



# VIETNAM DAILY NEWS



March 9th, 2022

Table of content

## Table of content

1. Shares decline further as profit-taking pressure rises
2. Increasing the capacity of suppliers in the processing and manufacturing chain
3. VN-US to boost bilateral economic ties
4. First electric bus route in HCM City to debut on Wednesday
5. Russia-Ukraine crisis cuts Vietnam's seafood exports
6. HCM City, EuroCham ink pact to bolster tourism growth
7. Hospitality, serviced apartment markets set to pick up
8. HPG: Hoa Phat's steel export orders reach 720,000 tonnes by May
9. ASM: Sao Mai Group acquires Taiwanese business

## Market Analysis

### 1. Shares decline further as profit-taking pressure rises

Shares dropped further on Tuesday due to the profit-taking pressuring multiple stock groups such as banking, oil and gas, steel, fertiliser, and coal.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) lost 0.69 per cent to close at 1,473.71 points.

The market's breadth remained negative with 95 gainers and 370 losers.

Liquidity increased compared to Monday's session with more than 1 billion shares traded on the southern bourse, worth nearly VND34.5 trillion (US\$1.5 billion).

The benchmark lost ground as some pillar stocks suffered selling pressure. The VN30-index declined 1.26 per cent, to 1,490.17 points.

Six of HoSE's 30 biggest stocks in market capitalisation in the VN30 basket increased, while 22 stocks declined and two stayed flat.

The banking group performed poorly and pressured the market with notable losers including Vietinbank (CTG), Tien Phong Bank (TPB), Vietcombank (VCB), Military Bank (MBB), Sacombank (STB), Techcombank (TCB), Eximbank

(EIB) and Bank for Investment and Development of Viet Nam (BID).

In the real estate group, many stocks plummeted such as C.E.O Group JSC (CEO) down 6.3 per cent, Investment and Construction Development Joint Stock Corporation (DIG) down 6 per cent and LDG Joint Stock Company (LDG) down 4.5 per cent.

Stocks that benefited from the rise of commodity prices such as fertiliser, steel, chemicals, oil and gas, and coal all reversed to decline.

Losers included Hoa Phat Group (HPG), Viet Nam National Petroleum Group (PLX), PetroVietnam Drilling and Well Services Corporation (PV Drilling or PVD), Vietnam Petroleum Construction Joint Stock Corporation (PVC), Petrochemical and Bio-Fuel JSC (PVB), Petro Viet Nam Ca Mau Fertiliser JSC (DCM), Petrovietnam Fertiliser & Chemicals Corporation (DPM), Binh Dien Fertiliser Joint Stock Company (BFC), Vinacomin - DeoNai Coal JSC (TDN) and Vinacomin - Coc Sau Coal JSC (TC6).

The HNX-Index on the Ha Noi Stock Exchange (HNX) finished lower, with a loss of 1.54 per cent, to 445.89 points.

Nearly VND4.1 trillion worth of shares was traded on the northern market, equivalent to a trading volume of over 140 million shares.

## Macro & Policies

### 2. Increasing the capacity of suppliers in the processing and manufacturing chain

Enterprises must improve the quality and quantity of domestic tier 1 and tier 2 suppliers, to increase their ability to participate in the supply chain and improve the localisation of domestic industrial products.

This is the opinion of experts who gathered at a workshop to further develop links between Vietnamese enterprises and multinational companies in the manufacturing industry.

The workshop was coordinated by the Viet Nam Trade Promotion Agency (Vietrade) under the Ministry of Industry and Trade, in co-operation with the ASEAN - Japan Centre (AJC). It was held in Ha Noi on Monday.

Viet Nam is considered an emerging country with fast economic growth both in the region and the world. The country had a preliminary average annual economic growth of 5.95 per cent in the period 2011- 2020.

The achievements of industrialisation and modernisation have created a great foundation for socio-economic development, in which the manufacturing industry plays a particularly important role as the backbone of the economy and the driving force for growth in the country.

