



# VIETNAM DAILY NEWS

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## Table of content

### Table of content

1. VN stocks fall amid lack of support
2. Textile-garment sector experiences hardship
3. Vietnam remains popular destination for foreign investment: AmCham
4. Vietnam Motor Show 2019 to feature 15 top brands
5. PwC: Focus needed on workforce upskilling
6. Vietnam seeks to ease dependence on foreign-invested firms
7. Under-deliberation prices of gasoline, electricity should not be State secrets: VCCI
8. Singapore's Doctor Anywhere signs landmark agreement with Vietnam's Bao Minh insurance

## Market Analysis

### 1. VN stocks fall amid lack of support

The benchmark VN-Index on the Ho Chi Minh Stock Exchange dropped 0.40 per cent to close at 970.26 points.

The VN-Index has lost total 1.40 per cent since the beginning of September.

More than 161.4 million shares were traded on the southern market, worth VND3.9 trillion (US\$168.4 million).

Not only large-cap stocks, even mid-cap and small-cap stocks also lost ground on Tuesday.

The VN30-Index, the VNMID-Index and the VNSML-Index were down between 0.29 per cent and 0.98 per cent.

It indicated the market sentiment was quite bearish right now, according to securities companies.

The Vietnamese stock market continued struggling with its short-term decline path, forcing investors to seek stronger stop-loss actions, MB Securities Co (MBS) said in its daily report.

Investors took a cautious stance as production reports from China gave worse signals about a global economic slowdown despite efforts of central banks to boost the world's economy.

Petroleum and energy and insurance-finance stocks were the two groups that hit Vietnamese market hard on Tuesday.

The two sector indices plunged 3.2 per cent and 2.8 per cent, respectively.

Petroleum stocks declined sharply despite the rallies of global crude, led by PetroVietnam Drilling and Well Services (PVD) losing 3.9 per cent.

Brent crude on Tuesday gained 0.43 per cent to trade at \$62.86 a barrel. It has surged nearly 8 per cent in September.

Other industries that also performed poorly included retail, real estate, healthcare and pharmaceuticals, rubber and plastics, and construction.

Meanwhile, banking, food and beverage, and agriculture were among few sectors that advanced to cushion the market.

According to BIDV Securities Corp (BSC), consumer staple stocks are highly defensive and likely to make good earnings in the future.

Companies boosting this sector were Pan Group JSC (PAN), Masan (MSN), Long An Food Processing Export JSC (LAF), and Nafoods Group JSC (NAF).

The stock market still lacks supporting information so it will likely struggle and flatter in the next trading days, Sai Gon-Ha Noi Securities (SHS) said in a note.

As the VN-Index was kept above the 970 point level, it was expected to bounce back technically on Wednesday thanks to strong purchases for stocks that had been hit hard since the beginning of the month, SHS added.

On the Ha Noi Stock Exchange, the HNX-Index was down 0.87 per cent to end at 99.97 points.

The northern market index has lost nearly 2.3 per cent in September.

Nearly 37.8 million shares were traded on the Ha Noi market, worth VND559 billion.

## Macro & Policies

### 2. Textile-garment sector experiences hardship

The Ministry of Industry and Trade has issued a report, noting that the U.S.-China trade tensions have affected currency exchange rates, resulting in higher prices for goods processed in Vietnam compared with those seen in other countries, such as South Korea and China. Local textile and garment products for export have been negatively affected.

According to some companies in the field, the number of new orders they received this year was only 70% of that seen in 2018. Further, China as the major buyer of Vietnamese fibers and materials has sharply reduced its imports.

Similarly, many large apparel firms said that they only received small orders, which were placed on a monthly basis, as of the middle of the year. Meanwhile, buyers in mid-2018 had already placed orders for the whole year.

The small orders were attributed to concerns among buyers over a possible escalation of the trade dispute between the world's two largest economies, reported the Government news site.

During the year up to August, local firms produced an estimated 410 million square meters of fabrics made from natural fibers, up 10.5% year-on-year; over 780 million square meters of fabrics made from synthetic and artificial fibers, up almost 10%; and over 3,300 million casual clothing items, rising 8.9% versus last year.

