



# VIETNAM DAILY NEWS

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Table of content

## Table of content

1. VN-Index dips for second straight session
2. Vietnam's new regulatory changes to increase market access for foreign investors
3. 81 percent of workers want less working hours
4. Door open wide for farm produce export to Europe
5. Vietnam posts budget surplus in eight months
6. Chinese imports bearing "Made-in-Vietnam" labels remain rampant
7. Hong Kong, Japanese firms seek to invest US\$3 billion in Ha Tinh
8. Stock market briefs September 11, 2019

## Market Analysis

### 1. VN-Index dips for second straight session

The main index closed the day at 969.31, dropping 0.95 point, or 0.10% against Tuesday, with 157 stocks advancing and 138 others falling. Turnover in the HCMC market slipped 4% in both volume and value to 154.5 million shares worth VND3.7 trillion.

Meanwhile, the VN30-Index gained 2.48 points, or 0.28%, to reach 885.52, seeing 13 winners, 13 losers, and four stocks moving sideways.

Among bluechips, some stocks extended their rally, including lender VCB, consumer goods firm MSN, steelmaker HPG. Notably, HPG was among the most actively traded stocks, with 4.7 million shares changing hands. Besides this, many bank stocks, such as TCB, CTG, HDB, STB, reported a matching volume of over one million shares each.

By contrast, property developer VHM was a big loser as it fell 1.93% to VND86,300. Construction firm ROS was the poorest performer with a staggering decline of 2.5%.

It is also well noted that FTM of Duc Quan Investment and Development JSC (Fortex) has been wildly volatile recently. As of September 11, FTM had traded in the negative territory for 19 consecutive sessions.

Fortex has issued a press release today about its stock's constant negative trading. The firm recorded revenue loss of VND31 billion during the first half of 2019, provoking lots of bad news about the firm to be spread on social media platforms.

The ungrounded news has affected the prestige of Fortex, its shareholders' interest, as well as investor sentiment, according to the release.

Fortex is working with investigative police, representatives of securities firms and investors to clarify such news, Nguyen Hoang Giang, board chairman at the firm, was cited by Vietstock.vn as saying.

Giang added that the firm will adopt further moves to cope with similar ungrounded news on the local stock market that can exert negative impacts on Fortex and trigger concern among investors.

On the northern market, HNX-Index made a slight recovery, adding 0.2 point, or 0.2% versus the previous session at 100.17, with 64 winners and 49 losers. The Hanoi market saw 25.47 million shares worth VND351 billion transacted, down over 30% in volume and value.

## Macro & Policies

### 2. Vietnam's new regulatory changes to increase market access for foreign investors

With positive revisions in market access conditions and investment incentives, the draft Law on Investment is expected to open up broader opportunities for foreign investors in the Vietnamese market.

The bill, which amends the Law on Investment 2014 and will be discussed at the National Assembly's eighth session next month, includes the two long-awaited changes regarding foreign investors that would institutionalize the Politburo's recently-issued Resolution No.50-NQ-TW, which gives guidelines to the new FDI attraction strategy towards 2030.

The bill supplements the list of business lines with conditional market access for foreign investors. The list includes the business lines where foreign investors are not yet allowed to operate in, and others where they are only allowed to enter under certain conditions. For business lines not on the list, the conditions for market access for foreign investors are the same as for the domestic ones.

The government will adjust the list based on socio-economic development as well as laws and international treaties on investment. This is aimed to simplify procedures and increase transparency, as well as facilitate the country's commitments on opening the market under new-generation free trade agreements (FTAs) and international treaties on investment which Vietnam has signed.

It also harmonizes Vietnam's different FTA commitments having different market access approaches.

Once the draft law is approved, foreign investors will only need to look up the list without having to compare or check the conditions stated in the more than 10 FTAs and hundreds of related legal documents, as they currently do.

As for the second awaited change, the bill will add some sectors and investment activities eligible to investment incentives. Under the draft law, the new fields include research and development (R&D), manufacturing and trading of products as a

result of scientific research, innovation activities, manufacturing of goods, among others.

The draft also proposes adding a mechanism allowing the government to decide to add investment incentives and extend the schedule for existing investment incentives to encourage development of a sector, an area, or especially important projects. The added incentives cannot be higher than 50% of the current highest level, while the extension cannot be longer than the longest time period available.

