



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Financial, banking stocks drive market up

Shares overcame early losses on Tuesday, with financial stocks leading gains and supporting the market.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange rose 0.21 per cent to close the trading session at 890.14 points.

The index last week had gained a total of 2.57 per cent.

More than 294 million shares were traded on the southern bourse on Monday, worth VND5.8 trillion (US\$249.7 million).

Market breadth was positive with 160 losers and 249 gainers.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 0.39 per cent to close Tuesday at 827.57 points.

In the VN30 basket, 18 of the 30 largest stocks by market capitalisation and trading liquidity increased. Nine lost ground and three were unchanged.

Financial-banking stocks spearheaded the market rebound with gainers of SSI Securities Incorporation (SSI), Vietinbank (CTG), VPBank (VPB), Techcombank (TCB), Tien Phong Bank (TPB), HDBank (HDB), Military Bank (MBB), Asia Commercial Bank (ACB) and Bank for Investment and Development of Viet Nam (BID).

Agriculture and food industries also made large gains with notable names such as Saigon Sea Products Import - Export Joint Stock Corporation (SSN), Viet Viet Nhat Investment Corporation

(VNH), Investment Commerce Fisheries Corporation (ICF), Nam Viet Corporation (ANV), TuongAn Vegetable Oil Joint Stock Company (TAC), Vietnam Seaproducts Joint Stock Corporation (SEA), Minh Khang Capital Trading Public JSC (CTP), An Giang Import - Export Company (AGM), Sao Ta Foods Joint Stock Company (FMC), Trung An Hi - Tech Farming Joint Stock Company (TAR), Kido Group (KDC), Bentre Aquaproduct Import And Export JSC (ABT).

Foreign investors net sold VND425.82 billion on HOSE. They were net buyers on the HNX with the value of VND780 million.

According to Sai Gon-Ha Noi Securities Co, VN-Index recovered Tuesday with a slight increase and low market liquidity, which indicated this was likely just a technical recovery session.

“In the next session, the VN-Index may fall back to the nearest support level around 880 points,” the company said.

On a sector basis, 19 out of 25 sector indices on the stock market gained ground, including energy, healthcare, insurance, securities, information and technology, construction, construction materials, rubber production, seafood processing, retail and wholesale.

The losers included agriculture, real estate and food and beverage.

The HNX-Index on the Ha Noi Stock Exchange dropped 0.50 per cent to close Tuesday at 124.80 points.

More than 55.5 million shares were traded on the northern bourse, worth VND682 trillion.

## Macro & Policies

### 2. Government supports domestic industrial development

According to the action plan until 2030 with a vision toward 2045, the Government will establish policies to support the domestic industrial sector to meet a number of targets, such as entering the top three ASEAN nations for the competitive industrial performance index, an industrial labor productivity growth rate of 7.5% annually and a minimum ratio of advanced industrial product value in the manufacturing and processing sector at 45%.

The Ministry of Planning and Investment was asked to set up rules, the level and duration for incentive policies for FDI projects. It will also set up mechanisms and policies to raise the added value of domestic enterprises in the global value chain.

The action plan goes in tandem with the other policies on foreign investment cooperation of the Government, controlling the efficiency of foreign-invested projects and turning the concept of “investment attraction” into “investment cooperation”.

For Resolution 58, the Government will set up requirements to not consider the expansion of projects using outdated technologies. Vietnam will have mechanisms to compete with other countries in attracting high-tech projects, especially those with research and development conducted in Vietnam.

New FDI projects will be evaluated based on the level of participation in the global value chain, domestic added value and high technology application. If investors fail to follow their commitments, they will have to pay for compensation. Besides, FDI investors will be assessed by law compliance.

In recent times, some FDI enterprises in Vietnam have been found infringing violations in some merger and acquisition deals. For the manufacturing sector, FDI firms still make up a controlling ratio in export scale and value.