The export turnover of textiles and garments during the eight months was pegged at US\$21 billion, up 9.8% against the 2018 figure.

Despite the growth in both production and export activities, local firms should adopt various measures to cope with quickly changing orders from buyers, remarked a representative of the ministry.

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), confirmed that the local textile and garment sector has suffered losses since the last quarter of 2018, triggered by the trade dispute.

Alongside the declining export of fibers to the Chinese market, the sector came under pressure in terms of material supplies. Local firms have had to pay high costs for fabrics from China while having to lower prices for export orders.

In 2019, the country aims to earn some US\$40 billion in export turnover of textile and garment products, targeting the United States as a major importer.

Local firms in the industry had actively bolstered fiber exports to Taiwan, South Korea, Japan and Middle Eastern countries, so the sector still saw a growth rate of nearly 10% in textile and garment export revenues during the year up to August despite the difficulties, said the VITAS chairman.

### 3. Vietnam remains popular destination for foreign investment: AmCham

The Saigon Times: What made you decide to stay in Vietnam to work as executive director of AmCham Vietnam HCMC after leaving the post of United States Consul General in HCMC?

**Mary Tarnowka:** It was a combination of factors, I think. One is I really love living here in Vietnam and really enjoyed my time as Consul General working to strengthen our comprehensive partnership. As Consul General, I focused on

strengthening security ties, economic ties and people-to-people ties.

There was a lot more that I wanted to do here. When the opportunity to serve as AmCham executive director became available, it was hard to turn down. Vietnam is one of the fastest growing economies in the world. I think there are a lot of synergies with the United States. Our bilateral trade and investment relationship has grown phenomenally over the years. So I was really

excited about the opportunity to continue to help grow that relationship.

I am delighted to be back here in Vietnam in my new role with AmCham. I am excited for the opportunity to continue strengthening the economic and trade ties between the United States and Vietnam and to work with people here to build mutual benefits and mutual prosperity.

### **How is your new job?**

- I am still learning (laughing). But it is really exciting. As Consul General, I had interacted a lot with AmCham because it is one of the U.S. Government's key partner organizations with its mission to be the voice of American business and to promote trade and investment between the United States and Vietnam. I have not yet had the chance to meet all our member companies in just my first couple of weeks. But I have been able to meet many of our long term members, as well as some of our newer members at a few recent AmCham events.

AmCham celebrates its 25th anniversary this year. That's also an exciting time for me to join because some of the companies that were just starting here 25 years ago are still here now. Some of our members started as young entrepreneurs and now they are very well-established business leaders. Most of the larger companies that were there then are still here now and many are also celebrating their 25-year anniversaries. We continue to see new companies come and invest and start operations. So it is exciting to celebrate the first 25 years and plan for the next 25.

In my new role, I will be doing a lot of listening to members to see where we can really add value because AmCham provides its members opportunities through networking events, information-sharing about what is going on here in Vietnam and the United States, and advocacy both with the Vietnamese and U.S. governments to promote a positive business climate for our members.

### **Can you share with us AmCham's activities in the coming time?**

- Actually we have many events every month. For example, every month we offer an opportunity for

our members to network informally with each other. We also have many active sectoral committees, including manufacturing, agriculture, food and beverage, logistics, legal, and human resources.

Last week, we hosted our National Conference and Networking weekend, where we were excited to welcome Ambassador Daniel Kritenbrink and new U.S. Consul General to HCMC Marie Damour, as well as the members from the AmCham Vietnam chapter in Hanoi to HCMC.

AmCham Vietnam in HCMC has more than 500 corporate members and more than 1,500 business representatives. So it is one of the biggest foreign business associations here in Vietnam. We have a smaller chapter in Hanoi, but it is also quite active too.

In October this year, there will be a big event that AmCham holds every year called AmCham Suppliers Day. It promotes development of Vietnamese small and medium-sized firms and their integration into global supply chains. It promotes bilateral trade and investment and is a win-win for both the United States and Vietnamese economies. We expect even more interest this year as many firms are looking to Vietnam as they seek to diversify their global supply chains and reduce reliance on China.

