



VIETNAM DAILY NEWS

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Market Analysis

1. Blue chips push VN-Index to 0.8-pct gaining session

The benchmark VN-index rose 7.74 points, or 0.79 percent, to 986.37 points Tuesday, with most blue chips closing in the green.

199 stocks gained while 117 stocks lost on the Ho Chi Minh Stock Exchange (HoSE), on which the benchmark VN-Index is based.

Order-matched transactions rose to VND2.6 trillion (\$112.27 million) from VND2.1 trillion (\$90.68 million) last session, a busier trading day than most sessions so far in January.

The VN30-Index for Vietnam's 30 biggest market caps gained even further with a 1.02 percent increase. 18 stocks rose and 6 stocks fell in this basket.

The five strongest gainers this session were mid-sized bank stocks led by VPB of VPBank, up 4.7 percent, followed by TCB of Techcombank, up 3 percent. HDB of HDBank and MBB of state-owned Military Bank both added 2.5 percent, while STB of Sacombank rose 1.9 percent.

In the group of Vietnam's three biggest state-owned lenders by assets, BID of BIDV and VCB of Vietcombank added 1.3 percent and 0.8 percent respectively, while CTG of VietinBank remained at its opening price.

Among the trio of stocks related to Vingroup, Vietnam's largest private conglomerate, VIC shares of parent corporation Vingroup and HoSE's biggest market cap stock, stayed at their opening price.

VRE shares of Vincom Retail, Vingroup's retail arm, and VHM of Vinhomes, the conglomerate's real estate arm, added 1.9 percent and 1.7 percent respectively.

In the other direction, FPT of IT services giant FPT was the biggest losing stock, having fallen 3.3 percent. It was followed by EIB of private Eximbank, down 1.7 percent, and SAB of Vietnam's biggest brewer Sabeco, down 1.3 percent.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, surged 1.39 percent, while the UPCoM-Index for unlisted public companies rose 0.89 percent.

Foreign investors were net buyers for the fourth consecutive session on all three bourses to the tune of VND55.34 billion (\$2.39 million). Buying pressure was focused on HPG shares of leading steelmaker Hoa Phat Group, and E1VFN30, an exchange-traded-fund that possesses stocks in all companies in the VN30 basket.

Macro & Policies

2. VNPOLY, SSFC team up for yarn production

The Vietnam Petrochemical and Fiber Joint Stock Company (VNPOLY) and Shinkong Synthetic Fibers Corporation (SSFC) from China's Taiwan have agreed to work together to produce drawn textured yarn (DTY) in Vietnam.

A cooperation agreement to this effect was inked between the two companies' representatives in Hanoi on January 20.

Under the agreement, SSFC will be in charge of providing raw materials and selling products, while VNPOLY with technical assistance so the Vietnamese firm can improve product quality and facilitating high-end market expansion.

Initially, the two sides will run at least 10 DTY production lines at VNPOLY and will gradually operate all DTY line in the future./.

3. Japanese businesses seek investment opportunities in Binh Phuoc

A Japanese business delegation led by Sakai Hironori, President of the Japan-Vietnam Friendship Association in Hyogo prefecture, on January 21 had a working session with leaders of the Binh Phuoc People's Committee, toward promoting investment in the southern province.

At the event, Chairman of the Binh Phuoc People's Committee Tran Tue Hien welcomed the association's interest in the province's investment climate, saying that Binh Phuoc hopes the association will serve as a bridge to help Japanese firms understand more about the province's potential.

He briefed the guest on Binh Phuoc's economic growth and geographical advantages.

According to Hien, Binh Phuoc is home to 230 foreign-invested projects, including four run by Japan.

Sakai Hironori, for his part, said he will bring more Japanese businesses to the province to learn about the local investment environment and seek cooperation opportunities.

According to Sakai, many Japanese firms are interested in Vietnam thanks to the dynamic young labour force.

The association and Binh Phuoc will jointly hold an event on investment promotion in October this year to bring Japanese firms to the province./.

4. Clear policies – launching platform for private economy

Clear mechanisms and policies play a specially important role as a launching platform for the private economic sector to make breakthroughs and greatly contribute to the national economic development.

Resolution 10/NQ-TW of the Party Central Committee on developing the private economy into an important driving force of the socialist-oriented market economy reflected the strong renovation of the Party regarding this issue, paving the way for the private economy to become a dynamic and creative economic sector.

To realise the resolution, the National Assembly issued and instructed the implementation of several important laws such as the Law on Competition and the Law on Support for Small- and Medium-sized Enterprises. The legislature also issued a law amending some articles of the Investment Law in which conditional businesses lines were cut down from 267 to 243 from July 2017.

The Government, ministries, sectors and localities have issued many guiding documents and implementing a wide range of action programmes,

thus creating a favourable and clear business environment for the private economy to grow.

Talking with private businesses, Prime Minister Nguyen Xuan Phuc pledged to continue providing a space, resources and opportunities for the private sector to develop more easily.

