



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Large caps lose momentum, pulling VN-Index down

On the Ho Chi Minh Stock Exchange, the VN-Index lost 10 points, or 1.09 per cent to end the session at 950.8 points.

The market breadth was negative with the declining stocks outnumbering the gaining ones by 286-137.

Many large-cap shares retreated in the last half of the afternoon trade.

Only six of the top 30 largest shares by market value and liquidity increased while 23 decreased.

Big gainers in the morning such as Vingroup (VIC) and Phu Nhuan Jewelry (PNJ) narrowed their gains from more than 4 per cent in the early session to just 1.1 per cent each when the closing bell rang.

Vinhomes (VHM) and Vincom Retail (VRE) lost 1.3 per cent and 2.1 per cent, respectively.

Masan Group increased 2.2 per cent following the news that its subsidiary Masan High-Tech Materials signed an agreement to sell more than 109.9 million newly issued shares to Mitsubishi Materials Corporation to develop a high-tech tungsten materials platform.

Meanwhile, decliners expanded from banking, securities, real estate to oil and gas and aviation.

Major losers included BIDV (BID), Vietinbank (CTG), Military Bank (MBB), FPT Corp (FPT), PV Gas (GAS), VPBank (VPB), Sacombank (STB), Techcombank (TCB), Hoang Huy Investment

Financial Services (TCH) and sugarmaker Thanh Thanh Cong-Bien Hoa JSC (SBT) with losses of between 2 per cent and 4 per cent each.

According to BIDV Securities Co (BSC), the selling pressure soared in the afternoon session pushing the VN-Index down and moved around 950 points. Investment cash flow declined when only 3 of 19 sectors gained, showing that profit-taking sentiment at the peak areas is growing.

Shares made great strides last week, pushing up many shares such as Vingroup, Vinhomes, Bao Viet Holdings, PV Power, Hoa Phat Group, Masan Group and Vietjet. The VN-Index recorded a sixth consecutive gaining week and the number for the HNX-Index was 12.

“The VN-Index is likely not to fall deeply and remain above 940 points in the coming sessions,” BSC’s analysts said in its daily report.

On the Ha Noi Stock Exchange, the HNX-Index also moved down, losing 1.88 per cent to close Monday at 139.03 points.

The market liquidity remained high with a total of nearly 490 million shares worth more than VND9.4 trillion (US\$406.4 million) traded in the two markets.

Foreign investors keep selling out, concluding Monday as net sellers on HCM City’s exchange for a value of VND421 billion, but they were modest net buyers on Ha Noi’s market for VND1.4 billion.

## Macro & Policies

### 2. Circular economy is key for rapid and sustainable development

Speaking at the event, Deputy Minister of Planning and Investment Trần Quốc Phương said that the development of a circular economy has gradually become a trend among nations, especially developed countries with few resources and when the world's resources are increasingly becoming depleted.

“Việt Nam has faced an increasing amount of generated waste while raw materials and fossil fuels are increasingly exhausted. In addition, most Vietnamese businesses have outdated technology, small production scale and lack of resources to invest in recycling,” said Phương.

Therefore, Phương said, implementing a circular economic model will help Vietnamese enterprises achieve their sustainable production and consumption goals.

“Following a circular economy for Việt Nam is an inevitable requirement to overcome the limitations of the traditional growth model. Circular economic development helps Việt Nam avoid depending on the outside economy, especially for raw materials and fuels for production,” stressed Phương.

“The transition to a circular economy is a great opportunity for Việt Nam to develop rapidly and sustainably, not only achieving its economic, social, environmental, and climate change responses, but also helping to achieve goals of the 2030 Agenda for Sustainable Development,” added Phương.

At the forum, delegates exchanged knowledge and shared experience for businesses in the implementation of initiatives and business models related to the circular economy such as: measures to help businesses develop sustainably; opportunities and challenges for circular economic development in Việt Nam; eco-industrial parks - an efficient model of the circular economy; and cyclic model in a company's sustainable development strategy.

General Secretary of the Vietnam Chamber of Commerce and Industry (VCCI) Nguyễn Quang Vinh said that the circular economy was a new model, but was very effective and suitable for all economies. In which, the awareness of environmental protection

should go hand in hand with practical actions to protect the environment in the process of rapid and sustainable growth of economic activities.

The Institute of Natural Resources and Environmental Policy and Strategy former director Nguyễn Thế Chinh said that the circular economy should go along with technological innovation and design.

“Circular economy requires coordination, sharing and linking stakeholders. It also requires a team of good experts and the classification and cleaning of waste before being reused and recycled,” Chinh said.

