



VIETNAM DAILY NEWS



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Market Analysis

1. Stock trading dives to 12-session low

Vietnam's benchmark VN-Index dropped 0.52 percent to 1188.5 points Monday with trade value hitting a 12-session low.

The index closed 6.3 points lower after losing 3.7 points on Friday.

The VN-30 basket, comprising the 30 largest capped stocks, saw 20 tickers dropped.

GVR of Vietnam Rubber Group lost 3 percent to the lowest in nearly two weeks.

GAS of state-owned Petrovietnam Gas fell 2.9 percent, and TPB of private TPBank dropped 2.3 percent.

Nine blue chips gained.

VNM of dairy giant Vinamilk rose 1.3 percent, and VIC of biggest private conglomerate Vingroup gained 1.2 percent.

Other gainers included VRE of retail real estate arm Vincom Retail, VCB of state-owned lender Vietcombank and FPT of IT giant FPT Corporation.

Foreign investors were net buyers for the fourth session in a row to the tune of VND155 billion, focusing on FPT of IT giant FPT Corporation and MWG of electronics retail chain Mobile World.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 1.19 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 0.55 percent.

Macro & Policies

2. PV Gas D targets status of leading natural gas distributor

PetroVietnam Low Pressure Gas Distribution JSC (PV Gas D) – a subsidiary of Việt Nam Gas Corporation (PV GAS) – aims to become a leading natural gas product and re-engineered LNG distributor, ensuring clean fuel supply to industrial parks and urban areas in Việt Nam, according to its business strategy to 2025.

In the 2022-2035 period, it needs an estimated over VNĐ2 trillion (US\$85.45 million) to invest in upgrading its existing infrastructure and constructing new ones in sync with the source development plan of PV GAS.

The firm will also invest in a gas distribution system connected to PV GAS' LNG projects in the 2031-2035 period.

It has set a target of about 15.46 billion m³ of gas (at standard conditions) supplied through the pipeline system for industrial customers in the 2022-2035

period, and starting to supply gas to customers in urban areas from 2026.

It also aims to maintain its over 90 per cent market share of natural gas distribution through pipelines to industrial customers in the 2022-2025 period.

PV GAS D is also striving to reach an average output growth of 6.5 per cent per year, holding a stable market share of over 70 per cent for industrial customers through pipelines in the 2026-2035 period.

It reported total revenue of over VNĐ5.9 trillion in the first six months of this year, representing a year-on-year surge of 31 per cent thanks to the increasing price of oil in the world market. Its post-tax profit hit VNĐ158 billion, up 61 per cent compared to the same period last year.

PV GAS D targets over VNĐ9.3 trillion in revenue, and VNĐ205.1 billion in after-tax profit this year.

3. Programme to boost connections in the south

A programme that seeks to connect suppliers in the Cuu Long (Mekong) Delta with distributors, exporting firms and trade promotion organisations will take place from August 5 to 9 at Le Van Tam Park in HCM City's District 1.

Organised by the Vietnam Trade Promotion Agency (Vietrade) in collaboration with departments of industry and trade and trade and investment promotion centres of localities in the south, it is among activities under the National Trade Promotion Programme in 2022 that aims to support businesses to implement the dual goals of COVID-19 prevention and economic development and link local enterprises with distributors, exporters and foreign trade promotion organisations.

It will feature a conference titled "Connecting suppliers in the Mekong Delta with distributors, exporting firms and trade promotion organisations" on August 5.

The conference is expected to attract about 300 participants, including leaders of the Ministry of Industry and Trade, provinces and cities in the South, departments of industry and trade, trade and investment promotion centres, and associations, and representatives of embassies, foreign trade promotion organisations in Viet Nam and enterprises.

The event will set aside a display area for more than 300 suppliers from 20 provinces and cities in the south to introduce typical products, and products

with export potential. About 20,000 domestic and international visitors are expected to visit and shop over the five days.

In addition, there will also be a programme that connects Vietnamese producers with large distributors such as Aeon, Central Retail and others, export consulting sessions, and online B2B matching between local exporting companies and distributors in Korea, Chile, Netherland, and Singapore.

