



VIETNAM DAILY NEWS

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Market Analysis

1. Shares end lower as congestion and foreign net selling worry investors

Vietnamese stocks ended lower in a choppy session on Tuesday as profit-taking erased earlier gains and the ongoing technical congestion as well as foreign net selling dampened investors' sentiment.

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The benchmark VN-Index on the Ho Chi Minh Stock Exchange was down 0.54 per cent to close at 1,161.97 points.

It had lost 0.04 per cent to close at 1,168.27 points on Monday.

More than 641.4 million shares were traded on the southern bourse, worth VND15.1 trillion (US\$657.3 million).

Market breadth was negative with 266 gaining stocks and 187 losers.

"The VN-Index was in downtrend for most of the trading time. Foreign investors were still net sellers on both HoSE and HNX. Market breadth turned negative but the liquidity was not much different from the previous session," said BIDV Securities Co.

"According to our assessment, VN-Index is likely to struggle in the 1,150-1,170 zone in the next few sessions," the company said.

Foreign investors net sold VND1.14 trillion on HOSE, including dairy firm Vinamilk (VNM) (VND273.1 billion), PVPower (POW) (VND181.8 billion) and Hoa Sen Group (HSG) (VND102.9 billion). They were net sellers on the HNX with a value of VND15.42 billion.

Trading activities on Tuesday were continuously interrupted due to system overloads, which troubled traders and weighed down their sentiment.

The large-cap tracker VN30-Index lost 0.60 per cent to stay at 1,163 points.

Twenty-two of the 30 large-cap stocks in the VN30 basket decreased while seven climbed.

In the VN-30 basket, two energy stocks PVPower (POW) and Viet Nam National Petroleum Group (PLX) suffered the most with both down more than 3 per cent, followed by Mobile World Group (MWG), losing 2.1 per cent, Vietinbank (CTG), dropping 1.9 per cent, Vinamilk (VNM), losing 1.7 per cent and Vingroup (VIC), declining 1.6 per cent.

On the other side, Phat Dat Real Estate Development JSC (PDR), Hoang Huy Investment Financial Services JSC (TCH), Thanh Thanh Cong – Bien Hoa Joint Stock Company (SBT) and VPbank (VPB) were the gainers with over 1 per cent increases.

Banking group suffered during trading with Military Bank (MBB), Sai Gon-Ha Noi Bank (SHB), Tien Phong Bank (TPB), Eximbank (EIB), Vibank (VIB), Sacombank (STB) all losing, while the two biggest decliners were Bank for Investment and Development (BID) and Vietinbank (CTG) dropping nearly 2 per cent.

On the Ha Noi Stock Exchange, the HNX-Index rallied 0.54 per cent to end Tuesday at 264.83 points.

The index had rallied 1.39 per cent to end Monday at 263.42 points.

Nearly 150.6 million shares were traded on the northern market, worth VND2.1 trillion.

Macro & Policies

2. Pakistan initiates anti-dumping investigation into Vietnam's cold rolled steel

Pakistan's National Tariff Commission has initiated an anti-dumping investigation into cold rolled coils and sheets originating in or exported from certain countries, including Vietnam.

In a notice issued on February 25, the commission said investigated products are classified under Pakistan Customs Tariff (PCT) heading numbers 7209.1510, 7209.1590, 7209.1610, 7209.1690, 7209.1710, 7209.1790, 7209.1810, 7209.1891, 7209.1899, 7209.2510, 7209.2590, 7209.2610, 7209.2690, 7209.2710, 7209.2790, 7209.2810 and 7209.2890.

The period under investigation is from October 1, 2019 to September 30, 2020.

China Steel & Nippon Steel Vietnam JSC is subject to the investigation.

Interested parties are requested to identify themselves to the Secretary, National Tariff Commission, State Life Building No.5, Blue Area, Islamabad; Tel: 9251 920 2839; or Fax: 9251 922 1205, no later than 10 days after the publication of the notice.

All interested parties are invited to make their views/comments known to the commission, and to submit information and documents (if any) no later than 45 days from the date of the publication of the notice.

All data and information in this regard should be sent to the Director General (Investigation-II), National Tariff Commission, Statelife Building No.5, Blue Area, Islamabad; Tel: 9251 921 8961; Fax: 9251 922 1205; or Email: Khizar.ntc@gmail.com.

The Trade Remedies Authority of Vietnam at the Ministry of Industry and Trade recommended production associations and businesses promptly identify themselves to the investigation agency and cooperate in the investigation in order to enjoy exclusive tariffs.

