



VIETNAM DAILY NEWS

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Market Analysis

1. Shares end week in red, retail up thanks to MWG

Shares lost for two days in a row, ending the week in the red, while retail shares bucked the trend thanks to growth of Mobile World Investment Group.

On the Ho Chi Minh Stock Exchange, the VN-Index dropped 2 per cent to close Friday at 1,347.14 points. The southern market's index decreased by more than 5 per cent this week.

Meanwhile, the HNX-Index on the Ha Noi Stock Exchange fell 2.93 per cent to end the day at 306.73 points, expanding the weekly loss to 6.6 per cent.

Liquidity improved with 886.4 million shares worth total VND28.5 trillion (US\$1.23 billion) traded on the two markets, up 28 per cent in volume and 22 per cent in value compared to Thursday's figures.

Twenty-four out of 25 sectors tracked by vietstock.vn lost on Friday, of which plastic and chemical firms were the biggest losers with a negative growth of 4.53 per cent, followed by mining, agro-forestry-fishery, securities, finance and construction materials with a drop of more than 3 per cent each.

Only the retail sector was up 1.85 per cent thanks to a growth rate of 2 per cent of Mobile World Investment Group (MWG). MWG was also the only one in the VN30 basket, which tracks the top 30

shares by market value and liquidity, gaining value while the other 28 shares slumped. One was at a standstill.

The selling force focused on blue chips.

Property developer Novaland Investment (NVL) lost 6.6 per cent, topping the stocks influencing the VN-Index most on Friday. Steep declines of Vinhomes (VHM), Vingroup (VIC), Vincom Retail (VRE), steelmaker Hoa Phat Group (HPG), Vietcombank (VCB), Vietinbank (CTG), lender BIDV (BID) and Masan Group (MSN) with losses of 1-3.5 per cent also weighed on the market.

According to Yuanta Securities Vietnam (YSVN), the market may continue to move sideways with narrow fluctuations in the next sessions and VN-Index fluctuates around the threshold of 1,375 points.

"The market showed signs of entering an accumulation phase and the cash flow will still seek large-cap stocks. In addition, the short-term sentiment indicator dropped sharply into the over-contemplative zone, showing that the market is likely to have technical improvements," YSVN's analysts said in a report.

Foreign traders were net buyers on the two markets, however, picking up shares worth VND793 billion.

Macro & Policies

2. Positive signals from agricultural sector

Experts said that the shift of thinking from agricultural production to agricultural economy, the promotion of the application of high technology, and the improvement of product quality have helped many agricultural products of Vietnam to gain a foothold in the international market.

Passport for export of agricultural products

Vo Van Trung in Binh Thanh Commune in Phung Hiep District of Hau Giang Province was one of the first farmers to grow melons when there was a policy of the agricultural sector. With 3,000 square meters of land, thanks to high-tech melon cultivation, he has earned an income of over VND500 million per year in the past five years. From the effectiveness of his melon production model, a dozen local farmers participated in establishing Thuan Phat Melon Cooperative, with an area of 9,000 square meters, earning VND2 billion per year.

“Up to now, Hau Giang Province has more than 30 greenhouses and 50 net houses for growing melons and clean vegetables to supply the markets everywhere. This is a pioneering model in applying drip irrigation technology and controlling irrigation and fertilizer regimes through smart devices,” said Mr. Tran Chi Hung, Director of the Department of Agriculture and Rural Development of Hau Giang Province.

Many institutes and universities locate in Can Tho City, so high-tech agricultural production develops quite quickly. Up to now, Can Tho has built six concentrated production areas for key products in the value chain, such as large-scale high-quality rice-growing areas with an area of 214,000 hectares and the growing areas for vegetables and short-term industrial crops with an area of nearly 18,000 hectares. At the same time, the city has implemented policies to support the development of high-tech agriculture, with a total budget of more than VND231 billion. Along with that, it has built 41 supply chains of safe food for 239 agro-forestry-fishery products and supported the application of smart stamps and traceability.

