



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Bottom fishers help check bearish move

With 139 gainers and 148 losers, the benchmark index fell by a slight 1.59 points, or 0.17%, against the previous session to close at 960.39 points.

Around 136 million shares worth over VND3.4 trillion changed hands on the southern bourse. Of these, block deals totaled around 22.8 million shares whose value amounted to VND918 billion. These figures were similar to Tuesday's, which suffered declines from a day earlier.

Among heavyweights, housing developer VHM climbed 1.11% to the intraday high at VND82,000 per share. Dairy producer VNM, brewer SAW, and lender BID were also in positive territory.

Lender VCB was the biggest loser among the top 10 stocks by market capitalization when it dropped 1.28% to VND69,600 per share.

Blue chips such as jewelry maker PNJ, steelmaker HPG, lender EIB, and property developer NVL declined between 1.47% and 2.49%.

Notably, HPG saw 6.3 million shares changing hands, of which foreign investors net sold 2.76 million shares. Its price fell by 1.99% to VND22,150 per share.

The United States Commerce Department said on Tuesday it would impose duties of up to 456% on certain steel produced in South Korea or

Taiwan that are then shipped to Vietnam for minor processing and finally exported to the United States. This could be the main reason which resulted in HPG's decline.

Construction firm ROS still led the market by liquidity with more than nine million shares traded, and its value stayed at the reference level at VND29,400.

Among small stocks, nearly 4.9 million shares of property developer HAG changed hands, gaining 1.69% at VND5,420. Its agriculture affiliate HNG also advanced 1.46 at VND17,350, but with a modest trade volume of 0.65 million shares.

On the Hanoi Stock Exchange, the HNX-Index inched up a slight 0.21% versus the day earlier at 103.67 points. Its market breadth was neutral with 60 advancers and 65 decliners.

Trading volume of the northern bourse dipped 17% at around 19.7 million shares while its total value increased 12.5% at VND343 billion.

Some large stocks, such as petroleum technical service firm PVS, lender ACB and construction firm VCG performed poorly.

In contrast, stone manufacturer VCS soared by 8.02% to VND66,000 with 0.74 million shares traded, a high liquidity level of this stock.

## Macro & Policies

### 2. Vietnamobile partners with Samsung to launch better voice call services

Mobile telecom provider Vietnamobile announced on Tuesday its partnership with Samsung to become one of the first operators in Viet Nam to provide VoLTE and VoWifi voice call services.

According to Vietnamobile, VoLTE, or Voice over LTE, is the 4G wireless network-based calling service that enables users enjoy high-definition voice over an LTE (Long Term Evolution) network. Meanwhile, VoWifi, or Voice over Wifi, helps users make calls with Wifi even when a mobile network is unavailable.

These two technologies have been integrated for Samsung Galaxy S10, S10+, SE and future models.

Speaking at a ceremony to launch its *Thanh Hi Sim* in Ha Noi on Tuesday, CEO of Vietnamobile, Christina Hui, said the company was working with other mobile phone producers to provide these services to its subscribers.

This move showed Vietnamobile's efforts to overcome its disadvantage of having smaller network coverage than other firms, she said.

The provider has a 3 per cent of share in Viet Nam's mobile network.

### 3. Foreign ownership cap to deter foreign capital in Vietnam's fintech

A Vietnamese central bank's proposal to limit foreign ownership in the country's fintech sector might prevent local firms from calling for foreign investment capital, experts warned.

The State Bank of Vietnam has submitted to the government a proposal on limiting the foreign holding in Vietnamese fintech firms at 30 percent with the aim to better manage the nascent financial services sector.

Currently, the foreign ownership limit in many fintech companies exceeds the 30 percent rate permitted for credit institutions as there has been so far no legal regulation on the limit applied for the fintech sector yet, according to the central bank.

Foreign investors currently hold dominant stakes in many local fintech firms. For example, the Republic of Korea's UTC Investment hold a 65 percent stake in VNPT Epay, NTT Data own a 64 percent of Payoo, Hong Kong's Champion Crest holds 51 percent of Amigo Technologies JSC, Thailand's True Money controls a 90 percent of 1Pay, and MOL Accessportal holds a 50 percent of Vietnam's top online payment system Ngan Luong.

Under the proposal, SBV said that the fintech with intermediary payment services relates to the country's banking activities and financial market. It thus directly affects the interests of service participants as well as the security and safety of the national monetary policy.

Therefore, the central bank said, it is necessary for state management agencies to adopt appropriate policies, including regulations on foreign ownership in this area, to avoid the manipulation of foreign investors, as well as ensuring national sovereignty in the banking and finance operation.

