



VIETNAM DAILY NEWS



June 18th, 2021

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Market Analysis

1. Shares rebound on bottom-fishing

Vietnamese shares rebounded on Thursday, bolstered by the growth of blue-chip stocks as investors sought stocks that had been hit hard in the previous session.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index gained slightly 0.25 per cent, to close Thursday at 1,359.92 points. Market breadth was negative with 219 stocks increasing while 165 declined.

The southern market index had lost 0.79 per cent to close Wednesday at 1,356.52 points.

Market liquidity was also high as domestic investors poured more than VND22.5 trillion (US\$968 million) into the southern market, equivalent to a trading volume of nearly 769 million shares.

The VN30-Index dropped 0.25 per cent to 1,461.91 points. In the VN30 basket, 14 stocks rose, 13 slid and three were unchanged.

In the VN-30 basket, Thanh Thanh Cong Bien Hoa JSC (SBT) gained the most, followed by the Refrigeration Electrical Engineering Corporation (REE). Other gainers included FPT Corporation (FPT), Hoa Phat Group (HPG), Masan Group (MSN), Mobile World Group (MWG), Vinhomes (VHM), Vingroup (VIC) and Vinamilk (VNM).

Banking stocks also contributed to the rally of the indices, including Bank for Investment and Development of Vietnam (BID), Sacombank (STB), Vietcombank (VCB), Techcombank (TCB) and

Vietinbank (CTG).

“The VN-Index lost points at the beginning of the morning session due to the influence of the world market but bottom-fishing demand appeared and helped the index gradually increase in the afternoon session,” said BIDV Securities Co.

“Investment cash flow increased. Foreign investors were net sellers on the HoSE and net buyers on the HNX. Market breadth turned positive with liquidity not changed much from the previous session.

“According to our assessment, selling pressure may still return in the last session of the current trading week,” it said.

Foreign investors net sold VND115.78 billion on HOSE, including Hoa Phat Group (HPG) with VND160.1 billion, Vietinbank (CTG) with VND156.1 billion and Military Bank (MBB) with VND145.6 billion. They were net buyers on the HNX with a value of VND20.16 billion.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 1.09 per cent to close Thursday at 317.07 points.

It had lost 1.46 per cent to close Wednesday at 313.65 points.

During the trading session, nearly 154 million shares were traded on the northern bourse, worth more than VND3.5 trillion.

Macro & Policies

2. Modern strategies vital for agricultural funding surge

However, after numerous years of a CAM fund devoted to implementing the investment promotion programmes to attract Japanese enterprises in Vietnam, effectiveness has not been as hoped.

“Japanese enterprises want to expand investment in the country, especially in high-tech agriculture, to capitalise on the sector's potential but they continue to hit barriers during the implementation of their plans,” Binh said.

In the first five months of this year, the agro-forestry-fishery sector accounted for the lowest ratio of foreign direct investment inflows. According to the Foreign Investment Agency under the Ministry of Planning and Investment, \$81.9 million across 19 projects entered the country this year by the end of May. The accumulated figures as of May in the sector are 505 projects worth \$3.69 billion. The figures for the agricultural sector in particular are much smaller compared to the total invested amount.

According to Binh, the agricultural sector has yet to attract many investors because the sector can be plagued with numerous risks relating to natural calamities and diseases, while the incentives in term of land hiring fees and taxes are not attractive enough.

Ambassador of Japan to Vietnam Yamada Takio said, “The biggest barrier is the instability in rental land. Around 80 per cent of Japanese firms with investment in high-tech agriculture face problems related to cultivating land.”

Landowners have asked investors to return the land even before rent agreements expired and have even increased rents when the two parties failed to reach a compromise. Furthermore, landowners use land as collateral for secured loans and when they are unable to repay debts, the land is revoked. In many cases, the partners signing the land rent agreement are not the landowners.

Policy shake-up

In an attempt to address some of the issues, last month the Ministry of Planning and Investment began collecting the opinions of ministries and other relevant authorities for a draft decree on mechanisms and policies to attract investment into agricultural and rural development, which will replace the existing Decree No.57.2018/ND-CP on encouraging investment into rural and agricultural development.

The draft decree covers many types of new incentives regarding the renting of land and water surfaces, credit, transfer, and the application of high technology, human resources training, market expansion, and investment in the manufacturing of agricultural machinery and equipment.