### 3. Industrial parks, economic zones create new growth momentum in Quang Ninh

Investment in industrial parks (IPs) and economic zones (EZs) has become a new driver of growth in the northeastern province of Quang Ninh, with local authorities issuing various policies to attract investors.

According to experts, Quang Ninh is considered a strategic investment destination in Vietnam's northern region and an important link in the Hanoi - Hai Phong - Quang Ninh northern economic growth triangle.

The province possesses major advantages, with Van Don district to become a multi-sectoral marine economic zone and an entertainment centre, with a casino, high-end sea-island tourism, and general services.

The province has planned to develop eleven IPs and four EZs that together span over 368,000 ha, accounting for more than 30 percent of Quang Ninh's total natural area.

Six of the 11 IPs have already been issued investment registration certificates and have infrastructure invested in and leased. Investors have so far poured about 27.35 trillion VND (1.17 billion USD) into building technical infrastructure of IPs such as roads and facilities for electricity, water supply and drainage, and wastewater treatment.

Nguyen Manh Tuan, head of the management board of IPs in Quang Ninh, said several parks are having their infrastructure completed, such as the Hai Ha Seaport IP, the Dam Nha Mac Industrial - Service Park, and the Song Khoai IP.

He especially mentioned Viet Hung IP, which is waiting for the Government's approval of its second phase of construction, saying that as a specialised area for manufacturing engineering, processing, and support industries, it is expected to attract a large number of secondary investors in the near future.

Meanwhile, Quang Ninh has also mobilised approximately 100 trillion VND to date in developing infrastructure for local EZs.

IPs and EZs in the province have attracted 250 projects, including 72 foreign-funded projects, with total registered capital in excess of 100 trillion VND.

Among IPs with high occupation rates, Cai Lan IP has been fully occupied by 33 projects worth more than 10.5 trillion VND, of which over 9 trillion VND is from foreign investors.

The multi-sector Hai Ha Seaport IP, has so far reeled in 14 foreign-invested projects worth over 889 million USD, which are estimated to have generated about 10,500 jobs.

A large number of major companies have injected close to 70 trillion VND into Quang Ninh's EZs. Three leading real estate giants - Vingroup, Sungroup, and FLC - are asking that local authorities allow them to research investing in a number of large-scale projects at the Mong Cai Border Gate EZ. Their targeted projects include a complex of residential homes and shopping centres in Tran Phu ward, an

urban area connecting Bac Luan I and II bridges, the Ninh Duong urban area and the Tra Co - Binh Ngoc luxury tourism resort, and a high-tech farming area in Hai Dong, Hai Tien, and Hai Yen communes offering eco-tourism services.

The Van Don EZ has attracted projects worth over 24 trillion VND in just a short period of time, with many expected to be completed next year. Notable projects include the Sonasea Van Don Harbor City tourism-resort complex, the Van Hai eco-tourism site, and the Ocean Park urban area.

Tenant enterprises in provincial IPs and EZs posted revenue of close to 2 billion USD last year, with import-export turnover exceeding 2.4 billion USD. They also created more than 25,000 jobs and contributed tax payments of over 1.3 trillion VND to the State budget.

Between January and July, despite the impact of the COVID-19 pandemic, both revenue and trade turnover of enterprises in Quang Ninh's IZs and EZs surpassed 1 billion USD and they also contributed some 800 billion VND to the State budget.

#### **4. Mooncake producers begin selling well before Mid-Autumn Festival**

Despite the difficult economic situation this year caused by the Covid-19 pandemic, mooncake sales have started early with confectionery companies launching many new flavours and diverse designs and packaging in addition to traditional favourites.

Companies have also tried to stimulate demand and increase convenience for customers.

Big names like ABC Bakery, Mondelez Kinh Do, Bibica, Thanh Long, Dai Phat, and Givral have already started selling though the festival is only on October 1 this year.

Dai Phat offers 38 varieties this year, with a focus on Taiwanese-flavour mooncakes with fillings like lotus seeds, coconut milk, durian, black sesame, birds' nest, abalone, seafood, chocolate, and fruits.