In Bac Lieu Province, by mid-2021, 23 companies and over 650 households have invested in super-

intensive white-leg shrimp farming, with advanced technology bringing high efficiency. Currently, in Bac Lieu Province, four enterprises have been granted certificates of high-tech agriculture, and seven facilities have been certified for meeting international standards in clean shrimp farming. According to the assessment of the Ministry of Agriculture and Rural Development (MARD), high-tech shrimp farming can control the farming environment, water sources, diseases, and food safety, reduce risks, and provide clean raw materials, with traceability from shrimp breeding stock and feed. This is a sustainable direction.

Need timely policy

In May 2017, the Prime Minister issued a decision to establish a high-tech agricultural area to develop shrimp farming in Bac Lieu Province. The province highly expects that this high-tech zone will turn Bac Lieu into the center of the shrimp industry of Vietnam. Mr. Pham Hoang Minh, Director of the Management Board of the Bac Lieu High-tech Agricultural Development Zone, said that after being deployed, up to now, Phase 1 has been completed, and nine enterprises have been selected to invest in this zone to develop shrimp varieties, probiotics, and shrimp feed. According to Mr. Minh, the main goal of this zone is to build effective high-tech shrimp farming models and meet export demand well, then spread them to the whole province and the whole country.

Bac Lieu Provincial People's Committee has recently issued a plan to restructure the province's agricultural sector in the 2021-2025 period, in the direction of high-tech application. Bac Lieu promotes the project to make the province become the center of the industrial shrimp industry in Vietnam and prioritizes the development of super-intensive, intensive, and semi-intensive shrimp farming. According to Mr. Pham Van Thieu, Chairman of Bac Lieu Provincial People's Committee, the province will create favorable conditions to attract enterprises to invest more in the high-tech agricultural zone to develop the shrimp industry; create a favorable environment for enterprises to link production in the value chains with farmers; recommends the replication of the

model of clean shrimp production and consumption in a closed chain of Viet Uc Group.

It can be said that the application of high technologies in agricultural production is an inevitable trend, and the rice industry has made remarkable progress. According to Assoc. Prof.-Dr. Duong Van Chin, former Deputy Director of the Mekong Delta Rice Research Institute, the recent highlight of Vietnam's rice industry is technology application and selective breeding of many high-quality and delicious rice varieties with high selling prices in the global market. Their prices are higher than Thai and Indian rice in the same segment. Rice varieties, like ST24, ST25, and Loc Troi 28, can build brand names for the premium white fragrant rice segment in the near future.

Mr. Tran Chi Hung, Director of the Department of Agriculture and Rural Development of Hau Giang Province, acknowledged that in the past time, the development of high-tech agriculture has been directed by the MARD. However, the support for high-tech models is mainly through agricultural extension policies, and there is no specific policy. Meanwhile, these models require a relatively high initial investment cost, only suitable for organizations and individuals with strong financial

resources. Hence, the expansion of high-tech agriculture remains sluggish.

Many departments of Agriculture and Rural Development of Mekong Delta provinces also said that the investment cost of high-tech agricultural models is extremely huge. Many facilities do not have enough capital to improve production processes and product quality. To solve this problem, the MARD recommends promoting digital transformation in agriculture. The ministry will provide specific guidelines and action plans and propose to the Government to issue new policies to help the digital transformation in the agricultural sector to be effective.

In the first six months of this year, the total export turnover of agro-forestry-fishery products reached US\$24.23 billion, up 28.2 percent year-on-year. According to the MARD, in the second half of this year, the industry will strive to realize the dual goal of ensuring pandemic prevention and control and achieving an export turnover of \$45 billion. Therefore, it is necessary to implement solutions that affect key export products and increase export value to compensate for those, which are expected to fail to achieve the target.

3. Vietnam Meets With U.S. Trade Reps on Currency, Timber

The USTR has been investigating imports of timber from Vietnam that it suspects are illegally harvested or traded, while the U.S. has also been considering whether to move forward on imposing tariffs over currency actions.

Discussions also touched on American concerns about Vietnam's currency practices, said the people, who asked not to be identified as the information isn't public.

Vietnamese officials from the ministries of foreign affairs, agriculture, industry and trade, as well as the general customs office, attended, they said. Another meeting will be scheduled as soon as next week, the people said.