The manufacturing industry also attracts a large amount of foreign investment capital (FDI), which

usually accounts for the highest proportion in terms of the number of projects and registered capital in the period 2011-2020.

Truong Chi Binh, vice president and general secretary of the Viet Nam Association For Supporting Industries, said that the Government, localities and many other organisations have supported the processing and manufacturing industry, promoting the development of enterprises and connected domestic and foreign enterprises.

However, the requirements of FDI enterprises on suppliers mainly revolve around quality, price, delivery time and technological factors.

The issue of price and management of Vietnamese enterprises was still not competitive compared with Chinese and Thai enterprises, said Binh.

Therefore, to help Vietnamese businesses participate more deeply in the supply chain of FDI, it is necessary to support them in improving their capacity through policies that encourage digital transformation and investment in electronic production, added Binh.

"We still do not have a strategy, specific mechanisms or policies for the electronics sector. Electronics is a matter of the future. It is necessary to encourage FDI enterprises to localise policies on tax and labour, to attract FDI with a clear orientation on localisation," she recommended.

### 3. VN-US to boost bilateral economic ties

Businesses and policymakers from Viet Nam and the US discussed measures to further boost bilateral economic ties, digital economy, energy demand, sustainable development and economic recovery during the Viet Nam-US Business Summit 2022 held in Ha Noi yesterday.

Speaking at the summit, Prime Minister Pham Minh Chinh said Viet Nam's main priorities in the years to come would include a robust economic recovery post-pandemic, the implementation of greener

technologies, development of digital economy and mitigating the adverse effects of climate change.

Viet Nam considers the US as an important partner since the normalisation of bilateral relations in 1995, especially in economic cooperation. Since 1995, two-way trade between Viet Nam and the US has increased 250 times, from US\$450 million in 1995 to a record \$111 billion in 2021 despite the pandemic.

The US has become Viet Nam's largest export market and its second-largest trading partner while the South East Asian economy is the US' 9th largest trading partner. The two sides have ratified and implemented a number of key trade agreements including the Viet Nam-US Bilateral Trade Agreement in 2000, Viet Nam's permanent normal trade relations status with the US in 2006, the Viet Nam-US Trade and Investment Framework Agreement in 2007 and the Viet Nam-US Comprehensive Partnership in 2013.

The US is among the largest foreign investors (11 out of 141) in Viet Nam with close to 1,150 projects, totalling over \$10.3 billion.

"I'm hopeful with the result of a 2021 survey by the American Chamber of Commerce in which some 80 per cent of its members show a positive attitude about doing business in Viet Nam in the medium and long term. In recent years, we have seen complementary relations between the two economies as well as the business communities on both sides," said the PM.

At the summit, US business leaders voiced their confidence in Viet Nam's potential for growth, especially in digital commerce and the creative economy.

### Reopening

The PM thanked the US for 29 million vaccine doses donated to Viet Nam as well as medical supplies and equipment. Viet Nam appreciates the support given by US businesses as well as the visit by US Vice President Kamala Harris during the pandemic.

He said Viet Nam was fully committed to a full reopening and to speed up economic recovery, especially after the country managed to vaccinate a vast majority of the population and acquired valuable lessons in disease control and prevention.

The country had seen success during the last quarter of 2021 with a GDP growth of 5.22 per cent after a

period of negative growth. The first few months of 2022 have seen robust investment and export activities, stable macroeconomic factors and millions of people returning to work. The virus had been put under control. Despite a rising number of infections due to the Omicron variant, there had been fewer people requiring hospitalisation and significantly lower fatalities.

The Government had been working on a support package worth up to VND350 trillion or \$15.32 billion to jumpstart the economy, invest in infrastructure development and provision for potential economic slowdowns.

"As one of the most affected countries by climate change, Viet Nam views actions to adapt and mitigate damage caused by climate change as a key objective in the years to come," the Prime Minister said. The country was fully committed to reducing greenhouse emissions and to raising awareness among the population. He asked the US and the international community for more support in the development of more environmentally-friendly policy, financing, technologies, management and human resources.

