



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN stocks suffer a sudden drop in the afternoon

The benchmark VN-Index on the Ho Chi Minh Stock Exchange plunged 1.18 per cent to end at 959.31 points.

The VN-Index lost a total of 0.72 per cent last week.

Nearly 211 million shares were traded on the southern bourse, worth VND4.5 trillion (US\$194 million).

The market was dragged down by banking, technology, mining and petroleum, as well as food and beverage sectors.

The four industry indices dropped between 2.1 per cent and 3.0 per cent, data on vietstock.vn showed.

The banking sector index lost 2.4 per cent on Monday.

The sharp fall of the Vietnamese stock market was surprising amid strong gains of other markets in the Asia-Pacific region.

Reports have shown Chinese, Japanese and South Korean economies improved in November after underperforming because of pressure from the US-China trade war.

The stock market ended in negative territory at the last minutes of the day as banks were hit by selling pressure, Thanh Cong Securities Co (TCSC) said in its daily report.

Investors were not ready to absorb the massive amount of sell-off despite no bad news about the Vietnamese economy, TCSC said.

Technically, Monday's fall indicated the VN-Index would have to withstand pressure in the next

trading days and the 940 point level may be its short-term support, the company said.

Among listed banks on the southern market, Vietcombank (VCB) lost 2.1 per cent and Bank for Investment and Development of Vietnam (BID) slumped 2.7 per cent.

Other banks like Military Bank (MBB), Vietinbank (CTG), VPBank (VPB) and HDBank (HDB) lost between 3.2 per cent and 3.6 per cent.

Large-cap stocks were also brought down.

The large-cap VN30-Index shed 1.39 per cent to close at 875.10 points.

In the VN30 basket, 25 of the 30 largest stocks by market capitalisation and trading liquidity declined while only four increased.

Selling also focused on mid-cap and small-cap stocks, pulling VNMID-Index and VNSML-Index down 0.89 per cent and 0.83 per cent.

It was a bad signal for the market, especially when the benchmark VN-Index and VN30-Index lost their support levels of 970 points and 885 points, Sai Gon-Ha Noi Securities Co (SHS) said in a note.

The VN-Index would likely fall deeper on Tuesday and there was no chance for a technical recovery, SHS added.

On the Ha Noi Stock Exchange, the HNX-Index dropped 1.56 per cent to end at 100.90 points.

The northern market index was down total 0.57 per cent last week.

More than 26 million shares were traded on the northern bourse, worth VND333.7 billion.

## Macro & Policies

### 2. Reference exchange rate down 5 VND on week's first day

The State Bank of Vietnam set the daily reference exchange rate at 23,157 VND/USD on December 2, down 5 VND from the last working day of previous week (November 29).

With the current trading band of +/-3 percent, the ceiling rate applied to commercial banks during the day is 23,851 VND/USD and the floor rate 22,462 VND/USD.

The opening hour rates dropped at most commercial banks.

At 8:15 am, Vietcombank listed the buying rate at 23,095 VND/USD and the selling rate at 23,245 VND/USD, both down 15 VND from November 29.

BIDV cut both rates by 20 VND to 23,120 VND/USD (buying) and 23,240 VND/USD (selling).

Techcombank cut 22 VND from both rates, listing the buying rate at 23,105 VND/USD and the selling rate at 23,245 VND/USD.

During the week from November 25 to 29, the daily reference exchange rate followed an upward trend, gaining a total 8 VND.

The rates listed at commercial banks were rather stable throughout the week, with VCB kept the same rates from Monday to Friday. The rates at BIDV and Techcombank ended the week slightly higher than those on Monday.

### 3. Developing renewable energy in Vietnam Through the lens of equality and sustainability

As climate change is progressing at an even greater pace than expected by various climate modelling scenarios, the Intergovernmental Panel on Climate Change (IPCC) is urging countries to take robust action to cut down greenhouse gas (GHG) emissions to limit the average global temperature increase to no more than 1.5 degrees Celsius by 2030. In September 2019, people in more than 150 countries were stepping up to support young climate strikers and demand an end to the age of fossil fuels and ensure a rapid, equitable energy revolution. The climate crisis will not wait, so neither should we. The 25th session of the Conference of the Parties (COP 25) to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2019 calls for action and champions to demand more ambition from nations to fight the climate crisis. This is also an invitation to elevate care for the environment into a national theme where all have a role to play.