The agriculture ministry declined to comment. Vietnam's Ministry of Foreign Affairs didn't respond to an emailed request for comment. The USTR declined to comment when asked if the meeting was happening earlier.

The U.S. is Vietnam's biggest export market, with the value of shipments doubling over the past five years. Vietnam's widening trade surplus with the U.S. made it a target for President Donald Trump's administration, which labeled Vietnam's currency actions unreasonable and restrictive to American businesses.

President Joe Biden's administration has so far taken a less aggressive approach, with the Treasury Department in April dropping the currency-manipulator label.

4. Vietnam's shrimp exports rake in 1.7 billion USD H1

Vietnam's shrimp export revenue in June hit nearly 402 million USD, bringing the six-month figure to 1.7 billion USD, up 13 percent year-on-year, reported the Vietnam Association of Seafood Exporters and Producers (VASEP).

Specifically, the country's shrimp exports to the US grew by 45 percent monthly; Japan up 17 percent; the Republic of Korea, 10 percent; and several European nations, 15-60 percent.

Though the US accounts for 30 percent of the world's shrimp import turnover and 22 percent of Vietnam's shrimp exports, Vietnamese shrimp products secured only 8.5 percent of the US market share, behind India, Indonesia and Ecuador.

Deputy Director of the Department of Industry and Trade of Ca Mau province Duong Vu Nam said the locality expects to earn over 1 billion USD from shrimp exports this year, contributing 25 percent of the country's shrimp export earnings.

Experts attributed the growth to advantages from new-generation free trade deals such as the EU-Vietnam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the UK-Vietnam Free Trade Agreement (UKVFTA).

Nam said Ca Mau is now home to 40 shrimp processors and exporters, including 32 aquatic product processing plants with an annual capacity of 250,000 tonnes. Their products have been shipped to more than 60 countries and territories around the world.

Their counterparts in the southern province of Bac Lieu are also working to fully tap the EVFTA with taxes reduced to zero percent from 12-20 percent.

In order to maintain prestige on the market, experts suggested domestic shrimp farmers and businesses enhance chain connectivity, take synchronous measures to meet demand of importers.

5. Sustainable product development must be a focus

Vietnamese exporters need to focus on developing sustainable products while designing their export strategies in line with the needs and trends of the EU market to meet the consumers' increasing demand for sustainability, including traceability, social responsibility, and environmental protection.

Adam Koulaksezian, General Director of the French Chamber of Commerce and Industry in Vietnam (CCI France-Vietnam) gave his recommendations to Vietnamese exporters at the webinar "Access to European market" organized by the Investment and Trade Promotion Center of Ho Chi Minh City (ITPC) in collaboration with the CCI France-Vietnam on July 7.

The EU is one of the leading partners for Vietnamese key export items including textiles, garments, seafood, furniture, and wood products.

Speaking at the webinar, Nguyen Dac Boi Quynh, CCI France-Vietnam's Business Development Director said, despite impacts from the Covid-19 pandemic, trade between the EU and Vietnam has performed well in the first half of this year.

Many of Vietnam's exports to the EU grew by more than 10% over the same period of 2020, while Vietnam's imports of raw materials and accessories from the EU for domestic production have surged.

However, trade activities between the two sides are also facing many challenges, Quynh said.

"Traceability requirements and updates on consumption trends of the EU market are challenging the Vietnamese exporters. The EU market also requires them to have certificates of product quality, quarantine, and hygiene," she analyzed.

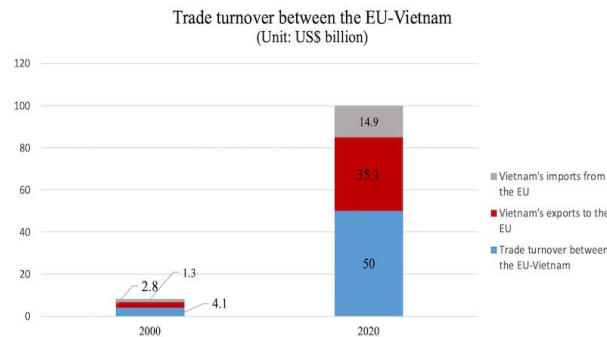
In the context of the complicated developments of Covid-19, especially in the southern provinces and cities, many enterprises in the wood and seafood processing industries have kept their production activities as well as complying with regulations to prevent and control the disease.