The Prime Minister said Viet Nam and the US shared many of the mentioned above issues. With a strong foundation of bilateral ties, he expressed hope that the two countries would work together to find solutions and to strengthen relations in a manner that is fair and harmonious built on mutual trust and sincerity.

US Special Presidential Envoy for Climate John Kerry and Chairwoman of the American Chamber of Commerce Virginia Foote said the US was impressed with the strong commitment shown at the 2021 United Nations Climate Change Conference (COP26) and the progress made by Viet Nam.

Kerry said Viet Nam had the potential to become a role model in adapting and coping with climate change.

## 4. First electric bus route in HCM City to debut on Wednesday

The first electric bus route in HCM City will be put into operation on Wednesday, according to the municipal transport department.

The D4 route linking Vinhomes Grand Park with Sài Gòn Bus Station will have a 20-minute interval between services.

It will pass areas housing high technology plants, new residential clusters and Thủ Đức City's administrative centre, with major roads but few bus routes.

Its route is Sài Gòn Bus Station - Phạm Ngũ Lão - Yersin - Trần Hưng Đạo - Hàm Nghi - Nguyễn Thái Bình - Ký Con - Võ Văn Kiệt - Hàm vượt sông Sài Gòn - Mai Chí Thọ - Trần Quý Kiên - Bát Nàn - Trương Văn Bang - Phan Văn Đáng - Đồng Văn Cống - Mai Chí Thọ - Võ Chí Công - Lê Văn Việt - Nguyễn Văn Tăng - Nguyễn Xiển - Vinhomes Grand Park apartment quarter.

Vice Chairman of the municipal People's Committee Lê Hòa Bình said the first electric bus service would help encourage local people to switch to a green

mode of transportation, which is among the important targets of HCM City.

VinBus Ecology Transport Services Limited Liability Company (VinBus), the transport services arm of conglomerate Vingroup, proposed the trial run of five electric bus routes in the southern metropolis. It previously launched the first smart electric bus fleet of Việt Nam in Hà Nội.

The route will be open from 5am to 9.15pm every day.

The price is VNĐ3,000 (US\$0.13) per ticket for students and VNĐ7,000 (\$0.30) for others. The elderly, disabled and children under 1.3m can travel for free.

## 5. Russia-Ukraine crisis cuts Vietnam's seafood exports

Vietnamese exporters of seafood to Russia and Ukraine are in trouble, with some reporting double-digit percentage declines as the military confrontation between the two countries continue.

Five Vietnamese catfish exporters to Russia have reported a year-on-year drop in export value by 29.8 percent to \$2.18 million in January, according to data from the Vietnam Association of Seafood Exporters and Producers (VASEP).

This is a contrast to a 72.5 percent increase in exports value last year to Russia. Vietnam was Russia's third biggest importer of catfish last year, behind Argentina and China.

"Since the beginning of the year, and especially after Russia launched a special military operation in Ukraine, export of catfish to this market has faced disruptions and challenges," VASEP said in a report.

Catfish exporters say that the 30 percent plunge in the ruble has made buyers unwilling to pay for their orders. Payment processes have also become difficult as a result of Western nations' sanctions on Russia.

Shipping has also become a challenge with transport firms not accepting orders to Russia, given the high chances of having the goods seized on the way.

Vietnamese catfish exporters have stopped signing new orders to Russia even though importers still want to buy.

Meanwhile, Vietnamese shrimp exporters have reported a year-on-year decline of 23 percent in Russia exports value to \$3.3 million from January 1 to February 15.

Exporters say there is no certainty that their shipment will be cleared to enter Russia and all transactions are facing difficulties.

Russia and Ukraine are among the top 20 export markets for Vietnamese tuna, but exporters say several shipments have been returned amid the military conflict, and they are trying to find new markets now.

Russia's military operation in Ukraine has entered its 13th day with no rapid end in sight despite the multitude of sanctions that Western countries have imposed on Moscow.



## 6. HCM City, EuroCham ink pact to bolster tourism growth

The European Chamber of Commerce in VietNam (EuroCham) will assist HCM City to become a “premier tourist destination” for international visitors through several initiatives.

