



VIETNAM DAILY NEWS



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Market Analysis

1. Market recovers on bottom fishing

Benchmark indices settled higher on Tuesday, reversing yesterday's course as losses in the last two sessions triggered bottom finishing activities.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased by 6.49 points, or 0.45 per cent, to 1,452.74 points.

It lost nearly 20.3 points on Monday as the market was affected by the negative sentiment of the Asia market, causing a strong sell-off across all sectors. The index extended losses in the morning trade.

The market's breadth was positive with 272 stocks climbing, while 166 stocks slid. However, liquidity continued to decrease compared to the previous session, with nearly 675.63 million shares traded on the southern bourse, worth over VND21.8 trillion (US\$952.6 million).

The index's reversal was driven by bottom fishing activities in many large-cap stocks. Thereby, the VN30-Index, tracking the 30 biggest stocks on HoSE, rose by 7.79 points, or 0.53 per cent, to 1,468.89 points.

Eighteen stocks in the VN30 basket gained yesterday, while only eight declined and four ended flat.

Statistics by vietstock.vn showed that Masan Group (MSN) was the biggest gainer leading the uptrend

yesterday. The company's shares surged 3.76 per cent.

It was followed by two bank stocks which were BIDV (BID) and VPBank (VPB), up 1.94 per cent and 2.5 per cent, respectively.

Real estate and oil and gas stocks also witnessed strong recoveries yesterday. Of which PV Gas (GAS) was up 1.89 per cent, PVDrilling (PVD) up nearly 1 per cent, Becamex (BCM) up 2.55 per cent and Development Investment Construction JSC (DIG) up more than 1 per cent.

On the other hand, Vietcombank (VCB) still faced a strong sell-off, down nearly 3.7 per cent.

The recovery was in line with Saigon - Hanoi Securities JSC (SHS) expectation after the market saw a strong correction.

"Technically, the VN-Index is returning to the support levels of 1,425 - 1,450 points, the bottom set in January," SHS told investors in its daily report released on Monday.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also climbed 6.95 points, or 1.59 per cent, to 443.52 points. The gain helped the index fully recover after falling 5.63 points in the previous session.

Macro & Policies

2. Ministry proposes developing nuclear power on small scale

The Ministry of Industry and Trade (MoIT) has proposed developing nuclear energy on a small scale post 2030 in its latest version of the draft Vietnam Power Development Plan from 2021 – 2030 (PDP8) with a vision towards 2045.

The move aims to support Vietnam's efforts to achieve zero-net emissions by 2050, as nuclear power is viewed as near-clean energy, according to the MoIT. Particularly after the UN Climate Change Conference (COP26) in Scotland, many countries have recognised it as a clean source of power since nuclear power plants produce no greenhouse gas emissions during operation.

However, the ministry also noted the Government must obtain approval from the Party Central Committee's Politburo and Secretariat before including nuclear power projects in the plan.

Under the latest revised draft of the PDP8, the MoIT introduced two plans with different goals.

In the first plan, Vietnam expects to generate a total of 146,000MW of electricity by 2030 and 343,000MW by 2045, exclusive of rooftop solar power which currently has capacity of some 7,755MW.

The country plans to produce more offshore and onshore wind power with production expected to significantly surge from 7,000MW by 2030 to 54,000MW by 2045, and the latter from 14,721MW to 42,650MW.

The second plan pushes for stronger energy transition. It sets for Vietnam to generate around 150,970MW of power by 2030 and 426,857MW by 2045.

However, according to the Government's Office, the draft plan lacks national grid development planning so there is insufficient evidence for the finalisation of total investment to be required for power development until 2045.

The office held that potential for expanding renewable energies in Vietnam remains huge. Therefore, the MoIT must develop transparent and competitive mechanisms for the efficient use of such energy resources, enabling the country to successfully fulfill COP26 commitments and enhance its energy self-sufficiency in the coming time.

