



# VIETNAM DAILY NEWS

November 23rd, 2020



**Table of content**

## **Table of content**

- 1. VN-Index jumps to 990 points**
- 2. Coastal industrial zones attractive to investors**
- 3. Vietnam works to boost international integration of part suppliers**
- 4. Widening trade deficit not a major concern under RCEP**
- 5. Vietnamese chocolate products have chance to enter to global market**
- 6. Consumers increasingly embrace sustainability**
- 7. Binh Duong looks to attract more investment from RoK**
- 8. HDB: Record date to pay stock dividend for 2019**
- 9. BWE: Signing agreements with ADB & JICA**

## Market Analysis

### 1. VN-Index jumps to 990 points

The strong cash flow continued to help the VN-Index of the Hochiminh Stock Exchange fly high, adding 6.74 points, or 0.69%, to close at 990 points today, November 20.

Winning stocks far outnumbered losers by 255 to 169. The southern market saw more than half a billion shares worth over VND9.5 trillion change hands, increasing slightly in volume but declining by 11% in value against the session earlier.

In the VN30 basket, financial service provider TCH and housing developer KDH shot up to the ceiling prices at VND20,300 and VND26,450, respectively.

Other large-cap stocks that gained ground included lender VCB, rising by 2.55% to VND92,500, lender BID, up 2% to VND41,200 and low-cost air carrier VJC, up 4.6% to VND118,900. Property firm VHM and steelmaker HPG expanded by approximately 1%.

In contrast, lender CTG, petroleum stocks GAS and PLX, brewery SAB, property firm VIC and retailer VRE experienced a slight drop, down approximately 0.5%.

A number of speculative stocks shot up to the ceiling prices, such as PDR, PET, HNG, VGC, JVC and TDP.

Property developer FLC was the most actively traded stock on the southern market, with 31.4 million shares changing hands, followed by industrial zone developer ITA with 19.24 million shares. While ITA extended by 2.8% to VND5,150, FLC fell by 2.6% to VND4,190.

On the Hanoi Stock Exchange, the HNX-Index added 0.24%, or 0.36 point against the previous session, to close the day at 147.21 points, with 88 winning stocks and 71 losing ones. There were 61.9 million shares worth VND940.45 billion traded on the northern bourse.

Most large-cap stocks such as lenders ACB, SHB and NVB, stone processor VCS, petroleum stock PVS and construction firm VCG increased slightly.

Only a few stocks in the HNX30 basket lost ground, including industrial investment company DDG, lender MBS, securities company SHS and trade and investment company TNG.

ACB led the northern market by liquidity with 9.59 million shares changing hands. Property firm HUT came second with 6.36 million shares traded.

## Macro & Policies

### 2. Coastal industrial zones attractive to investors

According to CBRE, by the third quarter of 2020, the total land for the industrial development of five main industrial cities and provinces in the north includes Hà Nội, Bắc Ninh, Hưng Yên, Hải Dương and Hải Phòng accounted for 13,800ha in which 9,600ha of leasable industrial land. The average occupancy rate of the industrial park remained at a positive level of 79 per cent. Industrial zones (IZs) in Hà Nội, Hải Dương and Bắc Ninh have average occupancy rates of about 90 per cent. For the southern market, the total industrial land area is double that of the northern region, reaching about 38,000ha, of which 24,000ha of leasable industrial land including HCM City, Bình Dương, Long An, Đồng Nai, Bà Rịa – Vũng Tàu with an average occupancy rate of nearly 77 per cent. CBRE noted that the supply of industrial land ready to hand over in IZs in both regions was scarce.

Việt Nam's coastal regions are starting to receive as much investment as demand from both domestic firms expanding production and multinational corporations.

Consequently, the coastal provinces of Việt Nam have been taking advantage of the available potentials to develop the industries. Compared to other provinces in the northern region, Hải Phòng and Quảng Ninh have more supply allocated for industrial development.

Hải Phòng is one of the biggest industrial hubs in Việt Nam with significant projects such as DEEP C II and III and Vinhomes' new IZs. As of the third quarter of 2020, the city recorded an average occupancy of 56 per cent providing a recent launch of big industrial parks. Quảng Ninh recently emerges as an industrial coastal province. The province is expected to provide a large amount of industrial land bank in the future, with two economic zones (EZs) of Quảng Yên and Vân Đồn, of which Quảng Yên coastal EZ is oriented to become a growth engine promoting investment for Quảng Ninh. DEEP C, one of the major industrial park developers, is developing an industrial complex associated with a seaport in Quảng Yên EZ to exploit geographical advantages and utilize the navigation channel to Lach Huyen deep-sea port.