To develop the circular economy in Việt Nam, Chinh said, priorities should be given to promulgate a clear legal corridor and to conduct extensive research. The development of the circular economy needs to be based on sectors, fields and localities and create mechanisms to form market dynamics.

“It is necessary to implement circular economic development with a roadmap and priorities and increase exchange and learn from international experiences, combining high technology and the fourth industrial revolution. And an issue that is needed to be solved immediately for Việt Nam is to sort waste at source,” added Chinh.

The event is a multidimensional forum for policy makers, representatives of businesses, experts, researchers to exchange, discuss and make recommendations to solve current problems and to promote the development of a circular economy in Việt Nam.

Lê Thị Ngọc Mỹ, Head of Sustainability at Heineken Vietnam, said that climate change was one of the most serious threats to Việt Nam. The company has applied the circular economy model wherever possible to have a positive impact on the environment.

Mỹ said that Heineken Vietnam now used renewable thermal energy at five out of six of its breweries. When the company switched to clean biomass energy to brew, the company was able to source approximately 40,000 tons of agricultural waste,

which also generated VNĐ52.6 billion for local farmers in 2019. This initiative reinforces that it is not only good for the environment and local community but also beneficial to the business.

According to UNIDO, circular economy is an economic model in which all activities from design,

production to service delivery move towards reusing matter and eliminating negative environmental impacts. Circular economy brings four basic benefits through taking advantage of resources, including: saving resources, protecting the environment, promoting economic development, and social benefits.

### 3. Energy, garment, retail to see surge in hiring demand: report

A growing partnership between domestic and European and American firms means several major energy projects worth over \$2 billion are being planned in the country, recruitment firm Navigos Group said in a recent report.

The northern port city of Hai Phong last month gave approval for Exxon Mobil to build a \$5.09 billion liquefied natural gas-fired (LNG) power plant.

Hai Phong has also approved another LNG power project that will cost \$1.9 billion and have a capacity of 1.6 GW, though no further details are known.

Demand for personnel in these projects is set to rise, with employers looking for people with English proficiency and long-term commitment, it said.

In the textile and garment industry, recruitment demand fell in August after hundreds of new Covid-19 cases were reported in central Vietnam, the report said.

This continued to keep the sector's labor market depressed, a phenomenon that had begun in the first

quarter after buyers in the E.U. and the U.S. delayed or canceled orders due to pandemic impacts on demand for garment products.

In the third quarter garment companies continued to reduce the work hours and salaries of their employees. Some of them had to suspend operations due to lack of orders.

But hiring demand is set to bounce back in the next six months thanks to the shifting of production from China to Vietnam, the report said.

Some Japanese and European garment firms have entered the country and are looking to hire, especially middle- and top-level managers, it added.

In the retail sector, recruitment demand has risen by 40-50 percent from February-July as employers are seeking to boost e-commerce revenues and are hiring digital marketing and sales personnel.

Hiring demand in the sector is set to rise this quarter with two new major Japanese retailers setting up shop in Hanoi.

### 4. SGBT works to collect more e-commerce tax

Cuong was speaking at a press conference reviewing the fight against smuggling, trade fraud and fake goods in Ha Noi last week.

"The COVID-19 pandemic has enhanced the habit of buying and selling via e-commerce, mostly in Ha Noi and HCM City, with developed information technology platforms," Cuong said.

He said the tax industry has accelerated efforts to collect tax from those who do business on e-

commerce platforms, especially YouTube, Google and Facebook, and found tax violators.

Cuong said they have collected tax arrears of VNĐ13.9 billion (US\$604,000) from those earning a living from social networks.

According to data provided by commercial banks, there were 18,304 individuals and organisations that earned VNĐ1.462 trillion on Google, Facebook and YouTube so far this year.

Per the Law on Cyber Security, Cuong said foreign enterprises earning income in Viet Nam are obliged to declare and pay taxes with local tax authorities, with Netflix included.

“With the case of Netflix, we have co-ordinated with the Anti-Money Laundering Department from the State Bank of Vietnam to list how much tax is to be collected for its activities in the past few years.”

“Netflix leaders have worked with the Ministry of Finance and the GDT to set up a data office in Viet Nam as well as carry out all relating tax obligations,” he added.

Cuong said the taxation industry has deployed many solutions and worked with other ministries and departments to collect e-commerce taxes. It has worked with the Ministry of Industry and Trade (MoIT), the ministry of Information Communication (MIC) to collect information and data and management measures for online business activities to tax offices.

At the same time, local commercial banks were responsible for providing data of relating online trading requested by the GDT so tax officials can make a database to compile a tax management mechanism for businesses in the e-commerce sector.