ABC Bakery is offering mooncakes made from dragon fruit and coffee and ingredients imported from the US.

Kao Sieu Luc, the company's general director, said mooncakes are traditionally made from 20 ingredients like sugar, flour, glutinous flour, melon seeds, cashew nuts, green beans, char siu, sausages, and salted eggs, but his company has created a new line using famous local agricultural products and US ones like almonds, raisins, walnuts, oats, and cheese to offer diverse choices, he said.

A Bibica Corporation spokesperson said though the pandemic is still unabated, his company would launch 600 tonnes of mooncakes, the same as last year.

There would be 60 luxury, nutritional and traditional items besides salted egg lava, mochi cake, and five-coloured green bean baked mooncake/ five-coloured green bean sticky rice mooncakes for the first time.

Although costs have increased by 5 per cent, the company has kept prices unchanged at VND39,000-

165,000 (US\$1.67-\$7) per cake in the popular line and VND250,000-2.5 million (\$10.7-\$107.2) a box in the high-end line.

Many amateurs too are offering handmade moon cakes with unique designs and materials on Facebook and other social media.

Also available are cakes imported from Hong Kong, Singapore and Malaysia.

Hong Kong MX Mooncakes will sell eight varieties at prices ranging from VND820,000 (\$35.1) to VND1.55 million (\$66.4) for a box of four to eight.

This year it will introduce the custard twins mooncake box with its two most famous flavours, lava custard and creamy custard. The box will carry the image of rabbits, a symbol of luck, and festive colours to match the season.

It will also launch other treats such as the white lotus seed paste mooncake with egg yolk and the low-sugar white lotus seed paste mooncake with egg yolk.

A spokesperson for the brand said, “Our aim is to bring high-end mooncakes imported directly from Hong Kong that will satisfy the needs of cosmopolitan buyers in the Viet Nam market.”

### **Demand ‘unpredictable’**

When asked about their forecast for demand this year, many manufacturers said the same thing: “unpredictable.”

To sustain demand, companies are offering discounts, free shipping and giving away free greeting cards.

Besides setting up booths to sell their mooncakes, producers have also stepped up sales online through their own websites and e-commerce platforms such as Tiki, Shopee and Lazada.

They said prices this year are mostly steady though manufacturers using a lot of imported ingredients have increases them by 3 per cent.

## **5. Vietnam to rely on coal for decades to come**

Without coal-fired power, Vietnam will have to confront energy insecurity, Deputy National Assembly Chairman Phung Quoc Hien said Monday at a meeting between the parliamentary Economic Committee with Minister of Industry and Trade Tran Tuan Anh.

Amidst the boom in renewable energy production including solar and wind power in recent years, many localities have stopped accepting new coal power projects, which has led to a power supply shortage, Hien said.

Renewable energy, which includes solar power, wind power and small hydropower plants, accounted for 15.8 percent of Vietnam's energy supply last year, compared to coal-fired power at 36.1 percent and hydropower 30.8 percent, according to the Vietnam Energy Association (VEA).

Vietnam needs to ensure power security in the upcoming years, and coal power will still play a major role in achieving that goal, he added.

Minister Anh said in concurrence that coal power will still account for 36-37 percent of total power supply in the new energy development plan that the ministry is drafting for the 2021-2030 period.

"Coal energy is not a sinner that must be abandoned," he said.

A report prepared by the ministry shows that Vietnam's power supply growth in the last five years has slowed down to an annual average of around 8 percent, compared to 13 percent in the 2011-2015 period.

Between the two periods, hydropower supply growth slowed from 15 percent to 5 percent, and that of thermal power (mostly coal-fired) down from 27 percent to 10 percent, it says.

Construction of coal-fired power plants has only met 60 percent of target for the 2016-2020 period. Ten major coal-fired power projects with a total capacity of 7,000 MW were scheduled to operate in this



period, but all of them will fail to meet the deadline this year, it says.

