



VIETNAM DAILY NEWS

August 11th, 2021



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Market Analysis

1. Shares go up, bolstered by energy, seafood stocks

Viet Nam's stock market extended gains on Tuesday on the back of energy and seafood shares.

The benchmark VN-Index on the Ho Minh Stock Exchange (HoSE) increased by 0.19 per cent, to 1,362.43 points. Market breadth was positive as 217 stocks climbed while 157 declined.

The VN-Index had increased by 1.37 per cent, to close Monday at 1,359.86 points.

The liquidity continued to improve with nearly VN23 trillion (US\$1 billion) poured into the southern bourse, equivalent to a trading volume of 716.5 million shares.

The VN30-Index, which tracks the 30 biggest stocks in market capitalisation on the southern market, lost 0.23 per cent to 1,494.41 points.

Of the VN30 basket, 12 stocks jumped while 17 slid, and one stayed unchanged.

PetroVietnam Gas JSC (GAS) and Vinamilk (VNM) were the two strongest gainers in the VN-30 basket, rising more than 3 per cent and nearly 2 per cent, respectively. On the other hand, Masan Group (MSN), Novaland (NVL) and Khang Dien House (KDH) were the ones that corrected, losing more than 1 per cent.

The oil and gas group performed well at the end of the session, with Petrovietnam General Services JSC Corporation (PET), PetroVietnam Drilling & Well Services Corporation (PVD) all reaching the ceiling prices, while PV OIL (OIL), Binh Son Refinery (BSR), PetroVietnam Technical Services Corporation (PVS) all advanced more than 6 per cent.

The seafood group also made strong gains with Minh Phu Corporation (MPC), Vinh Hoan Corporation (VHC), and Mekong Fisheries Joint Stock Company (AAM) all gaining more than 1 per cent.

KB Securities Vietnam said the market had entered a recovery period thanks to investors' confidence in the Government's timely pandemic control policy, accelerating the vaccination progress.

"However, at the present time, the COVID-19 pandemic still develops complicatedly so the market is still facing the risk of falling again," it said.

"From March 2020, the market has witnessed four correction phases. Except for the quick and unexpected adjustment at the end of March 2020, the three correction phases in June 2020, January 2021 and July 2021 were all quite expected," said La Giang Trung, Director of Passion Investment Fund Management Company.

"In July 2021, VN-Index recorded a 13 per cent drop. It is likely that the index has created a short-term bottom. After each correction, the index often makes an increase of about 30 per cent. Therefore, VN-Index could reach 1,600-1,700 points by the end of this year," he said.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also climbed 1.33 per cent to 335.08 points.

Nearly 161.5 million shares were traded on the northern market exchange, worth VND3.9 trillion.

The northern market index had climbed 1.6 per cent to close at 330.68 points on Monday.

Macro & Policies

2. New impetus needed to achieve 2021 economic growth target: experts

Economic experts have emphasised the need to have a new impetus to improve economic growth in the remaining months of 2021 towards realising the growth target for the year set by the Government and the National Assembly.

Vietnam's economic growth is forecast to expand by 6 percent this year.

According to Le Trung Hieu from the General Statistics Office, the country's GDP growth in the first six months increased by 5.64 percent.

It is difficult to achieve the yearly growth target of 6.5 percent set by the Government amid the complicated developments of the COVID-19 pandemic, which is weakening the internal capacity of the national economy.

To realise the growth target of 6 percent required in the National Assembly's Resolution on socio-

economic development plan in 2021, Hieu said that the economic growth needs to rise by 6.3 percent in the last six months of the year.

This goal is completely feasible if the epidemic is controlled soon, and synchronous solutions of the Government proves effective, he noted.

Economic experts agreed that the economic growth in the remaining months of the year completely depends on the ability to control the pandemic.

Nguyen Minh Cuong - Chief economist of the Asian Development Bank (ADB) in Vietnam underlined the importance of vaccination in the time to come, saying that this is the drive and the hope for economic recovery.

