



VIETNAM DAILY NEWS

May 28th, 2020



Table of content

Table of content

1. **Selling, oil prices take down local stocks**
2. **An Giang: Key exports post growth in first five months despite COVID-19**
3. **Vietnam: Garment Workers' Lose Income As Covid-19 Decimates Fashion Orders**
4. **German adhesive tape manufacturer to build a 55 million euro plant in Việt Nam**
5. **WB report provides policy advice for Vietnam to maintain quality growth**
6. **Homemade tech makes Vietnam top contestant in 5G**
7. **CTG: Resolution on the AGM 2020**
8. **BMP: BMP reminded of late disclosure of Annual Report in 2019**

Market Analysis

1. Selling, oil prices take down local stocks

Local shares fell on Wednesday as lower oil futures and increased profit-taking hit major indices.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange dropped 1.34 per cent to close at 857.48 points.

The VN-Index had advanced a total of 1.92 per cent in the first two trading days of the week.

The minor HNX-Index on the Ha Noi Stock Exchange fell 1.45 per cent to end at 108.89 points.

The northern market index stepped down from a three-day growth of 4.49 per cent.

More than 454 million shares were traded on the two exchanges, worth VND7.42 trillion (US\$318.4 million).

The Vietnamese stock market quickly headed down after the VN-Index touched the daily peak of 875 points.

Profit-taking escalated and sent stocks, especially large-caps, down in the afternoon session.

The large-cap tracker VN30-Index fell 1.67 per cent with 21 of the 30 largest stocks by market value and trading liquidity ending on a negative note.

Among the worst decliners were Bank for Investment and Development of Vietnam (BID), VPBank (VPB), steel producer Hoa Phat (HPG), real estate firm Vincom Retail (VRE), Vietinbank (CTG) and insurer Bao Viet Holdings (BVH),

Those large-caps tumbled between 2.9 per cent and 5.2 per cent.

A drop in crude prices also dampened market confidence.

US crude futures West Texas Intermediate (WTI) lost 1.3 per cent and Brent futures dipped 1.6 per cent to trade at \$33.9 and \$35.6 a barrel.

Oil and gas services suppliers such as PetroVietnam Drilling and Well Services (PVD), PetroVietnam Technical Services (PVS) and PetroVietnam Coating (PVB) plunged between 1.5 per cent and 3.1 per cent.

The market lost steam as selling pressure arose when the VN-Index was approaching the 880-point level, Sai Gon-Ha Noi Securities (SHS) said in its daily report.

“The recovery of the market has probably ended and stocks will have to fall to their short-term support levels where they are cheap enough to trigger investors’ buy-in,” SHS said.

The gap between the VN30 futures and its underlying asset VN30-Index enlarged on Wednesday after the former lost 26.5 points and the latter dropped only 13.65 points.

“The bigger gap between the VN30-Index and its VN30 futures shows investors are betting the market will keep falling in the coming day.”

The VN-Index is forecast to struggle between 840 points and 880 points on Thursday.

Macro & Policies

2. An Giang: Key exports post growth in first five months despite COVID-19

Despite the blow struck by the COVID-19 pandemic, exports from the Mekong Delta province of An Giang grew 0.08 percent year-on-year to 358.43 million USD in the first five months of this year, according to the provincial Department of Industry and Trade.

Exports are expected to total 450.46 million USD in the first half of the year, up 4.04 percent from a year earlier.

Though the pandemic has put significant pressure on the province's key foreign currency earners such as rice, fisheries, fruit and vegetables, and garments, these products posted growth during the period.

An Giang exported 197,890 tonnes of rice worth 102.8 million USD from January to May, equivalent to 43.95 percent of this year's plan. It is estimated that rice exports in the first half will reach 264,430 tonnes, worth 138.85 million USD, up 4.93 percent and 8.05 percent, respectively.

It shipped 49,400 tonnes of fisheries products worth 119.09 million USD during the period, year-

on-year increases of 0.03 percent and 0.47 percent, respectively. Export volumes are expected to hit 60,680 tonnes in the first six months, while value will likely reach 146.28 million USD, up 1.14 percent and 1.58 percent, respectively.

Exports of frozen fruit and vegetables amounted to 3,590 tonnes for revenue of 6.08 million USD in the first five months, down 0.75 percent and up 0.16 percent year-on-year, respectively.

Shipments of garments rose 2.98 percent year-on-year to 52.57 million USD. The first-half figure is forecast to rise 2.97 percent to 63.84 million USD.

As the coronavirus outbreak remains a complex issue in many of Vietnam's major markets, including the US and the EU, An Giang has put substantial effort into seeking new markets for its products, said Nguyen Minh Hung, Director of the department.

The province has also provided exporters with regular updates on key foreign markets and helped them boost sales in these markets, he added./.

