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Market Analysis

1. Fuel stocks save market from steep plunge

The slight decrease of the main index on the HCMC market was attributed to investors' high caution, especially when most regional and world stock markets ended down sharply today.

Many Asian stock markets dipped over 1% today. The Nikkei 225 index of the Japanese market fell by 1.46%, while China's Shanghai Composite tumbled by 1.12%, and Hong Kong's Hang Seng was down 1.23%. Other world stocks were seemingly taken on a roller coaster ride due to eventful trade negotiations between the U.S. and China.

Accordingly, it was still a bit of luck that the VN-Index dropped by a mere 0.66%, or 6.34 points to 951.22 today.

The Hochiminh Stock Exchange saw 112 gainers and 163 losers. More than 138 million shares were traded, worth over VND3 trillion, both down 6% against the previous session. The number of shares transacted in block deals, at over 22 million ones, contributed approximately VND750 billion to the total value.

Regarding the fuel stocks that were seen as the southern bourse's cushion today, gas firm GAS edged up by 0.5% at VND109,900, while its fellow PVD rose by 3.1% at VND19,850 with over 6.9 million shares traded.

Meanwhile, most heavyweights and bluechips declined.

Property developer VHM slipped by 2.6% at VND85,600, and dairy firm VNM inched down by 1.2% at VND128,000. Besides, budget carrier VJC fell by 1.3% at VND115,500, while insurer BVH was off 2.6% at VND75,000.

Newly-listed national flag carrier HVN remained down since its debut on May 7, by 2.8% at VND39,350.

Notably, among the bluechips, construction firm ROS reported the highest matching volume of almost nine million shares. In addition, lender STB was also among the most actively traded stocks with 4.2 million shares changing hands, followed by steel maker HPG with a matching volume of 2.8 million shares.

Four lenders, comprising MBB, TCB, CTG, and HDB, were also among the most actively traded stocks.

Real estate stock HQC led the southern bourse by liquidity, with over nine million shares changing hands, up by 5.6% to VND1,500. Its active trading might be supported by the fact that Truong Anh Tuan, chairman of the board of directors at the firm, has registered to buy 10 million HQC shares, starting from May 9.

The HNX-Index was luckier as it gained in late session, up 0.08 point, or 0.07% to 105.91. The northern market saw a total matching volume of over 25 million shares worth more than VND290 billion. Some 8.7 million shares were traded in block deals, contributing VND101 billion to the total value.

Petroleum technical service firm PVS, lender SHB, and construction firm VCG were the three biggest contributors for the growth. Both PVS and VCG edged up 1.3%, while the lender SHB rose by 1.4%.

Further, PVS and SHB took the lead by volume with 4.12 million shares and 2.67 million shares transacted, respectively.

Macro & Policies

2. Smoothing the journey

Prime Minister Nguyen Xuan Phuc, in his speech at last week's Vietnam Private Sector Economic Forum 2019 in Hanoi, impressed more than 2,500 entrepreneurs in the National Convention Centre by appealing to the consolidation of confidence among people, privately-owned enterprises (POEs), and the government via a healthy, fair, and transparent business climate.

"We will continue creating the best conditions, resources, and opportunities to the private sector to develop further, with the keywords of creating equality, encouragement, being protected, and offering opportunities," PM Phuc stressed.

Referring to equality, the prime minister wishes to see that the private sector is equally treated before the law and in competition and allocation of resources with other economic sectors. He also wants POE assets to be protected, with freedom in business given to them under the law.

At the same time, PM Phuc asked that POEs, especially those with social responsibility, are given encouragement by the government, while also being afforded opportunities in access to resources and technologies. It is expected that over the next few days, the government will release a resolution on developing the private sector in Vietnam.

Current government policy is to build up multi-sectoral economy, in which the private sector plays an important part. The sector is creating 45 per cent of GDP and 30 per cent of state budget, and using 85 per cent of Vietnam's labour forces.

Phung Quoc Hien, Vice Chairman of the National Assembly, told the forum that with the sector growing rapidly over recent years, the National Assembly and the government will fuel their development with new policies which can help them out of difficulties.

"All the new policies are in line with Resolution No.10-NQ/TW of the fifth plenary of the 12th

Party Central Committee in June 2017, which defines the private sector as an important impetus of Vietnam's economy," Hien said.