## 5. Industry and trade sector to ensure enough goods for Tet

Hoang Anh Tuan, deputy director of the Domestic Market Department under the Ministry of Industry and Trade (MoIT), said to avoid a shortage of essential goods, the MoIT plans to balance the supply and demand for consumer goods until this year-end and even to the Tet (Lunar New Year) in 2021.

The ministry plans to work with the industry and trade departments in all localities nationwide, associations, industries, and manufacturing and retail enterprises to follow supply, demand and prices of essential goods so it can promptly offer solutions to avoid goods shortages.

The ministry has asked departments and businesses to build market stabilisation programmes, especially in the period approaching Tet festival, and increase goods selling places in industrial zones and remote areas, Tuan said.

Deputy director of the Ha Noi Department of Industry and Trade Tran Thi Phuong Lan said her department will closely monitor the Ha Noi market to work out solutions on ensuring goods supply for the consumption before, during and after Tet.

Ha Noi authorities will also organise many events to stimulate demand on consumer goods, including a fair under the campaign for Vietnamese people using Vietnamese goods, 30 mobile sales trips, 12 Vietnamese goods fairs and other fairs for regional speciality goods, Lan said.

The capital will also work with other localities to diversify kinds and sources of consumer goods for the city's market, such as goods from Ha Giang, Son La, and Hoa Binh provinces.

A representative of the HCM City Department of Industry and Trade said until this end of the year, it will promote connections between banks and businesses to help firms to take soft loans to store essential goods due to higher demand around Tet.

In addition, it will organise trade promotion fairs to help businesses sign contracts to buy essential goods for reserves.

Meanwhile, director-general of the General Department for Market Surveillance Tran Huu Linh said until the Lunar New Year in 2021, the market management force will continue to implement anti-smuggling programmes. It will focus on managing consumer products often in higher demand during Tet, such as cigarettes, cigars, alcohol, soft drinks, clothes, shoes and cosmetics products.

It will continue to work with agencies, associations and localities to inspect potential counterfeit goods, goods with unknown origin, and prices that are listed at markets, supermarkets and convenience stores, Linh said.

In the past nine months, the General Department for Market Surveillance handled nearly 65,000 cases of

smuggling, counterfeiting and fraudulent goods, including 6,737 cases in September.

## 6. Bà Rịa-Vũng Tàu to speed up key national projects

Of the 16 major public-invested projects, three of the most important projects are the Biên Hòa – Vũng Tàu expressway, Phước An Bridge and 991B Road, according to the provincial People's Committee.

Nguyễn Văn Thọ, chairman of the People's Committee, said the three national key projects would connect the southern key economic region with the Cái Mép – Thị Vải deepwater port, a key port in the region.

“The port system can receive large container vessels of up to 200,000 deadweight tonnage (DWT) and is capable of international goods transport, which allows direct export to the EU and the US without transshipment, reducing logistics costs and improving the competitiveness of Vietnamese goods,” he said.

The expressway, connecting Biên Hòa City in Đồng Nai and Bà Rịa City in Bà Rịa - Vũng Tàu, is expected to be completed and opened to traffic by 2025.

The province said it had asked the PM to approve the pre-feasibility study for the first phase of the project, which will be implemented under the build-operate-transfer (BOT) investment model.

To build the expressway, around 34.2km of the road will be built in Đồng Nai and 19.5km in Bà Rịa-Vũng Tàu.

The project requires an estimated investment of VNĐ23.075 trillion (US\$995.52 million), according to the provincial People's Committee.

The province proposed that VNĐ9.95 trillion should be sourced from the State budget to fund site clearance and construction of the section in the province, and that VNĐ13.125 trillion should come from the private sector.

The developer of the project will mobilise the remainder from its own budget and bank loans. To recover capital, the investor will be allowed to collect toll fees from road users for about 25 years.

The expressway is expected to ease traffic congestion on National Highway 51, and facilitate travel between Đồng Nai and Bà Rịa - Vũng Tàu provinces and HCM City and the southern key economic zone.

Another national key project is the Phước An Bridge, which will connect the Cái Mép-Thị Vải port complex with the Bến Lức - Long Thành expressway.

The 4.3-km bridge will be built in Phú Mỹ Town in Bà Rịa Vũng Tàu Province and Nhơn Trạch District in Đồng Nai Province.

The bridge is expected to cost VNĐ4.879 trillion. The province has asked for an allocation of 50 per cent of the cost (VNĐ2.4 trillion) from the central government budget over the next five years.