It is also important to have more analysis on the future use of the renewables, the office added.

3. Businesses inundated by mandatory infrastructure fees

In the last two years, businesses have all faced huge labor shortage and constant increasing input costs, and now they are feeling the burden of mandatory infrastructure fees in Ho Chi Minh City. Although many business associations have spoken out and voiced their views against these fees, no response has come in as yet from City authorities.

Constant price increase

At a recent meeting with the Ho Chi Minh City Department of Industry and Trade, Ms. Tran Hoang Phu Xuan, Vice Chairman of the Ho Chi Minh City Textile and Garment Association, said that the most difficult thing for businesses in the garment industry

today is the constant increasing price of raw materials. The price of cotton yarn has increased by nearly 70% in the last two years, and raw material for the textile industry has also increased by 40%.

This constant increasing cost in prices is not just affecting the garment industry, but it is also having a ripple affect across many manufacturing and export industries, who too are facing difficulties when the price of raw material jumps as soon as there is a fluctuation in world price. Wood production and exports are typical examples of businesses under such pressure. Although Vietnam is one of the major exporters of wooden furniture, the country also depends a lot on imported wood materials.

Russia has been the supplier of raw wood to Vietnam, but now the conflict between Russia and Ukraine is creating a supply shortage, which is pushing up the price of wood materials in other markets such as the EU and the US. An alternative wood source is being looked into, but it will take time and it will not be resolved soon. According to experts, the wood industry not only faces difficulties in procuring raw materials but also has to be cautious about embargo on Russian products. At this time, enterprises must consider the proportion of wood products imported from Russia as against products exported to two major markets today, namely, the US and the European Union.

Labor intensive enterprises, such as textiles, footwear, and furniture, have been affected strongly by rising input costs as well as many labor problems, especially with a rising number of Covid-19 cases. Mr. Nguyen Chi Trung, Chairman of the Board of Directors of the Gia Dinh Group, said that his business is facing major difficulties due to labor shortage. In the last two years, as the pandemic spread, a large number of workers moved back to their hometowns, but the number of workers returning back to their workplace again amount to only about 80%. Now, the number of people infected with the Covid-19 virus has also increased, forcing businesses to give workers leave of absence of almost seven to ten days, and in some cases even longer. This has caused some departments to work with only about 50% of their work force. Shortage of workers has made some businesses slow down operations and as a result are late in their product deliveries.

The current war situation in Ukraine is now worsening, which is creating a huge shortage of containers at ports, which is subsequently pushing up transportation costs of Vietnamese goods to major markets such as the US and the European Union. The cost of shipping goods from Ho Chi Minh City to the US has increased about ten times more due to the Russia-Ukraine conflict compared to when the market was stable. Expenses have skyrocketed, but output prices could not be increased because of earlier signed contracts with customers, especially those signed until July and August, causing huge financial burden to the exporters. If there is any price increase after the signing of a contract, it must be sustainably low and not increase sharply, because consumers in many countries are also tightening their wallets due to many unpredictable fluctuations across the globe.

Fees need adjustment

Mr. Nguyen Chi Trung said that while businesses are still in difficult situations, support policies such as loans are not yet readily accessible. If from April, Ho Chi Minh City continues to apply the fee for seaport infrastructure, all costs will increase by 10% to 15%, which will also continue to erode profits of enterprises. Mr. Trung said that the Vietnam Leather, Footwear and Handbag Association along with six other associations have submitted a proposal to Ho Chi Minh City to delay the implementation of the seaport infrastructure fees, but there has been no response on this issue yet. Ms. Xuan, representing enterprises in the garment industry, said that at this time, businesses urgently need support and it is necessary to review the fee rates and delay the application deadline to collect fees for seaport infrastructure in Ho Chi Minh City.