According to him, the National Assembly and the government are revising laws on local government organisation, enterprises, investment, land, securities, and intellectual property. "They will be revised this year so that obstructions of enterprises and investors will be removed. Enterprises will find it more favourable to join and leave the market, with lower costs," Hien said. "For example, the Law on Investment will be revised, in which the definition of business conditions must be clarified so that the concept can be distinguished from technical standards for business."

Over recent years, sub-licences and the vague definition of business conditions have made it difficult for localities to attract more investment, according to the Ministry of Planning and Investment (MPI).

A SPECTACULAR SURGE

The resolution of the fifth plenum of the 12th Party Central Committee affirmed the need to promote the private sector to be an important propellant of Vietnam's socialist-oriented market economy. This is an important milestone given that private businesses experienced volatile growth in the past. The resolution aims at one million active POEs in 2020, 1.5 million in 2025, and two million in 2030. It also sets targets of the private sector contributing 50 per cent of GDP in 2020, 55 per cent in 2025, and 60-65 per cent in 2030.

In the pre-1986 command-based economy, POEs were not officially recognised. In 1986 the doi moi policy was launched, under which the private sector was officially recognised as part of the economy. Gradually, the sector was broadened. Subsequently, the revised Law on Enterprises

2014 has triggered a boom in the development of POEs in Vietnam.

According to the MPI, the number of active POEs rose from 324,700 in 2011 to 561,000 in 2017, and then 715,000 as of August 2018. Last year saw the establishment of 131,275 enterprises registered at \$64.26 billion, up 3.5 per cent in the number of enterprises and 14.1 per cent in capital, as compared to 2017. Alongside that, operating enterprises increased their capital by an additional \$104.7 billion. Also, over 34,000 enterprises resumed operation, up 28.6 per cent on-year. In the first four months of 2019 the economy saw a record four-month number of over 43,300 newly-established enterprises, registered with \$23.6 billion, up 4.9 per cent in the number of enterprises and 31.7 per cent in capital, as compared to the same period last year. Moreover, operating enterprises also increased their capital by another \$37.9 billion. Besides, since early 2019, nearly 17,500 enterprises have resumed operation, up 52.6 per cent on-year. Total investment ratio by POEs in the economy's total development investment has continued to climb, from 38.7 per cent in 2015 to 43.3 per cent last year.

The private sector has contributed remarkably to GDP, at 43.22 per cent in 2015 and 45 per cent last year. It also holds 30 per cent of Vietnam's industrial production value, nearly 80 per cent of total retail and service revenue, and 64 per cent of total transported goods.

"Thus, growth and expansion of the private sector has contributed tremendously to the economic achievements in Vietnam over the last decade," said PM Phuc.

DISCRIMINATION IN TREATMENT

Dinh Ngoc Lam, director of a cocoa production firm and farm in the Central Highlands, told VIR that it took years for his company to get hundreds of signatures from a range of state officers, ministries, agencies, localities, districts, and communes for a plot of land used for planting cocoa trees.

"It's a waste of time and money. I had lost a lot of money before being able to put our company into operation, with our investment certificate granted months after I had already met all necessary conditions," Lam said. "Despite the government's efforts to cut down and simplify administrative procedures, enterprises like ours are still suffering from these complicated procedures."

"Meanwhile, another big investor with a forestry project nearby found it quite easy to obtain an investment certificate, which was granted within just a few days," he said.

According to a recent survey by the Vietnam Chamber of Commerce and Industry, POEs remained the most disadvantaged group. In 2016, more than 38 per cent of businesses claimed that "the favouritism of provincial authorities toward state-owned enterprises (SOEs) caused difficulties to their firms' business operation," up 6 per cent against 2013.

More than 42 per cent of businesses agreed with the statement that "the provincial authorities seem to prioritise foreign direct investment attraction to domestic private sector development," up 14 per cent against 2013.

Le Duy Binh, an economist at development consultant and policy analyst Economica Vietnam, said that the government's past economic strategies to assign a leading role to SOEs has held back POEs from fully exploiting opportunities of global integration. The government has sheltered SOEs from competition through preferential access to resources and restrictions on market access for POEs "State economic groups were granted preferential treatment in access to land, - export quotas, credit, and government procurement contracts including favourable tax rates," Binh added.

SEEKING MORE INCENTIVES

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, told the forum that the local garment and textile industry will likely earn an export turnover of \$40 billion this year, up from \$35 billion last year, and even \$100 billion by

2035. “But amid fierce competition from textile and garment producing nations, how can the Vietnamese textile and garment industry develop and attain more profit? We need a new impetus for the industry to develop further,” he said.

