



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market edges higher, fertiliser stocks surge

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) reversed course to edge higher in Wednesday's trade after dropping 0.38 per cent in the morning session. The index rose slightly 0.03 per cent to 1,186.95 points.

The market breadth turned positive at the end of the session with 270 stock rising, while 168 stocks decreased. And 64 stocks stayed unchanged.

While a total of over 628.77 million shares were traded today on the southern market, worth VND15.15 trillion, an overload occurred again on HoSE in the afternoon session.

In a daily report, Bao Viet Securities Co. said that the index might face corrections earlier in the sessions before recovering at the end of the session. And the market needs more time to accumulate to break over 1,200 points level in the near future.

The market received support from the containment of COVID-19 outbreaks and the upward trends of global markets, the company added.

However, strong selling pressure still weighed on the market, with many big stocks falling.

The VN30-Index, tracking the 30 biggest stocks on HoSE, gained 0.07 per cent to finish at 1,195.6 points. The index lost 0.37 per cent in the morning session. Eleven of the 30 large-cap stocks in the VN30 basket rose, while 15 stocks dropped.

Stocks from real estate and banking sectors still influenced the market's trend.

Top five stocks contributing to the gain of the market were Investment And Industrial Development Corporation (BCM) up 5.35 per cent, Vietinbank (CTG) up 1.58 per cent, VPBank (VPB) up 2.09 per cent, No Va Land Investment Group Corporation (NVL) up 2.65 per cent and Vincom Retail JSC (VRE) up 2.31 per cent.

Fertiliser stocks also recorded big gains today with DAP - VINACHEM JSC (DDV) up 14.75 per cent, Lam Thao Fertilizers And Chemicals JSC (LAS) up 10 per cent, Petro Viet Nam Ca Mau Fertilizer JSC (DCM) up 6.69 per cent and Duc Giang Chemicals Group JSC (DGC) up 6.98 per cent.

Meanwhile, Vingroup JSC (VIC), Vinhomes JSC (VHM) and Vietcombank (VCB) extended their losses and limited the index's gain.

On the Ha Noi Stock Exchange (HNX), the HNX-Index posted an increase of 2.48 per cent to end the trading day at 254.1 points. The HNX30-Index recovered from earlier losses, up 0.56 per cent to 375.61 points.

Domestic investors poured nearly VND2 trillion into the northern bourse on Wednesday, equivalent to over 131.1 million shares.

In general, the market's liquidity was high with a total 821.9 million shares traded, including trading volume on UPCOM, worth nearly VND18.2 trillion.

Meanwhile, foreign investors were still net sellers on HoSE and HNX, with a net value of VND471.95 billion on the southern bourse and a net sell value of VND7.6 billion on the northern market.

## Macro & Policies

### 2. Shrimp exports may exceed 4 billion USD this year

Positive signs have been seen in shrimp exports since the beginning of this year and alongside a host of favourable conditions regarding market demand, the target of earning 4 billion USD from exports has been deemed “within reach”.

#### Auspicious signs

The US Customs and Border Protection (CBP)'s removal of anti-dumping tariffs on the Minh Phu Seafood Corporation's frozen shrimp products exported to the US is great news for the company and Vietnam's shrimp industry as a whole.

The move has allowed the company to ship more frozen shrimp products to the US free of additional tariffs currently imposed on those from India. It will also receive a refund of tariffs it submitted previously.

The Ministry of Industry and Trade said the decision is objective and fair, with thorough consideration given to the efforts of Minh Phu and relevant agencies.

On January 5, a batch of 160 tonnes of frozen shrimp products from Minh Phu left port for the US, Europe, and Japan.

Figures from the Ministry of Agriculture and Rural Development showed that seafood export value was estimated at 600 million USD in January, a year-on-year increase of 19.6 percent.

The Vietnam Association of Seafood Exporters and Producers (VASEP) said 2021 boasts favourable conditions for shrimp production and export, as

demand worldwide remains stable and other exporters have yet to fully recover from the pandemic.

