



# VIETNAM DAILY NEWS

December 04<sup>th</sup>, 2019



**Table of content**

## **Table of content**

- 1. VN stocks decline for a second day**
- 2. HCM City strives for 8.5 percent GRDP next year**
- 3. Garment export target of 40 billion USD may be reached**
- 4. S. Korea, Vietnam Sign Revised Pact on Preventing Double Taxation**
- 5. Bayer accompanies sustainable agriculture in Vietnam**
- 6. Customs departments tighten supervision on foreign investment**
- 7. CII: Information on Trung Luong – My Thuan Project**
- 8. CMG: Periodic report on bond interest & principal payment**

## Market Analysis

### 1. VN stocks decline for a second day

Vietnamese shares fell for a second day as investors remained concerned about the frailty of the market following Monday's collapse.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange dropped 0.61 per cent to close Tuesday at 953.43 points.

It shed 1.18 per cent on Monday.

The VN-Index showed signs of recovery during the day but stronger selling in the afternoon session took its toll.

The intense sell-off lifted trading liquidity from the previous day.

Nearly 265 million shares were traded on the southern market, worth VND7.86 trillion (US\$341.2 million).

The figures were up a quarter in volume and 75 per cent in value from Monday's totals.

The market sentiment was quite weak at the moment, Sai Gon-Ha Noi Securities Co (SHS) said in its daily report.

Investors also seemed cautious after Asia-Pacific stock markets declined on worries about rising trade tensions, it said.

Shares in banks, securities firms, insurers and food and beverage firms continued to weigh on the market.

The indices dropped between 0.7 per cent and 2.7 per cent.

Large-cap stocks ended in negative territory with the VN30-Index losing 0.73 per cent to stand at 868.68 points.

But there was a positive sign because increased trading liquidity proved buyers were ready to buy back shares that were dumped during the day, SHS said.

The support level of 950 points motivated investors to start hunting stocks that were sold off and cushioned the market, SHS added.

On the derivatives market, the VN30F1912, which will mature later in December, was down 0.33 per cent to close at 785.10 points.

The slight fall of the VN30 futures proved investors were expecting the market to see a technical recovery soon, SHS said.

But a negative market outlook remained and the VN-Index was forecast to fall further to test the support level of 950 points, the company said.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.17 per cent to end at 101.07 points.

The northern market index lost 1.56 per cent on Monday.

More than 26 million shares were traded on the northern market, worth VND364.6 billion.

## Macro & Policies

### 2. HCM City strives for 8.5 percent GRDP next year

HCM City has set a target of achieving a growth rate of 8.5 percent in Gross Regional Domestic Product (GRDP) next year, with total private investment accounting for 35 percent of GRDP.

Nguyen Thien Nhan, Secretary of the municipal Party Committee, said the city next year would aim to create 44,000 new businesses, creating 135,000 new jobs for its people.

Speaking at the end of a two-day meeting last week in the city, Nhan said the city's labour productivity was nearly three times that of the whole country, and that its State budget revenue exceeded 3.3 percent of the target for the year.

Progress was also being made in a creative urban area in the city's Eastern part (District 2 and 9) and a project to build a smart city.

The implementation of National Assembly Resolution 54, which gives more autonomy to the city to speed up development, had seen positive results as well.

The city also targeted becoming the largest start-up centre in the country, Nhan said.

"In an aim to attract more investment for much-needed infrastructure, HCM City is trying to become a digital- and knowledge-based economy with a highly skilled workforce," he added.

The city will also continue to support enterprises with high competitiveness, focusing on green growth and the well-being of its people, according to Nhan.

Despite achievements, he said the city was facing unsustainable development, decreasing competitiveness in some sectors, and slow administrative reforms.

To achieve the targets, the municipal government would improve competitiveness to ensure growth,

and work to create a transparent business environment to draw more investment.

State-owned enterprises would be restructured to enhance their efficiency, while export markets would be diversified to avoid dependence on a single market.