In the past, the government has issued resolutions to encourage cooperation and association in the production and consumption of agricultural products. The new decree will focus more on preferential mechanisms and policies on hiring cultivated land, business premises, tax incentives, credit support, labour training, market development, and investment in infrastructure.

Nguyen Dinh Tung, CEO cum general director of Vina T&T Import and Export Trading Service Co., Ltd, which specialises in exporting fruit to the US, Australia, and Canada, told VIR about the disadvantages for overseas investors when they look to enter Vietnam – including some that may not be covered by any upcoming regulatory changes.

Failure, said Tung, often comes from lack of relations with farmers via cooperatives. Investors also face difficulties in finding large enough arable land areas.

Meanwhile, domestic enterprises find it easier to work with cooperatives in order to ensure stable and diverse supply sources.

For example, Vina T&T decided to sign contracts of product consumption according to the company's export ability with cooperatives in the area, with stable and higher prices than the market. At present, the company is expanding growing areas

across the country, for example, longan in Dong Thap, rambutan in Ben Tre, mangoes in Vinh Long, star apples at Soc Trang, and dragon fruit in Tien Giang. These provinces are in the Mekong Delta region.

“The cooperative model has numerous advantages, because farmers have much experience in cultivating high-quality fruits and their family members will also join in the cultivation progress,” Tung said. “In addition, growers have progressive ideas which may not work well on a small scale. For this reason, they want to link up with enterprises to ensure output with a reasonable price.”

Tung added that it is difficult to persuade households to join cooperatives in order to work with a company, and thus the company has to be flexible.

“For example, I had to go to each household to convince them to join the cooperative, and I had to study the cultural characteristics of each locality before talking with them. In this situation, the domestic enterprises have more advantages thanks to understanding the domestic culture,” Tung said.

Inevitable trends

Understanding these disadvantages, savvy foreign investors have often arrived in Vietnam in search of domestic partners to help them out, but recent restrictions on travel have thwarted many efforts.

A survey by the Japan External Trade Organization, which was published just before the pandemic occurred, showed that 70 per cent of Japanese enterprises in Vietnam wanted to expand investment in the country, especially in the field of high-tech agriculture. This looked set to open up huge opportunities for domestic agriculture to develop, but several months later the pandemic put paid to many of their plans.

Before that, a number of big deals were signed. In late 2018, Sojitz Corporation spent \$35 million buying 10 per cent stake in The Pan Group, one of Vietnam’s leading agricultural and food companies.

It proposed to provide pig breeding households with a management application using an IT platform, helping farmers adjust feed amounts and track the animals’ health via their movements.

The Sojitz project was part of the Japanese government's plan to inject \$4.75 billion into 23 projects in nine ASEAN nations.

Sojitz Vietnam said at the time that Vietnam's agricultural sector has great potential for development thanks to fertile soil and diversity in crop plants. The country also has policies to promote this sector's growth. Via using experience and technology from Japan, Sojitz Vietnam will support domestic partners, including The Pan Group, to establish the food value chain and expand the distribution system.

Binh at CAM said that these days, investors are more likely to seek domestic partners rather than fully invest into projects in Vietnam. “However, only a small volume of deals can get to the final round because of problems in investment promotion progress, lack of transparent information from domestic partners, and lack of support from authorities,” Binh said.

Explaining the situation, he said that demand and supply have to be brought together through more effective investment promotion programmes.

“Parties can organise numerous bilateral business meetings, but most of these meetings are not effective. We need meetings involving more enterprises to allow better networking. Domestic enterprises have to prepare carefully the dossiers about their operation, business strategy, and their expectations before negotiating with foreign investors,” Binh said.

Another way, he added, is organising “shark tank” programmes to help startups that are not successful in calling for investment in order to help domestic companies look for suitable partners.

Although new policies are gradually being completed, more incentives are needed to promote mergers and acquisitions activities involving foreign investors.

“Last week, the prime minister asked state authorities to cut their expenses on organising meetings and business trips both domestically and overseas by half to save money during the pandemic. This will reduce the number of investment promotion events. Instead, we should

have policies to encourage organisation of negotiations for specific deals,” Binh said.

“The authorities need to accompany enterprises from the stage of completing investment

procedures and throughout operations, understand their difficulties, and build solutions to deal with their problems instead of just using slogans that they are committed to creating the most favourable conditions for investors.

3. Aviation sector sees long, uneven recovery

Revenue from air transport in 2020 dipped by over 61% against 2019, according to a draft prepared by the Ministry of Planning and Investment.