Pham Thi Hong Quang, Director of Viet Source Handicraft Co., Ltd noted that EU importers and consumers attach great importance to sustainable development-related issues, including the origin of

raw materials, labor safety, environment, and social welfare.

“Vietnamese exporters to the market need to have a strategy to adjust the supply chain, matching international standards and rules as well as make effective use of modern marketing and trade channels,” Quang said.

The EU is the company's target market so that it has invested in building facilities meeting the technical and quality standards of the importers.



Source: Vietnam's General Statistics Office

As the Covid-19 pandemic restricted direct trading activities, the Viet Source Company has used digital

platforms for promoting export activities and regularly updated themselves with new trends and consumer tastes. As a result, its export revenue from the EU market increased by 20% compared to the level before the pandemic outbreak.

Jean Gabriel Mollard, Global Communications Director of SIAL Group said after the Covid-19 pandemic, consumers in many parts of the world and especially the EU are increasingly interested in health and environmental protection, safety, nature-friendly factors as well as transparency of information printed on products.

He said product ingredients are consumers' special interest that requires manufacturers to improve items more subtle and appealing to senses.

According to the ITPC, trade between Vietnam and the EU has achieved many positive results in recent years and is forecast to grow even more strongly thanks to the effect of the EU-Vietnam Free Trade Agreement (EVFTA).

Bilateral trade turnover has increased 12 times from US\$4.1 billion (2000) to nearly \$50 billion (2020). Vietnam's exports to the EU increased 13 times from \$2.8 billion to \$35.1 billion in 2020.

6. Foreign shipping lines impose irrational fees

The Vietnam Marine Administration has reported the findings to the Transport Ministry.

The inspection team studied the practices of 10 foreign shipping lines – MSC, OOCL, CMA - CGM, Hapag - Lloyd, ONE, Evergreen, HMM, Maersk Lines and Yangming – between March and May after they rampantly increased freights and surcharges.

According to the administration, sea freight started to surge in October 2020, especially on routes to Europe and North America. In April 2021, the freight for a 40-foot container from Vietnam to Europe was \$6,500-8,000, and for a 20-foot container to America, \$6,000-7,000; an increase of 5-7 times over late last year.

The key reason for the hike was China's economic recovery after being hard hit by Covid-19. A large number of empty containers were booked by China,

resulting reduced supply and increased demand, and in turn, higher freights.

The shipping team found that the shipping lines listed freights on their websites but did not display the time of listing, so it was impossible to know when those came into force. The shipping firms even applied floating freights for small customers without long-term contracts.

In addition to increasing freights, the shipping lines applied 3-5 surcharges for goods loading and unloading, container cleaning, documentation and lead sealing. Up to 9 shipping firms imposed loading and uploading surcharges of \$100-170 per container. Some firms applied fees like petrol surcharges infrequently.

The team said the shipping lines imposed surcharges without agreements with customers,

and without explaining the reason or announcing a time frame it.

The firms also applied a Verified Gross Mass (VGM) fee of \$30-50, but they did not have to pay it the inspection time found.

It is difficult to monitor surcharges because shipping lines do not have to declare these to agencies.

"Shipping lines decide freights and surcharges themselves. Small and seasonal Vietnamese customers have no plans to sign long-term shipment contracts, so they face many risks amid volatile markets," the inspection report said.

Shipping lines do not have to register transport routes, so they are free to add or remove ships from them, which poses a risk to local exporters.

The administration has proposed the Finance Ministry to consider amending regulations on freights and surcharges of shipping lines imposed at Vietnamese ports. It has also proposed the

Transport Ministry to issue new regulations on registering transport routes, schedules and cargo volumes in Vietnam to prevent shipping lines from unilaterally delaying or quitting voyages, or cancelling space bookings, and to increase punishments for freight listing violations.