Apart from accelerating vaccination campaigns, it is necessary to speed up disbursement of public investment because it still plays a leading role in economic growth, he said.

3. Report on impact of IUU yellow card on Vietnam's seafood industry released

The Vietnam Association of Seafood Exporters and Producers (VASEP) and the World Bank (WB) in Vietnam on August 10 released "A Trade-Based Analysis of the Economic Impact of Non-Compliance with Illegal, Unreported and Unregulated Fishing: The Case of Vietnam".

Speaking at the webinar to release the report, VASEP Vice President Nguyen Thi Thu Sac said that seafood is Vietnam's fifth biggest export product in terms of value, accounting for about 4 percent of the country's export turnover. Vietnam's seafood exports in recent years have been valued at from 8.5 billion USD to nearly 9 billion USD per year.

As the third largest seafood exporter in the world, in recent years, Vietnam has focused on sustainable development of the seafood industry. However, with the characteristics of small-scale fisheries, Vietnam is facing a big challenge related to the illegal, unreported and unregulated (IUU) fishing yellow card warning issued by the European Commission (EC) since October 2017.

The yellow card has caused Vietnam's seafood exports to the EU market to decline continuously from 2017 until now. From 2017-2019, its seafood export turnover to the markets of the European Union decreased by 12 percent, equivalent to 183.5 million USD.

Since 2019, the EU has dropped from the 2nd position to the 4th position among Vietnam's seafood export markets, after the US, Japan and China.

Mona Sur, the WB's Practice Manager for Environment, Natural Resources and Blue Economy for East Asia and the Pacific, stated that in order to have detailed assessments of these risks, VASEP collaborated with experts from Nha Trang University and Copenhagen Business University (Denmark) to implement the analysis, under the supervision of the World Bank.

Experts warn that if Vietnam has to receive a red card from the EC, the most immediate and direct

impact on Vietnamese seafood will be the EC's trade ban. At that time, it is estimated that Vietnam's seafood industry will lose about 480 million USD each year if it loses the EU market.

If Vietnam soon has the yellow card removed, and takes advantage of tariff preferences and changes of institutions from the EVFTA, the opportunity to recover and increase seafood exports to the EU

market to 1.2-1.4 billion USD in the coming years is feasible.

This shows that it is necessary to have reasonable and effective solutions to make the EC soon remove the yellow card, and achieve 7-9 percent in seafood exports and 16-18 billion USD in total export turnover by 2030..

4. Singaporean businesses expand investment in Vietnam's real estate

Vietnam is becoming a key market for Singaporean real estate investors with hundreds of housing and office for lease projects throughout the country.

Many investors including Sembcorp Development, CapitaLand, Keppel Land, Frasers Property, Mapletree have been doing business in Vietnam over the past 20 years, *Dau tu* (Investment) newspaper reported.

Industrial property is also attractive to Singaporean investors. Vietnam-Singapore Industrial Park (VSIP), a joint venture between Becamex IDC and a consortium of Singaporean investors led by Sembcorp Development Group, is a typical example.

Established in 1996, VSIP has so far had nearly 10 industrial park development projects in many localities such as Hai Phong, Bac Ninh, Hai Duong, Binh Duong, Quang Ngai, Nghe An and Binh Dinh. It is providing production infrastructure for 880 customers from 30 countries and territories investing in Vietnam with a total investment of 14 billion USD while generating jobs for 270,000 employees in the country and abroad.

VSIP is also a pioneer in the construction of service urban areas and commercial zones which are synchronously planned along with industrial parks.

Mapletree Group, another Singaporean investor, has eight real estate and logistics projects in Vietnam. The group owns and manages more than 1 billion SGD (719.2 million USD) in assets in the country, stretching from Hanoi to HCM City, Binh Duong, and Bac Ninh.

Boustead Projects Limited, Singapore's leading industrial real estate solution developer, launched the first ready-built factory-for-rent project in Nhon Trach 2 Industrial Park in Dong Nai province in 2018. Currently, the second phase of the project is going on. It is expected to complete and welcome tenants in the third quarter of this year.