They should regularly exchange information with Pakistani importers as well as the Authority, to receive timely support.

The imposition of high anti-dumping duties would reduce Vietnam's competitiveness and make the country lose part or all of the Pakistani market, it warned.

3. Ca Mau Province moves to expand world-standard shrimp farming

The southernmost province of Ca Mau is applying itself to developing intensive and super-intensive shrimp farming along with alternative shrimp - rice culture and integrated shrimp - forest cultivation models under international standards.

Le Thanh Trieu, Director of the provincial Department of Agriculture and Rural Development, said shrimp farming will be modernised by promoting scientific application to improve productivity, quality, effectiveness, and food safety while also protecting the environment.

More investment will be poured into intensive farming to help the province maintain its leading position in Vietnam in shrimp farming, he noted.

From now to 2025, the local shrimp farming area will stay at about 280,000 ha, generating an annual output of 700,000 tonnes, up 3.5 percent each year on average.

Five super-intensive shrimp farming zones will be formed, with 1,000 ha gaining international certification. Meanwhile, about 10,000 ha of intensive and semi-intensive farming will be developed in areas with favourable conditions, including 500 ha that meet international standards, according to Trieu.

Resources are also being invested in the alternative shrimp - rice culture model, which suits local soil conditions and can help improve shrimp output, he said, noting that the province is looking to have

about 40,000 ha of this type of farming by 2025, including 10,000 ha of certified organic farming.

The official added that the integrated shrimp - forest cultivation model, which is suitable for areas with mangrove forests, will also be expanded. Shrimp, together with crab, blood cockle, and fish, will be farmed organically in these mangrove forests, helping to improve the local shrimp industry's value and competitiveness in both domestic and foreign markets.

Ca Mau is currently home to 19,000 ha of shrimp culture models meeting international standards such as GlobalGAP, Naturland, Best Aquaculture Practices, and Selva Shrimp. About 4,200 farming households are taking part in these farming models, with certified shrimp output topping 10,000 tonnes each year.

The province's fishery output grew some 4.1 percent annually between 2014 and 2020. It was estimated at 600,000 tonnes last year, including 210,000 tonnes of shrimp, up 4.7 percent year-on-year.

4. World Bank supports Vietnam to spur energy efficiency investments

The World Bank, acting on behalf of the Green Climate Fund (GCF), has signed a \$11.3 million grant with the State Bank of Vietnam to support the development of a commercial financing market for industrial energy efficiency investments. The total financing support from GCF also includes a \$75 million guarantee.

\$8.3 million from the grant will be used to build capacities for the private sector to identify, appraise, and execute energy efficiency projects. It will also provide technical assistance to the Ministry of Industry and Trade and relevant authorities to strengthen policy frameworks and regulations and create an enabling environment to accelerate the energy efficiency market in Vietnam.

The remaining grant funds and the guarantee will be used to establish a risk sharing facility to provide partial credit guarantees to support local banks who may risk potential defaults on loans for energy efficiency projects. By reducing lending risks, the facility is expected to mobilise around \$250 million of commercial financing to be provided to industrial enterprises and energy service companies at competitive terms and with low collateral requirements.

"Scaling up energy efficiency is the single best and lowest cost option to achieve multiple goals at once:

meeting energy demand, preventing pollution, and reducing greenhouse gas emissions while also increasing industry competitiveness," said Carolyn Turk, country director for Vietnam. "Against the context of limited public financing for energy, the risk sharing facility is an innovative financial instrument to crowd in private sector investment financing for a greater uptake of industry-wide energy efficiency measures."

The grant and guarantee are executed under the Vietnam Scaling up Energy Efficiency Project which aims to support Vietnam in achieving energy efficiency targets set out in the Green Growth Strategy as well as emission reduction objectives pledged under the National Determined Contributions. As a country whose level of energy intensity and emission intensity is among the highest in the region, Vietnam is actively embarking on the green energy transition and decarbonisation pathway.

The World Bank's Low Carbon Study estimates that Vietnam could save up to 11GW of new generation capacity by 2030 if comprehensive demand-side energy efficiency investments are carried out. The energy efficiency investment need for key industries in Vietnam was estimated at around \$3.6 billion.

5. Da Nang well-positioned to attract huge investments

Favorable conditions

Mr. Pham Truong Son, Head of Da Nang Hi-Tech Park and Industrial Zone Authority, said that in such

difficult times with the Covid-19 pandemic raging across the globe, attracting investors to large projects is quite challenging. Hence to overcome the tedious process of administrative procedures and access to land funds, it is important to build supportive mechanisms and policies, so as to attract important and lucrative projects. Da Nang has therefore implemented several measures to ease long and lengthy procedures in many related departments and agencies to quickly and smoothly complete all processes and procedures. These could likely be effective within the next six months.