The Government leader's commitment has been concretised with a series of important policies such as Resolution 19/NQ-CP on major tasks and solutions to improve the business environment and enhancing national competitiveness in 2017, with orientation to 2020; Resolution 35/NQ-CP on business support and development by 2020; Resolution 98/NQ-CP promulgating the Government's action programme to realise the Party Central Committee's Resolution 10/NQ-TW.

[Private economic sector – important driver of economy]

In addition, an array of business environment improvement measures have been launched by the Government and the Prime Minister such as reforming administrative procedures, reducing production and business costs, accessing markets, reorganize inspection activities, and simplifying and reducing business conditions.

Many legal documents have been issued to guide the implementation of laws related to business and management activities of the private sector.

Resolution 98 delivers a message of building “a government of action” that focuses on removing institutional obstacles to help businesses reduce costs, improve operational efficiency, and raise competitiveness. On that spirit, the resolution called on ministries, sectors and localities to engage in performing the task of “creating a favourable business and investment environment for the development of the private sector and support it in renovating and modernising technologies, developing human resources, and improving labour productivity”.

The action programme also urged People's Committees of provinces and cities to organise periodical open dialogue at least twice a year with the business community and press agencies to promptly remove difficulties and obstacles facing enterprises.

In its Resolution 35, the Government has launched a series of measures to create a favourable business and investment environment, support firms in accessing credit, production and business premises, and markets as well as those to help enterprises cut production costs, thus contributing to increasing national competitiveness, promoting the development of the private sector, and forming several potential, large-scale economic groups.

A noteworthy thing in the implementation of the Government's reform programmes is the activeness and proactiveness of the concerned ministries and agencies.

In 2018, the ministries and agencies reviewed and submitted 28 legal documents, cut more than 3,300 out of nearly 6,200 business conditions, or 54.5 percent, exceeding 8.1 percent compared to that required by the Government. Those with the largest number of simplified business conditions included the Ministry of Industry and Trade, the Ministry of Health, and the Ministry of Transport.

In 2019, improving the business investment environment continued to be one of focuses of the Government. On January 1, 2019, the Government issued Resolution 02/NQ-CP on continuing to implement key tasks and solutions to improve the business environment and enhance national competitiveness in 2019, with orientation to 2021.

One and a half years since the Law on Support for Small- and Medium-sized Enterprises (SMEs) took effect, decrees and circulars guiding the implementation of the law have basically been fully promulgated. In order to urgently bring a number of policies stipulated in the law to life, the Ministry of Planning and Investment and the Ministry of Finance have been actively finalizing a draft Government Decree on supplementing a number of professions and sectors eligible for investment incentives prescribed in the Law on Support for Small- and Medium-sized Enterprises and the National Assembly's Resolution on corporate income tax incentives for SMEs.

Many localities have developed plans and projects to support small and medium-sized businesses with specific policies to meet their real SMEs development requirements.

The efforts of the Government, ministries, agencies and localities in building a transparent business

environment have created a foundation for the strong development of the private sector in recent years.

The sector has become one of the important driving forces for the national economy as it creates about 42 percent of the country's gross domestic product (GDP), contributes 30 percent of State budget revenue, and attracts 85 percent of labour force./.

5. Vietnam greenlights \$120 mln coastal road in northern province

The plan, approved by Deputy Prime Minister Trinh Dinh Dung, includes building 38.4 km of new roads and upgrading 13 km. No work will be done on the remaining 14.3 km.

Of the VND2.79 trillion price tag, VND1 trillion (\$43.2 million), or 36 percent, will come from the federal government budget and the remaining from the provincial budget and other sources.

The road will run from the province's northeastern coastal district of Giao Thuy to the southern district of Nghia Hung.

Work on the project will begin this year and finish by 2024. The road will significantly improve links between Nam Dinh and neighboring provinces.

6. Vietnam's Tough New Drunk-Driving Law Is Hurting Beer Sales

Beer sales in the country have dropped by at least 25% since strict penalties on inebriated drivers took effect on Jan. 1, while the police have issued more than 6,200 fines, according to local media. Beer companies, which complain that the punishments are too harsh, have cut prices to shore up demand ahead of the boozy Tet Lunar New Year holiday.

Authorities appear to be taking implementation seriously. In the first half of January, the Ministry of Public Security's traffic department issued fines totaling 21 billion dong in 6,279 cases, Vietnam News reported.

Vietnam's crackdown, a response to several high-profile accidents last year, has come as a surprise to many in the nation of hearty drinkers with a history of flouting alcohol restrictions (a law banning civil servants from drinking during work hours is widely ignored). The country's beer consumption has nearly quadrupled since 2004, attracting global brewers from Heineken NV to Anheuser-Busch InBev looking for growth.

A series of fatal accidents last year involving drunk drivers, including one in which a photo of boy weeping next to his dead mother's body spread on social media, led to a protest in Hanoi against lenient alcohol laws. The outcry and lobbying by the Ministry of Health and female politicians such as Nguyen Thi Kim Ngan, the nation's first National Assembly chairwoman, helped pass the law, said Vu Tu Thanh, senior Vietnam representative of the U.S.-Asean Business Council.

