



VIETNAM DAILY NEWS



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Market Analysis

1. Shares end lower on the fall of blue-chips

Vietnamese markets failed to maintain their upward trend on Tuesday as blue-chips and banking stocks dropped, pressuring indices.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index edged down 0.01 per cent to end at 1,476.02 points.

It had gained 0.87 per cent to end Monday at 1,476.21 points.

The market's breadth was negative with 194 gainers and 265 losers.

As many as 964 million shares were traded on the southern bourse, worth nearly VND27.7 trillion (US\$1.2 billion).

The VN30-Index, tracking the 30 biggest stocks on HoSE, lost 0.29 per cent, to end at 1,516.44 points. Nineteen out of 30 stocks in the VN30 basket posted losses, while nine increased.

In the VN-30 basket, notable losers included Phu Nhuan Jewelry (PNJ), down 2.1 per cent, Phat Dat Real Estate (PDR) losing 3.7 per cent, Vietnam Airlines JSC (HVN) dropping 1.8 per cent, The Viet Nam Rubber Group (GVR) falling 1.7 per cent, Vingroup (VIC) declining 0.7 per cent, Vietjet (VJC) losing 1.4 per cent, VPBank (VPB) falling 1.1 per cent and Vincom Retail (VRE) losing 0.8 per cent.

One of the worst sectors was banking, pressured by VPBank (VPB), Tien Phong Bank (TPB), Vietcombank (VCB), HDBank (HDB), Saigon-Hanoi Bank (SHB), Techcombank (TCB), Eximbank (EIB) and Vietinbank (CTG).

“Opening the morning session with a positive move, despite strong profit-taking pressure, VN-Index still gained nearly 10 points. However, when approaching the old resistance level of 1,480 points, the index reversed to end lower,” said BIDV Securities Co.

“Liquidity improved but was still insignificant and did not surpass the 20-day moving average. Market breadth tilted to the negative with losers outnumbered gainers.

“Regarding the transactions of foreign investors, they were net sellers on HoSE and net buyers on HNX. It can be said that the cash flow still supports the market's uptrend, so far there have been no significant obstacles for VN-Index to reach 1,500 points,” it said.

Eleven out of 25 sector indices on the stock market posted losses, including IT, securities, oil and gas, banking, logistics and construction.

On the other side, gainers were retail, seafood production, insurance, wholesale and healthcare, rubber production, agriculture, and construction materials, and food and beverage.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 0.63 per cent, to 454.68 points.

The index had risen 0.51 per cent, to end Monday at 457.56 points.

During the session, investors poured over VND3 trillion into the market, equivalent to a trading volume of 108.1 million shares.

Macro & Policies

2. New rules for private placement of corporate bonds

As the corporate bond market has shown signs of fast growth, some capital mobilisation through bonds did not comply with the provisions of the law.

Therefore, to ensure the market develops sustainably, transparently and effectively, it is necessary to continue to improve the legal framework, and strengthen management and supervision.

The Ministry of Finance has assessed the market situation to develop a draft Decree amending and supplementing a number of articles of the Decree on private placement of corporate bonds.

There are some notable contents in the draft Decree, including amending regulations on the purposes of bond issuance to strengthen the responsibilities and obligations of issuers in using funds from bond issuance.

Secondly, it will supplement regulations on credit ratings for some types of issued bonds to raise publicity and transparency of issuances, contributing to improve the quality of issued bonds, and help the market get used to credit ratings to

assess the risks of bonds, in line with international practices, to limit risks for investors.

The draft also supplemented regulations on bondholders' representatives to strengthen the supervision of the purpose of using the capital, as well as other commitments of the issuer.

In addition, the ministry adds regulations to accelerate the establishment of the private placement of corporate bond markets at stock exchanges for professional investors to increase liquidity.

It proposed to amend a number of regulations on terms and information disclosure, and enhance the transparency of bond issuers.