Vietnamese shrimp also possesses advantages in terms of tariffs thanks to new-generation free trade agreements the country has signed.

Experts noted that shrimp prices on the global market are projected to rise in the first half of this year and exports may well top 4.4 billion USD.

The US, Europe, and China are Vietnam's largest markets at the moment, Deputy Minister of Agriculture and Rural Development Phung Duc Tien said.

To realise the export target, companies and farmers must carefully prepare necessary conditions for production while remaining vigilant against disease and any chemical or antibiotic residue, to ensure food safety.

Links between stakeholders in the supply chains also need to be strengthened to raise product quality and ensure origin tracing, he noted, adding that effective models should be expanded and technical barriers countered.

Shrimp exports raked in 3.7 billion USD in 2020, a year-on-year increase of 11 percent. Vietnam has an advantage in exports compared to other suppliers given that the country has largely kept COVID-19 under control.

Export value to the US surged 33 percent last year, while the figures to the UK rose 20 percent, the EU 6.1 percent, and the Republic of Korea 3.3 percent.

### 3. Danish feed company takes major share in Vietnam shrimp producer

BioMar, the Denmark-headquartered feed company, has acquired a majority share in the Vietnamese Viet-Uc Seafood Corporation, with activities in shrimp hatcheries, fish hatcheries and shrimp farming.

The deal between the Danish company with Viet-Uc Seafood aims to expand the market for high-end feed products - focusing on sustainability, traceability, quality and performance, according to the Fish Site.

“Considering the performance and agility of the Vietnamese shrimp industry during the last decade, and not least during this last year of pandemic, I am sure the market holds great potential for growth,” said Carlos Diaz, CEO of BioMar Group.

Looking at market forecasts and the increasing consumer focus on healthy and sustainable seafood, the Danish group expects there will be an increasing market share for high-end feed, ensuring farmers can deliver certified products towards global retail channels.

Adding Vietnam into the equation will enable BioMar to build a strong relationship both to Vietnam and the nearby countries, as well as creating benefits from the relation between genetic and nutritional development.

“Partnering with one of the leading companies within this field to develop high performance feeds, concepts and value chain collaborations makes a lot of sense, in order to promote a positive development of the shrimp industry,” Diaz said.

Last year, BioMar signed a memorandum of understanding with Viet-Uc Seafood with the aim of establishing a partnership on aquafeed production in Vietnam, which will help Vietnam's shrimp production be clean and traceable.

In 2020, Viet-Uc Seafood launched a high-tech shrimp farm in the northern province of Quang Ninh, and currently operates eight other hatchery facilities in the southern and central regions.

#### **4. Vietnam, EFTA poised to finalize FTA later this year**

This information was released by Vietnamese Ambassador to Switzerland Le Linh Lan during the “Webinar Market Focus Vietnam” event on March 2 which was jointly held by the Vietnamese Embassy in Switzerland, the Geneva Chamber of Commerce, Industry and Services, and the Switzerland-Vietnam Business Group (SVBG).

Since 2012, Vietnam and the EFTA have been in the process of officially conducting negotiations for FTAs, although negotiations have encountered various difficulties, mainly relating to intellectual property rights and public finance.

The Vietnamese Ambassador stated that both sides are currently striving to speed up the FTA negotiation process in an effort to finalise the signing of the FTA this year. Once implemented, the deal is expected to offer numerous advantages for Swiss investors that are keen to do business in the country.

In line with this, foreign investors are likely to benefit from 15 FTAs signed by the nation, including

the EU – Vietnam Free Trade Agreement (EVFTA) and the Regional Comprehensive Economic Partnership (RCEP).

Furthermore, Switzerland represents an important trading partner and is the sixth largest European investor in the country with total investment capital of roughly US\$2.058 billion, the majority of which is focused on the processing, manufacturing, and electricity sectors.