“To attract investors, Quảng Ninh prioritises the development of the processing and manufacturing industries. Secondary investors will have the highest corporate tax incentives in economic zones and - receive short-term vocational training costs for employees in the first 2 years from the date of issuance of investment certificate,” said Vice Chairman of Quảng Ninh People's Committee Bùi Văn Khăng.

He said for industrial park infrastructure investors, the lowest rate of land rent in five years will be applied and will be supported 30 per cent in advance of compensation costs, site clearance, 30 per cent support investment level of the wastewater treatment system in IZs (maximum VNĐ30 billion) after completion of construction. Quảng Ninh Province is also focusing on infrastructure development such as urgently completing the Vân Đồn – Móng Cái Expressway: reducing the time to go to the Chinese border gate from 2 hours to 50 minutes, expected to be completed in 2021. Highways connecting Hà Nội, Hải Phòng, Quảng Ninh, and major seaports and international airports have all been put into operation.

Lê Trọng Hiếu, Director of Advisory and Transaction Services, Industrial and Office at CBRE said the COVID-19 pandemic and trade tensions have disrupted global supply chains, Việt Nam is one of the attractive destinations for investors of companies with production lines in China.

“However, this trend is being interrupted by the US Presidential election, the Biden administration is expected to have drastic changes in economic policy, such as reducing tensions with China and re-joining the CPTPP. According to discussions with a number of companies interested in moving to Việt Nam, investors are waiting to determine US policy under the new presidency to take appropriate steps,” he said.

The growth of e-commerce and logistics companies since the start of COVID-19 has created a huge demand for storage space and distribution networks. Therefore, the need to find land to develop logistics facilities dominates the market. Since the end of 2018, the market has welcomed many foreign investors in logistics warehouse

development such as BW Industrial, LogisValley, LOGOS, and GLP entering the market. Mapletree - one of the pioneering investors in building rental warehouses from Singapore - is also aggressively expanding its land bank. By 2021, the market is expected to receive about 800,000sq.m of warehouse supply for rent, mainly in the areas of Bắc Ninh, Hải Dương, Hải Phòng and Quảng Ninh.

Electronics and supporting industries/automobile manufacturing are considered key sectors in attracting investment. CBRE acknowledges the entry of many large tenants in the electronics sector, including smartphone makers in an industrial park in Bắc Ninh (100ha) and Universal Scientific Industrial at DEEP C Hải Phòng I industrial zone, Wistron in Hà Nam. Such as Thailand, Việt Nam is considered a bright spot in attracting automotive supporting industries.

“We received a large number of inquiries and deals for land purchase and factory lease contracts from the US, South Korea, Germany, and Japan from the electronic, automotive and their supporting industries,” he added.

Sharing the ideas, Koen Soenens, General Sales and Marketing Director of DEEP C said they have reserved a large land bank to welcome the wave of investors as well as reliable utilities and services. The IZ developer has also provided ready-built workshops and warehouses to help investors quickly launch their businesses here.

“We targeted to become one of sustainable IZ developers in Việt Nam,” he said, adding that they are aiming to minimise environmental footprint and being the first in the country to build recycled plastic road.

### 3. Vietnam works to boost international integration of part suppliers

Vietnam has worked to raise the number of local part suppliers in the global supply chains, aiming to have about 1,000 enterprises capable of supplying directly to assembly enterprises and multinational corporations by 2025.

Statistics from the Ministry of Industry and Trade show that Vietnam now has close to 2,000 part suppliers. However, only 300 firms are in the supply chains of multinational groups.

To develop the industry, the Government has to date issued several documents to create a favourable legal framework, including Decree 111 in 2015 on the development of support industry, and the Prime Minister's Decision 68 dated January 18 in 2017 that approved a development programme for the sector during 2016 – 2025.

Most recently, in 2020, Prime Minister Nguyen Xuan Phuc signed Resolution 115 on measures to further

propel the industry, setting out development goals for the next decade.

According to the resolution, Vietnamese enterprises will be able to produce highly competitive supporting industrial products, meeting 45 percent of the essential needs for domestic production and consumption, accounting for about 11 percent of the industrial production value by 2025.

About 1,000 enterprises are expected to be capable of supplying directly to assembly enterprises and multinational corporations, of which domestic enterprises account for about 30 percent by 2025.