4. Government to write new draft on bad debt settlement

The national legislature has requested the Government to write a draft to prepare for the expiration of Resolution 42 on bad debt settlement and hand in the draft no later than May 2023, but insiders say the deadline is tight.

She also held that the deadline of May 2023 is relatively tight, so the support of other ministries and agencies is needed for the draft development.

Nguyễn Quốc Hùng, General Secretary of the Vietnam Banks Association, admitted that the resolution had helped banks financially.

Cần Văn Lực, Chief Economist of the BIDV Bank, opined that the resolution's expiration would leave a big legal gap that only a new law on bad debt settlement could fill.

The total on-balance sheet, off-balance sheet and hidden bad debts are currently at 6.3 per cent, an ideal ratio for economic recovery.

"This time is different. If we rely on old legal documents, such as the Civil Code or the Law on Enterprises, to handle bad debts instead of making a separate law for themselves, it will make bad debt settlement more complicated," he said.

He underscored two possible ways to respond to the request.

The economist estimated on-balance sheet bad debts at 2 per cent in 2022. Meanwhile, consolidated bad debts were projected to be around 6 per cent.

The first is to pull off a brand-new draft on bad debt settlement to replace Resolution 42, and the second is to amend the Law on Credit Institutions. However, he admitted that both ways take time, and 10 months was not enough to get the job done.

Đỗ Giang Nam, Deputy Director of the Vietnam Asset Management Company, revealed that his company had purchased VNĐ114.2 trillion (US\$4.9 billion) of bad debts through special bonds and VNĐ11.8 trillion at market price since the resolution came into effect.

"It is quite a tough job to come up with a complete draft on bad debt settlement in less than one year," he said.

He also held that other ministries and agencies seemed to offer little help to bad debt settlement as they misunderstood it as the job of the banking sector.

Vũ Ngọc Lan, Deputy Director of the Legal Department under the State Bank of Vietnam (SBV), said Resolution 42 was legally connected with various legal documents, including the Law on Land, the Law on Realty Business and the Civil Code.

"Bad debts are not a standalone issue of the banking sector but an issue of the economy as a whole. Bad debt settlement, accordingly, not only streamlines banks but also promote economic recovery," he added.

However, only three laws - the Law on Land, Law on Realty Business and Law on Housing - were to be revised in 2023. This means there will probably be legal conflicts between the revised laws and the other old documents.

Phan Đức Hiếu, Standing Member of the Economic Committee, asserted that the impact of the resolution was beyond financial figures.

"In case conflicts arise over the collateral settlement, SBV will give priority to the Law on Credit Institutions," she said.

"Not only has the resolution helped reduce bad debts but it has also improved asset efficiency, bringing great benefits to firms, banks and borrowers," he said.

However, he underlined the need to upgrade the resolution into law to improve its legal effects and safeguard economic actors.

The law, he said, should be developed in a way that balances the rights and responsibilities of banks and their borrowers.

5. Trade with Australia in full swing

Imports and exports between the nation and Australia during the first half of the year continued to maintain strong growth momentum, with two-way turnover reaching more than US\$8.01 billion for the first time, marking an increase of 38.45% on-year.

production such as coal, wheat, cotton of all kinds, scrap iron and steel, as well as iron and steel of all kinds.

Commenting on the positive trade relations between both sides, Nguyen Phu Hoa, head of the Vietnam Trade Office in Australia, said that although international imports and exports continue to face plenty of difficulties, economic ties between the two nations are increasingly prosperous.

Hoa said Australian partners highly appreciate Vietnamese goods, both in terms of quality and price.

Regarding exports, throughout the reviewed period Vietnamese firms exported a volume of goods worth US\$2.78 billion to the Australian market, an increase of more than US\$ 691.35 million, equivalent to 33.07%, compared to the same period from last year.

Recent times has seen the Trade Office receive many comments expressing their desire to expand co-operation with Vietnamese partners.

Key Vietnamese export items include coffee, seafood, iron and steel products and products from iron and steel, and electronic components which all continue to enjoy impressive growth. For example, iron and steel products soared by 548.63%, cameras, and components by 136.6%, coffee by more than 106.78%, and machinery and equipment and spare parts by over 91.47%.