In addition, the 991B road is an important project with a total cost of VNĐ3.95 trillion, of which the central government has already allocated VNĐ920 billion. The province has asked the government to arrange an additional VNĐ2.227 trillion over the next five years.

### Call for investment in 23 projects

In addition to 16 key public-invested projects, the province is calling for investment in 23 national key projects, according to a report from the provincial People's Committee.

These projects include ports, cultural parks, airports, roads, inspection centres, tourism services, and urban area works.

Of the 23 projects, nine land plots will seek investment through auction of land-use rights and public property auctions, including one that has already been successfully auctioned.

In addition, the province has added the April 30th Park in Bà Rịa City and a national grid system for Côn Đảo District to the list of key projects that need speeding up.

Phạm Việt Thanh, secretary of the Provincial Party Committee, said the province would choose qualified and reputable investors to carry out the projects.

“Relevant localities and agencies must follow the progress of each of the key projects and remove difficulties in a timely way and deal with arising problems,” he noted.

With a coastal line of over 30km, Bà Rịa – Vũng Tàu serves as the country's major trade gateway due to its proximity to industrial zones, port complex, major highways, and transshipment routes.

Located on the southeastern coast, the province is one of the leading foreign direct investment (FDI) sites in Việt Nam.

## 7. Opportunities for Vietnam’s trade when the U.S removes stay-at-home orders

When Covid-19 reached the U.S. with hundreds of thousands of infected cases and tens of thousands of deaths, U.S. President Donald Trump invoked the Defense Production Act to prevent its spread. In mid-April 2020, most states imposed stay-at-home orders.

Retail shops selling non-essential products had to halt operations. According to GlobalData Retail, about 40% of retail outlets, equivalent to 200,000 shops, had to shut down. Most of them sold apparel items.

Leading apparel retail firms in the U.S. had to put almost one million staff on furlough, including Gap Inc. (80,000 staff at retail outlets under Banana Republic, Old Navy and Gap); Macy (most of its 130,000 staff); JC Penney (90,000) and Kohl's (85,000). The U.S. Department of Labor says that during the period of over two weeks from the end of March to the start of April, about 10 million people applied for unemployment benefits as they went on no-pay leave.

### Consumers slashed spending

The gloomy economic outlook has dragged down demand in the U.S. Consumers are adversely affected by the pandemic, which restricts movement, engenders worries about health and makes them less likely to shop. Their income plunges as various sectors tumble (retail, aviation, tourism, oil, manufacturing, commerce, service and stock). They also struggle to settle bills (housing, cars, insurance and so on). Concerns abound about a possible economic downturn that caused job and income losses. Consequently, purchasing power plummets. Spending in April dropped by 12.9%. Consumers have to tighten their expenditure, so export to the U.S. is unlikely to recover quickly. They

will be unlikely to buy clothes, footwear, woodwork and electronic products, Vietnam's main exports to this market.

### Exporters to the U.S. in trouble

The U.S. economy depends on domestic consumption, which accounts for over two-thirds of its GDP. According to Bloomberg Intelligence, retail revenue will fall by 30% and threaten the survival of many local retailers. Consequently, many U.S. retailers have cancelled orders placed with firms in Asia, including Vietnam.

Vietnam's export to the U.S. in May 2020 was merely 115,000 TEU, down 4% year-on-year (120,000 TEU). From January to April, export rose by an average of 25-30% and revenue from export to the U.S. in May hovered around US\$4.9 billion, down 7% year-on-year (US\$5.26 billion).

Plunging orders have directly hampered Vietnam's economy in particular and those of Asian countries in general as they rely on export. Exporters, factories, maritime transport, supply chains, as well as the millions of workers in the related sectors are all confronted with challenges.

### Easing social distancing for economic recovery

In view of the economic impacts of protracted social distancing, most states removed stay-at-home orders in late May despite objection from the media and society. According to the U.S. Department of Commerce, at the end of August, personal income rose after sliding for two months. Spending increased by 6.2% in June and 1.9% in July. With the reopening of shops, retail sales in June rose by 5.6% year-on-year and 6.8% month-on-month. Retail

sales in July climbed by 5.8% year-on-year but merely 0.8% month-on-month (Source: US Census Bureau's Monthly Retail Trade Report).

It is noteworthy that in September, Home Depot announced its plan not to embark on Black Friday sales. Instead, there will be two months of sales from early November to December. To protect consumers during the pandemic and encourage spending during the festival season, online shopping, especially via smartphone applications, will be encouraged with enticing prices offered. This approach seems to resonate with many other retailers.

