



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market slumps over slides in agricultural stocks

The market closed lower on Thursday as strong selling forces depressed indices.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index started off the afternoon with a steady rise. It hit a peak at around 2pm and then fell off to the baseline.

The index rose again at 2:15pm and reached half the previous peak. It held steady for about 15 minutes and suddenly suffered a free fall in the last minutes to 1,273.66 points, roughly 1.62 points (0.13 per cent) below the baseline.

The southern exchange was overrun by decliners whose number reached 243. Advancers' head count, meanwhile, was just 94. Three stocks hit ceiling prices whereas two sat at the other end.

Thursday was a busy day for HoSE as investors traded 558 million shares on the exchange, equivalent to about VND14 trillion (US\$600 million).

The VN30-Index echoed the VN-Index pattern but with a slighter loss. It lost just 0.47 points (0.04 per cent) to reach 1,299.93 points. In the basket, 11 stocks climbed, four stayed flat and 15 slid.

No Va Land (NVL) was leading the market's fall with a loss of 1.54 per cent. Other stocks behind the bearish trend include BIDV (BID), VietinBank (CTG), Investment and Industrial Development (BCM) and Vinhomes (VHM).

Agricultural firms were the main catalyst for the slump with a sector-wide drop of 1.76 per cent. In

the sector, Hoang Anh Gia Lai Agricultural JSC (HNG) lost 2.68 per cent, followed by Hoang Anh Gia Lai JSC (HAG) and Sao Mai Group (ASM).

E-Equipment was the next sector contributing to the slump as it ended lower over slides in GELEX Group (GEX) and SAM Holdings (SAM). Rangdong (RAL) was a bright spot with a slight rise of 0.3 per cent.

The trio stocks of the Vin family – Vingroup (VIC), Vincom (VRE) and Vinhomes (VHM) – saw mixed results. The first gained 1.19 per cent, the second 0.34 per cent, whereas the last lost 0.33 per cent. Overall, the realty sector declined by 0.51 per cent.

"Realty firms are coming under pressure from the governmental restrictions on credit room and the gloomy outlook of the corporate bond market," said a securities expert.

The banking sector also saw lots of red on the screen. Big decliners include BIDV (BID), VietinBank (CTG), Techcombank (TCB) and VPBank (VPB). About four names gained points but they were outnumbered by decliners, resulting in a sector-wide fall of 0.36 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) lost 1.4 points (0.46 per cent) to reach 301.19 points.

Foreign investors poured money into the market by net-purchasing a total of around VND134.74 billion worth of shares on the two exchanges. Of which, they net bought VND120.56 billion on HoSE and VND14.18 billion on HNX.

## Macro & Policies

### 2. UKFTA promotes cooperation in DX, energy transition as VN strives for a sustainable future

The UK – Viet Nam Free Trade Agreement (UKFTA) is opening significant opportunities for enterprises from both sides to enhance cooperation in green energy transition and digital transformation as the Southeast Asian country strives to achieve net zero emissions by 2050 and embrace new drivers for economic growth.

Viet Nam was making strong efforts towards the goal of becoming a high-income country by 2045, to which digital transformation and energy transition are considered launch pads for the economy.

During a visit to the UK from August 10 to 15, Politburo Member and Head of the Party Central Committees Economic Commission Tran Tuan Anh said that Viet Nam had set strategic goals in digital transformation, digital economy and green energy conversion to achieve rapid, sustainable and inclusive growth and net zero carbon emissions as well as adaptation to the Fourth Industrial Revolution (Industry 4.0).

The two countries had established a solid relationship framework, especially with the UKFTA which came into force more than a year ago, he said, emphasising many similarities in priority development goals.

“Similarities in priority development goals create a very important foundation to boost the bilateral relations, especially in areas where the UK has strength in and Viet Nam has demand for, such green growth and digital transformation.

According to the Viet Nam Chamber of Commerce and Industry, the UKFTA not only liberalised trade in goods and services but also integrated many other important factors, many of which were geared towards ensuring green growth and sustainable development in the cooperation between the two countries.