These projects include new and expanded R&D centers, innovation centers with the total investment capital of VND6 trillion (US\$260.87 million) or more, and projects in the sectors eligible for special incentives and with the total investment capital of at least VND30 trillion (US\$1.3 billion).

#### Positive development

Dang Huy Dong, former Deputy Minister of Planning and Investment, said the amendment of the Law on Investment 2014 is necessary to keep up with rapid changes in the market, especially the capital market.

"We have seen new businesses models based on innovation, Industry 4.0, and the sharing economy emerge in bigger numbers. The regulatory changes aim to attract higher-quality foreign-invested projects which will better serve national development," Dong said.

"However, we cannot increase the quality of FDI if our business conditions and investment incentives are not up to speed. For this, the supplement of the list of conditional business lines for foreign investors is a new positive development," he added.

According to Vu Dai Thang, deputy minister of Planning and Investment, the amendment aims to institutionalize the Party's recent resolutions on the development of the private sector and to improve the policies and legal framework to

increase the quality of FDI and the efficiency of FDI attraction by 2030.

“The amendment will focus on improving the regulations on conditional businesses and conditions, the removal of unnecessary and

unreasonable conditions, the simplification of administrative procedures, and increasing the efficiency of state management and transparency, while ensuring consistency with other laws,” Thang said.

### 3. 81 percent of workers want less working hours

Around 1,300 workers had voted as of 3 p.m. Tuesday in a survey on "Reducing working hours: yes or no?" that was opened by VGCL around 11 a.m. Monday. Just 19 percent chose to keep the current working hours of 48 hours per week or working six days per week.

Most of the respondents wanted five and a half days of work at the most and one and half days off per week.

The survey was carried out following the labor federation's proposal to give workers an additional day off on December 31 this year, since Vietnamese workers have among the longest working weeks in the world and lowest number of public holidays among neighboring countries.

The survey is still open online for people to vote on. It will end in five days.

### 4. Door open wide for farm produce export to Europe

The recent signing of the EU-Vietnam Free Trade Agreement (EVFTA), which is expected to take effect from early 2020, has opened the door wider for Vietnamese farm produce to make inroads into the more than 500-million people strong market.

According to Chairman of the Vietnam Pepper Association Nguyen Nam Hai, Vietnam exports about 40,000 tonnes of pepper to the EU each year, meeting 53 percent of the market's demand.

Along with pepper, other agricultural products are gaining foothold in EU countries such as fruits, vegetables and cashew nuts.

Nguyen Quoc Toan, Director of the Agro Processing and Market Development Authority (Agrotrade) under the Ministry of Agricultural and Rural Development, said the EU is one of the three biggest importers of Vietnamese farm produce.

In the first eight months of 2019, the EU market accounted for more than 12 percent of Vietnam's agricultural exports, he noted.

Deputy head of the European-American Market Department under the Ministry of Industry and Trade Tran Ngoc Quan said the EU is committed to

removing 94 percent of the total 547 tariff lines for vegetables and fruits after the EVFTA comes into effect.

Apart from farm produce, the EU is also the second largest seafood importer of Vietnam, making up 17 percent of the country's total aquatic export value, he added.

To boost exports to a choosy market like the EU, businesses should improve the quality of products and ensure food safety and origin tracing.

Vuong Truong Giang, head of the plant protection department's food safety and environment office from the Ministry of Agriculture and Rural Development, suggested Vietnamese firms seek solutions to controlling the quality of products from producing to processing and preserving stages, and building standardize material growing zones to meet requirements on origin.

Minister of Agriculture and Rural Development Nguyen Xuan Cuong said the ministry has approved a planning scheme for key fruit growing areas in the southern region through 2020.

Meanwhile, Minister of Industry and Trade Tran Tuan Anh said his ministry will work with trade counselors in EU countries to update trade barriers and help businesses attract investment in production and processing.

Businesses exporting farm produce to the EU said to penetrate the market, there is no need to place heavy premiums on export volume, instead focusing on the quality and transparency of the origin of products, designs and brands./.

## 5. Vietnam posts budget surplus in eight months

Ending August, State budget revenue was estimated at VND997.6 trillion, meeting 70.7% of this year's target and rising by 12.4% year-on-year, whereas spending was over VND901.3 trillion, or 55.2% of this year's projection. Therefore, the nation reported a State budget surplus of around VND96.3 trillion during the period, according to *Tin Tuc*, a media outlet of Vietnam News Agency.