Previously, Singaporean investors only invested in housing development in Vietnam, but they have recently expanded their portfolio to the logistics and factory real estate segments.

Frasers Property Vietnam has unveiled its latest development project in Binh Duong province. The group is rushing to complete and put into operation a 40,000 sq.m of ready-built factory-for-rent project at Binh Duong Industrial Park Project (BDIP) in the second quarter of 2022. It is expected that BDIP will provide a total of more than 200,000 sq.m of factories for lease in the next 6-7 years.

CapitaLand, a leading residential real estate developer with nearly 9,000 luxury apartments, that has developed in Vietnam for nearly 30 years, also has plans to invest in industrial real estate.

Ronald Tay, General Director of CapitaLand Vietnam, said that the completion of the merger with Ascendas-Singbridge in 2019 has contributed to strengthening the capacity and foundation for the development of logistics and industrial parks property.

In May, Emergent Vietnam Logistics Development Pte of Singapore received a licence to develop a 34.4 million USD logistics centre in Binh Duong. When completed, this project will provide logistics, storage and warehouses or lease.

5. Vietnam remains attractive to multinational electronics companies

Despite complicated developments of the COVID-19 pandemic, Vietnam is still chosen by many foreign investors as a destination to build production bases, especially in the electronics industry, according to Fitch Solutions.

As many as 65 percent of foreign electronics enterprises set up their production bases in northern localities of Vietnam, while about 30 percent of them built facilities in the southern region, and a few in the central region.

Notably, Samsung Group of the Republic of Korea has so far invested over 17.5 billion USD in Vietnam, and regularly accounts for more than 20 percent of Vietnam's total export turnover through its main products of high-end mobile phones and electronic components.

Samsung has attracted more than 170,000 employees working in its production plants in industrial parks in Bac Ninh and Thai Nguyen provinces. Samsung plans to further expand its investment in the coming time.

Recently, Panasonic has moved its refrigerator and washing machine factory from Thailand to Vietnam. This move showed that Vietnam has become the main electronics manufacturing hub in the region.

Meir Tlebalde, Deputy Director of KPMG Tax and Advisory Limited, said northern localities stand out with their strategic locations adjacent to China, convenient transport systems, and lower industrial land rent.

The North will soon become a main production centre, attracting more and more multinational corporations to Vietnam, she noted.

According to Vo Sy Nhan, Managing Director of GNP Yen Binh Industrial Centre in Thai Nguyen province, the recent entry of large electronics manufacturers into the Vietnamese market will inevitably lead to the participation of supporting producers.

Economic experts said that the important factor attracting multinational electronics corporations is industrial parks (IP), noting that most IPs have favourable geographical locations that are easily accessible to transport and logistics systems.

Giant electronics companies are looking for IPs with an area of more than 1,000 hectares and synchronous infrastructure systems in Vietnam, they said.

The Vietnamese Government has approved the expansion of more IPs to meet investment needs in the short and medium terms.

6. Hanoi invests efforts in developing key industrial products

“Hanoi is working to promote the development of key industrial products, expecting 25 - 30 products will earn the recognition this year.

This is part of the Hanoi People's Committee's Plan 60/KH-UBND for the implementation of the project on developing local key industrial products in 2021.

Accordingly, Hanoi looks to attract the participation of 20 - 25 enterprises with 25 - 30 products recognised as key industrial products of the city this year.

It will work to ensure 100 percent of the enterprises producing key industrial products will benefit from its support policies, and that those firms will bolster their production value by 10 - 12 percent from 2020. The firms are also expected to contribute 35 - 40 percent of the city's total industrial production value and 15 percent of the total export value.

The setting of concrete targets for 2021 aims to realise Hanoi's common goal of developing its strong sectors and industrial products that are able to engage deeply in and contribute high added value to global supply chains, help fuel other

sectors' development, and use environmentally friendly technology.