By 2030, supporting industrial products will meet 70 percent of the demand; accounting for about 14 percent of the industrial production value. About 2,000 firms will be capable of supplying directly to assemblers and multinational corporations in the territory of the country by 2030.

### 4. Widening trade deficit not a major concern under RCEP

Minister of Industry and Trade Tran Tuan Anh said that the possibility of rising trade deficit is not a major concern as Vietnam has already signed free trade agreements with other ASEAN members, and

with five non-ASEAN members of the ASEAN+1 trade pacts.

This has meant that over the last two decades, a slow reduction of tariffs has been taking place, and there will be no abrupt import tariffs drop in Vietnam, he told reporters recently.

The Regional Comprehensive Economic Partnership (RCEP) will help link commitments of the five individual trade pacts between ASEAN and the five non-ASEAN members together, he said.

For example, without the RCEP, Vietnamese companies will have to follow a different set of regulations to benefit from incentives while exporting to each of the five non-ASEAN countries, but with the RCEP, there will only be one set of rules to abide by.

"The RCEP focuses more on creating opportunities for small and medium businesses to join the new supply chains," and Vietnam should not be too concerned about the possibility of widening trade deficits, the minister reiterated.

Vietnam has been recording a trade deficit with most of the 14 other signatories to the RCEP, data from Vietnam Customs shows.

In the first 10 months of this year, the trade deficit was \$27.71 billion with China, \$21.37 billion with

South Korea and \$5.58 billion with other ASEAN members.

Economist Ngo Tri Long said that there was a possibility that imports from China and South Korea will increase, but the door will also open wider for Vietnamese firms to export to these countries.

"Rising imports could be balanced out by increasing exports, and therefore, the trade deficit will remain mostly unchanged," he told VnExpress International.

Vietnam has already recorded a high trade surplus with most other countries, with the total reaching a record high of \$18.72 billion in the first 10 months this year, and a sudden rise in trade deficits is not imminent, he added.

However, Minister Anh said there are some valid concerns about rising competition between Vietnam and other countries with similar export categories, because the added value of Vietnamese products is still modest.

Vietnam's manufacturing sector still relies on sourcing materials from other countries, and it will face difficulties in improving its place in the supply chain, he added.

## 5. Vietnamese chocolate products have chance to enter to global market

"You can find almost any quality chocolate product in Belgium, but there is one with a nice fresh, fruity and a sour taste that is very difficult to find, the Vietnamese chocolate," Paul Jansen, Belgian Ambassador to Viet Nam, said at a workshop to help Viet Nam's unique cocoa take a spot in the world market held in Ha Noi on Wednesday.

"Origin chocolate products have become very popular worldwide, but Vietnamese chocolate remains a rare chocolate to find," he said.

Viet Nam should have programmes to promote cocoa production in a sustainable way and with a guarantee of a fair income for the cocoa growers. A sustainable cocoa sector will be crucial, meaning no deforestation, no child labour, and a good income for the farmers, according to the ambassador.

"If Viet Nam can increase the sustainable cultivation of its unique flavoured cocoa, chocolate producers and customers will follow," Jansen said.

"At the Belgian embassy we are available to give support, to search for available support, and to link up with our industry. Given that Belgium and Viet Nam have a strategic partnership on agriculture, given that Vietnamese cocoa has a high potential and Belgium has a lot of expertise to offer, let's try together to give the Vietnamese cocoa bean the status it deserves."

Speaking at this workshop organised by the Belgian Embassy and the Ministry of Agriculture and Rural Development (MARD), Nguyen Do Anh Tuan, head of MARD's International Cooperation Department, said Viet Nam's agriculture is on the path of deep

international integration, gradually asserting its position in the global supply chain.

“Viet Nam's agricultural sector is strongly restructuring towards building value chain products based on the potential advantages and strengths of each agricultural product, including cocoa.”

Vietnamese cocoa received huge international recognition after it won the International Cocoa Awards in 2013 and was classified as Fine or Flavour Cocoa by the ICCO in 2015 thanks to its unique fruity flavour, he said. However, the cocoa production in Viet Nam has tended to decline sharply from 25,000ha in 2015 to 5,000ha in 2019.

Le Thanh Tung, Deputy Director of MARD's Department of Crop Production, said the economic efficiency of cocoa is lower than that of other crops such as coffee and cashew.

“The difficulties for Vietnamese cocoa at present are small cocoa planting areas intercropping with other industrial trees and weakness in pre-processing and processing of chocolate,” Tung said.