The city would also continue investing in urban infrastructure and climate-change adaptation, as well as flood-prevention and traffic congestion programme.

Key industrial sectors that use advanced technology and have high added value, with an ability to join global value chains, would be the focus of development.

In addition, domestic supporting industries would be given assistance in an aim to reduce imports of spare parts and manufacturing equipment.

This year the city's economic growth is expected to be 8.32 percent, slightly higher than last year's 8.3 percent, according to Nhan.

The city's economic scale accounts for nearly 24 percent of the national economic scale, the highest figure ever.

This year, the city's budget revenue is expected to surpass the target, an increase of 9 percent over last year. Total retail sales of goods and services rose by 12.1 percent over the same period.

The total number of international visitors to the city reached 8.5 million, a year-on-year increase of 14 percent with sales up by 14.5 percent over last year.

In addition, the city attracted 6.17 billion USD worth of foreign direct investment (FDI) in the first 10 months of the year, up 3.4 percent year-on-year, according to the municipal Department of Planning and Investment./.

### 3. Garment export target of 40 billion USD may be reached

The domestic textile and garment industry is expected to reach its export revenue target of 40 billion USD this year despite facing many difficulties, said Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS).

To achieve this target, the industry needs export value growth of at least 11-12 percent for the rest of the year, he said.

According to the association, growth reached only 9.1 percent in the third quarter, much lower than the same period in 2018. However, it was higher than other textile producers including China, India and Bangladesh.

The association hopes textile enterprises will be able to deliver big orders to push export value up in December.

The most important thing is for textile and garment enterprises to search for markets, orders and alternative partners. Currently, the businesses can take advantage of the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to promote export expansion to some markets in the EU as well as Canada and Australia.

Canada holds a lot of potential for Vietnam with import value of textiles and garments reaching more than 13 billion USD each year, while Vietnam's textile and apparel exports to this market reach only about 550 million USD per year.

Vietnam does not have a free trade agreement (FTA) with Canada so the CPTPP opens the door for the Southeast Asian country's textile and apparel products. Businesses need to seize this opportunity and seek partners in Canada.

Than Duc Viet, General Director of Garment 10 Corporation, said to achieve export success, enterprises need to be aware of requirements on price, quality, quantity and production time. Moreover, they must also ensure production stability.

At the same time, enterprises should cooperate

with each other through affiliate programmes and support from the association to meet the rules of origin stated in FTAs.

Enterprises, especially small businesses, should build a production chain to meet the demand of large contracts in terms of quantity, quality and time of delivery, as well as to create a name for themselves.

In recent years, the textile and garment industry has developed strongly and exports have grown year by year, according to VITAS. However, it still faces many challenges in production and business, such as low labour productivity, lack of high quality human resources and mainly processing products rather than manufacturing them.

In addition, challenges from export markets have also put pressure on them, including increasing protectionism, higher quality demands, and environment and technical tests.

According to association, local apparel producers are facing falling export orders. Since mid-2019, some businesses have been able to sign export contracts for small quantities each month. Meanwhile, in the same period last year, many large enterprises had export orders stacked up till the end of the year.

Cao Huu Hieu, CEO of the Vietnam Textile and Garment Group (Vinatex), said most textile and garment businesses did not have enough orders to keep them operating until the end of the year.

Large businesses such as Garment 10 Corporation, Duc Giang Garment Joint Stock Company, Hoa Tho Textile Garment Joint Stock Corporation, Hanoi Textile and Garment Joint Stock Corporation (Hanosimex) had export contracts to maintain production until November, but only Viet Tien Garment Joint Stock Company was going to be busy until the year-end.

Hieu said given the current situation, the industry would find it difficult to reach the export target of 40 billion USD this year./.

#### 4. S. Korea, Vietnam Sign Revised Pact on Preventing Double Taxation

The original pact on preventing double taxation went into effect in 1994.