However, the American Chamber of Commerce in Vietnam (AmCham) expressed concern about the central bank's proposal on the country's payment and fintech sectors, even though it is optimistic about the government's efforts to facilitate the non-cash economy and develop the digital sector in the country.

The foreign holding limit will make Vietnamese fintech startups unable to hire talent, and keep their businesses less competitive than other regional peers, AmCham said, noting the growth of the financial and fintech services in Vietnam will

depend on legal regulations covering investment in the sector.

Sharing the same view, the Working Group for Trade and Investment of the Vietnam Business Forum also said the limit on foreign ownership in fintech will cause adverse impacts on the industry's development.

Besides, the group pointed out that the country still lacks legal regulations to guide the operations of fintech, such as peer-to-peer lending (P2P), which have made it more difficult for local fintech firms to find out proper directions for their development.

From this fact, the group has proposed to the government to soon issue additional guidelines for new fintech services, especially those are providing P2P lending services in the country.

#### **4. EVFTA to boost export growth by 5 per cent**

This forecast was made by the Vietnamese Ministry of Planning and Investment in a newly-released report that reviews the potential impacts of the EU - Vietnam Free Trade Agreement (EVFTA) and EU - Vietnam Investment Protection Agreement (EVIPA) which both sides inked in Hanoi on June 30.

Vietnam Economic Times cited the report as saying that if domestic firms are fully aware of how best to utilize tariffs, non-tariff incentives, and favourable conditions in both politics and economy to increase their exports to EU markets, the country's total export turnover could rise by 5.21 to 8.17 per cent between 2019 and 2023, 11.12 to 15.27 per cent in the 2024-28 period, and 17.98 to 21.95 per cent from 2029 to 2033, the report indicates.

The ministry said that the export growth would be driven by local firms shifting to enjoy the higher benefits from the EVFTA in comparison with other trade deals as their export capacity remains limited.

#### ***Foreign inflows needed***

Experts said that it is good for Vietnam to get foreign investment in its fintech sector as support in technology, experience and capital from global major foreign financial groups will help local firms further develop.

Meanwhile, the Vietnamese fintech sector is also attractive to foreign investors thanks to its high growth potential. According to a report on Vietnam's fintech growth potential released by APAC-focused consulting firm Solidiance, Vietnam's fintech market value is expected to increase from US\$4.4 billion in 2017 to US\$7.8 billion in 2020.

The wave of foreign investment in the sector is forecast to continue in the future as more foreign financial institutions want to seek a relationship with local fintech firms, considering it an effective and rapid measure to be able to have access to 70 percent of the country's unbanked population.

Farm produce, manufacturing and processed categories, and apparel and footwear products in particular would top the list of beneficiaries of the EU's tariff cuts as they are predicted to record impressive growth over the future.

Other beneficial industries include transport, finance and insurance, and other services.

In a medium and long - term approach, foreign direct investment inflows into the country would help boost exports to the trading bloc, largely due to tariff cuts and the elimination of non-tariff barriers.

Meanwhile, means of transport, machinery, telephones and components, processed food items, and drinks are poised to top the list of EU exports to Vietnam.

Nguyen Chi Dung, Minister of Planning and Investment, said the signing of both EVFTA and EVIPA will enable the country to deepen its economic integration and speed up administrative

reforms relating to business climate, intellectual property, public procurement, and labor use.

The EVIPA is expected to help woo additional high-quality investment projects from EU enterprises. Given this, the Government has been reviewing adjustments and supplements to current laws on investment, enterprises, land

management, environmental protection, and labor use.

Furthermore, legal and institutional systems would be perfected to lure additional investments from the private sector in infrastructure and public services, thus paving the way to furthering overall development.

## 5. Vietnam's tourism sector brought to tipping point: WB

The WB said in its Special Focus on Vietnam's Tourism Developments that Vietnam has been experiencing a tourism boom for most of the past decade, establishing itself as one of Southeast Asia's top tourist destinations.

The country has capitalized on surging global and regional demand, successfully captured market share from its Southeast Asian competitors and over the past three years, achieved record growth in both international and domestic visitor numbers.

More than 15 million foreigners now visit Vietnam a year, compared to only four million a decade ago, alongside roughly 80 million domestic traveler trips, which have similarly quadrupled in number over the past 10 years.

Spending by these visitors has translated into rising employment and incomes for workers and firms in Vietnam's tourism sector, including for relatively poorer localities and segments of the population.