Authorities will also help improve the competitiveness of key industrial products, step up activities to promote trade, investment and support manufacturers of the products, better the investment and business climate for the firms, assist them in developing human resources, and build mechanisms and policies for developing key industrial products.

The municipal Department of Industry and Trade is assigned to chair the plan implementation, coordinate with relevant departments and sectors to step up communications to popularise the key industrial products, and devise policies and solutions supporting producers of those products.

For the 2021 - 2025 period, the municipal People's Committee is expected to recognise 150 - 180 key industrial products. Local manufacturers of the products are hoped to contribute 40 - 50 percent of the city's industrial production value and 20 - 22 percent of total export revenues each year, according to the department.

Thanks to urgent solutions to contain the COVID-19 pandemic and support businesses, the index of industrial production (IIP) in Hanoi grew by about 1 percent month on month and 7.8 percent year on year in July, the municipal Statistics Office reported.

The processing and manufacturing industry expanded 0.3 percent month on month and 7.9 percent year on year. The respective growth rates

were 9.5 percent and 7 percent for electricity production and distribution; 0.8 percent and 4.3 percent for water supply, waste and wastewater treatment. Meanwhile, the mining industry contracted 1.9 percent from the previous month but still rose 2 percent from a year earlier.

In the first seven months of 2021, the IIP of Hanoi went up 8.5 percent from the same period last year, which recorded an increase of 4 percent. In particular, processing and manufacturing grew 8.7 percent; electricity production and distribution 7.3 percent; water supply, waste and wastewater treatment 6.8 percent; and mining 3 percent.

In Vietnam, industrial activities have continued bearing the brunt of the COVID-19 pandemic, resulting in mere growth rates of 1.8 percent month on month and 2.2 percent year on year in the July IIP - the slowest pace in seven months, the Ministry of Industry and Trade said.

In July alone, the mining industry shrank 8 percent from a year earlier while processing and manufacturing expanded 2.9 percent; electricity production and distribution up 6.7 percent; water supply, waste and wastewater management and treatment up 4.4 percent.

Many sectors witnessed declines in their production indexes during the first seven months of 2021, including crude oil and natural gas exploitation down 10.4 percent; hard and lignite coal mining 2.9 percent; and machinery and equipment repair, maintenance, and installation 1.1 percent.

7. Vietnam's wood products export surges 55 percent in seven months

Vietnam exported 9.58 billion USD worth of wood and wood products in the first seven months of this year, a year-on-year increase of 55 percent, according to the General Department of Customs.

Of the figure, wood products raked in 7.44 billion USD, posting a 64-percent rise compared with the same period last year.

Local experts contributed the impressive growth of wood export to the fact that the demand for furniture increases during the COVID-19 pandemic.

According to Dien Quang Hiep, chairman of Binh Duong Furniture Association (BIFA), shipments to the main export markets of the Binh Duong wood processing industry surge considerably.

The US market accounted for more than 65 percent of Binh Duong's total wood product export turnover, with an increase of 81 percent over the same period last year while Hong Kong (China) market made up 8.5 percent, with an increase of more than 47 percent, and Taiwan (China) market picked up 43 percent.

A similar situation is also reported in the central province of Binh Dinh.

Ngo Van Tong, director of Binh Dinh Department of Industry and Trade said local wood products have been exported to countries in Europe, Oceania, America, Asia, and Africa. The province's furniture exporters have received orders until the end of the third quarter of this year.

The COVID-19 pandemic has caused many difficulties for trade and transportation activities, resulting in changes in working and living lifestyle of people, with consumers purchasing more furniture to maintain work and life at home. Thus, Hiep said, the province's export turnover of living room and dining room furniture is forecast to rise rapidly in the coming time.

To be able to meet the orders of wood products, wood processing enterprises in Binh Duong have quickly adapted and changed their production methods accordingly, he said, adding that some businesses are renting more land to open factories.