The latest revision seeks to improve the investment environment for South Koreans firms entering the Vietnamese market.

It includes lowering the tax rate on income generated by copyright and trademarks from 15 to ten percent.

The ministry also said that Foreign Minister Kang Kyung-wha signed a similar agreement with her Cambodian counterpart Prak Sokhonn during their meeting in Busan last week.

#### 5. Bayer accompanies sustainable agriculture in Vietnam

On June 30, the Vietnam-EU Free Trade Agreement (EVFTA) and the Vietnam Investment Protection Agreement (IPA) were signed, opening opportunities to further penetrate 28 European markets full of potential for Vietnam's products, especially agricultural products. Through the two agreements, the EU and Vietnam have also agreed to strongly develop sustainable development measures.

This co-operation and legal cohesion will not only help Vietnam attract more foreign investors but also provide opportunities for people to access high-quality products that meet international standards. This is also an opportunity for the Vietnamese agricultural sector to access innovation and technology, enhance sustainability in agriculture through improving productivity and quality, and contributing to sustainable economic development.

Digital agriculture – the key to European markets

Penetrating Vietnam in 1994, Bayer, the world's leading corporation in digital farming technology, has always been committed to accompanying the Vietnamese government in promoting digitalisation for sustainable agriculture. Prior to the EVFTA, Bayer realised that it was the time for Vietnamese agricultural products to improve their competitiveness to seize opportunities as soon as the agreement came into effect.

“70 per cent of Vietnam's food resources are produced by small farmer households on a small area of cultivation. It is clear that our digital solutions have offered great opportunities to accelerate sustainability in agriculture. It is a

critical agenda of Bayer to help smallholder farmers produce more with fewer resources,” Kohei Sakata, Customer Experience and Digital Strategy head for the Asia-Pacific region at Bayer Crop Science, shared at the Vietnam-EU Forum on Sustainable Agriculture – Agriculture 4.0: Key to the European Market held recently.

According to Kohei, in digital solutions, drones can just spray the field with crop protection products to prevent farmers from being exposed to chemicals. This will also ensure a very correct spray to the field, helping avoid the overuse or disuse of chemical products. “Drones can also save on water consumption because they use limited amounts of valuable water. Last but not least, drones are not only cost-efficient to operate but can also be a great solution for the labour shortage.”

Besides, recently, within the framework of the Rice Value Chain programme between Bayer and Trung An commune of Kien Giang, Bayer signed an exclusive strategic co-operation agreement with Trung An to jointly promote the local application of unmanned aerial systems in agriculture and provide customised plant protection services to help improve cultivation capacity and control residues in high-quality rice production, targeting the export market. Initially, the pilot project was implemented for two years (from May 2019 to April 2021) on 200 of the total 800 hectares.

Apart from that, Bayer is working on a joint project with and key stakeholders to accompany the development of sustainable agriculture in Vietnam. The activities include increasing farmers' capabilities and application of high technology in

digital farming, targeting crops favoured for exportation to EU markets to support the coming EVFTA, covering coffee, pepper, rice, and fruits.

#### Agriculture adapts to climate change

Not only contributing to the increasing competitiveness of Vietnamese agricultural products in the international market, Bayer's digital solutions also actively support Vietnamese farmers to adapt to climate change.

The abnormal change of natural conditions not only makes it difficult for farmers to select and take care of crops, but also increases agricultural pests. In this context, Bayer has launched a list of seeds that can resist pest attacks, for example, Fall Army Worm (FAW) in corn. Thanks to these technologies and solutions from Bayer, farmers can not only protect the yields but also their livelihood.

Besides these, Bayer uses social media to share information and solutions to help thousands of farmers protect crops and improve their livelihood.

Particularly, in the Central Highlands region, Bayer has implemented the coffee rejuvenation project realising that 20 per cent of Vietnam's

coffee plantation area was ageing and production is reduced by 30-40 per cent. Bayer's method is using drip irrigation, a perfect solution for nutrients, pesticides, and water to be delivered directly to the roots of the plants, thereby saving water, reducing costs, and managing risks.