By 2017, tourism directly accounted for 8% of Vietnam's gross domestic product, with additional contributions through indirect multiplier effects, and was the country's single largest services export.

Due to its tendency to employ high numbers of low-skilled, rural and youth workers, tourism has also had high pass-through effects on poverty reduction in Vietnam. In the process, it also appears to have helped the redistribution of income from richer to poorer localities in Vietnam.

As such, the sector's continued growth is viewed by the Government as a strategic priority and an

important contributor to Vietnam's socioeconomic development.

According to the WB, rapid visitor growth has been achieved, in large part, through a shift to a lower-spending visitor mix, a continued emphasis on mass market tourism products and increased concentrations of visitors into already-crowded and popular local destinations.

This has exposed Vietnam's vulnerabilities in terms of infrastructure capacity, tourism human resources and environmental sustainability, the world lender warned.

If left unchecked, this profile of tourism growth risks diminishing its economic impact, degrading natural and cultural tourism assets and eroding local community support for tourism amidst perceptions that the benefits do not sufficiently exceed the costs.

To ensure the long-term sustainability of the sector, strategic choices need to be made regarding the preferred pace, composition and geographic balance of its future growth, and these choices must be supported by decisive policy measures and investments in several areas.

The WB recommended some priorities, such as enhancing the coordination of destination planning and product development, diversifying tourism products and visitor source markets, developing tourism workforce skills, strengthening local tourism value chain links, improving visitor flow management, boosting destination infrastructure capacity and quality and protecting environmental and cultural assets.

Adopting these measures will require coordinated efforts by a wide range of public and private stakeholders, reflecting the transversal nature of

the tourism sector and the wide variety and geographic dispersal of Vietnam's tourism destinations, according to the bank.

## 6. U.S. Slaps Import Duties of More Than 400% on Vietnam Steel

In three preliminary circumvention rulings on Vietnamese steel, the Commerce Department said certain products produced in South Korea and Taiwan were shipped to Vietnam for minor processing before being exported to U.S. as corrosion-resistant steel products and cold-rolled steel. Customs officials have been ordered to collect cash deposits at rates as high as 456.23% on imports of the steel products produced in Vietnam using material from South Korea and Taiwan.

Vietnam's Ministry of Foreign Affairs didn't immediately respond to a request for comment.

It's not surprising companies will try to route products through countries such as Vietnam to dodge higher duties, said Robert Carnell, Asia Pacific chief economist at ING Bank.

"It's a no-brainer," he said. "You increase the cost and people are going to try and find a way to avoid it. It's human nature."

In another case, U.S. Customs and Border Protection is investigating six American companies for allegedly evading anti-dumping duties while importing and misclassifying Chinese-made carbon steel pipe fittings through

Cambodia, according to the U.S. Embassy in Phnom Penh.

The U.S. is hardening its rhetoric against Vietnam, one of its major trading partners and an economy that's benefiting from President Donald Trump's trade war with China. Trump described Vietnam last week as "almost the single-worst abuser of everybody" when asked if he wanted to impose tariffs on the nation.

Vietnam says it's working to reduce its trade surplus with the U.S., and is already cracking down on Chinese manufacturers who are rerouting their goods via the Southeast Asian nation for export to the U.S. in order to bypass higher tariffs.

The U.S. Embassy in Hanoi said this week it's in talks with authorities and hopes "Vietnam takes steps in the near term to address our concerns in a constructive manner."

Vietnam's annual trade surplus with the U.S. has exceeded \$20 billion since 2014 and reached \$39.5 billion last year, the highest in records going back to 1990, according to U.S. Census Bureau data.

## 7. CPTPP opens up opportunities for VN's agricultural products

Therefore, it was necessary to disseminate information on commitments in the CPTPP and implement a comprehensive and timely action plan to ensure long-term benefits for people, businesses and consumers, Minister of Industry and Trade Tran Tuan Anh said at a conference held in Ha Noi on Tuesday.

As a new generation free trade agreement, the CPTPP is expected to have a comprehensive

impact on Viet Nam's economic and social activities. In particular, it will create opportunities to expand the market for many sectors (including agricultural products), especially the markets where Viet Nam has no bilateral free trade agreements (FTA) such as Canada, Mexico, Peru and Australia thanks to preferential tariffs.

However, when the tariff barriers are removed, the technical barriers will be more stringent. The



CPTPP is recognised as the agreement with the highest standards, most comprehensive and balanced in the agricultural sector, so the requirement is to improve agricultural cultivation and goods in line with international standards.