With power demand set to increase 8 percent annually in the 2021-2030 period, the delays of new coal-fired projects will pose challenges to ensuring

sufficient power supply in the next five years, the report stresses.

Minister Anh said that to ensure power security, the ministry will work to complete the development of existing coal-fired projects that have been delayed in recent years.

## 6. Vietnam economy may surpass Thailand, Indonesia soon: Expert

Vietnam's economy could surpass Thailand, Indonesia or the Philippines in coming years, according to C.K. Tong, CEO of BW Industrial Development, a joint venture between the US private equity fund Warburg Pincus and Vietnam's Investment and Industrial Development Corporation (Becamex IDC).

Regardless of the Covid-19 pandemic, Vietnam has been gaining attentions from foreign investors, said Mr. Tong at an online conference themed "Vietnam - The Rising Star", discussing investment opportunities in Vietnam in the post-Covid-19 period on September 7.

Before the outbreak, many companies had adopted the "China plus 1" strategy, aiming to diversify operations into other countries instead of focusing solely on China, added Mr. Tong.

A growing production cost in China, coupled with its current trade tension with the US, has accelerated the process, during which Vietnam holds favorable advantages in receiving a new wave of foreign direct investment (FDI) from the "China plus 1" strategy, Mr. Tong stated.

According to Mr. Tong, Vietnam has the major advantage of being in close proximity with China that allows the former to access input materials from its neighboring country.

Moreover, there are some similarities in culture and production method between Vietnam and China, therefore, it would not take long for investors to settle in case they move production to Vietnam.

Another important factor is that Vietnam is capable of manufacturing sophisticated products with high technological content, Mr. Tong said, referring to the

country being Samsung's smartphone production hub.

Nirukt Sapru, Standard Chartered Bank's CEO in Vietnam, ASEAN and South Asia Cluster Markets, stressed Vietnam as a gateway for investors looking for business opportunities in ASEAN.

Pointing to a survey conducted recently by the bank, Mr. Nirukt said 38% of respondents are planning to expand their supply chains in Vietnam, the highest rate among ASEAN countries.

Year to August 20, registered FDI for fresh projects in Vietnam increased by 6.6% year-on-year to US\$9.73 billion while existing projects have been injected an additional US\$4.87 billion, up 22.2%. This showed Vietnam remains an attractive investment destination globally, said Minister of Planning and Investment Nguyen Chi Dung.

To prepare for new investment inflows, Vietnam has been preparing in terms of infrastructure and human resources, so that the country could offer greater incentives and conveniences for investors, as well as enhance its national competitiveness in attracting FDI, added Mr. Dung.

Mr. Dung said the Vietnamese government is drafting the development strategy for the upcoming decade that prioritizes breakthroughs in legal framework, infrastructure and human resources.

Regarding the human resources, Vietnam is expected to push ahead with development plan before the year of 2030 when the demographic dividend is over.

Vietnam targets an average GDP growth rate of 7% per year, in which processing and manufacturing would contribute 30% of GDP and digital economy

would make up 30% in the coming years, Mr. Dung informed.

## 7. Over 7,000 C/O issued for exports to EU in August

The certified goods were mostly footwear, seafood, plastics, coffee, garments, handbags, suitcases, vegetables, and rattan products.

Major importers are Belgium, Germany, the Netherlands and France, who have seaports and serve as logistics hubs in the EU.

The representative of the MOIT's Import-Export Department said Viet Nam has advantages in production and export of agricultural, forestry and aquatic products, while the EU has a large demand for these items that have accounted for 8.4 per cent of total annual import value. This shows great potential in export growth from Viet Nam to the EU.

For instance, the Trung An High-tech Agriculture Joint Stock Company exported the first batch of 3,000 tonnes of rice to Germany with zero tax rate. Of which, the price was \$1,000 per tonne of ST20 rice and \$600 per tonne of Jasmine rice, \$200 higher than before.

In the first half of August this year, shrimp export value to the EU reached \$29.4 million, a strong growth of 26 per cent compared to the same period in 2019. The export value for the whole of August was estimated to increase by 20 per cent year on year.