However, Hoa also noted that because the global supply chain remains unstable and transportation costs are high, businesses must be proactive in conducting business and promptly control the supply chain.

Meanwhile, fruit and vegetables, as well as rice, continued to increase by double digits.

In November, 2021, both countries signed a strategy aimed at strengthening economic ties with the goal of turning the two countries into each side's top 10 trading partners and doubling each other's two-way investment.

In the opposite direction, Vietnamese import turnover from Australia throughout the reviewed period expanded by 41.50% to reach over US\$5.23 billion, exceeding US\$1.53 billion on-year.

According to this premise, favourable conditions are offered for both nations' businesses to expand co-operation. Hoa shared that in order to bring the content of the strategy closer to enterprises, the Vietnam Trade Office in Australia has participated and co-ordinated to conduct a host of seminars and workshops. The purpose of this is to disseminate the content of the strategy as a way of providing timely information to Australian businesses.

The items which had the strongest import turnover include mainly raw and input materials for

The Trade Office also simultaneously called on Australian firms to pay close attention and take better advantage of multilateral trade agreements to which both countries are members. This includes deals such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

and the Regional Comprehensive Economic Partnership (RCEP).

At seminars held in New South Wales, Queensland, Victoria, and the Northern Territories, Hoa stated that firms should pay close attention to the agreement from the perspective of building a sustainable supply chain between both sides. This is especially true for those with large turnover, in order to expand opportunities and increase investment co-operation with the Vietnamese side.

With the potential for greater development between the two countries, Hoa believes that the prospect of growing import and export turnover between both sides is even better moving forward, possibly surpassing the forecast of US\$15 billion for the whole year, signaling new trade record for the two nations.

Moving forward, the Vietnam Trade Office in Australia has initiated plans to continue carrying out numerous trade promotion programmes according to the set action plan, with a view of expanding import and export space for the Vietnamese commodity sectors.

Furthermore, the digital economy will also be promoted by the Trade Office, especially in relation to agricultural products.

Hoa emphasized that many new Vietnamese products have shown growth potential in the Oceania market, such as frozen fruits, including jackfruit, passion fruit, durian, and some spices.

The trade office is therefore studying the new government's economic development programme in Australia in order to promptly enhance co-operation in key Vietnamese industries.

6. Malaysian bank CIMB expands operations in Vietnam

Malaysian bank CIMB has been granted approval by the State Bank of Vietnam (SBV) to increase its charter capital to a figure exceeding VND3.92 trillion.

The move comes following the SBV issuing a decision on July 15 regarding making amendments to the content of the charter capital as outlined in the license by CIMB Vietnam One Member Limited Liability Bank.

Over the past three years, CIMB has continuously moved to increase its charter capital in the Vietnamese market, with the latest rise from over VND3.69 trillion in 2021 to more than VND3.92 trillion this year.

The rise in charter capital has reflected CIMB's long-term commitments towards building a digital banking ecosystem in the country.

CIMB Vietnam officially received a license back in 2016. It has two branches in Hanoi and Ho Chi Minh City, which focus on developing a modern and creative digital banking model.

CIMB Group is one of the biggest investment banks throughout all of Asia and has made a presence in 15 nations globally.

It has over 33,000 staff working for it and provides services to over 18 million customers worldwide, including in Vietnam.

7. VFTAs to help local exports to near \$400 billion in 2022

As production has recovered, and local businesses can meet orders and effectively take advantage of FTAs, experts expected local exports to reach a milestone of US\$400 billion this year.

In the first half, total export turnover reached nearly \$186 billion, an increase of 17.3 per cent compared to the same period in 2021 with 28 items reaching over \$1 billion.

Along with that, many electronics enterprises, textiles, garment, footwear and other industries continuously received good news with tight export orders by the end of the fourth quarter of 2022 and also into 2023.

Many experts considered the results as a strong example of utilising free trade agreements in many key export industries.

Except for China, which is implementing a "zero-COVID" policy, where exports to this market only increased by 7.2 per cent, the remaining markets with FTAs increased by double digits.

