



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Markets advance thanks to large-caps

Vietnamese markets posted gains on Friday, spurred by dairy giant Vinamilk and other individual large-cap stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange climbed 0.36 per cent to close at 776.66 points.

The VN-Index had gained a total of 0.92 per cent in the previous two days.

Nearly 262.3 million shares were traded on the southern bourse, worth VND3.9 trillion (US\$165.9 million).

The major bourse was pulled down by profit-taking at the beginning of the day. Stocks in the financial-banking and retail industries were to blame for the market's decline in the morning session.

But in the afternoon session, strong cash flow poured into Vinamilk (VNM) helped boost VNM shares and cushion the market from dropping further.

VNM jumped 7 per cent after the company announced it would buy back 17.5 million shares.

“Liquidity returned to the average level compared to the previous sessions, showing that cash flow remained in the market. The VN-Index is likely to continue moving sideways and accumulating in a price range of 750 - 800 points,” said BIDV Securities Co.

Other large-caps that also advanced included VPBank (VPB), up by 3 per cent, steelmaker Hoa Phat Group (HPG), rising 2.3 per cent, and Masan Group (MSN), going up 2.2 per cent.

The large-cap tracker VN30-Index was up 1.05 per cent to close at 725.05 points.

On a sector basis, gainers included wholesale, real estate, information and technology, agriculture, food and beverage, construction and construction material.

On the other side, decliners included insurance, securities, retail, mining, banking, rubber production and seafood processing.

Foreign investors net sold VND345.20 billion on HOSE, including Vinamilk (VND91.19 billion), Century Land JSC (CRE) (VND38.52 billion) and Vietcombank (VCB) (VND37.01 billion). They were net sellers on the HNX with a value of VND22.67 billion.

The HNX-Index on the Ha Noi Stock Exchange closed up 0.01 per cent to end Friday at 106.97 points.

The northern market index had increased by a total of 2.17 per cent the previous two days.

Nearly 43.9 million shares were traded on the northern bourse, worth VND318 billion.

## Macro & Policies

### 2. Plan to develop Binh Phuoc into industrialised province by 2030

Binh Phuoc is set to become an industrialised province by 2030 with GDRP among the top 15 localities in Vietnam.

This is among the targets that a development plan for the southern province must detail a roadmap to achieve.

The plan-making task was recently approved by the Government in Decision 518/QD/TTg.

Accordingly, a plan for 2021-2030 with a vision to 2050 will aim to tap into local potential, advantages, resources and human factors to develop Binh Phuoc in a fast, comprehensive and sustainable manner.

It will also look to turn the province into a modern industrialised locality with comprehensive and sustainable development by 2050.

In its decision, the Government said the plan must ensure close connections between economic development, social progress and justice, gender equality, poverty elimination, and improvement of people's material and spiritual lives, especially in ethnic minority and mountainous communities.

The plan will also have to ensure the efficient use of land and natural resources, environmental protection and climate change adaptation; pay attention to mass mobilisation work and the consolidation of great national unity; and preserve and bring into play the cultural identities of each local ethnic group.

Binh Phuoc is currently part of the country's southern key economic region.

### 3. Bac Giang: More lychee to be grown for export to Japan

The northern province of Bac Giang has granted cultivation area codes to many orchards growing lychee for export to Japan this year, according to the provincial Department of Agriculture and Rural Development.

Nineteen cultivation area codes have been issued to date for 103 ha of lychee in the province to be exported to the country, primarily in the communes of Hong Giang, Nam Duong, Tan Son, Quy Son, Giap Son, and Ho Dap in Luc Ngan district and Phuc Hoa commune in Tan Yen district.

The province is actively directing lychee growers in following standardised production processes while encouraging businesses to buy lychee for export to Japan.

Bac Giang has over 28,100 hectares of lychee trees expected to produce some 160,000 tonnes of the fruit. The early lychee harvest is estimated to be 45,000 tonnes on 6,000 hectares, with the remainder grown during the main crop.

The province has recently expanded its VietGAP-standard lychee coverage to 14,300 hectares and its GlobalGAP-standard coverage to 80 hectares.

It also has 200 hectares of lychee with cultivation codes granted for exports to the US.

Given the COVID-19 pandemic, Director of the provincial Department of Industry and Trade Tran Quang Tan said scenarios have been prepared for lychee to be consumed when the pandemic ends or if the situation becomes more complicated.

China remains Bac Giang's key export market. If exports were to decline due to the pandemic, the province would increase the volume of dried lychee fruit and lychee juice while conducting online promotions.