At present, approximately 100 major Swiss enterprises and groups are operating domestically, including Nestlé, Novartis, Roche, Holcim, and ABB.

According to experts, following the initial wave of large Swiss corporations pouring investment capital into Vietnam, more small and medium enterprises (SMEs) operating in the fields of service, manufacturing, and technology are anticipated to invest in the Southeast Asian nation in the time ahead.

#### **5. Vietnam coal project supported by Japan, South Korea, to continue despite investor pressure**

Mitsubishi holds a 40 per cent stake in the 1.2-gigawatt Vung Ang 2 coal-fired plant in Ha Tinh province, with the rest being held by South Korean state-run utility Korea Electric Power Corporation (Kepeco) and Japanese company Chugoku Electric Power, according to the Netherlands-based finance watcher NGO BankTrack. Loans totalling US\$1.7 billion have been extended to the project by the state-owned Japan Bank for International Cooperation (JBIC) and state-run Export-Import Bank of Korea, alongside other private institutions.

As one of the world's fastest growing economies – even amid a global recession caused by the Covid-19 pandemic – Vietnam's electricity demand has risen by about 12 per cent per year in recent years.

More than half of its energy needs are met by coal-fired power stations at present, though the country is a signatory to the Paris climate agreement and has pledged to reduce its dependence on coal to 27 per cent by 2030, while raising the share of non-hydroelectric renewable sources in its energy mix.

JBIC's decision to finance Vung Ang 2 through a US\$636 million loan “was made by taking into account Japanese government policy as well as the energy policies in the partner country [of Vietnam]”, said spokesman for the bank, adding that JBIC had been “promoting the energy transition from coal to gas and/or renewable energy through direct dialogue with the Vietnamese government which we will continue to strengthen”.

Tokyo has moved to expand investments into Southeast Asia recently in a bid to counter China's growing influence in the region, with Japanese firms being encouraged to support Vietnamese fossil fuel projects that American and European financiers have backed off from as part of a global decarbonisation trend.

Kepeco did not respond to a request for comment, but said last year it would spend nearly US\$190 million to acquire a 40 per cent stake in Vung Ang 2 from Hong Kong's CLP Holdings, which withdrew from the project as part of its efforts to decarbonise.

Nordea Asset Management, which holds shares worth about €400 million (US\$482 million) in some of the companies constructing the Vietnamese plant, wrote to sponsors, financiers and contractors involved in the project in October urging them to

withdraw, citing “high climate-related, financial and reputational risks”.

Kepeco, Mitsubishi Corporation and the Seoul-based Samsung C&T Corporation responded by vowing not to get involved with future coal-fired plant projects, according to Eric Pedersen, Nordea's head of responsible investments, who wrote the letter.

But by “moving ahead with projects that were agreed on prior to these commitments”, Pedersen said the companies risk “undermining the beneficial effects of these decisions” and could miss out on future investments from Nordea because of “elevated climate-related risks” as the asset management firm undergoes a vetting process.

“Clearly, companies and lenders with stakes in projects like Vung Ang 2 – which are highly likely to be forced offline well before having recouped their investments – will flash red in such a review, and as a result will become non-investible for an increasing part of our portfolios,” Pedersen told This Week In Asia, adding that Mitsubishi deserved credit for pulling out of the 2-gigawatt Vinh Tan 3 project last week but “should also recognise the untenable nature of their involvement in Vung Ang 2”.

Though seemingly favoured by the government in Hanoi, coal-fired power plants are not so popular with ordinary Vietnamese, as was noted in a letter from a dozen leading NGOs to Prime Minister Nguyen Xuan Phuc in 2019 urging him to scrap 14 such plants across the country – half of which had faced public opposition.

According to Vietnam's Environmental Protection Law, locals must be consulted before any projects such as coal-fired thermal power plants are constructed in their areas.

But Tran Dinh Sinh – deputy director of the Green Innovation and Development Centre NGO that promotes sustainable development and renewable energy sources in Vietnam – said investors often skip this step, only inviting residents to a few meetings to introduce a project without fully disclosing all of its environmental and health impacts.