Vietnam's high-level delegation is going to join the COP 25 with strong commitments in climate

change adaptation and mitigation. In its Nationally Determined Contributions (NDC), Vietnam set the target of an 8 per cent reduction in CO2 emissions, through measures such as land-use change, forest management and reforestation, low-carbon rice farming practices, and renewable energy development. It is expected that by 2030, 47.3 billion kilowatt-hours of electricity in the country will come from wind and solar energy. Under the revised Power Development Plan 7 (PDP 7) of state-run Electricity of Vietnam (EVN), renewable energy will account for a modest 10.7 per cent of the national electricity output in 2030 (see Figure 1).

This year, the development of renewable energy in Vietnam has made significant progress (see Figure 2). Notably, with a record level of solar power facilities put into operation, Vietnam has become a very active and attractive renewable energy market in Southeast Asia. This, on one hand, contributes to the reduction of GHG emissions that Vietnam has committed in the NDC.

However, this incredible development is also posing new challenges for the steady development of the national grid, as well as land use, electricity pricing, human and financial resources, and especially for equitable and sustainable development, that is, to ensure that no one is left behind because of losing their livelihoods, jobs, or agricultural land in the process.

Oxfam in Vietnam recommends three sets of solutions to work towards the development of an inclusive and sustainable renewable energy industry in Vietnam.

### **Sustainable livelihood and equality for all stakeholders**

The development of renewable energy, especially wind and solar energy, requires vast areas of land to be repurposed. People can lose their agricultural land if it is acquired and handed over to enterprises to develop renewable energy projects. Currently, there are no specific regulations to provide an explicit rate for land compensation or land price to pay landholders. The process of converting agricultural, forest, and aquaculture land into land for renewable energy generation does not engage people who are directly affected but are only subjects to the agreement between provincial governments and investors. The lack of engagement of local communities and civil society organisations undermines the rights of local people to voice their concerns. As a consequence, affected landholders are put in a disadvantaged position, receiving low land compensation rates while losing their vital production resources. This might also lead to conflicts between farmers and investors.

Recent studies by Oxfam found that women play leading roles in key value chains in the agriculture, forestry, and aquaculture sectors. The loss of production land threatens to undermine the role

of women in the household economy and thus further deepens existing gender inequality, as well as intensifying social conflicts in the future, those conflicts can already be observed between investors and local people in renewable energy projects in the central provinces of Binh Thuan and Ninh Thuan in 2019.

Currently, there are many different models for electricity sector stakeholders to join hands to reduce GHG emissions, including the conversion of low-productivity lands for renewable energy development, purchase of production land from local people, land leasing, and the use of land as shares. Among these models, using land as shares is the most sustainable mechanism.

People with land can become shareholders in renewable energy projects by contributing their plots of land, therefore, enterprises do not have to incur enormous amount of capital upfronts for land compensation, and people can participate in the protection and development of renewable energy areas, which would also mean protecting their own productive assets. This way, people can earn dividends from electricity projects, and at the same time have a source of monthly income based on their own land and do not have to forgo the land permanently. This model requires a process of testing, cost-benefit analysis, repurposing of land use, and provision of guidelines for provincial governments to work with investors. Most of all, this shareholder model requires a participatory process that includes landholders throughout the process of developing renewable energy projects.

### **Green finance for renewable energy development**

According to the Ministry of Planning and Investment, from now until 2030, Vietnam needs about \$30 billion for renewable energy development. The current green finance

**FIGURE 1: THE STRUCTURE OF POWER SOURCES IN TOTAL INSTALLED CAPACITY BASED ON REVISED PDP 7**

POWER SOURCES	2015	2020		2025		2030	
	IE (%)	PDP 7 (%)	PDP 7 rev (%)	PDP 7 (%)	PDP 7 rev (%)	PDP 7 (%)	PDP 7 rev (%)
Renewable Energy	5.37	5.6	9.9	---	12.5	9.4	21
Coal	33.45	48	42.7	---	49.3	51.6	42.6
Gas turbin	22.45	16.5	14.9	---	15.6	11.8	14.7
Hydro	37.31	25.5	30.1	---	21.1	15.7	16.9
Import	1.42	3.1	2.4	---	1.5	4.9	1.2
Nuclear	---	1.3	---	---	---	6.6	3.6



mechanism is a good way to attract the participation of the private sector. However, no green finance model is in place to facilitate climate change mitigation.