According to Mr. Nguyen Tien Quang, Director of the Vietnam Chamber of Commerce and Industry in Da Nang, the City of Da Nang will need to replicate the same good practices it used to speed up implementation of projects such as the Sunshine Aerospace Components Factory, Mikazuki Spa and the Hotel Resort Xuan Thieu. Mr. Quang shared that this was due to streamlining the lengthy process of filing too many applications by going online, which was faster, more transparent, and cut down on costs.

Mr. Lee Sungnyng, General Director of Korea Trade-Investment Promotion Agency (KOTRA) in Da Nang, said that the outbreak of the Covid-19 pandemic in Da Nang has created many opportunities for the government to listen to the voice of business people and investors, and implement their considerations carefully.

In 2020, the city had conducted hundreds of online meetings concerning exports and future investments, which resulted in many successful commitments made between Korean and Vietnamese companies. Mr. Sungnyng said that Da Nang needs to make stronger efforts towards attracting more investments. The Covid-19 pandemic should be seen as an opportunity for Da Nang to make a breakthrough, and by offering to address post investment concerns of investors, such as resolving difficulties in procedures, and creating more confidence and credibility in the minds of investors.

Skilled human resource

Many large domestic and international enterprises have chosen Da Nang City as the ideal location for hi-tech industrial projects. For recruitment of suitable human resources, almost all businesses prefer to turn towards universities, colleges, and training institutions within Da Nang City area.

According to Ms. Nguyen Thuy Linh, a project coordinator at the Fujikin Danang Production and Research Center, the City of Da Nang has great potential for skilled human resource for scientific research and technology for further development in the field of engineering, science and higher technology. The University of Science and Technology and the University of Da Nang, have helped many enterprises select and recruit graduate students of electronics and information technology, and have also retrained them via intensive training programs to meet their selective job requirements.

Mr. Ikeda Naoatsu, General Director of Daiwa Vietnam Co., Ltd, said that Da Nang has the advantage of better qualified human resource. Mr. Naoatsu said that although the workforce at his company was well qualified and skilled, Da Nang still needs to make more effort to improving the quality of human resource in coming time, when tourism will once again be restored back to normal, and industries will also begin to expand and function in a post pandemic scenario.

According to Mr. Le Minh Duong, Director of the Central Investment Promotion Center, the advantage in the central region is that the human resource has a fairly good cultural background and is also well qualified. Currently, the people in the central region mostly work in FDI enterprises and hold important positions in the southern parts of the country. In the near future, when larger enterprises begin to function in the central region, more and more skilled workers of this region will be willing to return from far off locations. Da Nang can certainly be the training center in the field of human resource.

Mr. Duong feels that Da Nang has many unmatched advantages and enterprises can train the human resource here because the local workers have a thorough understanding and knowledge of the culture and how to promote the strength of their region.

In a post Covid-19 period, the image of a strong and stable country will bring in great benefits and opportunities to attract more investments into Vietnam, and in the central region in particular. Da Nang is well located to offer the advantages of a strategic central location, a dynamic government, a well-trained workforce, competitive investment costs, and very safe living conditions. Da Nang has almost all the requirements for attracting lucrative and creative Foreign Direct Investment projects.

On 23 February, the People's Committee of Da Nang registered six major FDI projects. These include a semiconductor factory by US investors Ha Vinh Ly and Nhe Thi Le with investment capital of US\$ 110 mn; the Fujikin Danang Research, Development, and Production Center by Japan's Fujikin International Co., Ltd. with investment of USD 35 mn; and the EPE Packaging project by Japan, with investment of US\$ 300,000.

Da Nang has also welcomed Arevo Inc. of USA to invest in a 3D printer factory project, software

services, design solutions, and 3D carbon fiber composite products at total investment of US\$ 135 mn.

Since February 2021, Da Nang Hi-Tech Park has attracted 24 projects, including 12 domestic projects with investment of VND 6,291 bn, and 12 FDI projects with investment of US\$ 545.1 mn. In all, Da Nang Hi-Tech Park and Industrial Zone has attracted 496 projects with total registered capital of over VND 26,561 bn.

6. Domestic airlines' on-time performance reaches 95.6 pct in two months

Vietnamese airlines' on-time performance (OTP) reached 95.6 percent in the first two months of this year despite complicated developments of the COVID-19 pandemic in several localities.