“Locals only learn about pollution when a project goes into operation,” he said, referencing a 2015 incident in which a national highway was blocked by

protesters angry about dust emissions from the Vinh Tan 2 coal-fired plant in south-central Vietnam. That protest was dispersed after the operator promised to address the issue, and was followed by an apology from state utility EVN published on the government's portal.

“Through the incident in Vinh Tan, it can be said that if people are not consulted, it will be the source of social unrest,” Sinh said.

Questions have also been raised about the country's inefficient use of electricity, with a 2018 report by

Harvard University economist David Dapice noting that “Vietnam requires twice as much electricity to produce the same amount of real GDP as Thailand” and “uses more electricity per unit of output than China does, yet China is both more industrial and more urban and both tend to increase energy demand”.

The report, written in collaboration with academics at the Fulbright University Vietnam, attributed this to the “ineffective enforcement of conservation policies, including in new buildings”.

## 6. Electronics conglomerates hoping for further incentives

South Korean conglomerate LG in early February declared to add about \$750 million to its LG Display Vietnam facility in the northern port city of Haiphong, raising its total investment capital to \$3.25 billion. The move took place as COVID-19 returned.

Suk Myung Su, general director of LG Display Vietnam said that this subsidiary is one of LG's key projects across the globe. “In the coming time, we expect the local authorities to keep facilitating a safe investment climate, thus assuring stability for our long-term plans.”

Su's statement partially reflects how important the Vietnamese market to the entire corporation is, especially as its LG Electronics branch has suffered tremendous losses in overseas markets. As of the end of December, LG Electronics recorded accumulated losses of \$4.5 billion over 24 consecutive quarters.

As a result, the parent company has been attempting to restructure its entire operations, including shifting the majority of its business segments to Vietnam. According to Korea Times, LG targets the country as its average labour cost is much lower than in South Korea, helping the company to save a sizable expense. Moreover, the growing living standards in Vietnam are also appealing.

Tran Anh Tuan, founder of research and development (R&D) company MESLAB, told VIR that the local electronics and home appliances

market is very promising, as it is driven by the growing expenditures for these items.

“Therefore, LG chose to accelerate many projects in Vietnam, thus using it as its main supply base for products and new tech. Furthermore, its arch rival – South Korean Samsung – has poured immense capital into Vietnam, so LG cannot stand around with its arms crossed,” added Tuan.

Following a string of big foreign-invested ventures in Vietnam, LG is working with local authorities to receive plentiful incentives similar to what overseas giants are enjoying here.

### Shared ideas

Similar to LG, its competitors like Samsung, Microsoft, Qualcomm, Intel, and lately Foxconn – Apple's largest assemblers have massively stimulated investments in Vietnam.

Late last year, Foxconn announced to pour an extra \$700 million into the country and thereby provide around 10,000 new jobs in 2021. At the same time, the Taiwanese assembler kicked off two projects in the northern province of Bac Giang. On January 18, Bac Giang People's Committee also licensed its new project to manufacture tablets and laptops, worth \$270 million.

As of the end of 2020, Foxconn's total investment in Vietnam reached about \$1.5 billion. Last week, Foxconn Singapore Pte. Ltd. also decided to pour an additional \$23 million into the Fukang Technology

Factory in the northern province of Bac Ninh, bringing the total capital of this project to \$293 million. The project was previously granted its investment certificate in mid-January.

Foxconn is also recruiting additional 1,000 electronic assembly workers for its factories in Vietnam, who will work at the industrial zones of Dinh Tram, Quang Chau, Van Trung in Bac Giang and Bac Ninh provinces.

Last March, Samsung started its \$220 million R&D project in Hanoi. The establishment will be the largest in Southeast Asia and responsible for all of its R&D activities. After 12 years of presence in Vietnam, Samsung has increased its total investment in the nation by as much as 26 times to \$17.3 billion, which places it as the biggest overseas investor in the country.