In Vietnam, there is currently no existing green financing mechanism for climate change mitigation. Commercial banks are willing to provide loans to enterprises and households to develop renewable energy. However, the lending interest rate of these loans is now 12 per cent, which is higher than the commercial lending rate. This is not fair because enterprises and people applying new technology to reduce GHG emissions and protect the environment should enjoy a lower rate of interest than commercial loans. This would incentivise the people and enterprises to contribute to the promotion of renewable energy.

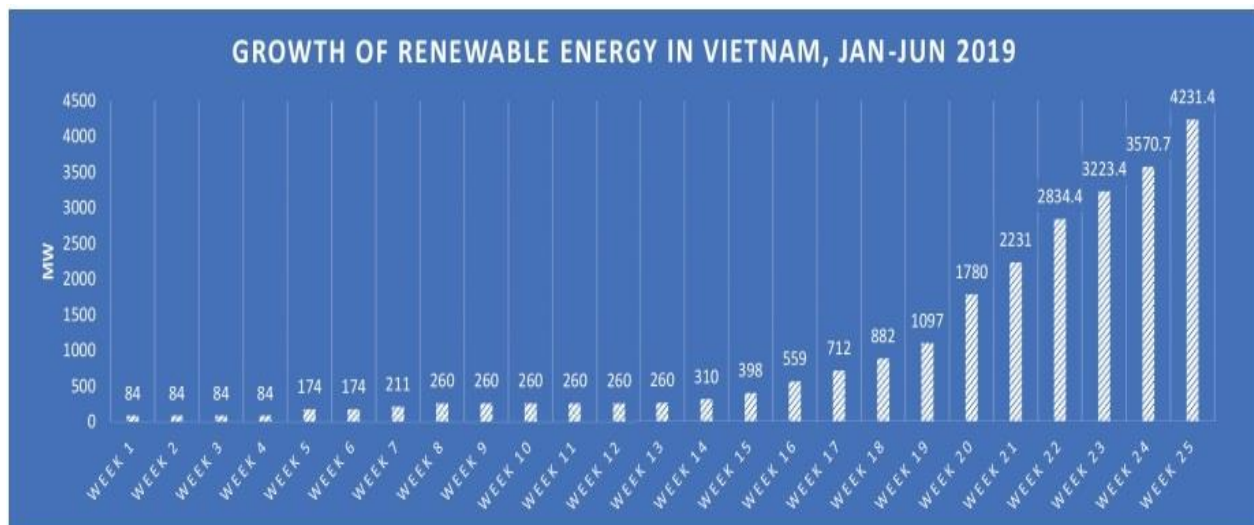
Vietnam is part of the Climate Vulnerable Forum (CVF), which is the group of the world's most disaster-prone, climate-vulnerable countries. There are 10 Asian members: Afghanistan, Bangladesh, Bhutan, Cambodia, Mongolia, Nepal, the Philippines, Sri Lanka, Timor-Leste, and Vietnam. With their people experiencing some of the worst impacts of climate change – from super cyclones to extreme flooding, displaced communities, and disappearing arable land – CVF governments and their citizens know that inaction is no longer an option. Despite having done very little to cause climate change, the CVF is taking impressive steps to tackle it. On the international

stage, it has been a leading moral voice for greater ambition, successfully advocating for the inclusion in the Paris Agreement of a global goal to limit temperature increase to 1.5 degrees Celsius, under the motto “1.5 degrees to thrive”.

In 2015, CVF member states created the Vulnerable 20 (V20) Group of Finance Ministers, to bring together the finance ministers of all CVF countries (which now number more than 20). The V20 is focused specifically on mobilising financial resources for climate action. It has called on international financial institutions to align their operations with the Paris Agreement, the 1.5 degrees Celsius limit, and with their member economies' 100 per cent renewable energy vision in support of sustainable development.

Vietnam needs to adjust the renewable energy targets in the revised PDP 7 and its Strategy of Renewable Energy Development to be consistent with the CVF vision of 100 per cent renewable energy by 2050. It should also avoid borrowing for new coal plants or lifetime extensions for existing plants.

Most importantly, although the development of renewable energy to replace coal and fuel energy is essential, the development process requires consideration of sustainable livelihood solutions for the local communities and an approach for mutual benefits between investors and local people.



#### 4. Vietnam's economy stays positive amid global growth slowdown: PM

Vietnam's economy remains positive despite the slowdown in global economic growth, especially in Asia, over the last 11 months, Prime Minister Nguyen Xuan Phuc said while chairing the Government's regular meeting for November on December 2.