Besides completing the legal framework, the ministry continues to direct the State Securities Commission (SSC) and other units to strengthen management and supervision, and deploy inspection teams to control the bond issuance of real estate enterprises, credit institutions related to real estate enterprises, enterprises with large issuance volume or high interest rates, enterprises with negative business results, and issuers without collateral.

3. Shrimp exports well on the way to recovery

Vietnamese shrimp exports have taken a turn for the better as revenue reached around US\$367 million in November, up 16 per cent compared to the same period last year.

Yearly shrimp exports are expected to hit nearly US\$3.9 billion this year, up 4 per cent against 2020. The figures are forecast to go up to US\$4.3 billion in 2022.

According to Phung Duc Tien, Deputy Minister of Agriculture and Rural Development, shrimp producers have successfully turned favourable conditions on the market and rising shrimp prices to their advantage to swiftly recover after long lockdowns.

“Despite difficulties caused by climate change and the COVID-19 pandemic, Vietnamese agricultural and shrimp industry will definitely come out well, reaching an output of 980,000 tons and exports of US\$3.9-4.1 billion in 2022”, he added.

The area of brackish water shrimp farms expanded by 0.5 per cent from 2020 to around 740,000ha this year, including 630,000ha of black tiger shrimp and 110,000ha of white-leg shrimp, despite obstacles in the way due to the COVID-19 pandemic.

The US remained Viet Nam's largest shrimp importer, purchasing 28 per cent of total shrimp exports during the period. Japan came in second with 15 per cent. Shrimp exports to the EU have

bounced back since October. Viet Nam is currently a major supplier to Germany, Netherlands and Belgium.

The deputy minister stressed that Viet Nam has signed 16 new-generation free trade agreements. These agreements are great opportunities to improve the capability in chain-based production, which allows the tracing of every stage in the

production chain, from breeding stock to processing for export.

Additionally, productivity and quality are key to shrimp products' competitive enhancement. Relevant agencies and localities need to pay closer attention to input, especially regarding breeding stock and infrastructure.

4. Steelmakers must stay alert for trade defence measures

Viet Nam's steel exports have increased in recent years. As a result, the sector has attracted attention from other countries and triggered a number of defence measures from some markets.

Experts analysed the issue during a conference on Monday, discussing how Vietnamese firms can prepare and mitigate damage caused by trade defence in international trade.

The event was held in relation to a dumping investigation into Vietnamese steel initiated by Mexico in October, which is the first defence measure that has been triggered by a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

President of the Vietnam Steel Association Nghiem Xuan Da said since the CPTPP went into effect in January 2019, Viet Nam's steel exports have been on the rise. In October this year alone, Viet Nam exported over 700,000 tonnes of steel products worth US\$800 million to the Central American country, double the figure recorded in the same period in 2020.

Mexico, as a member of the North American Free Trade Agreement (NAFTA), is a key market for Vietnamese steelmakers for its access to North American markets. As Vietnamese steel finds its way to more markets around the world, Vietnamese steelmakers should expect greater scrutiny from trade defence authorities.

Da said under the guidance of the Ministry of Industry and Trade's (MoIT) trade defence department, the association has been building its own case to meet demands of the Mexican trade authority.

He said Vietnamese steelmakers nevertheless must pay more attention to their own value chain, prioritise using locally-sourced material, uphold business ethics and improve transparency to minimise the risk of being investigated.

Deputy head of MoIT's trade defence department Pham Chau Giang said her department was not caught off-guard by the investigation as they have received a number of warnings since last year. A number of Mexican steelmakers filed complaints about Vietnamese steel with their government and expressed opinions that Vietnamese steel could hurt the Mexican steel industry.

In the last two decades, Vietnamese steelmakers have gained valuable experience in dealing with trade investigations and are on the lookout for tips and information for potential suits.

Giang said even in the worst-case scenario in which Mexico imposed an anti-dumping tariff on Vietnamese steel it shouldn't be set too high that it cripples exports to this market in the short term. She urged firms to always keep their books up-to-date and in proper order in anticipation of requests made by trade authorities.