"I have replanted 250 trees with 100 per cent success level. In the past, with the traditional method, the success rate was only 50 per cent. Particularly, this new method also helps me reduce costs, control pests and diseases," said Tran Van Nhien, a farmer who participated in the pilot project.

Meanwhile, in the Mekong Delta region, to help farmers produce and cultivate in the context of increasing saline intrusion and floods, Bayer has launched Arize rice that is resistant to falling down, to salinity, and drought with yield up to 20 per cent higher than current rice varieties.

"Thanks to new technologies available now, we believe that we can really help support the generation changes in agriculture to enable a more sustainable food supply chain to feed the growing world population," said Sakata.

## 6. Customs departments tighten supervision on foreign investment

The division noted that since early 2019, investment capital from China and Hong Kong has surged, according to baotintuc.vn.

In the January-October period, investments from China into the country skyrocketed by 200% against the figure seen in 2018, while investments from Hong Kong climbed 400%. Each foreign-invested project this year has cost some US\$1 million.

The projects, despite their small scale, pose high risks, Tuan remarked, adding that firms developing these projects will find it hard to invest deeply to change the origins of their goods. Instead, they can only assemble and attach "Made in Vietnam" labels to finished products before exporting them to the United States, which is currently imposing high tariffs on China.

Recently, customs agencies have discovered bicycles and lawnmowers with components imported from China being shipped to the U.S. market, Tuan reported.

To prevent goods origin fraud and illegal transshipments, customs departments are collaborating with the relevant ministries and departments to check all processes from granting licenses to reviewing exporters' production capacity, he said.

The General Department of Vietnam Customs regularly works with local and international agencies to fight origin fraud and illegal exports.

Considering statistics on import-export revenue collected over the past few months, the customs general department will work with the Ministry of

Industry and Trade to identify firms with an import-export revenue upsurge, for closer supervision.

The General Department of Vietnam Customs proposed the ministry review, supplement and amend regulations on origins of goods in Article 9 of Decree 31, stipulating simple processes and the concept of simple processing of products to ease supervision and inspections of origin fraud.

The customs agency also proposed the Ministry of Planning and Investment provide a list of firms receiving capital from countries subject to preventive measures imposed by the United States, and to intensify supervision of these firms.

In addition, the customs general department suggested the Ministry of Science and Technology collaborate with the relevant ministries and departments to amend and supplement Decree 43

on labeling items to clearly regulate that goods must meet origin regulations and have “Made in Vietnam” tags before they are shipped to foreign countries.

Over the January-October period, Vietnam earned US\$217 billion from exports, up 7.4% year-on-year. Shipments to the United States soared by 26% year-on-year. The growth rate of exports to the United States was reportedly four times higher than the average growth rate of Vietnam's exports to other markets.

Over the 10-month period, Vietnam mainly imported computers, computer parts, electric wires and electric cable wires from China. The export of these items to the United States rocketed over the period, according to statistics from the customs agency.

## Corporate News

### 7. CII: Information on Trung Luong – My Thuan Project

↓ -1.30%

Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII) has updated information on Trung Luong – My Thuan BOT Project, an important project for CII's cash flow in the period from 2019 to 2030, as follows:

1. Trung Luong – My Thuan BOT Joint Stock Company received a notice from the Ministry

of Finance about the 2018 State budget allocation for the project of VND 2,186 billion. It is expected this week, the Company will receive this disbursement.

2. The commercial banks contributing capital completed general evaluation reports. At present, the banks are submitting their Board of Directors to allow financing the project.

### 8. CMG: Periodic report on bond interest & principal payment

↑ 0.27%

CMC Corporation reports the payment of interest and principal of corporate bond as follows:

[20191203 CMG-191203-Periodic-report-on-bond-interest--principal-payment--MN.pdf](#)

File Attachment



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