### **As new Executive Director of AmCham, what will you do to promote trade and investment between the U.S. and Vietnam?**

- The core mission of AmCham Vietnam is to promote trade and investment between the United States and Vietnam. So I am talking to our member companies to ensure that we are providing value to them and see if there is a way that we can do our work better. I also am talking to companies that were members but have become inactive to see what can we do to attract them back and how can we attract other members that haven't yet participated in AmCham. That can help make AmCham Vietnam an even more dynamic organization to represent both U.S. businesses and other businesses that have trade and investment ties with the United States.

### **What do you think about the current environment for investment in Vietnam? What**

### **should Vietnam do to attract more foreign investors, especially American companies?**

- I think investors, including investors from the United States, are looking for a variety of factors when they are looking at potential destinations. One of the key factors they are looking for is a fair, transparent, predictable regulatory environment that values innovation. I also think infrastructure is a key factor, as well as the integration of that country with other countries' economies.

Vietnam has a lot of opportunities and is particularly well integrated through all of its free trade agreements in the region. I think that the work the Vietnamese government is doing to continue to streamline administrative procedures and increase transparency is very important and will be welcomed by U.S. investors and Vietnamese companies, too. So I think that's very positive.

We continue to see a lot of interest from the U.S. business community in Vietnam, both by major players and smaller businesses.

AmCham is a non-profit organization; we are funded by our member contributions and depend on our members' energy and participation. We recently started our agriculture committee

because of booming agriculture trade between our two countries. We also are establishing an infrastructure committee and are planning to launch an entrepreneurship and innovation committee. So I think those other areas will work to expand services to our members.

### **Which sectors do you think will attract American investors the most?**

- When U.S. companies are looking here, they often are looking at the opportunity for exports. Right now, agricultural exports are huge. Aviation can be a very large export both in term of aircraft and also aviation infrastructure because U.S. companies have high quality state-of-the-art equipment and services and they are ready to partner with Vietnam.

We also see opportunities in energy, a key opportunity for both investments and exports from the U.S. Vietnam is looking to expand and diversify energy supply, and there are new opportunities for liquified natural gas, and renewables like solar and wind power. These investments would be good for Vietnam and would help the trade balance. We have a lot of companies interested in smart city technologies and healthcare. So I think there are many opportunities.

## **4. Vietnam Motor Show 2019 to feature 15 top brands**

Top brands to the event include Audi, Ford, VinFast, Honda, and Lexus.

Notably, a smart mobile app will be deployed to help visitors keep a close watch of all activities during the event and choose the shows they want to attend. It also enables automobile brands to provide information for their potential customers.

The VMS, held by the Vietnam Automobile Manufacturers' Association (VAMA) in collaboration with the Vehicle Importers Vietnam Association (VIVA), is expected to attract some

200,000 visitors, and millions of live streaming video viewers.

Laurent Genet, a representative of the association, said it is not only an event for auto brands but also a magnet for car lovers who want to experience reputable models.

VAMA Chairman Toru Kinoshita said the Vietnam auto industry, despite challenges, has recorded an annual average growth of 33 percent, with positive market signs boding well for producers by year's end.

## **5. PwC: Focus needed on workforce upskilling**

Companies should be proactive in upgrading the quality of their workforce for the digital era while

also not neglecting the other fundamental obligations an employer has in respect of its



employees, regional experts from PwC told human resources (HR) professionals at an event in Ho Chi Minh City on September 10.

PwC's new survey finds that the speed of change brought about by technology is pushing workers worldwide to adapt. The majority of workers (61 per cent) are positive about the impact of technology on their day-to-day work, and 77 per cent of people will learn new skills now or completely retrain to improve their future employability.

Yet the support they receive from employers is not up to par, PwC experts from Southeast Asia said at a roundtable discussion with HR leaders at Vietnam-based firms. Most businesses are failing to take the necessary actions to grow or add future-ready talent to their organization, for example by using data analytics to make workforce decisions or creating a compelling work experience for employees.

