do this, they will face a risk of having orders stopped or rejected, especially orders from major international garment brands.

Most Vietnamese textile and apparel enterprises do outsourcing, so they rely heavily on orders from other countries.

Customers worldwide are now more environmentally conscious, which has forced global brands to improve operations to include higher environmental and social standards.

Giang recommended that Vietnam should continue its efforts to ensure environmental protection in manufacturing to become a “sustainable supplier of choice” of textile and apparel.

The country has committed to fully implementing 17 goals of the 2030 Agenda for Sustainable Development to ensure economic, social and environmental benefits, according to Giang.

“Implementing a shared responsibility to respond to the 21st century's biggest global challenge, Vietnam and the international community ratified the Paris Agreement on climate change in 2015. And the textile industry is part of that commitment,” he said.

Nguyen Thi Tuyet Mai, chief representative of VITAS office in HCM City, said that many provinces established their own industrial parks for textile and garment activities.

The industrial zones have invested and put into operation wastewater treatment systems, helping businesses complete their responsibility to protect the environment during production.

VITAS set up an Environment Committee three years ago and has taken part in an action programme for the Green the Textile and Apparel Industry group.

In addition, last year VITAS and the World Wide Fund (WWF) for Nature launched a project to green the textile industry. The project aims to encourage players in the domestic textile sector to promote better river basin governance, water quality improvement and sustainable energy use.

Marc Goichot from WWF-Greater Mekong said that greening the textile sector in Vietnam would help achieve its wider goal of addressing river governance and energy sustainability, which are top global environmental concerns.

With 6,000 factories nationwide, employing some three million people, the textile and apparel industry contributes 15 percent of exports. The industry is, however, causing a serious environmental impact.

Intensive water extraction, use and discharge of wastewater, and high-energy consumption for

water heating and steam generation caused by the industry can seriously affect water resources and greenhouse gas emissions.

As the industry continues to expand, improvement in practice will be required to reduce the impact.

The UN predicts there will be a 40 percent water shortage globally by 2030.

6. Vietnam's attractive business environment facilitates more US investments

The view was shared at a roundtable discussion on investment policies with the presence of Vietnam's Minister and Head of the Government Office Mai Tien Dung, former US Assistant Secretary of State and current President of the Asia Group Kurt Campbell, along with other US major corporations' executives in Washington (local time) on April 10.

Campbell said Asia Group and other US companies want to know more about Vietnam's investment environment and policies, as well as the country's development strategy.

Representative of VISA highly regarded Vietnam's effort in promoting e-payment, adding the company would continue to work with local companies in realizing this vision.

At the conference, Minister Dung said Vietnam's GDP growth reached a 10-year high of 7.08% in 2018, while the government fulfilled 12 economic development goals, of which nine exceeded the targets.

According to Dung, the US – Vietnam relationship has progressed comprehensively over the past few years. Evidently, the bilateral trade turnover

has maintained steady growth, reaching US\$60.28 billion in 2018, up 18% year-on-year.

Additionally, Vietnam has created favorable conditions for US enterprises doing businesses in Vietnam, including the renewal of investment license for the US\$4.2-billion Ho Tram casino resort project with the joining of equity firm Warburg Pincus. The government has also approved the participation of AES Corporation in Son My LNG terminal project in the central province of Binh Thuan.

In the time to come, the Vietnamese government would focus on three major directions, Dung added.

Firstly, it will focus on improving efficiency of legal framework and state governance, stabilizing macro-economy in a sustainable manner.

Secondly, the government will develop a digital economy with the focus on priority sectors, including high-tech agriculture, tourism, logistics and supporting industries, among others.

Thirdly, it will keep reforming tax policies for greater economic competitiveness, aiming for transparency, fairness and efficiency.

7. Vietnam projected to attract US\$42 billion in solar power projects by 2035

Statistics from the Ministry of Industry and Trade showed that 121 solar power projects have been approved as of August 2018, which are expected

to add 6,100 megawatts (MW) of output by 2020 and another 7,200MW by 2030.

This would far exceed the estimated output of 4,000MW by 2025, but still accounts for only 6% of total electricity output in Vietnam, said Le Hai Hung, a lecturer at Hanoi University of Science and Technology, at a conference discussing the potential of Vietnam's solar energy on April 10.