Some 40 shipping lines frequently operate in Vietnam, securing a lion's share of 95 percent of the country's import-export transport. Vietnamese shipping firms have not been able to run routes to Europe and North America.

Nine shipping lines inspected by the teams currently run routes from Lach Huyen Seaport in the northern city of Hai Phong and from Cai Mep-Thi Vai Seaport in the southern province of Ba Ria Vung Tau to Europe with 2 voyages a week, and 18 voyages to North America.

Foreign shipping lines typically have representatives in Vietnam in the form of wholly foreign-owned enterprises.

7. Coal conundrum ahead forces Vietnam to rethink priorities

State-owned Electricity of Vietnam (EVN) and Vietcombank on June 30 signed a credit contract to finance the Quang Trach 1 thermal power plant with a total investment of \$1.78 billion.

Nghiem Xuan Thanh, chairman of the board of directors of Vietcombank, said that it will grant credit worth \$1.17 billion to EVN, which will be disbursed over four years, with the loan term set for 15 years. Existing technology allows to minimise the impact of coal-fired power on the environment, said Nguyen Tai Anh, deputy general director of EVN. According to Tai Anh, the Quang Trach 1 plant will be equipped with modern technology to ensure environmental protection. Additionally, the plant will use synchronous systems of wastewater treatment, gas exhaustion, and dust filtration. Among these, the gas emissions will comply with Vietnam's environmental standards that are equivalent to those of the World Bank.

Difficult to ditch

EVN has chosen advanced technology for Quang Trach 1 to minimise emissions to the environment,

but this also renders the entire project more expensive. For example, Japan's coal-fired power technology has a roughly 10-20 per cent higher investment cost than the plants that Vietnam is investing in. That means a 1,200MW plant that would normally require an investment of about \$2.2-2.4 billion, would then cost an additional \$220-480 million, which of course, would be reflected in the cost of electricity.

The low cost and advantages allow coal-fired power to maintain its position in the development strategy of Vietnam. Truong Duy Nghia, chairman of the Vietnam Association of Thermal Science and Technology, said that coal-fired thermal power has the lowest cost (about 7 US cents per kilowatt-hour). Moreover, the investment capital is not too high, equivalent to around \$1,500 per kWh, lower than hydroelectricity, solar, wind, and nuclear power.

The electricity output is large, meeting the demand amid the current high economic development in Vietnam.

Another advantage, according to Nghia, is that the construction of a coal-fired power plant is not as complicated as hydroelectricity. Coal-fired power plants only need to be located near a river with a large flow, or along the coast.

The construction of such a plant would also only take about three years. With these advantages, it comes as no surprise that in recent years, the south-central region of Vietnam has established several coal-fired power plants, such as the Vinh Tan plant in Binh Thuan province, with a total capacity of over 6,200MW.

As such, EVN continues to put its faith in coal power, while many countries and institutions around the world decided to turn away from this type of energy to switch to solar and wind power – not only are these renewables more eco-friendly but the prices of these sources are becoming more competitive.

The Renewable Energy Policy Network for the 21st Century report showed that renewables are increasingly cost-competitive compared to fossil fuels. By the end of 2018, electricity generated from newly invested solar and wind power plants had become more economical than electricity from fossil fuel-powered plants in many parts of the world. In addition, in some locations, it is more cost-effective to build solar and wind power plants than to continue operating existing fossil fuel power plants.

Data from the International Renewable Energy Agency also showed that the price of electricity from solar and wind power declined dramatically from 2010 to 2019. On average worldwide, the price of solar power has decreased by 82 per cent, with the price of onshore and offshore wind falling by 39 and 29 per cent, respectively.

Sustainable solutions required

According to the Institute of Energy under the Ministry of Industry and Trade, Vietnam's electricity system ensured supply for socioeconomic development and national security in the last decade. The average commercial output per capita increased from 982 kWh in 2010 to 2,320 kWh in 2020.

The transmission has also been meeting the requirements of power source projects within the entire power system. With the backup rate of power

sources in 2020 reaching 22.2 per cent, the system also ensures power supply for the current demand.