"Everywhere in the world, the future of the workforce will rely on highly-skilled workers," said Ms. Nicole Wakefield, PwC's South East Asia Management Consulting Leader. "The situation in Vietnam is no exception. Employees and employers should think less about jobs and roles and more about the bundle of skills that they have and need in our digital world. It is this bundle of critical skills that will be the most important asset when setting up for success."

"Providing a culture of lifelong learning and upskilling and a growth mindset will be a priority for companies and their workforce. Learning will no longer be an activity that is only done once or twice a year in a formal classroom setting. Rather, it will become a regular part of people's daily or weekly working journey as they continue to adapt and evolve."

### Spotlight on employment taxes

Upskilling and employee experience aside, employers should also pay due attention to the

other core obligations they have towards their workforce.

The term "employment tax" takes centerstage here. An employment tax can be understood as any obligation that an employer has in respect of its employees. Not only does it encompass paying employees on time, it also includes fulfilling social security obligations and meeting regulatory requirements such as employment tax withholding, year-end reporting, and employee wellbeing, etc.

According to the Paying Taxes 2019 report from PwC and the World Bank Group, globally, tax authorities are collecting as much employment tax as corporate tax. The changing legislative landscape in Vietnam reflects this global trend.

Elsewhere in Southeast Asia, legislative and technological changes are also causing disruption. Other employment tax trends in the region include more aggressive and targeted tax audit activities using data analytics, focusing on payroll audits and employer obligations. Quicker access to information and collaboration between regulatory authorities are also on the rise.

"These trends and challenges warrant a greater focus on developing a comprehensive employment tax framework, focusing on acquiring the necessary tax expertise, tax engagement structure, and risk management," said Ms. Brittany Chong, Global Mobility Services Leader at PwC Vietnam. "This framework should include an employment tax strategy that is aligned to the wider tax and business strategy."

"Forward looking HR leaders are well advised to take a holistic view of all aspects of maintaining a productive workforce. Digital upskilling has been the buzzword recently and it should indeed be a focus. But that does not mean that companies can afford to neglect compliance obligations with regard to their employees."

## 6. Vietnam seeks to ease dependence on foreign-invested firms

Associate Professor Nguyen Duc Trung, deputy rector of the Banking University, said Vietnam's economy expanded 6.76 percent in the first half of

2019, lower than the 7.08 percent rate in the same period last year, but still higher than first-half figures during the 2011-2017 period.

The Vietnamese economy is facing the impact of the escalating US-China trade war. Aggregate demand decreases as an inevitable response when risk factors increase.

In the first seven months of the year, Vietnam's exports reached an estimated US\$145 billion, a year-on-year increase of 7.5 percent. The domestic economic sector accounted for US\$44 billion, comprising 30.3 percent of total export turnover, while the foreign-invested sector (including crude oil) exported goods and services worth US\$101 billion, accounting for 69.7 percent of Vietnam's export turnover.

The results reflect the dependence of the Vietnamese economy on the foreign-invested sector. Although the export turnover of the domestic economic sector increased by 12.2 percent, that of the foreign-invested sector, which plays a crucial role in offsetting the trade deficit

from the domestic economic sector, rose by only 5.6 percent in the reviewed period.

Nguyen Duc Trung said Vietnam must limit its dependence on the foreign-invested sector so that the domestic economic sector becomes a mainstay. Solutions to strengthen capacity and further improve the role of the domestic economic sector, especially the non-state economic sector, include a focus on restructuring investment, especially public investment, and developing key industries associated with support industries to enhance added value.

Dr. Pham Phu Quoc, deputy director of the Ho Chi Minh City Institute for Development Studies, said promoting administrative reform is also a way to improve the efficiency of investment and business performance. In addition, the government and state management agencies should also pay more attention to curbing overspending.

## 7. Under-deliberation prices of gasoline, electricity should not be State secrets: VCCI

The VCCI sent its feedback to the Ministry of Industry and Trade on a prime-ministerial decision draft on the list of State secrets for industry and trade.

The VCCI stated that gasoline and electricity prices are crucial input parameters for businesses to devise their production and business plans. Therefore, many businesses need to know about price adjustments by the State as soon as possible.