One solution involves revisions of the value-added tax policy for textile and garment firms' expanded projects, in order for the industry to encourage more investment into the sector.

Vo Quang Hue, deputy CEO of Vingroup, proposed that the government create more incentives for POEs. “Policies in encouraging investors to fund high technology and supporting industries must be created,” Hue said. “Experiences from our co-operation with foreign partners show that these policies are quite necessary.”

Meanwhile, Truong Gia Binh, head of the Board on Private Economic Development Research under the prime minister's Council for Administrative

Reform Consultancy, proposed that the government assign tasks to POEs. “The task must be big. For example, POEs can construct the north-south high-speed railway or Long Thanh International Airport. If the government assigns POEs to implement these projects, the time for completion may be less than 10 years, not 30 years.”

According to MPI Minister Nguyen Chi Dung, the government should take more drastic action to spur on the development of POEs. “The northeastern province of Quang Ninh has lured many big private enterprises for projects, including Van Don Airport. This is a strong indication of the capacity of Vietnamese enterprises,” he said. “It is the government's mission to develop ecosystems and support the private sector in the course of applying advanced technology in production. I think this is the right way for Vietnamese enterprises to learn and reach par with their foreign peers.”

3. Ho Chi Minh City calls for investment in 210 projects

According to Ho Chi Minh City People's Committee chairman Nguyen Thanh Phong, the city is calling for investment for 210 projects with the total investment capital of VND1,183.6 trillion (\$51.3 billion) in the fields of transportation, infrastructure, agriculture, trade and services, urban development, education, healthcare, sports, tourism, and entertainment.

“We understand that a good investment environment must include not only incentives for investors, but timely support from local authorities. Regular talks like this conference are very important for local authorities and investors to directly share points of view, to seek out opportunities, and especially to break through remaining bottlenecks,” Phong said at the conference on investment promotion to Ho Chi Minh City held on May 8.

“Ho Chi Minh City faces a serious shortage of capital as the current funds allocated in the state

budget can only cover 20 per cent of the demand,” Phong said.

Transportation offers the most projects (85) with the total investment capital of VND923 trillion (\$40.1 billion), including 55 projects in bridges and linking roads, seven waterway projects, eight urban railway projects, and 15 inner city road projects.

In infrastructure improvement, the city is offering 36 projects with the total investment capital of VND108 trillion (\$4.7 billion), including four car park projects, 28 projects on building technical infrastructure system, and four projects to prevent flood in the city.

The city offers 9 trade and services projects, two agricultural projects, 29 urban development projects, 14 education projects, six healthcare projects, 15 sports and cultural projects, and 14 tourism and entertainment projects.

Ho Chi Minh City is one of the fastest growing cities, contributing 22 per cent of the GDP, one third of the total industrial capacity, one-third of the total state budget, and one-fourth of the total export value of the whole country.

As of the end of 2018, 101 countries and nations were investing in Ho Chi Minh City with a total of

8,112 projects with the total investment value of \$44.9 billion.

In 2018, Ho Chi Minh City received \$7.07 billion FDI, an increase of 7 per cent compared to 2017, accounting for 22 per cent of the total FDI of the country.

4. CPTPP – a driver of shrimp export to Canada

Aquatic exports brought home 2.4 billion USD in the first four months of 2019, equivalent to the figure during the same period last year. That included 1.8 billion USD between January and March, and the shrimp sector contributed 617.6 million USD to this sum, down 20 percent year on year.

Boosting the shipment of shrimp products to potential markets like Canada is critical to help achieve the goal of 4.2 billion USD in aquatic exports this year, and making use of preferential treatments under the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) is an important measure, according to the Thoi bao Kinh te Viet Nam (Vietnam Economic Times).

As of March 15, Vietnam had shipped 23.8 million USD worth of shrimp products to Canada, up 7.5 percent from a year earlier. The revenue has increased in recent years, from 122.5 million USD in 2016 to 161.6 million USD last year.

Canada is currently the sixth biggest market for Vietnamese shrimp, accounting for almost 5 percent of total shrimp exports.

Data of the International Trade Centre show that shrimp imports by the North American country reached 513.3 million USD in 2018, down 5

percent from the previous year. Meanwhile, Vietnam is the biggest shrimp provider for this market with a market share of 30.3 percent.