Truong Dinh Hoe, General Secretary of the Viet Nam Association of Seafood Exporters and Producers (VASEP), forecasted shrimp exports to the EU will continuously increase until year-end. The preferential tax for Vietnamese shrimp would be an important factor for EU importers to promote shrimp imports from this country.

To enter the EU market, the local businesses must have certification of origin and meet food safety requirements, Hoe said. In addition, they need to pay attention to the agreement's commitments on increasing the environmental requirements related to fishing to avoid difficulties in seafood export,

reported the Nguoi lao dong (Labourers) newspaper.

The fisheries industry also needs to quickly remove bottlenecks in the supply chain of materials and varieties for production and market development of businesses.

A better understanding of commitments in the EVFTA is one of the important factors for local businesses, said Luong Hoang Thai, director of the MoIT's Multilateral Trade Policy Department.

He said businesses need to apply science and technology to improve their competitiveness and create supply chains with cooperatives and farmers.

Economic expert Le Dang Doanh said to expand market shares in the EU, Viet Nam must urgently remove the yellow card for seafood products to open more export opportunities to this market for local enterprises. Enterprises need to study market information and consumer demand in the EU.

According to the ministry, the trade pact, which came into force on August 1, would help Viet Nam diversify its export markets as well as export products. A wide range of Vietnamese goods have benefited from tariff reductions, such as farm produce, seafood, footwear, and electronic products.

Therefore, the MoIT will continue to support local companies, ensuring exporters know how to take full advantage of the EVFTA and have a thorough understanding of C/O. It will also work closely with EU partners to address difficulties while implementing the trade pact in a timely manner.

Besides that, the ministry is developing a trade promotion plan for the 2020-25 period to contribute to Viet Nam's sustainable export development in the context of implementing the EVFTA and other free trade agreements.

## Corporate News

### 8. HVN: Vietnam Airlines to resume six domestic routes

↑ 0.00%

The airline had temporarily paused these routes during Vietnam's second wave of Covid-19 in July.

The carrier will be resuming the following routes:

September 9:

Hanoi – Chu Lai (daily flight)

Hanoi – Tuy Hoa (three flights per week)

Hai Phong – Dien Bien (three flights per week)

Vinh – Buon Ma Thuot (four flights per week)

September 10:

Vinh – Da Lat (three flights per week)

Hue – Da Lat (three flights per week)

Passengers travelling with Vietnam Airlines are required to fill out a health declaration form before the flight. The carrier says this can be accessed here or through the its mobile app.

Travellers are also required to bring their own face masks and wear them at the airport as well as throughout the flight.

### 9. HDB: HDBank keeps foreign ownership cap at 21.5%

↑ 0.68%

The limit was set at 21.5 per cent so that there is more room to sell stakes to the strategic investor, HDBank said in a statement on Monday.

Under existing regulations, foreign ownership limit at banks is 30 per cent of the charter capital.

HDBank also plans to offer US\$160 million worth of international convertible bonds to institutional investors in developed markets.

The bonds will mature in five years and one day. The bonds can be converted into common shares, are non-guaranteed and go without covered warrants.

Income raised from the bond sale will be spent increasing the bank's tier 2 capital. Tier 2 refers to a bank's supplementary capital and includes

undisclosed reserves, debts and hybrid financial products.

With the capital raise, HDBank will increase funding for medium-term and long-term loans and reach its business targets. In addition, the bank will be able to meet requirements of asset quality and capital adequacy ratio.

Amid the COVID-19 pandemic, rating agency Moody's has kept its B1 rating for HDBank, acknowledging that the Vietnamese lender has progressed well to improve the quality of assets and capital competency, and make sustainable profitability.

HDBank shares are listed on the Ho Chi Minh Stock Exchange as HDB. Its shares slid 1.7 per cent to VND29,200 (\$1.26) apiece, having gained a total 24 per cent since July 27.



**Research Team:**

**Tsugami Shoji**    *Researcher*

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*