



VIETNAM DAILY NEWS

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Market Analysis

1. Corporate news drives off year-end caution

Vietnamese shares moved up modestly on Thursday as some corporate news lifted market sentiment from overall caution ahead of the end of the year.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange inched up 0.12 per cent to close at 952.26 points.

The VN-Index had lost a total of 1.76 per cent in all four previous trading days.

Nearly 222.5 million shares were traded on the southern bourse, worth VND4.35 trillion (US\$187.8 million).

The southern market was boosted by some large-cap shares following positive corporate news.

Vietcombank (VCB) shares gained 1.5 per cent on Thursday and a two-day total of 3.1 per cent after the bank announced on Wednesday that it would pay an 8 per cent cash dividend for 2018 results.

It means every shareholder will receive VND800 per share. Vietcombank is expected to spend VND2.97 trillion on the upcoming dividend payout, which is planned for January 15, 2020.

Steel maker Hoa Phat (HPG) rose 1.1 per cent on speculations that shareholders and investors received good news from the firm's leaders at a meeting on Wednesday.

The National Oil and Gas Group (PetroVietnam or PVN)'s listed members such as PetroVietnam Gas (GAS), PetroVietnam Power Corporation (POW), PetroVietnam Drilling and Well Services (PVD) and PetroVietnam Technical Services (PVT) advanced on their upbeat full-year earnings' estimates.

PetroVietnam Gas estimates its full-year revenue and pre-tax profit will beat the year's targets by

20 per cent and 46 per cent. The figures are forecast to reach VND76.5 trillion and VND14 trillion, respectively.

Higher oil prices also bolstered investors' confidence in PVN's member company stocks. Brent crude was up 0.14 per cent to trade at \$66.26 a barrel.

But the market condition was still negative as investors wanted to seek profits ahead of the year-end period.

The three indices VN30-Index, VNMID-Index and VNSML-Index fell between 0.11 per cent and 0.50 per cent.

On the southern bourse, 163 stocks declined while 147 stocks increased and 63 stocks were unchanged.

According to Thanh Cong Securities Co (TCSC), despite the market growth, investors were mainly cautious and that caution prevented the VN-Index from rising further.

The VN-Index would continue swinging in the remaining days of the year from 950 points to 960 points, TCSC forecast.

Companies such as banks, retailers and real estate firms would be attractive as they are about to reveal full-year earnings and hint at next year's business plans, TCSC said.

On the Ha Noi Stock Exchange, the HNX-Index was up 0.19 per cent to end at 102.00 points, recovering from a two-day loss of total 1.37 per cent.

More than 27 million shares were traded on the northern bourse, worth VND281 billion.

Macro & Policies

2. Cars imports, crude oil help Vietnam customs beat 2019 revenue target Ngoc Mai

Hefty imports of cars and crude oil into Vietnam helped customs authorities collect over VND335.6 trillion (US\$14.48 billion) in taxes as of December 17, exceeding the target of VND315.5 trillion (US\$13.61 billion) set by the Ministry of Finance and up 11.6% year-on-year, according to the General Department of Vietnam Customs (GDVC).

In the January – November period, Vietnam imported 135,230 cars worth US\$2.91 billion, up 100.4% in volume and 97.7% in value year-on-year, leading to customs revenue of VND38.2 trillion (US\$1.64 billion), up VND19.32 trillion (US\$833.77 million) or 102.4% year-on-year.

Meanwhile, nearly 7.07 million tons of crude oil were imported in the 11-month period worth US\$3.33 billion, up 58% in volume and 38% in value year-on-year, resulting in customs revenue of VND7.87 trillion (US\$339.64 million), up 41% year-on-year.

Customs revenue from other goods also increased VND14.72 trillion (US\$635.26 million), up 5.8% year-on-year, stated the GDVC.

According to the GDVC, such positive results were thanks to Vietnam's actively participation in multilateral and bilateral cooperation with regional and international partners.

The signing and enforcement of a number of free trade agreements, including the Vietnam – South Korea FTA (VKFTA), the ASEAN – South Korea FTA (AKFTA), the Comprehensive and Progressive Trans – Pacific Partnership (CPTPP), have created a positive impact on Vietnam's business environment, supporting local enterprises to expand investment and trade activities, said the GDVC.