The province will also continue to promote lychee sold in domestic supermarket networks, wholesale markets, and in the south.

Bac Giang sold over 147,000 tonnes of lychee last year, valued at 4,675 billion VND (197.3 million

USD)./.

#### 4. More than 90% of IT firms seek to expand after COVID-19

The report, "The situation of IT human resources and the recruitment plan to meet new technology", showed that only 9 per cent of IT firms did not have any recruitment plans while the rest did.

Half of the firms said that they needed to expand their staff by between 11 and 20 per cent, while a quarter needed to expand between 21 and 30 per cent.

The survey results stated three factors that are advantages in setting up a technology firm in Viet Nam, namely competitive labour costs; a stable economy and quality labour force consisting of good education, intelligence and a digital vision. However, it also said the lack of IT human resources was still the biggest challenge for technology firms.

In terms of salary, employers said experienced IT staff have been paid at a higher level compared to

experienced staff in other industries. Those with experience are paid US\$701-1000 per month while those in other industries were only paid between \$251 and \$700 per month.

The report also said the skills needed in IT in the next five years included customer-focus product development, digital transformation thinking and complex problem solving.

General director of Navigos Group Viet Nam, Gaku Echizenya, said the report was based on an analysis of a survey between candidates and employers in technology businesses in the country.

Gaku Echizenya said: "The demand for high technology has been acknowledged by many sectors and businesses in Viet Nam as IT can help a lot in developing applications to help ease jobs in dangerous situations such as the pandemic."

#### 5. Vietnam ride-hailing services resume after three-week social distancing orders

From April 23, ride-hailing apps in Vietnam have resumed operations in some localities after the three-week suspension in response to social distancing orders.

Grab Vietnam started providing its four-wheel services (GrabCar, Grab route, GrabTaxi, GrabRent) across the country, except for Ho Chi Minh City from April 23. GrabBike also reopened from April 23 in Hanoi.

Some services of beGroup are getting back to normal including beBike in some provinces and cities; and beCar and rent by hour in the cities of Hanoi, Danang, Can Tho and Quang Ninh province, except for the cities of Ho Chi Minh City, Nha Trang, Hai Phong, Vung Tau and the provinces of Dong Nai and Binh Duong. beGroup inter-provincial service remains suspended.

GoViet has also resumed its two-wheel service – GoBike in Hanoi.

According to Grab, all passengers using its four-wheel-drive service must make a mandatory medical declaration through the Vietnam Health Declaration or NCOVI apps before taking a ride.

Passengers need to disinfect hands, have body temperature checked before boarding a car and wear face masks during the trip on all Grab's two-wheel and four-wheel services. The driver may refuse to serve if passengers fail to comply with these regulations.

Grab's drivers are required to strictly follow social distancing rules, wear face masks, spray anti-bacteria solution, disinfect vehicles and wash their hands frequently during operation.

The Hanoi Department of Transport authorized from April 23 the resumption of passenger transport services in the city according to the Prime Minister's instruction at a meeting of the

government's Standing Committee for Covid-19 Prevention and Control on April 22.

Hanoi's bus services are also allowed to operate again, but at 20% to 30% of the capacity.

## 6. Vietnam freshens solar sector with FIT

The new decision will fill the gaps of Decision No.11/2017/QĐ-TTg dated April 2017 as amended by Decision No.02/2019/QĐ-TTg dated January 2019. Overall, Decision 13 draws a clear distinction between grid-connected solar power projects and rooftop solar power ones, each enjoying different regimes and feed-in tariffs (FiT).

Overall, the classification of such power schemes under Decision 13 remains the same as Decision 11 whereby solar ones are divided into grid-connected solar power schemes, and rooftop power ones.

However, Decision 13 has provided better clarity by further classifying grid-connected power projects into two types – those of floating solar power and ground solar power. Floating power projects are a new entrant in Vietnam's solar sector and it is defined as the grid-connected solar venture with photovoltaic panels installed on a floating structure on the water surface. Other grid-connected solar power projects which are not floating power in type will be taken as ground solar power projects.

Although both floating solar power and ground power ventures are grid-connected, they would enjoy a different FiT rate under Decision 13.

In that, Electricity of Vietnam (EVN) or its member units are no longer the sole power purchasers as other parties, organisations, and individuals have also been included in the definition of “electricity purchaser”. This undoubtedly paves the way for the upcoming direct power purchase agreement (DPPA) regime as proposed by the Ministry of Industry and Trade (MoIT) under Proposal No.544/TTr-BCT dated January 2020.