“Therefore, if foreign investors want to develop cocoa production in Viet Nam, they will face difficulties in developing material areas for cocoa.”

Truong Ngoc Quang, Director of Nam Truong Son Cocoa Co., Ltd., also agreed and said there are not concentrated material regions, making it difficult for businesses in purchasing cocoa.

Tung said it is necessary to build a link between farmers and businesses and between small businesses with large corporations, helping to develop a comprehensive and sustainable cocoa industry in the future.

Quang said the State management agencies should have a suitable development plan for cocoa trees. In

addition, there should be a mechanism for those linkages and price policy between businesses and farmers.

The chocolate industry consumes over 4 million tonnes of cocoa beans from around the world, with chocolate consumption growing at an average rate of 5 per cent. While the chocolate industry is getting wealthier year after year the cocoa farmers are not benefiting enough from that system and remain extremely poor. Most of the cocoa supply (close to 70 per cent) comes out of West Africa where the industry problems are the most severe, according to the workshop statement.

If major markets such as the EU and US impose stricter regulations it will open new doors for countries with sustainable supply chains to fill the gap. The demand for sustainable cocoa is growing steadily, a demand which Viet Nam can fulfil while other countries struggle to comply.

For access to the European market for Vietnamese cocoa, there are three different ways and Vietnamese players can choose the second and third ways. The first way is to export cacao beans from Viet Nam to the EU. The second way is to export cocoa powder and the third way is to export chocolate products which create a lot of value, according to Gricha Safarian, General Manager, Puratos Viet Nam.

Besides that, Tuan said the EVFTA has a part relating to protection of geographical indications. At present, the EU protects the geographical indications for 38 Vietnamese products, excluding cocoa.

“In the future, when the domestic cocoa industry develops further, the EU can consider to issue the protection of geographical indication for Vietnamese cocoa due to the unique taste of this product, although the cocoa output is not as high as coffee output,” Tuan said.

## 6. Consumers increasingly embrace sustainability

According to Kantar's latest study on the environment done on a global scale, environmental issues such as plastic waste, water pollution and air

pollution are among the top five concerns of Vietnamese in addition to food safety.

Facing increasing climate changes along with escalating levels of pollution, especially in the two key cities of Ha Noi and HCM City, there is an increasing environment consciousness among a group of Vietnamese consumers who are willing to take action to improve the situation such as reducing plastic waste, recycling and opting for healthier and sustainable lifestyles.

But such people only account for 35 per cent whereas the global rate is 59 per cent, Vo Thi Kim Nhu, senior account manager, Worldpanel Division in Viet Nam, told a recent webinar.

Moreover, nearly 80 per cent of Vietnamese shoppers do not bring their own bags, resulting in the increasing use of plastic bags, the study found.

Nhu also listed the reasons that prevent Vietnamese from living 'green' as knowledge barrier since authorities and enterprises do not propagate environmental protection, a belief the situation is not too bad, which requires an emphasis on the alarming state, and the fact that sustainable and environment-friendly products are hard to find and are expensive.

In fact, one of the activities that has been promoted and encouraged by the authorities and enterprises in Viet Nam recently is recycling.

But Vietnamese consumers remain very vague about which products can be reused, recycled and replaced, where these products can be collected, how products are recycled, and what will happen to them after recycling, Nhu said.

Furthermore, a quarter of the study respondents said recycling is inconvenient.

Vietnamese consumers want manufacturers and authorities to take the lead in reducing environmental impacts and do not expect retailers to take action in limiting environmental damage.

In the past few years the Government has been undertaking environmental protection projects with the aid of local and foreign businesses, organisations and individuals.

For instance, nine leading companies in the fast moving consumer goods and packaging sectors formed the Vietnam Packaging Recycling Alliance (PRO Vietnam). They include TH Group, Coca-Cola, Friesland Campina, La Vie, Nestle, Nutifood, Suntory PepsiCo, Tetra Pak, and Universal Robina Corporation.

The establishment of this alliance promises many practical green initiatives and actions.

Besides, many initiatives have been taken by businesses such as using paper and recycled plastic straws and packaging in coffee and tea shops and supermarkets and food to non-food brands.

However, surprisingly, only 5 per cent of participants could name manufacturers or brands that are taking environment-friendly initiatives.

“To foster more revolutionary changes towards a shared sustainable development, perhaps we need to consider conveying more green messages along with activities to inspire various consumer groups,” Nhu said.

Kantar's Worldpanel data also found that a majority of the aware consumer group stopped buying certain products and services because of their impact on the environment or society.