According to several enterprises across seven industrial fields, the collection of fee for seaport infrastructure in Ho Chi Minh City is absolutely unreasonable. First and foremost, the application time from June to September 2021 is not justified, as most businesses had to stop operations during this period because of the raging covid-19 pandemic, but still had to continue to pay for running costs such as worker wages, loan interests, inventory and storage costs. From October to December 2021, most businesses could only operate at 30% to 70% capacity due to shortage of workers and lack of raw materials. In early 2022, when enterprises started to resume production, input costs continued to increase. Therefore, the collection of seaport infrastructure fee at this time increased the burden on enterprises.

Although it is nearing the time to start collecting the fees, Ho Chi Minh City has not yet publicly announced the use of these fees for any specific infrastructure projects. However, businesses are continuing to pay a variety of fees related to infrastructure, such as toll fee, road use fee, and BOT fee. Businesses have to pay a rather large fee for transportation when going through BOT stations. For instance, from Khanh Hoa to Cat Lai port in Ho Chi Minh City, there are seven BOT toll stations. Every container that passes through these BOT toll stations has to pay two times, while going and coming. Hence, on an average each year, one seafood enterprise in Khanh Hoa with 3,000 export containers has to pay around VND7.5 bn for BOT toll station fee. When burdened with this new fee, a

medium-sized seafood enterprise outside Ho Chi Minh City will have to pay an additional VND5.5 bn per year.

Therefore, associations have proposed that Ho Chi Minh City delay the collection of the above fees until the end of December 2022. At the same time, the

general fee must be adjusted at VND250,000 per one 20ft container, VND500,000 per one 40ft container, and VND15,000 per ton for liquid cargo. This should also be adjusted for non-container bulk cargo for all import and export shipments, temporary import for re-export, goods in bonded warehouses, cargo transshipment and goods transit as well as the place to register to open the declaration for the shipment.

4. Germany increases natural rubber imports from Vietnam

Statistics from the Ministry of Industry and Trade indicated that the market share of Vietnamese natural rubber in Germany rose to 14.5% last year compared to 13.8% in 2020.

In total, Germany imported 279,270 tonnes of natural rubber last year, worth US\$554.14 million, up 22.9% in volume and 58.3% in value compared to 2020.

The Ivory Coast, Thailand, Indonesia, Vietnam, and Malaysia made up the five largest natural rubber suppliers to the German market in 2021. Most notably, imports from these markets witnessed

sharp increases in both volume and value compared to 2020.

Furthermore, the Vietnamese market was the 10th largest rubber supplier to Germany, exporting 40,580 tonnes worth US\$84.37 million last year, up 29.4% in volume and 77.7% in value.

The market share of Vietnamese rubber in Germany therefore enjoyed a slight increase of 4.2% last year from 3.7% in 2020.

According to statistics from the International Trade Centre (ITC), Vietnam didn't supply synthetic rubber to Germany in 2021.

5. Wood exports look to seize chances brought by FTAs

As the export of Vietnam's timber and wooden products posted positive signs in the first two months of 2022, many firms are increasing capacity to meet the schedule of orders until the end of this year's second quarter.

According to the General Department of Vietnam Customs, timber and wooden exports were estimated to fetch 2.6 billion USD in the two months, surging 15.5 percent year on year. Of the amount, shipments of wooden products hit 2 billion USD, up 11.8 percent from the same period last year.

Firms are focusing on product lines which can rake in high added value, and target markets of the US and Europe, with a hope that they may increase orders this year thanks to consumption recovery.

Products from Vietnam hold huge competitive advantages as the country is a signatory to

numerous free trade agreements (FTAs). Of note, the full reopening of international flights from mid-February has facilitated trade and is expected to bolster growth of many sectors, particularly wood processing.

Firms are advised to apply technologies in production as well as pay heed to trends and customers' demand in a bid to seize opportunities and boost export.

In addition, businesses need to take measures to prevent origin frauds because major export markets of Vietnam set stringent rules in regards to trade frauds and tax evasion.