The model PPA, which is issued by the MoIT, will be compulsory for both grid-connected and rooftop solar power projects that involve EVN or its authorised member units as the power purchaser. As such, in the event the purchaser of a rooftop solar power scheme is any party other

than EVN or its authorised member units, the parties may freely negotiate on the contents of the PPA in accordance with the relevant laws.

Similar to Decision 11, the term of the model PPA will be 20 years from the commercial operation date (COD) for grid-connected solar power projects. With regards to a rooftop project whose power purchaser is EVN or its authorised member units, the term of the model PPA shall not exceed 20 years from the power generation date.

It appears that while the term of the model PPA in a grid-connected solar power project is fixed at 20 years, such term of the model PPA in a rooftop equivalent could be shorter as long as it does not exceed 20 years. In any case, this term may be extended or renewed in accordance with the laws at the time of such extension or renewal.

### Grid-connected solar schemes

Under Decision 13, electricity purchasers, EVN, its member units, or other parties are required to purchase all electricity produced by the project connected to the national grid system. This may be deemed a move to lower the risks of curtailment for the electricity producers, thereby encouraging investors to participate in the solar energy market.

However, Decision 13 to an extent limits the electricity purchase obligation of purchasers to only “all electricity produced for the national grid”, whereas the previous Decision 11 requires purchasers to purchase “all electricity produced from solar power projects”.

As noted above, new to Decision No. 13 is the inclusion of floating solar systems and ground power schemes in the definition of grid-connected solar power projects. Floating power systems, although still required to comply with requirements applicable to all grid-connected power projects, enjoy a more favourable FiT.



If the purchaser is EVN or its member units, the applicable FiT will be VND 1,644 per kilowatt hour (equivalent to 7.09 US cents per kWh) for ground projects and VND 1,783/kWh (equivalent to 7.69 US cents per kWh) for floating solar schemes, excluding VAT.

The exchange rate is in accordance with the central exchange rate of VND/USD as announced by the State Bank of Vietnam (SBV) on 10 March 2020. This FiT will be adjusted in accordance with any fluctuations of the applicable VND/USD exchange rate, which is the central exchange rate announced by the SBV on the date of the issuance of invoices.

In order to enjoy this FiT, solar power projects must (i) have obtained an in-principle investment approval from competent authorities before 23 November 2019, (ii) have COD between 1 July 2019 and 31 December 2020, and (iii) has a solar cell capacity of more than 16 per cent or a solar module of more than 15 per cent.

In line with Resolution No.115/NQ-CP dated August 2018 on the application of special mechanisms and policies for the socio-economic development of Ninh Thuan province, solar projects in this province may enjoy a more favourable FiT of VND 2,086/kWh, equivalent to 9.35 US cents per kWh. This FiT will be adjusted in accordance with any fluctuations of the applicable VND/USD exchange rate.

Such favourable FiT applies to projects in Ninh Thuan Province that (i) have been included in the regional power development master plan, (ii) have COD before 1 January 2021, (iii) have the total accumulated capacity not exceeding 2,000MW; and (iv) have solar cell capacity of more than 16 per cent or solar module of more than 15 per cent.

For ventures not falling into any of the aforementioned categories, the electricity price will be determined by competitive power market mechanisms. This falls in line with the competitive bidding and auction mechanism currently under development, opening up the solar energy market to a more competitive approach.

The power producer or the seller is required to invest, install, operate and maintain power metering equipment, transmission lines and

booster substations (if any), from the power plant of the producer to the connection point of the national grid. The connection point is agreed between the seller/producer and the purchaser in accordance with the approved relevant power development master plan.

Further, the seller is responsible for the loss of power on the transmission line and the loss from a booster substation of the power plant if the connection point is different from the point of the installed metering equipment. Therefore, it is imperative that the sellers make sure the connection point is the same as the metering equipment point.

### **Rooftop solar power schemes**

Rooftop solar power systems under Decision 13 are defined as those with photovoltaic panels installed on the roof of a construction and having a capacity of not exceeding one 1MW, directly or indirectly connected to the grid with a voltage of 35 kV or less of the electricity purchaser. The 1MW capacity threshold, although absent in the previous Decision 11, falls in line with Circular No.16/2017/TT-BCT dated September 2017 regulating project development and model PPA applied to solar power projects.

Accordingly, rooftop solar power schemes with capacity exceeding this threshold will be subject to master planning related procedures, which is similar to other grid-connected power projects.