Therefore, the CPTPP poses many challenges to the consumption and distribution of Vietnamese agricultural products.

According to Thao Xuan Sung, chairman of the Viet Nam Central Farmers' Association, despite a number of achievements in Viet Nam's agriculture sector, the quality of agricultural production in general and the consumption and distribution of farm produce in particular are still limited and even weak.

In fact, the ratio of raw agricultural exports is still high; the quality and the number of agricultural value chains remain low; the way to organise agricultural production in the value chain is still sketchy and there is a lot of barriers between the domestic market and the world market. These are obstacles faced by Vietnamese agricultural products exported to the world market, especially large markets, requiring high quality.

Under the impact of FTAs, Sung said that the domestic agricultural market was witnessing increasing competitive pressure due to the increase in the number of agricultural products imported from foreign countries.

Among many agricultural products that Viet Nam is still able to produce with good quality and quantity, it is difficult to compete with imported goods in terms of price and brand reputation.

Ensure long-term benefits

Under the CPTPP, Viet Nam's agricultural business community is putting a lot of faith, as well as hope

for large export markets, but there are many businesses wondering about competitive pressure when the production capacity of enterprises is still very limited.

According to Dang Thi Diu, director of Nam Phu Hai Aquaculture Company Limited in Quang Ninh Province, the shrimp association in Mong Cai, Quang Ninh has a total of around 100ha for raising shrimp, mainly exported to China through border trade. However, the price fluctuations of shrimp cause farmers to face a lot of difficulties. Typically, in 2019, shrimp prices have depreciated, reducing by about one third compared to the annual price of shrimp.

“We need the support from the authorities, especially the Ministry of Industry and Trade (MoIT), so that enterprises can export shrimp to the markets participating in the CPTPP,” Diu told Viet Nam News.

In order to make good use of opportunities offered by the CPTPP, Pham Quynh Mai, deputy head of MoIT's Multilateral Trade Policy Department, recommended Vietnamese enterprises actively explore information about the CPTPP, especially information on tariff preferences on those products which Viet Nam has strong export potential.

Enterprises should change their business thinking in the new context, putting pressure on competition as a driving force for innovation and development, she said.

In addition, enterprises also needed to actively cooperate with the partner markets of the agreement to strongly attract direct investment in Viet Nam in order to make full use of capital and technology transfer from large corporations. This was also a good opportunity for businesses to participate more deeply in the regional and global supply chains, Mai added.

## Corporate News

### 8. BMI: Change of personnel

↓ -2.02%

Baominh Insurance Corporation announced personnel change as follows:

Approving the resignation of Mr. Tran Duc Hiep as the authorized information disclosure staff as from July 01, 2019.

### 9. Stock market briefs Jul 3, 2019

↓ -2.02%

HANOI – Le Anh Hoi, a major shareholder of American Vietnamese Biotech Incorporation (AMV), offloaded 2.31 million AWV shares worth VND69.3 billion on June 25. Therefore, he lowered his stake in the firm to 4.43%, or 1.2 million shares. This year, AWV aims for VND850 billion in total revenue and VND230 billion in net profit, up 89% and 5% year-on-year, respectively.

HCMC – MobiFone Service JSC (MFS), a unit of State-run MobiFone Telecommunications Corporation, has set a target of making VND29.8 billion in profit this year, up 5% from a year earlier. Its revenue is expected to rise 8.5% year-on-year to VND684 billion in 2019. MFS plans to pay a 15% dividend in 2019.

HCMC – Sao Mai Group Corporation (ASM) bought 23 million shares, or a 76.67% stake, in EuroPlast Long An Solar Power JSC. Currently, ASM is

boosting its investment in some solar power projects in Ben Tre, BinhThuan, and Daklak provinces. In 2019, ASM targets net profit of VND1.24 trillion on net revenue of VND10.5 trillion, up 4% and 18% against 2018, respectively. It plans a dividend payment of 10%-20% for 2019. It made net profit of VND312 billion on net revenue of VND3.48 trillion in the first quarter of this year, down 37% and up six-fold from a year earlier, respectively.

HCMC – Vietnam Electricity Construction Corporation (VNE) has chosen July 16 as the record date to pay its final 2018 cash dividend of 4% for its shareholders. The payment is slated for July 24.

HCMC – The Board of Directors at Hoa Sen Group (HSG) has approved a plan to contribute VND4.9 billion to set up Hoa Sen International Port JSC in the southern province of Ba Ria-Vung Tau. The money is equal to 49% of the port's charter capital.



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