3. Vietnam: Garment Workers' Lose Income As Covid-19 Decimates Fashion Orders

Textile industry leader Vinatex, who owns an estimated 200 factories in Vietnam and employs more than 100,000 workers to produce goods for big-name fast fashion clients including Zara and H&M, says that the vanished demand for fashion amidst the coronavirus could mean that they are forced to furlough up to 50,000 of its garment makers.

"As things stand, 30% to 50% of jobs will disappear by May," said Vinatex CEO Le Tien Truong.

Consumer demand for fashion apparel and goods have plunged across the globe but especially in the United States and Europe, where countries are only just beginning to ease lockdown restrictions to combat the spread of the virus. In response,

many fashion retailers have cancelled existing orders or postponed new ones.

While factories in the Vietnamese capital of Hanoi have been allowed to remain open during the pandemic, orders are simply not coming back in. According to data from the country's Ministry of Industry and Trade, orders for textiles and footwear have dropped 70% by value for April and May compared to the same period last year.

Some garment operators have adapted to the demand shock by producing masks, but Vinatex says that it will not be enough to make up for disappeared orders. Even in the unlikely situation where the coronavirus is contained by the end of this month, the corporation is set to lose 1 trillion

dong (US\$42.4 million) – equivalent to twice the amount of net profit the company made last year.

Read: Redress founder Christina Dean thinks fashion has had to change “almost overnight” due to coronavirus

With the coronavirus set to linger until a promising vaccine is developed – which scientists and experts estimate will take at least 12 to 18 months – Vinatex is almost bound to sink even further, with many small and midsize factories having to close, meaning the loss of thousands of jobs.

The majority of garment workers in Vietnam, much like garment workers across Southeast Asia and around the world, earn minimum wage incomes, which means that they are already among some of the most vulnerable groups to be disproportionately affected by the coronavirus pandemic.

Living in cramped conditions with little to no access to basic sanitation let alone the ability to self-isolate and social distance from others, many workers are facing abject poverty alongside the threat of a deadly disease.

In a bid to save as many livelihoods as possible, textile industry representatives from 6 Asian countries including Vietnam issued a joint statement earlier last month (April 9) to demand

clothing brands to compensate suppliers for cancelled orders.

While H&M have promised to keep to their contracts for orders that have already reached production stage, multiple other big apparel companies have requested extensions to pay up on completed orders.

Read: Post-coronavirus unsustainable “revenge shopping” could bring about future crises

In Bangladesh, where a significant portion of the economy is fuelled by the textile and garment industry, workers are also hung out to dry as a result of lost or cancelled orders. Among some of the brands exposed to be leaving thousands of workers without income or severance pay include Primark, Bestseller, Marks & Spencer, Walmart and JCPenney.

Calling out these brands, climate action group XR Fashion Action wrote in a post: “For workers with no ability to put food on the table, let alone cover medical expenses, and who live on the knife edge of poverty, this is devastating for themselves and their families.”

The failure of big fashion companies to pay its workers in its supply chain will only further taint the fashion industry that has already suffered from scrutiny over its massive environmental footprint and dubious human rights practices.

4. German adhesive tape manufacturer to build a 55 million euro plant in Việt Nam

The new facility will be located on a 70,000sq.m site in DEEP C Industrial Zones, an industrial park cluster in the port city of Hải Phòng in Northern Việt Nam. Production will start in 2023 with approximately 140 employees in the first phase.

In Germany, tesa is one of the most influential brand names in production of hi-tech tape for electronics and automotive industries. This latest movement is a firm and timely step of the group to tap into the potential of the dynamic Asian adhesive tape market and build up its already strong position in this remarkable region.

The plant that tesa has been operating in Suzhou, China will reach its full capacity in 2025 despite expansion.

“The new plant in Việt Nam creates the necessary capacity to ensure our growth targets in the largest and fastest growing region,” explains Stefan Schmidt, head of tesa Supply Network, responsible for purchasing, logistics, and production at tesa worldwide.

Why Việt Nam?

“Time-to-market is especially important to us. Access to markets, fast and flexible delivery to customers and the development of local raw

materials are important factors in international competition,” says Stefan.

Việt Nam offers tesa the best opportunities to shorten the way to customers and suppliers in Southeast Asia and China. Plus, a growing number of their important customers in automotive and electronics are relocating in Việt Nam.

“Location has always been one of the most unique selling points of Việt Nam when it comes to attracting FDI. Specifically, the port city of Hải Phòng has been on the radar of investors thanks to its massive upgrade of infrastructure in recent years”, said Koen Soenens, General Sales & Marketing Director at DEEP C Industrial Zones.

Being world's 15th populous country with over 96 million people at an average age of 31.7 years old, Việt Nam is young and suitable for mass production. Notably, a significant number of new engineering, manufacturing and construction graduates is produced each year in Việt Nam.