A Memorandum of Understanding (MoU) to this effect was signed on Monday by EuroCham and the HCM City Department of Tourism.

The three-year pact (2022-2024) will allow the city to expand direct channels promoting it as a vibrant urban tourism destination to the European community.

Speaking at the event, EuroCham Chairman Alain Cany, said “EuroCham’s mission has always been to act as an intermediary between the European business community and the Vietnamese Government to contribute to Viet Nam’s continued development.

“We are confident that the MoU being signed here today will aid in this and shall further strengthen cooperation between EuroCham and the HCM City Department of Tourism in practical matters such as research capacity growth, website development, HR training and enhancement, as well as increased data sharing.”

These initiatives will help promote vibrant HCM City as a premier tourist destination for European and international tourists, strengthening the city’s and country’s tourism sector, he added.

Another MoU was signed the same day between the municipal tourism department and the Vietnam

Airport Ground Services Company Limited (VIAGS) to promote tourism development.

Under the 2022-2027 agreement, the two sides will coordinate activities like market research and brand building, exchange information on developing the tourism and aviation sectors, cooperate in welcoming MICE tourists and organize activities and events to promote domestic and international travel.

Hoang Xuan Hiep, deputy general director of VIAGS, said the two sides would exchange information on development trends in aviation tourism, cooperate in trade promotion campaigns and carry out other activities “strongly and extensively” in both domestic and international markets.

Nguyen Thi Anh Hoa, director of the city’s Department of Tourism, said that cooperation pacts with both EuroCham and VIAGS were “an important milestone,” creating a premise of growth for the city’s tourism industry.

“The cooperation needs to be implemented in an effective, practical and timely manner, with focus on the immediate key tasks of restoring human resources and improving the quality of tourism services and products,” she said.

Starting March 15, the city will reopen tourism activities under new normal conditions in accordance with the Government’s three-pronged approach of flexible adaptation, safety and effective control of the COVID-19 epidemic.

## 7. Hospitality, serviced apartment markets set to pick up

The resumption of international flights and the borders reopening in March will not only benefit Viet Nam’s hospitality sector but also drive demand for serviced apartments, according to Savills Viet Nam.

Domestic travel boomed in early 2022, thanks to Lunar New Year travel.

According to the Viet Nam National Administration of Tourism, there were more than 6.1 million domestic tourists during the nine-day festival, generating revenue of VND25 trillion. These

numbers represent a genuine demand and an optimistic outlook for the revival of domestic tourism.

Matthew Powell, Director of Savills Ha Noi, said: “Northern Viet Nam has an interesting hospitality market. Apart from thriving tourist destinations like Ha Long, we are witnessing development in Ha Noi’s suburbs and surrounding provinces like Hoa Binh and Thanh Hoa.”

“This trend is understandable, given that transportation links to these areas continue to improve, as such, people can easily travel to surrounding provinces for weekend trips.”

“While domestic travellers currently drive Viet Nam’s hospitality sector, we cannot forget how important foreign tourists are for the market. There are positive signs though, as Viet Nam’s vaccination rate is high and authorities plan to reopen the borders to international travellers from mid-March,” he added.

As part of Viet Nam’s plan to reopen to international guests, the authorities have announced that international flights will resume from March 15, 2022. This reopening will not only benefit the country’s tourism and hospitality segment but is forecast to benefit serviced apartments too.

Foreign experts are the predominant occupiers of serviced apartments in Ha Noi.

Japanese and Korean expatriates are the main tenants in Grade A serviced apartments, accounting for 84 per cent in the second half of 2021.

Neil MacGregor, Managing Director of Savills Vietnam, said: “There is a strong correlation between foreign direct investment (FDI) flows and serviced apartments. As such, it is no surprise that countries leading FDI investments, such as Japan

and South Korea, also drive serviced apartment demand.”

“In 2021, many international experts could not enter Viet Nam due to strict border controls; however, once international flights resume, many foreign experts will be able to return, which will greatly enhance tenant pools for serviced apartments.”