Additionally, as of November 30, revenue gained from measures to prevent losses to the state budget was estimated at over VND3.88 trillion (US\$167.44 million), including VND992 billion (US\$42.81 million) from resolving tax arrears, VND1.8 trillion (US\$77.67 million) from post-customs clearance, VND481 billion (US\$20.75 million) from price consulting, VND448.3 billion (US\$19.35 million) from anti-smuggling, and VND167.1 billion (US\$7.21 million) from inspections.

3. HCM City seeks to boost ornamental fish exports

It earned US\$21 million from exports in the first 11 months of the year, a rise of 5 per cent year-on-year, according to the city Fisheries Sub-department.

The city, the country's largest producer of ornamental fish, has 89ha of ponds devoted to raising ornamental fish in outlying districts, mostly in districts 9, 12, Binh Chanh, and Cu Chi, with more than 290 households involved in the business.

They raise more than 60 species of fish. Of the figure, more than 40 are bred while the rest are caught from rivers and springs.

They export to 43 countries and territories, with the EU being the biggest market, buying slightly more than half of all exports.

To develop the industry, the city has undertaken many programmes, including setting up a model under which participating companies have to properly manage their business.

They have to comply with requirements related to controlling risks, preventing the fish from contracting diseases, reducing the impacts of climatic conditions, and improving their fish-raising skills.

Thanks to this, breeders have been able to improve quality, thus raising the profile of the Vietnamese ornamental fish industry.

A key promotional event for them is the annual Ornamental Fish Festival in November. Companies raising ornamental fish promote their brands and introduce their breeding models here, Pham Thiet Hoa, director of the city Investment and Trade Promotion Centre, said.

Exports have risen sharply since 2015 when they were worth only \$12 million.

However, exports remain far short of potential since fish breeding remains small-scale and scattered, which makes it difficult to fulfil large orders, Nguyen Trong Phu, owner of an ornamental fish farm in District 12, said.

To address the problem, a specialised area should be zoned off for raising various ornamental fishes, he suggested.

A lack of research means there are no unique products in the market.

To expand the domestic market and increase exports, the city plans to upgrade breeding infrastructure and boost promotion of ornamental-fish brands.

It also plans to set up a website to boost online transactions for businesses and help them with advertising.

The city is a major centre for breeding ornamental fish, accounting for 50 per cent of the country's total exports, according to its Centre for Agricultural Consultancy and Support.

It breeds many species, both imported and local, and has many fish feed production plants.

4. Vietnam promotes rural economic development with a passion

The secret is in linkages among four segments of the cultivation, production and distribution chain. These include companies providing consumption products; local authorities directing production; cooperatives organizing product cultivation and collection and farmers.

The Nafoods Northwest Company, an innovative fruit and vegetable grower, processor and exporter, provides one successful example of this linkage.

In 2015, the company signed a contract with several local households in Son La Province to pilot Taiwanese passion fruit on 5ha. The company provided seedlings and high-tech farming techniques, and promised to buy the entire harvest. So far, it has developed and expanded its growing areas to about 2,500ha, and signed consumption contracts with over 20 cooperatives and cooperative groups. With direction by the local authorities, the cooperatives guided local farmers in implementing cultivation on their own land. Following the success of the passion fruit pilot in Moc Chau District, the model has been expanded to five other districts, with

plans to reach a 5,000-hectare provincial production zone by 2021.

Central Group Vietnam has also conducted a program of purchasing farm produce directly from farmers and cooperatives through its retail food distribution channels like Big C and GO supermarkets. So far, more than 70 cooperatives, including OCOP cooperatives and other production units have supplied 20,000 tonnes of goods to the retail system.

Recently, Central Group signed Memoranda of Understanding (MoUs) with the Ministry of Industry and Trade (MoIT) and the Ministry of Agriculture and Rural Development, under which the three sides will team up to implement programs on purchasing safe farm produce directly from local farmers. The agreement will serve as the basis for Central Group to promote the consumption of specialties grown under the OCOP Program in the northern mountainous provinces through Big C and GO. In addition to preferential trade conditions, Central Group will reserve its best display positions for promotion of Vietnamese OCOP products. The group is also

building special marketing programs exclusively for the OCOP program.