### **Increasing export to the U.S.**

Export to the U.S. rose again from June to August, the peak season. According to PIERS, export from Asia to the U.S. rose from 1.4 million TEU in June to 1.69 million TEU in July and 1.86 million TEU in August. While the total export turnover in the first eight months dipped by 2% year-on-year, export in August increased by 16% year-on-year.

Vietnam's export to the U.S. in the first eight months of 2020 was about US\$46.7 billion, up 19% year-on-year (US\$39.2 billion).

Vietnam's export to the U.S. was only second to China's in terms of container output, up from 127,000 TEU in June to 172,000 TEU in July and 194,000 TEU in August. The total export volume in the first eight months of 2020 was 1.2 million TEU, up 21% year-on-year (990,000 TEU). Leading export products (woodwork, footwear, apparel, electronics and fishery) have shown signs of recovery since July.

By virtue of the timely easing of social distancing and the reopening of the U.S. economy, export to this market improved in the peak season of June-September although the pandemic remains detrimental. Although the last quarter is not a peak season, longer periods of promotions and demand

stimulus initiatives during the festival season have encouraged retailers to import more. This bodes well for export to the U.S. in the remaining months of 2020.

### **Rosy prospects for maritime transport**

Before the U.S.-China trade war (2018), export in terms of TEU to the U.S. rose by an average of 15% per year starting from 2015. Due to the trade war, export to the U.S. soared by 36% in 2019. Covid-19 disrupted global supply chains, offering Vietnam the chance to lure some chains in 2021. While challenges remain, there are causes for optimism regarding export to the U.S. in 2021.

Given the bright outlook for Vietnam's export in general and that to the U.S. in particular, international container shipping firms believe Vietnam is a promising market. In recent years, more ships have entered Cai Mep-Thi Vai port complex (Ba Ria-Vung Tau) and Lach Huyen international port (TC-HICT, Haiphong), offering more opportunities for Vietnam's container shipping firms.

First, transport routes linking Cai Mep-Thi Vai-HCMC-Quy Nhon-Danang-Haiphong will boast greater potential.

Second, apart from direct services, there are opportunities for feeder services linked with transshipment ports in Singapore and Tanjung Pelepas (Malaysia) to the south and Yantian (China), Hong Kong, Kaohsiung (Taiwan) and Pusan (Korea) to the north. Domestic shipping firms can independently tap into these routes or join forces with their international counterparts.

Local and transshipment routes can also be harnessed simultaneously, enabling flexible collaboration between domestic and foreign shipping firms. This will be a cause of celebration for Vietnam's maritime transport.



## Corporate News

### 8. IJC: Notice of Public Offering

↓ -1.60%

Becamex Infrastructure Development Joint Stock Company announced the information on the public offering as follows:

- 1) Stock name: Becamex Infrastructure Development Joint Stock Company
- 2) Stock type: common share
- 3) Par value: VND10,000/share
- 4) Registered offering volume: 80,000,000 shares
- 5) Capital amount need to be mobilized: VND 800,000,000,000
- 6) Purpose to mobilize capital: to invest in the Sunflower and IJC Aroma project.

- 7) Minimum registration volume: 100 shares
- 8) Time for subscription: as the Auction regulation
- 9) Place of subscription and receipt of prospectus: as the Auction regulation and at the website address: <https://www.hsx.vn>; <https://bsc.com.vn>; <http://becamexijc.com>.
- 10) Bank for blocking depository money:
- 11) Account holder: Becamex Infrastructure Development Joint Stock Company
- 12) Account number: 65010003647617
- 13) Bank: Joint Stock Commercial Bank for Investment and Development of Vietnam – Binh Duong branch.

### 9. FPT: FPT profit up 9% in first nine months

↓ -2.04%

The company's profit after taxes (PAT) and PAT attributable to shareholders rose by 8 per cent and 7 per cent, respectively, while earnings per share reached VND3,264, a year-on-year increase of 7 per cent.

Its global IT services sector posted VND 8.7 trillion in revenue and VND1.4 trillion in PBT, respectively, up 12.6 per cent and 13.8 per cent year-on-year.

Of which its revenue from the Japanese and Asia Pacific markets, which have handled the pandemic well, grew by 9 per cent and 44 per cent, respectively.

Pioneering new technology like the Cloud, Internet of Things, and Low code platform, FPT recorded VND 2.47 trillion in digital transformation revenue, up 41 per cent year-on-year.

After the peak of COVID-19 outbreak, the company's domestic IT services started to sign more new contracts with clients in the last few months.

FPT's education services recorded an increase of 59 per cent in the number of new students, with 14,614 students enrolled in September in college, international affiliate programmes, and one-to-12 programmes.

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