To support the sustainable development and export of the industry, relevant agencies need to create a linkage between major shipping companies at home and abroad so as to stabilise transport fares and

reduce logistics costs. They are urged to build plans for the sustainable development of wooden materials and ensure consumption for legitimate ones.

Innovation, product quality improvement and restructuring are main factors for the sector's growth, Chairman of the Vietnam Timber and Forest Products Association Do Xuan Lap said.

6. Vietnam's logistics market getting hot

The race to expand the logistics market share is getting hot when foreign businesses have continually been pouring capital into and scaling up their operations in Vietnam, Dau tu (Vietnam Investment Review) reported.

China's Alibaba made a new stride to raise its logistics market share in the country when the Cainiao P.A.T Logistics Park of its affiliate Cainiao Network will officially become operational in Ben Luc district of the Mekong Delta province of Long An in the second quarter of this year.

Covering 110,000 sq.m., this park is situated at the intersection of Nguyen Huu Tri Road, National Highway 1A, and Ho Chi Minh City - Trung Luong Expressway. This strategic location directly leads to HCM City, an economic and financial hub of Vietnam, and the Mekong Delta, which produces 20 percent of the country's total agricultural output.

Cainiao Network said its target customers are small- and medium-sized enterprises, which are accounting for 97 percent of the roughly 800,000 businesses in Vietnam.

The firm added it will develop its second logistics chain in southern Dong Nai province, noting that this smart logistics centre will cover 168,000s q.m. and lease about 90,000 sq.m. of the area to businesses amid disrupted supply chains.

In the first two months of 2022, many large logistics projects were invested into Vietnam.

Among them, the Singapore-based SEA Logistic Partners (SLP) kicked off construction of the SLP Park Xuyen A project at the Xuyen A Industrial Park in Long An province in late February. This project, with total area of over 61,000 sq.m., is set to supply Grade-A warehouses.

Through the joint venture with the logistics real estate firm GLP, SLP has had six projects licensed in Vietnam so far and is planning to continue boosting investment in this sector in the time ahead.

In January, Singapore's Emergent Vietnam Logistics Development Pte. Ltd announced a 35 million USD project on logistics services, including cold storage warehouses to meet growing demand of enterprises in the country.

Savills Vietnam said booming e-commerce, optimistic economic growth, and growing domestic production and consumption have been generating true opportunities for the logistics sector, especially when those operating in e-commerce need more storage space than traditional retailers. Therefore, with more modern logistics centres and more effective management solutions, the economy will be able to address the weaknesses in supply chain, warehousing, sorting, preservation, and processing.

The logistics market in Vietnam is predicted to grow strongly, by 14 - 16 percent annually to about 40 - 42 billion USD.

The influx of foreign investment in logistics is causing huge competition pressure on domestic firms since foreign businesses hold capital and technological advantages.

The Vietnam Logistics Business Association (VLA) pointed out that the market is currently dominated by foreign firms while local ones are small, lack experience, and yet connected with links in supply chains or with exporters and importers.

Given this, VLA proposed the Government step up developing national expressways, adapt the Commercial Law to the current logistics situation, and create support policies for Vietnamese logistics businesses.

7. No policy for draft law on property tax

Ongoing efforts are being made to collect and analyse data related to taxation on both agricultural and non-agricultural land use.

However, the MoF stressed that a draft law has not yet been developed.

A thorough review of the law on tax for agricultural land use will be conducted by the MoF and take into account the challenges faced by ministries, branches, and municipalities. Solutions for improving tax rules relating to real estate on non-agricultural property will also be proposed and reported to the appropriate authorities, the MoF stated.

Last year, National Assembly chairman Vuong Dinh Hue suggested that Thanh Hoa province should implement a housing tax policy, and if successful, it should be scaled up to other areas.

This is a significant yet challenging policy, according to the chairman of the Thanh Hoa Provincial People's Committee, which necessitates a well-rounded database for in-depth discussion, examination, and appraisal.