Intel in January also added \$475 million to the first phase of Intel Products Vietnam for its chip assembly and manufacturing facility. Along with the \$1-billion chipset assembling facility in Saigon Hi-tech Park in Ho Chi Minh City that was built 15 years ago, the US company has invested around \$1.5 billion here.

Contrary to the previous incentives applied to all foreign-invested enterprises (FIEs), the government has recently reviewed adjusting incentives for investments in high-tech projects. Last year, the government issued several incentives as mentioned in Decree No.94/2020/ND-CP regulating the preferential mechanisms and policies for the National Innovation Centre (NIC).

Talking to VIR, Vu Quoc Huy, deputy director of the NIC, said that the criteria will include key requirements like sectors and niche markets, products, technology, business models, and human resources. “These are basic standards to select appropriate businesses that focus on the core values of businesses instead of their profitability, so startups and small- and medium-sized enterprises with promising ideas have great chances to join the NIC,” said Huy.

Manufacturing and assembling establishments – which previously had enjoyed a prolonged focus in Vietnam – may no longer be approached with favourable conditions.

A VIR source revealed that Intel has been in talks with the Ministry of Planning and Investment to receive “enormous incentives for its latest project.” When Intel entered Vietnam in 2007, the company was offered great incentives for its chip assembling and manufacturing facility. Pham Chanh Truc, head of the high-tech park in Ho Chi Minh City at the time, said Intel would not pay corporate income tax (CIT) for the first four years of operation and enjoy a 50 per cent tax break for the nine years following that. After that, Intel was set to pay only 10 per cent CIT, compared with the then-normal 28 per cent rate.

### R&D in focus

According to the amended Law on Enterprises, R&D activities are classified as industries entitled to incentives. Article 20 stipulates that such projects with a scale of more than VND3 trillion (\$130.4 million), and disbursements of at least VND1 trillion (\$43.47 million) within three years, can apply for a particular incentive mechanism that is higher than the current provisions of the law and decided by the prime minister.

For now, operators are investigating the incentives as stipulated in Decree 94. Those include fewer administrative procedures and a 50-year exemption from land leasing costs in high-tech areas. Establishments at the NIC will also be exempt from land clearance expenses and infrastructure usage fees at the areas they lease. Moreover, startups will be able to enjoy a preferential CIT rate of 10 per cent over the first 30 years, instead of the previous 20 per cent.

The NIC will provide programmes focusing on supporting innovative companies, including promoting technology transfer between overseas and local businesses as well as assisting them with research and commercialisation of their products under a sandbox mechanism.

Among foreign-invested projects, Samsung continues to enjoy the most favourable conditions for its R&D centre. LG, however, does not stand still as it is already researching locations near Danang to set up similar establishments.

Vietnam annually spends a mere 0.4 per cent of its GDP on R&D activities, which is seen as a possible magnet for luring FIEs to the country.

Tuan from MESLAB said that with global IT players' R&D establishments, Vietnam could gain such benefits as creating suitable jobs for high-skilled employees.

“Shifting to R&D activities is an inevitable trend as local labour cost and their working skills keep improving, demanding higher-quality investment flows,” Tuan said.

## 7. Vietnam to build legal framework to manage cryptocurrency

The State Bank of Vietnam (SBV), the country's central bank, and government agencies are working on a legal framework to manage cryptocurrency and virtual assets.

institutions with permission from competent authorities are authorized to provide such services on the domestic and international markets.

The information was released by Vice Governor of the SBV Dao Minh Tu at a monthly government's press conference on March 2, saying that bitcoin and other cryptocurrency are not legal tender and lawful means of payment in Vietnam.

“So far, local authorities have not issued license for any forex trading floor. Therefore, all transactions on these floors are illegal,” stressed Mr. Tu, urging investors to be cautious from advertisements of these platforms with promises of soaring profits despite current difficult economic climate.