Data from the Civil Aviation Authority of Vietnam (CAAV) showed that Bamboo Airways recorded the highest rate of 97.2 percent.

It was followed by national flag carrier Vietnam Airlines and Pacific Airlines, both with 96.7 percent; the newest carrier Vietravel Airlines, 96.5 percent; Vietjet Air 93.6 percent; and Vasco 93.3 percent.

According to experts, the average OTP was much higher than the figure of 86.2 percent recorded in the same period last year.

However, the total number of flights decreased by 36.9 percent year-on-year during the reviewed period.

The aviation sector has taken drastic measures to prevent COVID-19 as directed by the Health Ministry, the CAAV and relevant units, such as spraying disinfectant onto aircraft, offering hand sanitisers at check-in counters and free masks to passengers, and conducting regular maintenance to ensure air quality aboard.

7. Vietnam continues slapping safeguard duty on fertilizer imports

The Vietnamese Ministry of Industry and Trade (MoIT) has continued to slap safeguard measures on diammonium phosphate (DAP) and monoammonium phosphate (MAP) fertilizers imported to Vietnam, rejecting proposals by some importers to temporarily cancel the decision due to a recent shortage and the increasing price of the items in the domestic market.

The ministry's temporary safeguard duty is based on a trade defense agreement of the World Trade Organization (WTO) and after a comprehensive investigation and assessment of the impact of those items to the Vietnamese market in accordance with the relevant regulations. Safeguard measures will be

applied as a substantial increase in imports causes serious injury for the domestic sector.

According to the ministry, DAP price fluctuations are mainly due to external factors such as the increase in the prices of some input materials and transportation costs. The domestic demand for DAP has basically not increased compared to the previous years.

The safeguard duties are applied at a lower rate, with an application time shorter than the one permissible under WTO regulations, the MoIT said, adding that relevant ministries and branches have carefully considered the current situation of the

domestic fertilizer market, the impact of the safeguard measures on local producers and farmers, and the impact on the costs of rice cultivation, according to the MoIT.

At the time the decision to apply safeguard measure takes effect, the safeguard duty is only equivalent to a maximum of 0.66% of the total cost of rice production. This rate may be even lower because the safeguard tariff would be gradually reduced along the roadmap while many other costs of rice production increase.

The imposition of the safeguard tariff under a gradual reduction creates a fair environment for domestic production, and bring benefits to fertilizer users. For an agricultural country like Vietnam, reducing dependence on imported fertilizers is an important issue, the MoIT emphasized.

The ministry said that the current law does not provide temporarily canceling safeguard measures according to temporal changes. The MoIT will continue to coordinate with the Ministry of Agriculture and Rural Development and related units to evaluate and review the application in accordance with the provisions of law.

Corporate News

8. HPG: Hoa Phat steel sales down 25 percent in February

↓ -0.97%

Leading steel manufacturer Hoa Phat Group sold a total of 439,000 tonnes of steel in February, a decline of 25 percent compared to January.

The group attributed the fall to the Lunar New Year (Tet) holiday, which lasted seven days, and the recent COVID-19 outbreak in various localities.

It recorded a slight increase in the sale of construction steel during the month, topping 189,000 tonnes. The supply of hot-rolled coil (HRC) and steel billets to the market were down 30 percent and 47 percent, respectively, to 175,000 tonnes and 75,000 tonnes.

Regarding exports, the group met orders from major markets such as the US, Japan, China, and Indonesia.

It sold 1 million tonnes of steel in January and February, including 376,000 tonnes of construction steel, 214,000 tonnes of steel billets, and 428,000 tonnes of HRC.

Hoa Phat fired up its fourth blast furnace at the Hoa Phat Dung Quat iron and steel production complex in January, helping increase its output to 627,000 tonnes in February. Notably, it set a target of producing 5 million tonnes of construction steel and steel billets and 2.7 million tonnes of HRC in 2021.

9. VJC: Vietjet to sell 17.7 mln treasury shares

↓ -0.81%

It would help fund expansion and preparations for recovery after the pandemic this year, the airline said.

Vietjet's VJC shares closed at VND136,000 (\$5.89) on March 8, and at this price the carrier will earn over VND2.4 trillion from the deal.

It plans to complete the transaction in the first half of this year.

Vietjet had bought the shares in August 2019 for VND132,063 each. In June 2020, the carrier announced it was seeking to sell them to a strategic investor.

Vietjet was among the few airlines to make a profit and not fire any employee amid the Covid-19 pandemic last year. It recorded a consolidated after-tax profit of VND70 billion in 2020.

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