Under the new law, motorbike drivers can face fines as high as 8 million dong (\$345), double the previous maximum, and a possible suspension of a driver's license for two years, up from five months previously. Those driving automobiles or trucks under the influence may be hit with a penalty of as much as 40 million dong and a license suspension. The law also requires alcohol advertising to include health warnings and stores to post signs announcing the ban on alcohol sales to those younger than 18.

Health officials say Vietnam's soaring alcohol consumption is causing public health problems. An estimated 79,000 deaths a year are tied to alcohol, according to the World Health Organization.

More than 80% of the nation's drinkers are men and abuse of alcohol is leading to increasing societal harms, including vehicle accidents, domestic violence and social disorder, said Le Thi Thu, a program manager with the Hanoi-based HealthBridge Foundation of Canada. Negative effects of alcohol abuse are equal to 1.3% to 3.3% of the nation's gross domestic product, according to the WHO.

Too Tough?

The Vietnam Beer Alcohol Beverage Association, which represents domestic and international brewers, supports tougher laws to encourage responsible drinking yet thinks the new fines are too steep, said Luong Xuan Dung, the group's general secretary. Automobile drivers, for instance, could be hit with an 8 million dong penalty for having only a trace of alcohol, he said.

"We understand this regulation is necessary to make people more responsible when they drink," Dung added. "But it is still very controversial."

Vietnam's growing middle class and youthful population helped drive a 284% surge in beer consumption between 2004 and 2018, according to Euromonitor International. That's a reason behind Thai Beverage Plc's acquisition of a \$4.8 billion stake in Saigon Beer Alcohol Beverage Corp. about two years ago. Vietnam, the third-biggest swiller of beer in Asia Pacific in total volume, saw per capita household consumption rise 30% between 2013 and 2018 to 43 liters (11.3 gallons), Euromonitor International said. The U.S., by contrast, had a 4% drop.

Downing large amounts of alcohol in Vietnam is intertwined with doing business, watching sports and celebrating holidays. "People are used to drinking all the time, wherever and whenever they want," Thanh said.

Some have taken to social media to strategize on ways to get around the law. One man became an online sensation after a video was posted showing him locked in his car for hours and drinking water after being pulled over by police for suspicion of driving under the influence. He eventually was fined about 2 million dong for disobeying officers.

Beer restaurants are offering free or discounted motorbike or taxi rides home -- or back to the office -- to inebriated patrons. The sudden crackdown has led to purchases of "alcohol detox" pills online to avoid fines.

If the law is enforced, and police aren't persuaded to look the other way, "it will improve Vietnam's image, not only in the eyes of foreigners but in the eyes of its citizens," Thanh said.

Nonetheless, the law is as harsh as a cold shower for some drinkers.

Nguyen Van Thi, a 60-year-old retired soldier, and a dozen of his friends sat at a long table filled with plates of pork rolled in banana leaves, fried fish and peanuts during a recent weekday lunch in Hanoi. Staff hauled cases of Tiger Beer and 3-liter chilled glass containers of bia hoi, or fresh beer, to tables of boisterous customers clinking mugs.

"I was a soldier. I always obey the rules," Thi said. "But this law is so hard for me and my buddies."

Corporate News

7. CII: Periodic report on bond interest & principal payment

↓ -0.38%

Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII) reports the payment of bond interest and principal as follows:

File Attachment

[171711 ipal-payment--MN.pdf](#)

8. Construction giant sees profits halved

↓ -0.93%

The 2019 financial results released by the company recently shows post tax profits of VND710 billion (\$30.66 million), with revenue having fallen 17 percent year-on-year to VND23.73 trillion (\$1.03 billion).

Post-tax profits in the final quarter of 2019 also fell 27 percent year-on-year, with revenue slipping 4.5 percent and various costs rising during the period. This is the fifth straight quarter that Coteccons has seen its profits decline.

According to the Coteccons management, the plunge in profits happened because some projects were taking longer than expected to complete, inflating fixed costs, while pressure from competitors in the bidding process has driven prices down, especially in the context of there being less work in the industry this year.

Construction accounted for almost all Coteccons' revenues, with a modest amount coming from

renting construction equipment, offices and sales of materials.

On the Ho Chi Minh Stock Exchange, Vietnam's main bourse, Coteccons' shares (CTD) fell over 64 percent during 2019. CTD had opened with a price of VND156,000 (\$6.74) per share in January, but closed at just VND56,000 (\$2.42) by the year-end, and has continued to lose in most sessions this year.

According to various reports by real estate consultancies, Vietnam's real estate sector, a major source of construction work, slowed down last year, with regulatory bottlenecks obstructing the approval of new housing projects.

Latest figures from the Ho Chi Minh City Real Estate Association showed a 53 percent decline in new apartment supply in the first 9 months of 2019 in Ho Chi Minh City, Vietnam's biggest housing market, while the number of newly approved projects fell 72 percent year-on-year.

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