Bui Chinh Nghia, deputy general director of the Vietnam Administration of Forestry (VNFOREST) under the Ministry of Agriculture and Rural Development, said along with the US, Japan, and Hong Kong (China) markets, Vietnam's export

turnover of wood and wood products to the European market would increase sharply in the last months of 2021 when the COVID-19 pandemic is brought under control and the prevention measures are gradually eased.

Although Vietnam's wood processing and export industry has gained a momentum given the context that the whole country is coping with the COVID-19 pandemic, challenges still lie ahead.

According to Nguyen Liem, Chairman of the Board of Directors of Lam Viet Company in Binh Duong province, the high growth in export value of the wood industry in the past two years contains potential risks because the United States would increase defensive measures for imports with sudden growth.

Therefore, enterprises that export furniture for living and dining rooms should be careful to avoid becoming a transit point for goods to a third country, he said, adding that if the US imposes sanctions on Vietnam's wood industry, the whole sector would be seriously affected.

Another problem for the sector is the lack of empty containers for shipments, which has pushed transport cost up by twice, thrice and even 10 times in the past two-three years.

Corporate News

8. VIC: Vingroup sets up two battery production, AI application firms

↓ -0.09%

VinES has charter capital of VND1 trillion, with 51% contributed by Vingroup. The company, headquartered in Hanoi City, specializes in producing accumulator batteries.

In addition, the group contributed 99.8% of the total capital of VND425 billion to the establishment of VinAI, which is also located in Hanoi City. The firm is set up for scientific research and technology development.

The establishment of the two firms is aimed at promoting Vingroup's business activities and strengthening the three main pillars---technology-industry, trade and service in 2021.

In the technology and industry field, VinFast, a subsidiary of Vingroup, will launch three smart car models, VFe34, VF35 and VF36, this year. These cars are set to target customers who wish to use electric cars.

Vingroup will also develop a smart ecosystem featuring smart cities, smart homes and smart services.

Earlier, Vingroup proposed the Government and the relevant ministries and departments pilot preferential tax policies for electric cars.

The Ministry of Industry and Trade said that it is possible to consider not collecting an excise tax and registration fee for five years for the products to encourage electric auto production and consumption to protect the environment.

9. GMD: Gemadept reports positive results but negative financial cashflow

↑ 2.85%

In the first seven months, Gemadept's net revenue reached VND1.7 trillion (\$73.9 million), with after-tax profit reaching VND402.8 billion (\$17.5 million), up 19 and 32 per cent on-year. The gross margin was down 2 per cent to 39 per cent.

The main contributor to net revenue was still seaport operation with VND1.4 trillion (\$60.87 million), up 22 per cent and accounting for 86.2 per cent of the company's total revenue. Revenue from logistics, office leasing, and other activities increased slightly.

Due to the increase in the cost of goods sold, the company's gross profit reached VND656 billion (\$28.5 million), an increase of 13 per cent compared to the corresponding period of 2020.

Selling expenses increased 18 per cent to VND87.5 billion (\$3.8 million) while general and administrative expenses dropped 11 per cent to VND159.3 billion (\$6.93 million). Financial expenses decreased 21 per cent to VND82 billion

(\$3.57 million) while financial income was up 34 per cent to VND30.8 billion (\$1.34 million). Interest cost was down 23 per cent to VND69 billion (\$3 million).

Notably, cashflows from operating activities increased significantly from VND233.2 billion (\$10.14 million) last year to VND655.4 billion (\$28.5 million). However, cashflow from investing activities was negative VND268.3 billion (\$11.7 million), five times the loss of last year.

As of July 31, the company's total assets increased by 4 per cent to VND10.3 trillion (\$448.6 million). Of this, long-term assets accounted for 17 per cent with VND1.7 trillion (\$74 million) while long term financial assets were VND2.5 trillion (\$11.67 million), accounting for 24 per cent, and fixed assets made up 32 per cent with VND3.3 trillion (\$143.5 million).

Gemadept is working in port operations, logistics, afforestation and real estate. It consists of a parent company, 19 subsidiaries, and 16 associates and joint ventures.

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