The government issued Decision No.2161/QĐ-TTg dated December 22, approving the national housing development strategy for the next ten years.

In the decision, Prime Minister Pham Minh Chinh asked the MoF to propose some additional taxes relating to the real estate market. These include property tax on housing to stabilise the market, limit speculation, and effectively make use of residential real estate.

Le Hoang Chau, chairman of Ho Chi Minh City Real Estate Association also said that it was essential for the government to introduce taxes to limit speculation and increase transparency in the real estate market.

Corporate News

8. POW: PV Power, Samsung, LILAMA sign EPC Contract for Nhon Trach project

↑ 4.79%

Those in attendance at the signing ceremony held on March 14 in Hanoi, included leaders of the Government, ministries and departments, and representatives from embassies of the US, Japan, and the Republic of Korea in Vietnam, among others.

Nhon Trach 3 & 4 Project, a national project under Power Master Plan VII, was assigned by the Government to PV Power as the Owner with total installation capacity of 1,500 MW and a total investment of US\$1.4 billion in Nhon Trach district, Dong Nai province.

It is the first liquefied natural gas (LNG) utilized thermal power project in Vietnam, contributing to the implementation of the nation's commitment to achieving net zero carbon emissions by 2050"by Prime Minister Pham Minh Chinh at the 26th UN Climate Change Conference of the Parties (COP26).

The EPC Contract for Nhon Trach 3 & 4 Project is considered to be the most important contract, fundamentally deciding the success and effectiveness of the Project. The contract value is more than US\$940 million (of which the domestic part accounts for 39%).

PV Power has carried out the capital arrangement for the Project for the past time and up to now, the Owner has confirmed to ensure adequate capital arrangement for the project, in which equity makes up for 25% and loans account for 75%, including an ECA loan (US\$600 million), foreign commercial loans (US\$300 million) and domestic loans (VND4,000 billion).

During the ceremony, PV Power also inked an Extension of Letter of Authorization for a consortium of Citibank (USA) & ING (Netherlands) to coordinate the arrangement of an ECA loan for Nhon Trach 3 & 4 Project.

At the same time, PV Power and SMBC Bank (Japan) signed a mandate letter for a US\$ 200 million loan to finance PV Power's investment projects.

Accordingly, Citibank & ING will continue to support PV Power to work with ECA organizations to arrange long-term loans for Nhon Trach 3 & 4 project. In addition, SMBC will become a lender for a ECA loan with no origin binding, no collateral, no domestic 3rd party guarantee required for the purpose of financing PV Power's projects, including Nhon Trach 3 & 4 Project.

Nhon Trach 3&4 Project is set to start operation in the 2024 – 2025 period, which will stably supply about 9 billion kWh per year to the national electricity system.

The project will contribute to promoting clean energy transition in Vietnam, increasing tax revenue by thousands of billions of VND per year for the locality, while creating jobs for thousands of workers during construction as well as in operation.

The project is expected to open up a new chapter in the formation and development of LNG -project chains in the nation.

9. TNG: Notice of record date for Annual General Meeting of Shareholders 2022

↑ 0.00%

1. Issuer: TNG Investment and Trading JSC

2. Stock code: TNG

3. Par value: VND10,000/share

4. Record date: 29/03/2022

5. Ex-date: 28/03/2022

- Meeting time: (Expected) 24/04/2022

6. Reason:

- Agenda: + Approving the report on production and business results in 2021 and the production and business plan in 2022.

* Annual General Meeting of Shareholders 2022

- Exercise rate: 01 share - 01 voting rights

+ Approving the dividend payment in 2021 and the dividend payment level in 2022;

- Place: Expected at the Head Office of TNG Investment and Trading JSC - No. 434/1 Bac Kan Street - Hoang Van Thu Ward - Thai Nguyen City - Thai Nguyen Province

+ Approve the plan to issue shares to increase charter capital and other contents under the authority of the General Meeting of Shareholders.

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