Under Decision 13, the investors of rooftop solar power ventures could sell the power generated by their rooftop power system to (i) EVN or its members by entering into a model PPA, or (ii) other individuals or organisations by entering into a private PPA. As the private PPA would be negotiated between the parties, the provisions of Decision 13 as discussed below apply to the rooftop solar power project having the purchaser as EVN or its authorised members.

The applicable FiT will be VND 1,943/kWh (equivalent to 8.38 US cents per kWh). This will be adjusted in accordance with any fluctuations of the applicable exchange rate, which is the central VND/USD rate announced by the SBV on the last day of the previous year to calculate the electricity bill paid for the following year.

This FiT is only applicable to initiatives that (i) are put into operation and have the meter data confirmed between 1 July 2019 and 31 December 2020, and (ii) have solar cell capacity of more than 16 per cent or solar module of more than 15 per cent. It appears that rooftop projects which do not meet these requirements will have to find solutions with a Private PPA or wait for the DPPA programme to pitch in.

Decision 13 also provides the payment mechanism where the payment invoice is made on the basis of electricity output and input separately. The decision stands flexible with the wordings in relation to the use of the bi-directional meter and the provision on the payment for rooftop solar power projects seems to inherit the core mechanism whereby the power sellers would separately pay for the electricity input for their use, while also get paid for the electricity output generated and transmitted to the national grid of EVN.

In order to connect to the national grid directly or indirectly, rooftop power projects must register for connection with EVN or its authorised member units. This provision would facilitate the investors in terms of better security for connecting their rooftop solar power projects, while simultaneously ensuring that the national grid is not congested or overloaded. Also, EVN would be responsible to invest, install, and maintain the electricity meter.

### Roles of relevant authorities

The MoIT is responsible to co-ordinate with the People's Committee of Ninh Thuan province and EVN to inspect the solar power projects qualified for the favourable FIT under Decision 13 and Resolution 115.

Furthermore, the MoIT is given the charge to issue the standard form PPA, the electricity output metering regime for rooftop solar power systems involving parties other than EVN and its member units, and research and finalise the bidding mechanism for power projects.

The People's Committees is responsible to co-ordinate and assist investors in land clearance, compensation, facility, and workforce for the investment of solar power projects in their regions.

EVN, meanwhile, is responsible to account for the costs of purchasing electricity from solar projects that have entered into a PPA with EVN or an authorised member, and including them in the input parameters of the annual plan of electricity wholesale and retail price of EVN.

Additionally, EVN is responsible for the investment of energy reserve solutions for the system in order to ensure the stable operation of the power system on the integration of renewable energy sources, as well as the development of information management system of grid-connected and rooftop power development nationwide. EVN is also responsible to review progress of grid projects to ensure capacity release of grid-connected solar ventures and rooftop power systems, not causing overload of the national electricity system.

Streamlining the roles of the key stakeholders will help to synchronise the power master planning at a national level and minimise the risk for curtailment in terms of production and offtake of the power generated by the solar power projects in Vietnam.

*In accordance with Decision No.13/2020/QĐ-TTg dated April 6, 2020*

No.	Solar power technology	FiT	
		VND/kWh	Equivalent to US cent/kWh
1	Floating solar power system	1,783	7.69
2	Ground solar power project	1,644	7.09
3	Grid-connected solar power project in Ninh Thuan province	2,086	9.35
4	Rooftop solar power project	1,943	8.38

## Corporate News

### 7. VSH: Signing agreements with related person

↓ -2.23%

The Board resolution dated April 21, 2020, the Board of Directors of Vinh Son - Song Hinh Hydropower Joint Stock Company (VSH) approved to sign agreements with Power Generation Joint Stock Corporation 3 (is a major shareholder of VSH) for the fourth bond purchase period 2019 of VSH.

- Expected purchase volume: 100 bonds
- Par value: VND 1,000,000,000/bond
- Total value: VND 100,000,000,000.

### 8. PVD: Board Resolution \_ April 22, 2020

↓ -2.09%

On April 22, 2020 the Board of Directors of Petrovietnam Drilling & Well Service Corporation (short name: PV Drilling) allowed PV Drilling to use the funds of US\$15,198,400 on its trading account to deposit at the bank of Letter of Credit (L/C) to guarantee PVD Tech's L/C opening according to Agreement No.2019.1650 dated January 23, 2020 with National Oilwell Varco, L.P (NOV).

- Type of L/C: deposit 100% value
- Term of L/C: from the date of deposit to the ending date of L/C, about 01 year.

The Board of Directors also allow PV Drilling to lend PVD Tech the deposited funds above to pay for L/C in the case that the disbursement from the long-term credit agreement for DES Project is delayed in L/C payment.



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