Dr Hoang Ngoc Thuan from the Foreign Trade University said firms must be well-prepared legally and financially going to court in trade defence suits, especially those in new markets. Thuan advised firms to employ legal teams from Mexico and make sure their accounting is done using internationally recognised standards.

MoIT has been running an early-warning system to inform Vietnamese firms about potential suits. The ministry is also at the ready to provide firms with support should they have to face investigations.

5. Viet Nam firms should take advantage of EVFTA to boost exports to Germany

Vietnamese enterprises need to take advantage of the European Union-Viet Nam Free Trade Agreement (EVFTA) to increase trade value, according to the Viet Nam Chamber of Commerce and Industry (VCCI).

At the webinar on promoting trade between Viet Nam and Germany through the EVFTA held in Ha Noi on yesterday, Hoang Quang Phong, VCCI vice chairman said being a new-generation FTA with high liberalisation, the EVFTA would eliminate most of the tariff barriers and reduce non-tariff barriers between Viet Nam and the EU, including Germany.

Therefore, the bilateral trade between the two countries is expected to see breakthrough growth in the future. Specifically, the agreement will remove 99.2 per of tariff lines for Vietnamese goods exported to Germany after seven years of the deal taking effect. About 98.3 per cent of tariff lines for German products imported to Viet Nam would be eliminated after 10 years of the deal taking effect.

The EVFTA also protects geographical indications for 39 Vietnamese products and 12 German products, helping brand and product value to increase in the markets of the two countries, Phong said.

In addition, the agreement also includes many other commitments on customs, sanitary and phytosanitary measures, technical barriers, trade remedies, e-commerce, intellectual property and public procurement, to create favourable conditions for Vietnamese and German goods to access their markets.

Viet Nam's export products have great opportunities from the EVFTA include footwear, garment, seafood, plastic products, fruits, rice, sweetcorn, garlic and mushrooms.

Local enterprises would take advantage to import many German products such as vehicles, electrical machinery and equipment, pharmaceuticals, plastic products, iron and steel, fuels, animal and poultry meat, milk and dairy products, alcohol and beverages.

At the conference, Nguyen Cam Trang, deputy director of the Ministry of Industry and Trade (MoIT)'s Import-Export Department, said in the first year of carrying out the EVFTA, Viet Nam has taken export opportunities to sharply increase many key export products to Germany such as machinery and equipment (up by 83.6 per cent), vehicles and spare parts (71.6 per cent), iron and steel (53.2 per cent), computers and electronics (34 per cent), and seafood (15.5 per cent).

According to VCCI, after 10 years of establishing the Vietnam-Germany strategic partnership (2011 - 2021), the bilateral trade value has increased sharply from \$5.6 billion in 2011 to \$10 billion in 2020. Of which, exports from Viet Nam to Germany achieved a growth rate of about 11.5 per cent each year.

However, the trade value with Viet Nam has accounted for only 1.83 per cent of Germany's total trade value, much lower than 24.41 per cent with China, 16.65 per cent with the US and 12.11 per cent with South Korea.

To promote exports to Germany, Vietnamese businesses need to understand the commitments in the EVFTA and know demand and the import and export regulations of this market, said Cam Trang from MoIT.

Therefore, the VCCI collaborated with Friedrich-Naumann Institute for Freedom (FNF) in Viet Nam to organise this conference on December 14 providing information on the EVFTA and investment and business opportunities with Germany for local enterprises.

At the same time, VCCI has also compiled a book on using the EVFTA to enhance goods import and export between Viet Nam and the German market and built a website about the German market for local enterprises, said Nguyen Thi Thu Trang, director of the VCCI's Center for WTO and Integration.

Also at the conference, Thu Trang introduced specific requirements on import and export procedures of the German market. This is a part of

activities on giving support to local enterprises to take advantage of the EVFTA.