Due to the complicated development of Covid-19 and passengers' worries about the risks of infection, the aviation sector is expected to continue a bumpy ride this year as the fourth wave of Covid-19 now is proving more devastating.

If the pandemic is brought under control soon this year, it is not until 2024 that the aviation industry can recover to the way it was before the pandemic, Thanh Nien Online reported.

Vietnam Airlines' first quarter losses are estimated at VND4.8 trillion and the losses might reach VND10 trillion in the first six months of the year, according to the ministry.

The carrier reported an overdue debt of VND6.24 trillion, moving to the verge of bankruptcy, while commercial banks have refrained from disbursing or lending Vietnam Airlines as they were yet to

access the Government's relief package worth VND12 trillion for the national flag carrier.

As for private airlines such as Bamboo Airlines and Vietjet, the Ministry of Planning and Investment said that in 2020, these airlines managed to optimize their transport activities and maintain their business by transferring assets and financial investment projects. However, the airlines are forecast to face hardships this year as their financial sources are running out.

To rescue the aviation sector, the ministry proposed the Prime Minister direct the State Bank of Vietnam to map out a plan to offer interest rate support of 4 percentage points to the airlines in the 2021-2023 period to help them maintain their operations.

Besides, the ministry also proposed the Government ask the Ministry of Transport to extend the 50% cut in fees for take-off, landing, aircraft navigation and many other flight-related services until the end of 2021.

4. Container goods via seaports up 22 percent in H1

Container goods shipped via Vietnam's seaports still maintained growth in the first half of this year despite the COVID-19 pandemic, said the Vietnam Maritime Administration (VMA).

Specifically, the total volume of goods via seaports reached nearly 363 million tonnes in the first six months, up 7 percent annually. In particular, the volume of container cargo grew by 22 percent year-on-year to more than 12.4 million TEUs.

Container cargo for export was almost 4 million TEUs, up 17 percent, while the imported container cargo surged by 26 percent to over 4.1 million TEUs.

Domestic container cargo reached more than 4.3 million TEUs, marking a 24 percent hike.

Statistics by the VMA showed that in the beginning months of this year, several seaports saw high increases in the volume of container goods such as My Tho, up 74 percent; An Giang, up 50 percent; Ho Chi Minh City, over 17 percent; and Ba Ria – Vung Tau 38 percent.

Others reported decreases such as Quang Ninh down 97 percent, Thanh Hoa 60 percent, Can Tho and Binh Thuan 10 percent each.

5. Shrimp exports swell despite COVID-19 pandemic

Despite the difficulties caused by the COVID-19 pandemic, shrimp exports by Mekong Delta provinces have increased remarkably this year thanks to efforts made by both authorities and businesses.

According to Ca Mau province's Department of Industry and Trade, exports in the first five months are estimated at more than 423 million USD, a year-on-year increase of 16 percent.

Bac Lieu province's shrimp export revenues were up 9 percent to 280 million USD.

Nguyen Minh Tuan of Minh Cuong Seafood Import-Export JSC, an old operator in the shrimp industry, said his company's shrimp exports grew sharply this year, and it was scrupulously implementing COVID-19 prevention measures at its factory.

Many shrimp farmers in the delta continue to expand production since they earn good incomes.

Pham Van Quan of My Long Nam commune in Tra Vinh province's Cau Ngang district, said: "A few months ago, a kilogramme of black tiger shrimp fetched 200,000-220,000 VND (8.7-9.6 USD), but now it has decreased to 170,000 VND (7.4 USD), and white-leg shrimp is priced at 130,000 - 140,000 VND (5.7-6.1 USD). But farmers still make a profit."

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), exports were worth 3.27 billion USD in the first five months, up 14 percent year-on-year.

Shrimp exports accounted for 1.33 billion USD, an increase of 14 percent.

The exports went to over 120 markets, with the US, Japan, EU, China, the Republic of Korea, ASEAN, and Australia being the largest markets, it said.

Demand for shrimp had increased significantly in many markets, while supply from India, Thailand and some other countries had fallen due to COVID-19, it said.

Taking advantage of this, Vietnamese companies had accelerated shrimp exports, it added.

According to seafood businesses, shrimp exports to the US will continue to boom this year, and they also expect to increase exports to the EU, mainly white-leg shrimps.

Seafood exports to the Republic of Korea have shown signs of recovery, and so shipments to the market would increase, they said, adding that exports to countries such as Australia, Canada, the UK, and Russia would continue to be good thanks to an increase in demand and lack of market barriers.