Of the figure, revenues paid direct to the central budget were VND556 trillion, or 68.7% of the whole year's goal. Meanwhile, localities contributed VND441.6 trillion to the State coffers.

Between January and August, the Government strictly oversaw expenditure following spending schedules of organizations using the State budget, thus meeting the nation's demands to invest in infrastructure projects, socioeconomic development, security and defense, ensure operation of the state apparatus and raise base wages for local civil servants, the official said.

However, the nation still saw slow budget disbursement for development investment projects, prompting the Government to set a deadline for those failing to meet spending schedules. The slow disbursement also caused budget spending to fall far behind the target, and thus the budget surplus in the eight-month period.

According to the ministry, the estimated development investment capital was VND161.2 trillion in the eight months, meeting just 37.9% of the plan assigned by the National Assembly and 41.4% of that allocated by the Government. This figure is lower than the same period in 2018, at 45.5% of the Government's target.

There were five ministries, agencies and six localities having the disbursement ratio of over 70%, including Hai Duong, Thanh Hoa, Hung Yen and Phu Yen, the Electricity of Vietnam (EVN), the Vietnam Bank for Social Policies and the Ministry of National Defense.

However, up to 29 ministries and agencies and 18 localities reported a disbursement ratio below 40%. Notably, Vietnam Bank for Agriculture and Rural Development, the Ministry of Transport, the Ministry of Health and the Ministry of Education and Training posted a low disbursement rate despite high capital allocation.

The slow disbursement was attributed to bottlenecks such as difficulties in capital plan allocation and adjustment and project infeasibility. Some projects could not be implemented despite several times of capital allocation, the official explained.

Le Tuan Anh, deputy head of the ministry's Department of Investment, said that the Government has recently sent a notice to relevant authorities in different sectors, asking them to accelerate the progress to meet this year's capital disbursement plan.

By September 30, if a project cannot be executed, meaning State capital failed to be delivered, it will be withdrawn. In addition, the Prime Minister has made strong guidelines to solve problems in site clearance and procedures, Anh said.

According to economist Vu Dinh Anh, to speed up the disbursement for public investment, it is necessary to eliminate ineffective and foot-dragging projects. Besides, the Government should speed up administrative reform to support investors.



## 6. Chinese imports bearing “Made-in-Vietnam” labels remain rampant

At an online conference to examine how customs agencies can prevent product origin fraud, held on September 10, Quang noted that customs officials had found four suspicious trucks transporting some 100 tons of clothes, motorbike and electric bike accessories and electric devices from the north to the south for consumption, *Thanh Nien Online* newspaper reported.

All of the products originated from China, but many of them bore “Made-in-Vietnam” labels. Some labels even indicated that the products were made in Hanoi’s Ha Dong District, had a warranty term of one year and were certified as high-quality Vietnamese goods.

In addition, Son Tung Construction and Electronics Corporation, headquartered in HCMC’s Tan Phu District, might face criminal charges for attaching “Made-in-Vietnam” labels to speakers imported from China.

Thanh Quy Import-Export Co., Ltd, and Aeolus Henan Trading Co., Ltd, face the same fate as they were caught importing 2,880 ball-point pens bearing Vietnam’s Thien Long brand, 438 doorknobs bearing Vietnam’s Huy Hoang brand and 287 other allegedly smuggled products from China.

Similarly, H.T Co., Ltd, in HCMC recently declared the import of six containers of unglazed tiles from

China. Customs officials found “Made-in-Vietnam” labels on the packaging, stating that the tiles were produced in My Xuan A Industrial Park in Ba Ria-Vung Tau Province’s Tan Thanh District.

Au Anh Tuan, acting head of the Customs Supervision and Management Division of the General Department of Vietnam Customs, remarked that the regulations on the granting of certificates of origin are not strict enough.

The General Department of Vietnam Customs and the Ministry of Finance have reported the situation to the Vietnam Chamber of Commerce and Industry (VCCI) and the Ministry of Industry and Trade and proposed amending the related regulations.

At the conference, Mai Xuan Thanh, deputy head of the General Department of Vietnam Customs, noted that the general department has focused on investigating origin fraud cases involving steel, wood, seafood, bicycles and energy batteries and has enhanced inspections of importers of accessories.