Cam Trang from the MoIT said “the market information is very important. The MoIT with its network of trade offices in foreign countries has been providing market information and foreign partners to domestic enterprises. They will also support domestic enterprises to connect with foreign partners in trade and investment activities.”

In addition, other MoIT agencies such as the Import-Export Department and the Trade Remedies Authority are also ready to assist the businesses in the production and import and export of goods, and trade lawsuits.

Pham Hung Tien, FNF Viet Nam deputy director, said that Germany has seen many investment and trade opportunities with Viet Nam, including some new fields such as green energy. For many years, German enterprises have developed many wind power projects in Viet Nam.

“In the future, German enterprises will continue to be interested in wind power development projects in Binh Thuan and Ninh Thuan. These are also factors to promote investment and trade activities,” Tien said.

In addition, the vocational training also offers the prospect of attracting investment from Germany. With more than 20 years of cooperation in vocational training with Viet Nam, German enterprises believe that Viet Nam has a young workforce and they need to improve their skills for many jobs, he said.

According to Tien, qualified workers would help local enterprises receive new German investment for projects such as the mechanical engineering sector. This will create added value for local products or develop domestic enterprises to become suppliers of German enterprises.

The German enterprises also are looking forward to investment in Viet Nam to transfer technology, improve skills for manufacturing factories, and provide auto components and accessories for German enterprises in Viet Nam.

For trade, Tien said Vietnamese businesses should enhance participation in fairs held in Germany because German businesses often seek trade partners at these fairs.

In addition, domestic enterprises can directly contact the local chambers of commerce and industry in Germany to find commercial partners.

6. HCM City businesses are adapting well to pandemic: panel

Businesses in HCM City have been doing a good job adapting to the pandemic and ensuring safe production in the last several months, a panel of experts has said.

Speaking as part of a panel on the Government Web Portal on December 13, Do Xuan Tuyen, Deputy Minister of Health, said the COVID-19 outbreak in HCM City was under control although there were still complications.

The Ministry of Health has provided instructions for businesses on testing staff and how to deal with positive COVID-19 cases, and provinces and cities have been assisting local businesses in pandemic prevention measures.

Associate Professor Tran Hoang Ngan, rector of the HCM City Institute for Development Studies, noted

that the Government had offered a great deal of support to the city, including medical staff, vaccines and medicine.

Many local businesses maintained production by providing on-site accommodations and quickly resumed activities when the outbreak began to be under better control.

Nearly all of the 1,412 businesses in the city's industrial parks and processing and exporting zones have resumed operation.

“With their workforce fully vaccinated, the city has been a lot more confident about recovery. Domestic and foreign businesses alike are adapting safely and flexibly to the pandemic,” Ngan said.

Businesses are now focusing on fulfilling overseas orders for winter and Christmas.

Tran Viet Anh, deputy chairman of the HCM City Business Association, said that many businesses struggled greatly but have now "realised the importance of re-structuring their operations to allow for both online and offline work".

Businesses are now more prepared for COVID, and up to 90 per cent of local businesses have staff who can accurately test others for COVID, measure oxygen saturation, and identify COVID symptoms quickly.

Companies that have opened new production lines have even been willing to pay more for adjustments so that workers on the lines can stay two metres apart.

Luong Mai Anh, deputy head of the Health Environment Management Department under the Health Ministry, said that businesses had done a good job ensuring pandemic prevention and control at their workplace.

According to a report by the HCM City Centre for Disease Control on 1,000 local businesses, less than 10 per cent of workers who have come into close contact with positive cases have contracted COVID-19.

Living safely with pandemic

Ngan said that businesses should reinforce their own healthcare facilities and staff, offering areas to temporarily quarantine staff when needed.

"The central government and the Ministry of Health need to come up with strategies to help businesses be more confident in their recovery, without worrying about having to go back to strict social

distancing or providing on-site accommodations. Living safely with the pandemic is a global trend."

Businesses will continue to need tax reduction and lower interest rates on loans, and more investment in public infrastructure will help businesses reduce logistics costs.