6. Viet Nam to protect production at industrial parks

As IPs play an important part in the country's exports and local economic development, the re-emergence of the COVID-19 pandemic could cause disruptions to production and business activities, causing tens of thousands of workers to work alternate shifts or take temporary leave, said experts.

To deal with the situation, Bac Ninh Province, which is home to 1,120 companies including big names such as Samsung, Canon, Foxconn and Microsoft, as well as about 450,000 workers in 10 industrial parks and 26 industrial clusters, started the first ever production-residence-combined

model in the country to deal with the ongoing outbreaks in the IPs.

Vu Ninh, who worked as a manager at Samsung's vendor at the Yen Phong IP told Viet Nam News: "I was vaccinated against COVID-19 on June 2 and feel thankful and safe for that."

Ninh said: "Now, everything is served at the factory. Instead of going back and forth between Ha Noi and Bac Ninh every day like usual, we are working, eating and staying at the factory all the time."

Other IPs in Bac Ninh Province are following similar models.

Nguyen Thi Khai, a worker at Bujeon Vietnam Electronics Company in Que Vo IP, said: "I feel peace of mind while I keep my job and income and am protected."

Nguyen Thi Thu, a worker at Yen Phong IP, said: "We get VND100,000 per day and extra each month to call home."

Co-operate to protect the IPs

While Bac Ninh Province People's Committee set up teams to inspect, supervise and guide enterprises to implement the work-stay model, local enterprises were also working hard to make sure their staff stay safe.

Bujeon Vietnam Electronics rearranged an equipment line, temporarily suspending an expansion project to take advantage of the space for accommodation.

Song Yu Hoon, director of the company's Administration and Human Resources Department, said: "We always ensure the best conditions for workers' accommodation as they need to be safe to maintain stable production."

Choi Joo Ho, general director of Samsung Vietnam, said: "In a short time, equipment has been installed for workers to stay at the factories and at 51 schools in Yen Phong district."

To ensure peace of mind for tens of thousands of employees, the company provides free accommodation, as well as three meals and a snack a day.

Bui Hoang Mai, Head of the Provincial IP Management Board, told local media: "The policy of the province has received the consent of enterprises as it is the most practical solution to fulfil the "dual goal" of both economic development and fighting the COVID-19 pandemic."

Other IPs to be protected

There are 3.8 million people working in 369 industrial zones and border areas nationwide,

while some 600,000 people work at industrial clusters.

Ha Noi, HCM City and Bac Giang Province also suffered from the fourth wave of COVID-19. In the top ten exporting localities, valued at US\$213 billion, the top four accounted for 51.2 per cent of the volume. HCM City and Ha Noi accounted for 40 per cent of the country's GDP.

In the fourth wave of the virus since April 29 to June 16 afternoon, Bac Giang reported 4,590 cases, Bac Ninh followed with 1,432, while HCM City and Ha Noi reported 1,015 and 464 cases, respectively.

With more positive cases reported, HCM City's factories implemented measures to deal with the pandemic and ensure production.

Head of Viet Thang Jean Co. with thousands of workers and vice president of the HCM City Textile, Embroidery and Knitting Association, Pham Van Viet, said: "The textile and garment industry is labour-intensive and works on a chain, so if a worker is isolated for 14-21 days, the enterprise's production plan and the production chain are interrupted."

Viet said: "We are very worried because if we cancel orders, we have to compensate customers, while thousands of workers have to quit or lose their jobs."

As in Bac Ninh, the city's businesses have prepared plans for on-site production and accommodation. On June 11, the management board of the city's Hi-Tech Park organised an online scenario when workers stay and work in the factories.

Economist Ngo Tri Long said that the fourth wave poses other problems. The first priority was to fight the pandemic, but at the same time keep production chains intact.

"In the planning and development strategy of IPs, it is necessary to prepare and respond to the pandemic and limit the spread of the disease. The construction of concentrated accommodation and catering for workers in a closed chain in industrial parks and factories will be a long-term solution. Thus, it is easy for us to stamp out the pandemic, not to spread it in the community."

Long said it was necessary to urgently trace, localise and stamp out new infection clusters, especially outbreaks that have spread to industrial parks and export processing zones, adding that foreign experts working in the IPs need to undergo mandatory isolation.