Tuan from the Customs Supervision and Management Division stated that the Ministry of Industry and Trade and VCCI can run a background check on enterprises and their imports through the national one-door portal before granting certificates of origin.

## 7. Hong Kong, Japanese firms seek to invest US\$3 billion in Ha Tinh

At a meeting with the Ha Tinh government on September 10, leaders of the two firms said they wished to develop a deepwater seaport with six wharfs that can handle vessels of up to 300,000 tons. The logistics center, when in place, will help receive and distribute dried goods between Vietnam, Laos and Cambodia, the local media reported.

Meanwhile, the tissue paper mill will have an annual capacity of one million tons, together with plants manufacturing auxiliary equipment for the paper mill, the seaport and the logistics center.

The entire project was designed to cover 6,000 hectares of the economic zone, with 1,400 hectares for the paper mill, 600 hectares for the logistics center and 4,000 hectares of water surface area. The project is expected to be operational in 50 years.

The investors planned to execute the project in two phases, completing it within four years if approval is given.

The project, after being put into operation, will create jobs for some 3,000 laborers and contribute

an estimated US\$150 million to the State budget per year.

Lee & Man and Hokuetsu have committed to using the most up-to-date technology for the project to protect the environment.

Ha Tinh officials stated that they needed more time to consider the feasibility of the project and whether it was appropriate to develop it in Vung Ang Economic Zone.

Ha Tinh Vice Chairman Duong Tat Thang also called on the two firms to study sectors that are prioritized in the economic zone.

The investment does not match the amount of land proposed for the project, and the number of jobs being created by the project is not very high, Thang added.

Tran Tu Anh, director of the provincial Department of Planning and Investment, shared this view, noting that the province does not prioritize paper mill projects in Vung Ang

Economic Zone but the steel sector and wharf and seaport development projects.

Speaking at the meeting, Secretary of the Ha Tinh Party Committee Le Dinh Son pointed out that the province requires investors to attach great importance to environmental protection, to ensure green and sustainable development.

Son asked the two firms to review the plan's use of land and sea. Lee & Man and Hokuetsu proposed using 4,000 hectares to build six wharfs, while the Formosa Ha Tinh steel project, for example, used only 1,300 hectares of land to build 32 wharfs.

In addition, the Formosa Ha Tinh steel project created jobs for 10,000 workers, while Lee & Man and Hokuetsu have promised to employ only 3,000 local workers.

At the meeting, the two sides did not reach a conclusion. The investors were asked to review their plans for materials, technology and environmental protection and send the province their solutions to address the identified problems, Son added.

## CORPORATE NEWS

### 8. Stock market briefs September 11, 2019

↓ -0.21%

HANOI - Viet Thai Electric Cable Corporation (VTH) has appointed Tran Tri Viet as the firm's general director in a three-year tenure and Vuong Thanh Tung as vice general director. Also, the firm has dismissed Mai Phan Cam Tu from the post of acting general director.

HANOI - Viet Tu Investment JSC, a large shareholder of Petro Vietnam Gas City Investment and Development JSC (PCG), will purchase over 3.78 million PCG shares from September 12 to October 8. Viet Tu company currently holds over 1.79 million PCG shares, or a 9.49% stake.

HANOI - VITECO Vietnam Telecommunications Technology JSC (VIE) has passed a plan to sell over 938,000 VIE shares via a private placement at the price of VND10,000 per share to strategic investors. The sale is scheduled for the third quarter of the year.

HCMC - Bui Phap, board chairman of Duc Long Gia Lai Group JSC (DLG), has registered to purchase 7.5 million DLG shares from September 13 to October 12 to spur his holding to over 74.22 million shares, or a 24.8% in the firm.

HCMC - Hoang Anh Gia Lai Agricultural JSC (HNG) has passed a plan of transferring its whole ownership at Trung Nguyen Rubber company to Thadi Agriculture Processing and Distribution JSC, a subsidiary of local automaker Thaco.

HCMC - Dao Phuc Tri, general director at Yeah1 Group Corporation (YEG), bought 1.4 million YEG shares on September 10. After the transactions, his ownership at YEG is currently over 2.5 million shares, or an 8.8% stake.

HCMC - Vietnam Bank for Industry and Trade Securities JSC (CTS) has chosen September 13 as the ex-dividend date for shareholders to receive a 2018 cash dividend at 10%. The record date is September 16 and the payment date is scheduled for September 27.



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