After nearly two years of implementing the Vietnam - EU Free Trade Agreement, Vietnamese exports to the EU have achieved more than expected results with a turnover of \$23 billion, up 22 per cent.

The ASEAN market reached \$17.7 billion, up 27.4 per cent; the South Korean market reached \$12.2 billion, up 18.5 per cent; and the Japanese market reached \$11.48 billion, up 13.9 per cent.

MoIT also said the market of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) reached more than \$20 billion, an increase of nearly 10 per cent.

Nguyen Thi Thuy Hien, deputy director of MoIT's Planning Department, said: "Businesses have made good use of FTAs, especially new-generation FTAs, to promote exports. Along with that, tariff preferences under these FTAs have also increased."

"The rate of granting sample C/Os under CPTPP reached \$1.32 billion, up 22.1 per cent over the same period in 2021. The issuance of C/O form EUR.1 to the EU reached \$5.84 billion, up 32.1 per cent over the same period."

Industry experts said 15 bilateral and multilateral FTAs that the country has signed have been put into effect and two FTAs under negotiation have created an important "leverage" for Vietnamese goods to reach targets for 2022.

They said the results will continue to prosper thanks to the recovery of the world economy and FTAs signed and fully implemented.

At the conference to review the activities of the first half, Trade Minister Nguyen Hong Dien said: "The total import-export turnover may exceed \$700 billion; exports will reach nearly \$400 billion and the country will continue to be in the top 20 countries with large international trade.

"The FTAs continue to create an effective launch pad for exports."

He said that the FTAs created more channels to import better raw materials thanks to preferential tariffs, adding that since the beginning of this year, the Regional Comprehensive Economic Partnership (RCEP) took effect, creating the largest free trade bloc in the world, a market with 2.2 billion consumers and a total GDP of \$26.2 trillion, accounting for 30 per cent of global GDP, creating positive effect on exports and regional supply chains.

With the advantage of harmonising rules of origin, Viet Nam will have the opportunity to diversify input materials and establish a stable long-term export market, he said.

According to Standard Chartered Bank's assessment, becoming a member of RCEP continued to strengthen Viet Nam's commercial position and contributed to the post-pandemic recovery. The EVFTA created a very significant effect on exports, initially promoting the effectiveness of a substantive agreement with great expectations.

In addition to electronics, components, textiles and footwear, agriculture is also considered to have high growth prospects to the EU thanks to the advantage of EVFTA, with the tax reduced to 0 per cent.

Janusz Wojciechowski, High Commissioner for Agriculture of the European Commission (EC), during a visit to Viet Nam from July 10 to 13, affirmed that agricultural exports to the EU would far exceed the level of implementation in 2021 and may increase in the near future when agricultural cooperation between the two sides became closer.

Overall, exports to the EU in 2022 can reach nearly \$50 billion, if the last 6 months of the year can maintain a growth rate of over 20 per cent. The trade surplus to the EU was expected to exceed the figure of \$23.23 billion.

Experts said FTAs, especially new-generation FTAs such as the EVFTA and CPTPP, would continue to open tax incentives, creating incentives to attract investment to increase production and helping export businesses become more professional in the international arena.

As a result, exports are expected to be the bright spot of the economy, ensuring jobs for workers and helping the country to participate more deeply in the global supply chain.

Corporate News

8. TYA: Still affected by the COVID-19 pandemic, TYA's Q2 profit dropped by 30%

↑ 1.35%

Taya Vietnam Electric Wire and Cable Joint Stock Company (HOSE : TYA) announced its business results for the second quarter of 2022 with net

revenue of VND 606 billion, profit after tax of VND 24 billion, down 8% and 30% respectively compared to the same period last year. period.

9. TVB: reported Q2 profit after tax decreased by 98%, recorded a loss of 43% with HPG

↓ -2.51%

Tri Viet Securities Joint Stock Company (HOSE : TVB) has just announced its financial statements for the second quarter of 2022 with total revenue

of 27.1 billion dong, down 79% over the same period. Profit after tax was recorded at nearly VND 1.5 billion, down sharply by 98%.

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