Economist Nguyen Tri Hieu told Viet Nam News: “The local economy has spent the first five months relatively optimistic. Exports grew over the same period last year, foreign trade maintained growth,

jobs were restored, and GDP continued to grow. However, from now until the end of the year the situation will be very unpredictable.”

He added: “We still have strength in exports. Many markets around the world are being strongly affected by the pandemic, but there is a lot of demand for goods, especially agricultural products. However, the pandemic must be controlled and the production must be maintained.”

7. Vietnam’s digital economy presents chances for investors, start-ups

The newswire techwireasia.com on June 16 ran an article saying that Vietnam has been steadily growing its highly promising digital economy, presenting multiple opportunities for investors, startups, and businesses alike.

The author wrote that in recent years, the Southeast Asian region has been seeing rapid and sustained efforts and investment into various digital economy initiatives by both the public and private sectors. Tech giants have been creating waves, most recently the Tokopedia-Gojek merger, and earlier, Grab pushing for a US listing with a valuation of over 40 billion USD.

Estimates by Google, Temasek, and Bain & Co predicted that the Vietnamese sector could grow to 52 billion USD by 2025, which comes up to about a sixth of the massive 300 billion USD regional digital economy pie.

According to the article, backed by a stable political climate, progressive economic policies, and sustained growth, a lucrative opportunity exists for both local players and investors alike to tap into the country’s potential for economic greatness.

Opportunities include e-commerce services, digital finance, online gaming, and tech-enabled services to power Industry 4.0 progress. Like its ASEAN peers, a majority of Vietnamese residents remain underbanked, making digital financial services a highly attractive option for loans and payments.

In 2015, the Vietnamese Government announced a ten-year plan for a broad digital transformation of the country, with an ambitious plan to produce 10 startup unicorns valued at over 1 billion USD apiece by 2030.

Aiming to incorporate at least 10 percent of digital adoption across all sectors and Internet penetration of 80 percent for all households, the plan appears to be on track.

Southeast Asia’s largest unicorn, Grab, has been investing heavily in accelerators for startups around the region from as early as 2018. Collaborating with both private and public players, Grab has been attracting startups intending to scale via mentorship opportunities, access to Grab’s customer bases, and even potential direct investment.

In 2020, the decacorn (startups valued over 10 billion USD) recognised the potential of Vietnam’s digital economy and launched an accelerator for early-stage startups. Under their Grab Ventures Ignite accelerator program, five winners emerged, who won over 1 million USD in investment and in-kind prizes from Grab and its programme partners. They span the breadth of fields such as retail, insurance, logistics, and communications, the article said.

Corporate News

8. HDB: BOD resolution on the stock dividend payment for 2020

↓ -0.59%

The Board resolution dated June 15, 2021, the BOD of Ho Chi Minh City Development Joint Stock Commercial Bank approved the following issues:

1) Approving to raise its charter capital from VND16,088,488,180,000 to VND20,072,906,420,000.

2) Approving to implement the stock issuance plan to pay dividend for increasing charter capital:

- Stock name: Ho Chi Minh City Development Joint Stock Commercial Bank

- Stock type: common share

- Par value: VND10,000/share

- Number of shares issued: 1,608,848,818 shares

- Number of outstanding shares: 1,593,767,296 shares

- Number of treasury shares: 15,081,522 shares

- Number of shares expected to be issued: 398,441,824 shares

- Issue ratio: 100:25 (shareholder who owns 100 shares will receive 25 new shares)

- Plan to deal with fractional shares: The distributed shares will be rounded down, the fractional shares will be distributed to the Ho Chi Minh City Development Joint Stock Commercial Bank Labor Union.

- Estimated execution time: Quarter 3/2021, after being approved by the State Securities Commission of Vietnam (SSC).

3) Approving to register to deposit at the Vietnam Securities Depository (VSD) and to list on the Hochiminh Stock Exchange (HOSE) for new shares.

9. DXG: Dat Xanh Group to issue \$300-mln international bonds

↑ 1.05%

Details of the issuance would be revealed later, the company said in a statement.

In March and April, the company issued VND370 billion (\$16 million) worth of bonds to 12 investors, including a foreign organization, at a coupon rate of 12 percent and maturing in March 2023.

The company reported revenues of VND2.95 trillion in the first quarter of 2021, 4.9 times up year-on-year. Post-tax profits jumped by 7.6 times to VND712 billion.

The company targets revenues of VND9 trillion this year, triple last year's figure.

A group of investment funds belonging to Dragon Capital last week sold over 15 million DXG shares for around VND358 billion.



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