The Canadian government is diversifying markets to reduce the dependence on imports from the US, and Vietnam is one of the countries Canadian businesses want to boost trade with.

The Vietnam Association of Seafood Exporters and Producers said the CPTPP, taking effect in Vietnam on January 14, will create good opportunities for the country's shrimp exporters to make use of the Canadian market as rivals like India, Thailand and Indonesia are not members of this deal.

Echoing this view, the Ministry of Industry and Trade noted Canada is one of the CPTPP members with the highest market-opening commitments. It will cut tariffs on 95 percent of imports down to zero, and that covers 78 percent of Vietnam's total exports to this market.

In addition, Canada is also one of the three CPTPP members that Vietnam lacks a bilateral trade agreement with. The two sides' export structures do not compete but are complementary.

Therefore, if businesses can grab opportunities, the CPTPP will open the door for many key products of Vietnam like textile-garment, footwear, wood and aquatic products, according to the ministry.

5. Rice exports to China need ecommerce channels: official

Speaking at the meeting in the Mekong Delta province of Dong Thap between the local government, a working team of the Ministry of Industry and Trade and a delegation of Chinese rice importers, Anh said that it is essential for Vietnamese firms to prioritize ecommerce platforms for sale, apart from traditional commerce.

“This (ecommerce) is an effective method of Vietnamese rice distribution and shipments to China,” Anh said.

Anh told the Saigon Times on the sidelines of the meeting that some Vietnamese firms have successfully shipped large volumes of rice at high prices to China through ecommerce channels.

“This is a sustainable and stable distribution channel,” he said, adding that Loc Troi Group has exported one or two rice products to the Chinese market through the ecommerce channel.

Aside from the focus on rice distribution methods to China, Anh suggested Vietnamese rice exporters should focus on the quality of their rice and meet quarantine requirements.

“As rice can affect consumers' health, Chinese authorities specifically attach great importance to the quality of imported rice,” Anh said.

In 2018, the Chinese side pointed out some problems in terms of sterilization and preservation methods for Vietnamese rice, he added.

Domestic rice exporters should proactively enhance commercial promotion activities, including joining food fairs in China to enhance the volume of rice exports, Anh stated.

“It is necessary to build and register a rice brand in the Chinese market,” he said, suggesting collaborating with Chinese outlets to sell Vietnamese-branded rice at supermarkets in major Chinese cities.

A report by the General Department of Vietnam Customs indicated that over the first two months of 2019, Vietnamese rice exports to China fell a whopping 95% year-on-year. However, the China still has high potential for rice trading, importing up to 5.32 million tons of rice per year.

6. Vietnam's seafood promoted in Brussels expo

On the sidelines of the event, the Ministry of Agriculture and Rural Development worked with the Vietnamese Embassy and Trade Office in Belgium and the Vietnam Association of Seafood Exporters and Producers (VASEP) to hold a forum on Vietnamese seafood and cooperation prospects.

VASEP also collaborated with the Directorate of Fisheries and the southernmost province of Ca Mau to organise a seminar on tra fish and Vietnamese shrimp.

Speaking at the forum, Deputy Minister of Agriculture and Rural Development Phung Duc Tien said the Vietnamese fisheries sector focuses on developing its products towards applying

modern technology, increasing product quality and values, diversifying products, and ensuring food security, safety and hygiene.

Javier Cordova Fernandez, Deputy General Manager at Mitsui & Co Europe PLC, said the company has bought Vietnamese shrimp products for years thanks to their good quality and competitive prices.

European consumers pay attention to their health, he stated, advising Vietnamese enterprises to increase product traceability and expand the use of organic feed in aquatic farming.

Last year, Vietnam exported 275,800 tonnes of aquatic products to the EU, earning 1.4 billion

USD, making it the second biggest importer of Vietnamese aquatic products.

The signing and ratification of the EU-Vietnam Free Trade Agreement in the time ahead is also

expected to raise the Southeast Asian nation's export turnover thanks to tariff cuts.

Corporate News

7. ACL: Resolution of Annual General Meeting 2019

↓ -2.20%

File Attachment

Cuu Long Fish Joint Stock Company announces the resolution of Annual General Meeting 2019 dated April 24, 2019 as follows:

[20190508 ACL-190508-Resolution-of-Annual-General-Meeting-2019--QN.pdf](#)

8. EID: Annual General Mandate 2019

↓ -1.54%

File Attachment

[EID 2019.05.04 Annual-General-Mandate-2019.doc](#)

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