“There used to be a phenomenon before every upward adjustment, where a number of gas stations cited technical reasons to suspend their sales of gasoline in anticipation of a price hike, affecting the supply for residents and businesses,” stated the VCCI.

The VCCI added that thanks to the inspection and efforts of State agencies and wholesale fuel traders, the situation has been greatly mitigated and has seen no recurrence in the past few years.

The VCCI noted that the current system for revising gasoline prices and their price calculation method are stipulated in the Government's Decree 83/2014 on the oil and gas business. Based on

these rules, it is relatively easy to predict the timeline for price adjustments and pricing levels.

Prior to each price adjustment, some newspapers provide very accurate forecasts of gasoline price plans, based on public input parameters of the international market. “In fact, these forecasts do not have a significant impact on normal gasoline trading activities on the (local) market,” VCCI stressed. Therefore, any deliberation by ministries on gas price calculations should not be treated as a State secret.

Regarding electricity, the VCCI pointed out that due to the characteristics of simultaneous production and consumption, the speculative risk of this item is very low.

The chamber indicated that it may merely be a phenomenon of increasing electricity usage before each price increase, which can affect the transmission capacity of the line system.

However, this risk is not high and is easily handled through technical and operational measures. For example, authorities could adjust prices when the load capacity is low.

Having taken these factors into account, the VCCI urged the ministry to re-evaluate the negative and

positive effects of keeping calculations on the gasoline and electricity prices confidential.



## CORPORATE NEWS

### 8. Singapore's Doctor Anywhere signs landmark agreement with Vietnam's Bao Minh insurance

↓ -0.41%

Singapore-based telehealth startup Doctor Anywhere today signed a Strategic Cooperation Agreement with Bao Minh Insurance, one of the largest insurance groups in Vietnam, to bring online healthcare services to Bao Minh's customers throughout Vietnam.

The agreement will bring a suite of online and offline healthcare services, including doctor video-consultation and medication delivery, online health and wellness shopping marketplace, home-based healthcare services, and more, all on one single platform to the people in Vietnam. This is the first significant regional expansion that is announced by Doctor Anywhere, with a few other major partnerships in discussion.

Under this partnership, more than 7million Bao Minh customers will have access to Doctor Anywhere's suite of digital healthcare solutions.

#### THE LARGER TREND

In March this year, Doctor Anywhere partnered with Indonesia-headquartered ride hailing company Gojek to offer offline and online medical consultations to its drivers in Singapore. Under the partnership, Gojek driver-partners will also be eligible for discounts of up to 40% for various services provided by wellness partners on Doctor Anywhere's marketplace, Mobihealth News reported.

One of the players in the health tech space in Vietnam is Jio Health who raised \$5M in series A funding led by VC fund Monk Hill's Ventures in April. Jio Health operates an online healthcare app (available on iOS and Android platforms) and a physical facility in Saigon. The startup provides on-demand access to healthcare services such as primary care, chronic disease management, pediatrics and ancillary care services.

#### ON THE RECORD

"We are thrilled to establish our footprint in Vietnam, one of the fastest growing developing economies in Asia. Since our launch in Q2 2019, we have established our presence in the business hubs of Ho Chi Minh City and Hanoi, with plans to roll out more clinics and pharmacies in key cities in the upcoming months. With this landmark agreement with Bao Minh, we will be able to strengthen our commitment to deliver convenient healthcare solutions tailored to the needs of the Vietnamese people, and become the model for case study in other Asian healthcare markets," said Mr Lim Wai Mun, Founder and CEO of Doctor Anywhere in a statement.

Mr Le Van Thành, General Director and board member of Bao Minh, said: "Bao Minh is thrilled to be the pioneer in the Vietnam market to offer digital healthcare solutions as part of our insurance programs. We are always on the lookout for innovative ways to improve our service quality. This collaboration with Doctor Anywhere will allow us to be well-positioned to meet the demands of the digital age in Vietnam."

**Research Team:** Tsugami Shoji    Researcher    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***Japan Securities Incorporated – JSI***

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)

Website: [www.japan-sec.vn](http://www.japan-sec.vn)