This implies the importance of this group of consumers. By involving and engaging with them brands will have opportunity to achieve a sustainable development in the future.

Doan Quoc Tuan, senior marketing executive at Tetra Pak, said: “Sustainability is no longer just a nice thing to do or trend. It is a license to do business in the long term.”

## 7. Binh Duong looks to attract more investment from RoK

A workshop on promoting investment from the Republic of Korea (RoK) in the southern province of

Binh Duong was held in the form of an online conference on November 20.

The workshop was jointly held by the provincial People's Committee, the Becamex IDC Company, the Korea International Trade Association (KITA), and the business support centre in the RoK's Gyeonggi-do region.

The RoK is the third-largest foreign investor in Binh Duong after Japan and China, with 756 projects and nearly 3.2 billion USD in capital, accounting for nearly 5 percent of all investment from the country in Vietnam.

In remarks delivered at the workshop, Nguyen Thanh Trung, deputy head of the Management Board of Industrial Parks in Binh Duong, gave detailed instructions on procedures and land lease extensions.

He affirmed that Binh Duong always creates favourable conditions for foreign investors and stressed that administrative procedures are handled promptly by local authorities.

RoK investors made proposals to the provincial People's Committee relating to the extension of land lease terms as well as support from local authorities in this regard, especially in the context of COVID-19.

Vice Chairman of the provincial People's Committee Nguyen Thanh Truc said the locality will pay due regard to improving the investment environment and local competitiveness and promoting support

for investors in the locality in general and the RoK's business community in particular.

He affirmed that local authorities will also focus on reforming administrative procedures to ensure publicity, transparency, and simplicity, thus facilitating the operations of investors.

Attention will be also paid to developing high-quality services and infrastructure networks in transport, water supply, electricity, and environmental treatment, and expanding industrial parks and training human resources to meet the requirements of enterprises and the needs of industrial and urban development in the locality, he added.

In 2020, despite the difficulties posed by the COVID-19 pandemic, Binh Duong maintained its stable economic growth, with gross regional domestic product (GRDP) estimated to increase 6.78 percent and annual per capita GRDP to stand at 150 million VND (6,500 USD).

In the first ten months of 2020, more than 1.7 million USD in foreign investment was poured into the province. It has attracted 3,913 foreign-invested projects in total, with registered capital hitting 35.3 billion USD.

It is one of the three leading localities nationwide in attracting FDI, after HCM City and Hanoi.



## Corporate News

### 8. HDB: Record date to pay stock dividend for 2019

↑ 1.38%

On November 19, 2020, the Hochiminh Stock Exchange issued Announcement No.1917/TB-SGDHCM about the record date of Ho Chi Minh City Development Joint Stock Commercial Bank as follows:

- Ex-right date: November 27, 2020
  - Record date: November 30, 2020
- 1) Reason & purpose: to pay second stock dividend for 2019.
  - 2) Content:
    - Exercise ratio: 26.923138% (shareholder who owns 100 shares will receive 26.923138 new shares).
    - Expected issue volume: 338,072,453 shares
    - Plan to deal with fractional shares: The distributed shares will be rounded down to dozen,

the fractional shares due to rounding down will be repurchased to the Union of Ho Chi Minh City Development Joint Stock Commercial Bank.

- For example: at the record date, shareholder A owned 100 shares. With 26.923138% performing ratio, the shareholder A will receive:  $6100 * 26.923138 / 100 = 26.923138$  shares. According to rounding policy, the shareholder A receives 26 new shares and fractional shares of 0.9231 shares \* 10,000dongs/share = 9,231 dongs.

- Place of payment:

- Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.
- Shareholders whose shares have not been deposited: at Ho Chi Minh City Development Joint Stock Commercial Bank (Address: AB Building, 76 Le Lai, district 1, Hochiminh).

### 9. BWE: Signing agreements with ADB & JICA

↓ -0.76%

On November 16, 2020, the Board of Directors of Binh Duong Water Environment Joint Stock Company unanimously approved to use the capital borrowed from the Asian Development Bank (ADB) and Japan International Cooperation Agency

(JICA) to implement the project Investing in and Expanding Tan Hiep Water Plant with the total loan value of US\$16,000,000, including US\$8,000,000 from ADB and US\$8,000,000 from JICA.

**Research Team:**            **Tsugami Shoji**    *Researcher*            [jsi@japan-sec.vn](mailto: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](mailto:info@japan-sec.vn)*

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