Positive outlook for FDI recovery

The International Monetary Fund, in a report published in April, expected Việt Nam to be one among few countries with positive growth rates in 2020 despite the severe impact of the COVID-19 pandemic. In the first quarter of 2020, the country's economic growth increased by 3.82 per cent and the manufacturing sector retained its role as economy leading driver at 7.12 per cent.

The fact that tesa decides to land their expansion in Việt Nam proves their confidence in the potential for development and sends a strong signal that FDI attraction is moving forward on a recovery path. After early success in containment of the virus and reopening of the economy, Việt Nam has emerged to be a safe destination for foreign investors.

“We are strongly convinced that the potential is far greater than before as the COVID-19 pandemic has raised a serious concern over the concentration of production in one single country,” said Hans Kerstens, Senior Sales Manager at DEEP C Industrial Zones.

Sustainability vision

In Việt Nam, tesa is also investing in sustainability: 65 per cent of the production volume will be made with solvent-free, water-based adhesives. For the plant planning, the company strives for certification according to the internationally recognised “LEED Gold Standard”. Among other things, the use of solar energy and rainwater treatment are planned.

The deal between tesa and DEEP C Industrial Zones was made partly thanks to their compatibility in sustainability vision. Tesa aspires to sustainable hi-tech tape production while DEEP C works toward realising the first eco-industrial park concept in Việt Nam with installation of solar panel on plant's rooftop, construction of road made from plastic waste, generation of green energy.

tesa SE is one of the world's leading manufacturers of technical adhesive tapes and self-adhesive system solutions (more than 7,000 products) for industrial and commercial clients, as well as for end users. Since 2001, tesa SE (4,926 employees) has been a fully owned affiliate of Beiersdorf AG (such as NIVEA, Eucerin, la prairie). Around three quarters of the tesa group's sales (2019: 1,378,7 million euro) are generated by applications for various industrial sectors, such as automotive and electronics (including smartphones, tablet PCs), printing & paper, building supply as well as security concepts for effective brand and product protection. As a partner to the pharmaceutical industry, tesa also develops and produces medicated patches. Almost a quarter of the group's sales is generated by products for end users and professional craftsmen. 300 applications make work at home and in the office easier.

DEEP C Industrial Zones is a Belgian developer and operator of an industrial zone and port infrastructure cluster in Hải Phòng City and Quảng Ninh Province – the most dynamic growing region in North Việt Nam. DEEP C has become one of the largest industrial property developers in Việt Nam with five industrial zones, forming DEEP C industrial zone cluster covering 3,400 hectares at the epicenter of the region's manufacturing and infrastructure boom. DEEP C provides a large portfolio of products and services including industrial land and workshop/warehouse for lease, port development, and operation, utilities supply and distribution, renewable energy

generation, etc. DEEP C's goal is to grow into Việt Nam's first eco-industrial park driven by digital technologies and innovative mindset where its

clients are provided with all the tools they need for success.

5. WB report provides policy advice for Vietnam to maintain quality growth

The World Bank (WB) released a report on May 27, offering policy recommendations to help Vietnam maintain quality growth through more dynamic firms, more efficient infrastructure, skills, and a move toward a greener economy.

The report, entitled “Vibrant Vietnam: Forging the Foundation of a High-Income Economy”, comes as the country's Government is preparing its socio-economic development strategy for 2021-2030 and a socio-economic development plan for 2021-2025.

It suggested that a productivity-driven development model – combining innovation with balanced development and allocation of private, public, human and natural capital – will be key for Vietnam to achieve its goal of becoming a high-income economy by 2045.

Some of the forces that have propelled Vietnam's growth are now slowing. The country's demographic dividend is fading, and global trade is declining, while other challenges – such as pollution and the rise of automation, are growing. The ongoing COVID-19 crisis could be an accelerator of these trends, according to the report.

It argued that to thrive in such changing environment, Vietnam needs to strengthen its productive assets, with priority given to four areas.

To have dynamic firms, encouraging competition and easing firms' entry and exit ensures the flow of resources to the most innovative and productive firms. This can only happen in a supportive business environment that ensures access to finance, transparent regulations and legal protections.

Meanwhile, Vietnam has built up a large stock of infrastructure. It now needs to improve the efficiency and sustainability of infrastructure

services, including financing, and operations and maintenance.

Regarding skilled workers and opportunities for all, the report noted the country scores well on basic education, but it will need to promote university and vocational-technical skills. Those facing barriers entering the labour market, including ethnic minorities, should be provided with greater opportunities to boost both social equity and economic growth as the population ages and the labour force shrinks.

In terms of green economy, the report said sustainable development requires more effective management of non-renewable natural resources such as land, forest and water; stricter pollution controls, including in major urban centers; and mitigation of and adaptation to the inevitable growing impacts of climate change.