Meanwhile, Tran Viet Anh of the city Business Association said that new factories should be built with pandemic prevention in mind, and that labour-intensive factories should be re-located far away from crowded urban areas.

Luong Mai Anh noted that businesses should prepare medical equipment and facilities, work closely with local authorities, carry out drills, and monitor workers' adherence to preventive measures.

They also need to keep up-to-date with the new Omicron variant.

Deputy Minister of Health Do Xuan Tuyen noted that fully vaccinated residents still face a risk of getting infected and spreading the virus, so production facilities and workers should not be complacent.

Even though fully vaccinated people will likely not require hospitalisation or become severe if they are infected, the risk still remains, especially for older people and people with certain health conditions.

"Moving forward, our pandemic prevention plan will focus on safe and flexible adaptation to keep the pandemic under control while ensuring socio-economic development," he said.

HCM City, the country's COVID epicentre, began reopening on October 1 after months of strict social distancing.

7. HCM City ensures sufficient food supply, stable prices for Tet

Businesses in HCM City are preparing a wide range of essential goods commonly consumed during the upcoming Tet (Lunar New Year) holiday to ensure sufficient supply and stable prices.

Large retailers have worked with manufacturers and suppliers to stock two or three times the amount of goods compared to other months, particularly pork and other fresh meat, eggs, fruits, vegetables and processed food.

The HCM City Union of Trade Cooperatives (Saigon Co.op) has spent nearly VND6 trillion (US\$262 million), an increase of 20 per cent compared to last year, to stockpile goods.

Nguyen Ngoc Thang, director of Co.opmart's operation division, said the retail system of Saigon Co.op, such as Co.opmart, Co.opXtra, Co.op Food, Co.op Smiles, and Cheers, would keep price stabilisation and offer a discount up to 50 per cent for thousands of products for Tet in the year-end shopping season.

Saigon Co.op will also offer deep discounts, especially fresh food, for 10 days before Tet to support consumers amid the pandemic, along with gift vouchers.

Nguyen Ngoc An, general director of Vissan JSC, said the company had plans to spend more than VND754 billion (\$33 million) to stock 4,200 tonnes of processed foods and 2,800 tonnes of fresh food, up 6 per cent and 8 per cent compared to the same period last year, respectively, to meet the rising demand ahead of Tet holiday.

Local businesses are providing more varieties of processed goods for Tet, including beverages, confectionery, dried fruits and jams, at stable prices.

Nguyen Nguyen Phuong, deputy director of the department, said many businesses had agreed to participate in the city's annual market stabilisation programme, accepting price restraints and deep discounts to maintain market share and increase sales revenue.

He added that the increase in raw material prices had strongly affected commodity prices and people's purchasing decisions.

Phuong said the department would discuss solutions with businesses to help them to overcome difficulties.

According to the department, in November, the total retail sales of goods and services in the city reached VND55.5 trillion (\$2.4 billion), a strong decline of 41.3 per cent year-on-year.

The city's modern distribution systems includes 237 supermarkets, 46 shopping centres and 3,026 convenience stores, besides the three wholesale

markets of Binh Dien, Hoc Mon and Thu Duc, ensuring a supply of essential goods and foods for its residents.

Corporate News

8. BID: BIDV allowed to increase its charter capital

↓ -0.44%

Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) received the approval in writing from the State Bank of Vietnam

on the increase in charter capital. Accordingly, BIDV will increase its charter capital by a maximum of 10,365,220,360,000 dongs according to the stock dividend payment plan.

9. VIC: Vingroup guarantees VinFast's loan

↓ -0.68%

Vingroup Joint Stock Company announces that it will guarantee and use its assets to secure the obligations of VinFast Manufacturing and Trading Co., Ltd. ("VinFast") related to the loan up to

US\$200,000,000 according the credit agreement signed by VinFast, Vingroup (the guarantor), Credit Suisse AG – Singapore Branch, other lenders and agents.

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