The 3T Cao Phong Agricultural Cooperative (Cao Phong District, Hoa Binh Province), one of the collective economic units that has food safety certification for orange growing has improved production and increased values of citrus products such as oranges and tangerines. In addition to its free market throughout the country, in 2018, Cao Phong oranges filled the shelves at Co.op Mart supermarkets in the southern region and Big C in Hanoi. Vietnam Airlines serves Cao

Phong orange specialties as a dessert for business passengers on its nearly 70 routes.

According to experts, to further develop OCOP products, localities need separate, synchronous policies for the OCOP program from production and processing to consumption. They also need to promote large-scale production to meet the output demand and product quality, and to enhance trade promotion and advertising on different forms of media. The close coordination between businesses and modern distribution systems will contribute significantly to popularizing OCOP products with consumers.

5. Labor exports exceed year's target

Viet Nam sent 14,772 workers overseas in November, focusing on such markets as Japan (9,219 ones), Chinese Taipei (4,590 ones) and the Republic of Korea (395 ones).

This year, Japan is the most attractive market as it allows Vietnamese laborers to return to work for a second time in many sectors. Higher wages were also offered while Vietnamese are permitted to extend their working time to five years.

In July this year, Minister of MOLISA Dao Ngoc Dung and Japan's Minister of Justice exchanged a memorandum of cooperation (MOC) on sending specific skilled workers of Viet Nam to work in Japan.

Last year, a cooperative agreement was inked between the MOLISA and the Bulgarian Ministry of Labor and Social Policy.

In 2018, 37 Vietnamese laborers were licensed to work in Bulgaria. Viet Nam may provide 50,000 laborers for Bulgaria in six areas including construction, garments, high-tech agriculture and nursing.

The cooperative agreement is expected to pave the way for further cooperation in labor, consisting of labor export and vocational training.

6. Local sugar firms concerned by reduced import tariffs under ATIGA

The Ministry of Industry and Trade had earlier proposed the Government allow a two-year delay of the agreement's execution, as suggested by local sugar companies, news site VnEconomy reported.

After getting the Government's approval, the ministry announced the delay to partners and confirmed it would officially lower the tax rates from January 1 next year.

On February 20, the ministry also asked the Vietnam Sugarcane and Sugar Association to announce to its members and sugarcane growers the date that the ATIGA would take effect, so that

they can create appropriate production and business plans.

However, local sugar companies have yet to work out specific plans to adapt to possible changes in the market when the ATIGA takes effect.

Several sugar enterprises have proposed the Government submit a plan to the National Assembly to waive value-added tax for locally produced sugar.

According to the Ministry of Industry and Trade, domestic enterprises want the Government to

continue applying safeguards to local sugar products.

They noted that sugar prices on the world market are low as many countries have sought ways to support their sugar exporters; stabilize sugar prices; and secure the interests of consumers, sugarcane growers and sugar processors.

Meanwhile, the ATIGA is just an agreement among ASEAN countries, so the fulfillment of commitments under the agreement will not significantly affect ASEAN countries' policies on sugar production and export.

For example, Thailand, the Philippines and Indonesia stated that they have fulfilled their commitments under the ATIGA since 2015. However, they have still set up non-tariff barriers to protect their sugar firms.

Specifically, these three countries still allow sugar imports but these sugar shipments cannot be distributed in their markets without the competent agencies' approval.

Imported sugar will only be consumed in these markets if they face a shortage of sugar.

Thailand has also used part of its profits from sugar sales to support sugar exporters.

Therefore, many Vietnamese sugar enterprises have proposed the Government consider non-tariff measures, similar to those in Thailand, the Philippines and Indonesia. Without safeguards, domestic sugar enterprises will be on the verge of bankruptcy.

According to the Ministry of Industry and Trade, these proposals are unfeasible. When Vietnam announced the delay of the fulfillment of its commitments to the ATIGA last year, it faced strong opposition from its partners, so the agreement's execution cannot be postponed further.

The Vietnamese Government will apply trade remedies if imported sugar products pose a risk to local production and the interests of local consumers.

Corporate News

7. DPM: BOD resolution on the business plan for 202

↓ -2.27%

The Board resolution dated December 13, 2019, Petrovietnam Fertilizer and Chemicals Corporation approved the business plan for 2020 as follows:

File Attachment

[20191219_DPM-191218-BOD-resolution-on-the-business-plan-for-2020--QN.pdf](#)

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