Of the total, 25 solar farms have signed power purchase agreements with Vietnam's biggest power producer and sole distributor Electricity of Vietnam (EVN), not to mention another 221 projects awaiting approval, with a combined 13,000MW of potential output, Hung informed.

He noted that Vietnam has an average solar irradiance of 4 – 5kwh/sqm/day, which is higher than global average and comparable to developed solar markets in the region such as Thailand, China or the Philippines.

According to Hung, Vietnam is in the process of developing a full-fledged regulatory regime for renewable energy with various policy instruments including Feed-in-Tariff (FiT) support at 9.35 US cents per kWh in a 20-year period, which is higher than the average price of VND1,800.

In the latest revision of Vietnam's power development plan, the country targets to increase the share of renewable energy in its energy mix from 7% in 2015 to 21% in 2030 or 27.2GW of installed capacity.

“These factors have contributed to a sharp increase in the number of solar power projects in Vietnam,” Hung stated.

Nguyen Thi Mai Dung from GreenID Vietnam said a large number of new solar investment projects

that are mainly planned in Central and Southern Vietnam has raised concerns regarding potential land-use conflicts.

In addition, the high concentration of planned projects in a few provinces is causing grid integration challenges in these areas.

Under this context, GreenID has proposed a dual-use approach that combines food production and solar energy generation on the same land area, aiming to reduce land-use conflicts and generate multiple benefits for the society, Dung added.

“More importantly, the approach would cause less impact on the power grid due to reduced capacity density,” she said.

Given its characteristics, solar power could be considered an important instrument for Vietnam to fulfil the sustainable development goals, Emilia Motoasca, lecturer at Belgium's KU Leuven University, told **Hanoitimes**.

“Solar power can be produced in places where traditional energy sources have not been able to reach, especially in remote areas,” Motoasca stated.

Motoasca said the availability of electricity would help improve locals' sustainability and reduce their usages from the grid.

“Solar energy is the future, and Vietnam has a bright future,” she said, adding the country has good climate where people can harvest solar energy everywhere and all year long.

Corporate News

8. Stock market briefs on April 16, 2019

↓ -0.69%

HCMC - Vietnam Prosperity Joint Stock Commercial Bank (VPB) has projected its consolidated pre-tax profit at VND9.5 trillion (US\$409.4 million) this year, up 3% from 2018. The bank has plans to issue a maximum of 260 million shares for local and foreign investors to increase the foreign ownership ratio in VPB to 30%.

HCMC - The Hochiminh Stock Exchange has suspended the trading of shares of Khang An Investment Real Estate Company (KAC) from April 19, as KAC had repeatedly violated regulations on information disclosure after being put under special surveillance.

HCMC - Bui Thuy Giang, a large shareholder of Mekong Fisheries Company (AAM), has registered to sell 700,000 AAM shares, reducing her stake from 13.57% to 4.86%. Thus, she is no longer a major shareholder of AAM.

HCMC - Taseco Air Services JSC (AST) has approved a plan to issue nine million shares to

pay a 2018 second round dividend for shareholders some time this year.

HCMC - Tien Phong Bank (TPB) looks to raise its charter capital to VND10 trillion (US\$430.6 million) this year. The bank also expected to generate VND3.2 trillion in pre-tax profit, surging 42% over last year, according to documents prepared for its annual shareholder meeting slated for April 23.

HANOI - TNG Investment and Trading JSC (TNG) has released a report on its first quarter performance, saying its after-tax profit reached VND37 billion, up 72% over the same period last year.

HCMC - Song Da Urban & Industrial Zone Investment & Development JSC (SJS) decided last week to pay a 2016 cash dividend for its shareholders on September 30, instead of April 15 as earlier planned, due to the lack of cash.

9. CII: CII transfers its stake at Hoa Phu Company

↓ -1.44%

On April 11, 2019, the Board of Directors of Hochiminh City Infrastructure Investment Joint Stock Company (CII) approved the policy on

transferring all of stake at Hoa Phu Joint Stock Company. Therefore, after the deal, Hoa Phu Joint Stock Company will no longer be an associated company of CII.

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