According to a 2021 Global Buyer Survey, good healthcare, air quality, and green spaces are top priorities when selecting accommodation. As such, branded serviced apartments could take full advantage of global health initiatives that the brands rolled out, collaborating with sanitisation experts to create safer and healthier projects.

Currently, the outlook for hotels and serviced apartments is good, with the borders set to open in the middle of March. However, both sectors will continue to rely heavily on how well the pandemic is managed and the authorities’ strategies to do so, Savills Viet Nam reports.

After two dormant years, tourism in Viet Nam is slowly coming back to life. After social distancing restrictions eased in October 2021, Vietnamese airlines completed 8,383 flights in December, 538 per cent more than the 1,311 flights in September.

Hotel occupancy also improved in the last quarter of 2021, along with the average room rate, which reached VND1.8 million, increasing 12 per cent compared to the last quarter of 2020.

Between 2022 and 2023, supply is also expected to increase with the entry of 2,900 rooms, demonstrating the rekindling of investor confidence in the hospitality sector, according to Savills Viet Nam.

## Corporate News

### 8. HPG: Hoa Phat's steel export orders reach 720,000 tonnes by May

↓ -3.23%

Vietnam's largest steel maker Hoa Phat Group said it has received export orders of 720,000 tonnes of construction steel in total for delivery between now and May.

The company sold a total of 450,000 tonnes of the product in February, a 2.3-fold increase year on year and a rise of 17 percent against January.

Of the volume, 60,000 tonnes have been exported, doubling the figure of the same month last year.

Hoa Phat also supplied to the market nearly 240,000 tonnes of hot-rolled coil (HRC) last month, up 5 percent month-on-month and 36 percent year-on-year.

Total sales of Hoa Phat's construction steel, billet steel and HRC surged 39 percent year-on-year to 708,000 tonnes in February.

It has received an order of 35,000 tonnes of HRC from Italy, which has been delivered to the buyer at Hoa Phat Dung Quat Port on February 26.

In the first two months, its output of raw steel reached some 1.4 million tonnes, an increase of 8 percent from a year earlier. Total sales of construction steel, steel billets and HRC hit 1.34 million tonnes, up 32 percent.

Its annual capacity now exceeds 8 million tonnes, or around 700,000 tonnes per month. Its steel production complexes in Quang Ngai, Hai Duong and Hung Yen has operated at full capacity to fulfill orders both at home and overseas.

### 9. ASM: Sao Mai Group acquires Taiwanese business

↓ -4.18%

Sao Mai Group (ASM) has acquired a Taiwanese company, the second it took over in the Central Highlands in the past two years.

The company recently took over Taiwan-owned enterprise Junchow Tea Processing Company Limited, which has a land bank of about 60 hectares in Dak Nong Province. It bought Vinh An Manufacturing & Trading Company Limited in Cu Jut District in 2020.

The acquisition of two companies in the Central Highlands in two consecutive years earmarked Sao Mai's expansion in the region.

Sao Mai has also joined in M&A deals with An Giang Tourism Joint Stock Company, Dong Thap Tourism Joint Stock Company, Nhut Hong Joint Stock Company (Ca Mau) and Euro Plast Company (Long An).

Le Thanh Thuan, Sao Mai's CEO, emphasized that the M&A deals were part of a comprehensive restructuring plan, providing employment to workers, and contributing to socio-economic development.

Following these M&A deals, Sao Mai has restarted and developed several landmarks in An Giang District such as Tra Master Tram Forest Resort, Thuc Trap Hill Tourist Area, An Hao EcoTourism Area, Dong Xuyen – Long Xuyen – Cuu Long Hotel Cluster and Sao Mai Star Solar Power Plant.

Sao Mai Group operates in the field of real estate, solar power, seafood export, production and sale of construction materials.

The company is involved in several typical projects such as Sao Mai – Binh Chanh high-end urban area, Sao Mai - Lap Vo urban area and other real estate



projects in Tien Giang, Ben Tre, Can Tho, Thanh  
Hoa, Dong Thap, Hoa Binh and HCMC.

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