In Vietnam, coal-fired power is currently the main source of electricity, and the installed capacity increased significantly from about three gigawatts in 2010 to 20.2GW in 2019, accounting for about 36 per cent of total installed capacity.

The total output of coal power plants in 2019 stood at about 120 billion kWh, accounting for about 50 per cent of the total distributed output. Currently, there are 32 coal-fired power plants in operation in Vietnam, most of which are located in the northeast, near the coal mines in Quang Ninh province. Besides these, there are eight factories under construction and 27 factories planned.

However, this impressive growth in coal power also means that Vietnam has been and will pay significant environmental costs. The establishment of coal-fired power centres in Vinh Tan, Duyen Hai, and Mong Duong also led to the emergence of environmental pollution like ash and fine dust, which could cause serious health problems for the people in the surroundings.

Dr. Tran Ba Quoc from the High-tech Research and Development Institute at Duy Tan University said that burning fossil fuels emits much hazardous waste into the atmosphere.

“Coal combustion in thermal power plants emits 84 of 187 hazardous wastes in the air as determined by the US Environmental Protection Agency. Many other studies from India, China, and Europe also warn that burning coal releases many harmful pollutants into the atmosphere,” Quoc explained.

Studies have shown that the full operation of all coal-fired power plants in Vietnam can render the concentration of dust in the air 30-300 times higher than Vietnamese standards. Surveys with people living in provinces with coal-fired power plants such as Thai Binh, Quang Ninh, Haiphong, Ha Tinh, Tra Vinh, Binh Thuan, and many others show that the air quality has been getting worse since the plants came into operation.

However, coal-fired power is still meant to contribute a significant proportion to Vietnam's energy production. According to the Power Development Plan VIII (PDP8), by 2030, the total

installed capacity of coal-fired power plants will be nearly 17,000MW, 19 per cent higher than in 2020 (14,300MW).

Quoc said that if Vietnam continues to build coal-fired power plants, it is inevitable that air quality will continue to be affected more strongly. According to scientific simulation results, if coal-fired power plants are developed according to the PDP8, by 2030, the concentration of harmful

substances released into the environment will be up to 8.6 times higher than in 2011.

“Vietnam needs a sustainable power scheme that ensures both energy and environmental security. Long-term exposure to air pollution will increase the likelihood of diseases. Thus, these negative effects should be considered in the decision-making process related to coal-fired power development in Vietnam,” Quoc argued.

Corporate News

8. HVN: Vietnam Airlines joins IATA Travel Pass trials

↓ -0.76%

The system will be rolled out on trips from Narita Airport in Tokyo to Da Nang later this month.

Eligible passengers need to be 18 years old and above, and get a negative Covid-19 result from any eligible clinics based on the IATA lab registry.

Passengers wishing to participate can register on Vietnam Airlines website at least three days before departure date, download the IATA Travel Pass application to their mobile phones, create their digital passport and enter flight information.

During the trial, passengers will still have to present hardcopy test results at the request of authorities in the destination country.

At the final step of the testing process, passengers need to complete a survey to help improve the customer experience.

Currently, more than 70 airlines are trailing or have committed to trial the IATA Travel Pass.

The tool enables passengers to share the test and vaccination certificates and securely manage their travel in line with government requirements.

9. SSB: Stock issuance to pay dividend

↓ -2.17%

On July 08, 2021, Southeast Asia Commercial Joint Stock Bank announces the stock issuance to pay dividend as follows:

- Stock name: Southeast Asia Commercial Joint Stock Bank
- Stock type: common share
- Par value: 10,000 dongs
- Number of shares issued: 1,208,744,208 shares
- Number of outstanding shares: 1,208,744,208 shares

- Number of treasury shares: 0 share
- Number of shares expected to be issued: 110,244,161 shares
- Total value (at par value): 1,102,441,610,000 dongs
- Issuing ratio: 100:9.1206
- Plan to deal with fractional shares: The distributed shares will not be rounded down to units, the arising fractional shares (if any) will be the source of bonus shares for SeABank employees.
- Record date: July 26, 2021.

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