WB Country Director for Vietnam Ousmane Dione said: “Vietnam is one of the greatest development success stories of our time. The country, however, is now at a turning point where some of its traditional drivers of growth are gradually weakening. To achieve its ambition to become a high-income economy by 2045, Vietnam must put productivity growth front and centre of its economic model. In other words, it needs to grow not only faster but also better.”

According to Australian Ambassador to Vietnam Robyn Mudie, Vietnam's commitment to bold economic reform has been a major contributor to its remarkable economic success.

“Australia is proud to have supported this report, which provides clear recommendations on how Vietnam can harness productivity enhancing reforms to improve both the quality and equity of its future economic development,” she added.

6. Homemade tech makes Vietnam top contestant in 5G

Local network operator Viettel has the largest market share in Vietnam and is urgently making its last preparations before commercialising the 5G standard next month, looking forward to reaching the world one year later in June 2021.

“The 5G standard determines the success of the digital society. All countries will use 5G to prove their scientific and technological development. So, 5G is the most strategic project of Viettel,” Le Dang Dung, the group’s general director, said.

Eight months after Viettel’s first 5G call with imported equipment, the group successfully carried out another call by using its own 5G equipment which had been developed within only six months. Viettel became the world’s sixth provider of 5G equipment, after Ericsson, Nokia, Huawei, Samsung, and ZTE, among whom only Viettel is both a telecommunication network operator and an equipment producer.

With its self-designed and produced 5G equipment, Viettel quickly tested this new generation technology in large cities and even in the neighbouring countries of Laos, Myanmar, and Cambodia last summer.

Along with Viettel, two other mobile network providers – MobiFone and Vinaphone – have also successfully tested 5G in big cities and are planning to produce 5G equipment, including small cell ones, to serve the demand of factories, households, and exporters in the country, aiming to realise the country’s plan of commercialising 5G this year with Vietnamese equipment.

Vietnam has a unique, independent 5G strategy compared to the rest of the ASEAN. According to Nikkei Asia Review, while other ASEAN members depend on overseas technology or co-operation, Vietnam has developed its own capabilities.

The news agency also noted that Thailand is leading the ASEAN in 5G rollout. Accordingly, the country’s leading two mobile operators AIS and True Corp. are racing to provide 5G infrastructure and robots to dozens of hospitals nationwide to help medical teams fight against the pandemic.

The robots operate on 5G infrastructure and “are very useful, particularly at a time when we are short of protective gear and equipment. Even though we lack surgical masks and personal protective suits, we can do our jobs as [the robots allow us to minimise] direct contact with patients,” said Dr. Sukrom Chi-Charoen, deputy director of Rajavithi Hospital, in an interview with Nikkei Asian Review.

Somchai Lertsutiwong, chief executive of AIS, said that installing 5G networks at hospitals and deploying telemedicine robots is an initiative called “AIS 5G Battling COVID-19 for Thais” to help reduce the risks of infection by limiting human contact, as well as patient traffic inside hospitals. “We have provided 21 robots to 20 hospitals with installed 5G network equipment that currently treat coronavirus patients,” he said.

According to Lertsutiwong, AIS has recently tripled its network capacity and would spend another \$1.2 billion on 5G, aiming to serve 13 per cent of Thailand’s population by the end of this year.

Earlier, a report of AT Kearney, a global management consulting firm, said that while Singapore pioneered implementing and testing 5G with the highly expected access rate of nearly 60 per cent, it will not commercialise 5G until next January and only expects to reach a coverage of half of its territory by the end of 2020.

Although Singapore has planned to use 5G in the fields of energy and transport, the high expenses are still a burden.

Corporate News

7. CTG: Resolution on the AGM 2020

↓ -3.24%

Viet Nam Joint Stock Commercial Bank For Industry And Trade (CTG) announces the Resolution of Annual General Meeting 2020 dated May 23, 2020 with the following contents:

File Attachment

[170122 the-AGM-2020--PV.pdf](#)

8. BMP: BMP reminded of late disclosure of Annual Report in 2019

↓ -0.51%

On March 30, 2020, the Hochiminh Stock Exchange (HOSE) received the 2019 audited financial statements by Binh Minh Plastics Joint Stock Company. Until the present, HOSE has not received the 2019 annual report by the Company.

Pursuant to Point 2 of Article 8 of Circular 155/2015/TT-BTC dated October 06, 2015, “2. A public company must prepare an annual report in accordance with Appendix 4 and disclose such

report no later than twenty (20) days from the date of disclosure of the audited annual financial statements, but not exceeding one hundred and twenty (120) days from the end of a financial year.”, the Company was late in disclosing its 2019 annual report as regulated.

Therefore, HOSE asks Binh Minh Plastics Joint Stock Company to expeditiously announce information.

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

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

Website: www.japan-sec.vn