“Vietnamese laws do not allow such cryptocurrency to act as a kind of legal tender in Vietnam,” Tu said.

People taking part in illegal forex activities, therefore, face huge risks and are not protected by law, added Tu.

In another move, the Ministry of Finance has set up a research team on cryptocurrency and virtual assets to propose changes in laws related to these issues accordingly.

Tu noted investors before putting their money on any investment channel should consult local authorities and credit institutions.

People face huge risks taking part in illegal forex trading

Some investors admitted greedy is a major reason for them to participate in forex trading activities. However, they argued a lack of legal framework regulating such activities has directly led to a growing number of such platforms operating publicly and attracting ill-informed investors..

Tu, meanwhile, also reiterated the SBV's stance regarding current operation of foreign exchange (FX) trading platforms in Vietnam that only credit



## Corporate News

### 8. SAB: Only one Vietnamese remains in Sabeco's management board

↓ -1.40%

Besides An, the firm's management board currently has three foreign members comprising general director Neo Gim Siong Bennett and deputy general directors Teo Hong Keng and Ng Kuan Ngee Melvyn. All of them are linked to the Thai Beverage Public Company Limited (ThaiBev).

ThaiBev spent US\$5 billion acquiring a 53.59% stake in Sabeco through the Vietnam Beverage Co., Ltd in 2017.

Since then, the senior executives of ThaiBev have been nominated to the management boards of

Sabeco and its subsidiaries. For example, Neo Gim Siong Bennett, in addition to holding the post of Sabeco general director, is now chairman of Saigon Beer Western JSC and a member of the board of Chuong Duong Beverages JSC.

As for Sabeco's performance in 2020, its revenue plunged 26% over 2019 to VND28.1 trillion due to the Government's Decree 100 strictly banning drink-driving and the Covid-19 pandemic. However, its after-tax profit reached VND4.9 trillion, exceeding its target by over 50%.

### 9. VJC: Vietjet Air to resume flights to Van Don airport from March 3

↓ -0.36%

Budget carrier Vietjet Air has announced that it will resume its flights to Van Don International Airport in the northern province of Quang Ninh from March 3 after the airport is allowed to reopen on March 2.

The Van Don airport was temporarily shut down from January 29 after an airport security staff was confirmed positive for the coronavirus SARS-CoV-2 that causes the COVID-19 pandemic.

Vietjet Air's Flight VJ230 from Ho Chi Minh City will be the first to land at this airport on March 3 morning since the shutdown.

The carrier plans to conduct four round-trip flights on the route each week in March.

From February 27 to March 31, 2021, passengers buying tickets and flying with Vietjet Air across Vietnam will receive the special gift of 20kg checked baggage in addition with 7kg hand luggage completely for free.

The special offer is for passengers booking tickets at least 3 hours before departure time on Vietjet Air's official sales channels at [www.vietjetair.com](http://www.vietjetair.com), official Facebook page at <https://www.facebook.com/vietjetvietnam/>, ticket offices and official agents, applying for all

payment methods. The free checked baggage is immediately applied as customers choose to include a 20kg baggage package when booking on all domestic flight routes with the flight time from February 27, 2021 to April 25, 2021.

Especially, passengers do not miss opportunities to fly and experience the new super convenient Deluxe fare type of Vietjet Air at an unprecedented attractive price from only 399,000 VND (17.25 USD). In addition to the 20kg checked luggage for free, Deluxe passengers can enjoy free changes of flight, date, route for unlimited times; free priority check-in; free seat selection; and included Deluxe Flight Care programme.

Vietjet Air advised passengers to fully comply with the mandatory health declaration via <https://tokhaiyte.vn>, save and show the information when checking in at airports as well as wear face masks during their flight to protect themselves and their community. All Vietjet Air flights are in accordance with global supreme standards and recommendations from authorities, the World Health Organization (WHO) and the International Air Transport Association (IATA) in order to ensure the safety of all passengers, cabin crew and the community.

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