He noted that at the recent 8th session of the National Assembly, legislators applauded the Cabinet's governance achievements as seen in the fulfillment of all the 12 targets, especially the growth target, set by the parliament.

The people put trust in and have high expectations on the Government, the PM stressed.

However, he also analysed certain problems that must be addressed immediately.

He asked the agriculture and rural development sector to overhaul disease prevention and control and work harder to sustain Vietnam's position as one of the leading agricultural product exporters in ASEAN.

Meanwhile, industrial production has decelerated in some sectors like motorcycle, automobile and fertiliser production, and there hasn't been much progress in the disbursement of public investment capital, PM Phuc pointed out.

The Government leader requested all-level authorities and sectors to step up FDI attraction and further deal with pressing cultural, social, environmental and security issues.

The PM asked Government members to work out

new solutions and initiatives to accomplish all targets for 2020, particularly the ASEAN chairmanship in 2020 and the non-permanent membership of the UN Security Council for 2020-2021, which he described as international positions with critically important roles amidst the changing world.

During the meeting, participants reviewed attainments over the last 11 months and discussed measures to perform tasks for next year.

Macro economic stability has been maintained, Vietnam attracted 31.8 billion USD in foreign direct investment (FDI) in the period, up 3 percent year-on-year, and FDI disbursement reached 17.6 billion USD.

Exports saw good growth, with a 9.2 billion USD trade surplus. Revenues from retail of goods and services also picked up 11.8 percent.

The index of industrial production expanded by 9.3 percent, and newly-established enterprises in the period numbered 126,700.

The November Consumer Price Index (CPI) was up 0.96 percent from the previous month, and the average CPI for the January-November period increased by a three-low of 2.57 percent on a yearly basis.

In particular, the number of foreign arrivals almost reached 16.2 million, up 15.4 percent from the same period last year.

#### 5. Efficient resource utilization may help Vietnam GDP grow 9 – 10%

More efficient utilization of resources would help Vietnam achieve annual GDP growth of 9 – 10%, equivalent to that of Japan and South Korea during their economic booming periods, according to Nguyen Dinh Cung, former director of the Central Institute for Economic Management (CIEM).

Efficient allocation and utilization of resources should be the core issue during Vietnam's

economic restructuring, said Cung in an interview with the governmental portal.

Cung added the incremental capital-output ratio (ICOR) showed signs of improvements, but remained at modest level of 6, while that of South Korea and Japan at their similar phases of development was only at 4 and 3, respectively.

ICOR explains the relationship between the level of investment made in the economy and the consequent increase in GDP. The higher the ICOR, the lower the productivity of capital or the marginal efficiency of capital.

Cung referred to a recent article written by Prime Minister Nguyen Xuan Phuc that stressed the government must give priority to the development of market for the sale and rental of land-use rights for farmland.

Cung said it is essential for Vietnam to have a legal framework for the operation of land-use rights market, instead of focusing on the real estate market.

“Vietnam has to make laws to capitalize land-use rights of farmers, taking them into the market, not just issuing land acquisition orders or administrative measures.”

Cung stated a well-developed land-use rights market is the best instrument to protect farmers' benefits, particularly at a time of rampant bureaucracy in the country.

Failure to comply with market principles would be a major barrier to the land grouping policy, Cung continued.

Cung also said state-owned enterprises (SOEs) are holding huge state capital under disposal, adding

market-based motivation and rightful benefits of related parties are key to utilize this resource efficiently.

Another key issue for Vietnam is to build trust from the business community towards the judicial system. Following the latest Doing Business of the World Bank, Vietnam has not seen any improvement in criteria of enforcing contracts and resolving insolvency.

Last but not least, Cung said Vietnam should be aware and grasp opportunity arising from new business models of the Fourth Industrial Revolution.

Vietnam should have incentive policies to nurture creativity, and timely address restriction and shortcomings that may emerge.

“The state must send a strong message that the citizen could do anything not forbidden by the law, instead of waiting for regulation to roll out the new business models.”

“We should not be too afraid of new business models, as those harmful to the society would not survive,” the senior economist added.

## Corporate News

### 6. CNG: Person in charge of Corporate Governance appointment

↓ -0.65%

appoint Mrs. Vo Thi Thu Suong as person in charge of Corporate Governance..

On November 29, 2019, the Board of Directors of CNG Viet Nam Joint Stock Company approved to



**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)*