#### Green growth

Energy transition has been becoming an unavoidable trend to build a green and sustainable economy and cope with climate change.

At the United Nations Framework Convention on Climate Change (COP26) held in November 2021, Viet Nam strongly committed to achieving net zero carbon emissions by 2050.

Viet Nam, with a rapidly growing economy, is facing many difficulties and challenges in ensuring energy security, green and sustainable development when the demand for power keeps increasing along with the country’s industrialisation and modernisation process.

Deputy Minister of Industry and Trade Dang Hoang An said that building an appropriate and feasible energy transition strategy was of critical importance to ensure national energy security in the medium and long term and ensure access to energy at reasonable costs.

An said that energy transition was not only an issue for the energy industry but also the entire economy about how to transform from an energy-intensive model to an energy-efficient model.

As Viet Nam was striving to accelerate post-pandemic economic growth, the view was to develop quickly and sustainably based on science, technology, innovation, creativity, digital transformation, environmental protection, and adaptation to climate change.

At the third meeting of the National Committee on Digital Transformation in August, Prime Minister Pham Minh Chinh stressed that digital transformation was an inevitable trend and a must-do task to promote socio-economic development, urging international cooperation in digital transformation to be enhanced, especially in technology transfer, talent training and attraction of high-quality investment.

Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan also called on the UK to provide support to Viet Nam in technology transferring and working

out appropriate management policies and models to promote industrial development in the era of digital transformation and Industry 4.0 and in the process of transition toward renewable energy.

According to Will Cavendish, global digital services leader of Arup Group, a British multinational professional services firm headquartered in London, digital transformation played an important role in the process of transition toward a net zero carbon economy.

He stressed that there was a huge potential for cooperation between Viet Nam and the UK in this field.

The UK was in the process of digital transformation and had experiences in building laws and regulations as well as approaches in this area which Viet Nam could learn from, Will said.

He added that digital transformation would also create new industries such as electric vehicle production and offshore wind power – these were areas the UK had experience in and there were a lot of opportunities for the two sides to promote cooperation.

According to Adrian Scholtz, Global Head of Energy Deals at KPMG, Viet Nam is a Southeast Asian market that is highly appreciated by many British and European renewable energy developers, stressing that Viet Nam and the UK had significant opportunities to cooperate in energy conversion, especially offshore wind power.

The UK can support and share experiences with Viet Nam in developing long-term policies on energy transition, building offshore wind power infrastructure and developing low-carbon energy sources, he said.

He stressed the importance of the development of a legal framework for energy transition, which would be the base to attract large investments in offshore wind power and renewable energies.

Some large groups from the UK were expanding cooperation to promote renewable energy in Viet Nam.

For example, Shire Oak International recently signed cooperation agreements in developing rooftop solar power projects in Bao Minh and Nam Cau Kien industrial parks.

Deputy Minister of Information and Communications Phan Tam said that green transition was one of the focuses of Viet Nam's digital transformation progress.

With the digital economy expanding on average 30 per cent per year, there was significant room for Viet Nam and the UK to enhance cooperation in improving institutions for digital transformation, developing digital government, digital infrastructure, promoting digital transformation at small and medium-sized enterprises, enhancing digital skills and promoting innovations.

Under the national strategy on developing a digital economy and digital society by 2025 with a vision to 2030, digital economy would make up 20 per cent of the country's gross domestic product (GDP) by 2025 and 30 per cent by 2030.

Viet Nam's digital economy was estimated at \$21 billion on 2021, contributing 5 per cent to GDP and seven times higher than 2015. The digital economy of Viet Nam was expected to reach \$57 billion in 2025 to rank second in the Southeast Asia.

According to Tran Tho Dat, former dean of the National Economics University, digital economy would be the new driver for growth model transformation and economic restructuring.

Dat pointed out that Viet Nam had been slower than other countries in the previous industrial revolutions and this was the first time Viet Nam had the opportunity to go along with other countries in the Industry 4.0 to create breakthroughs.

### 3. Pangasius exports to EU expected to gain strong growth this year

Pangasius exports to the EU market are forecast to reach over US\$200 million in 2022, up 90 per cent compared to 2021, according to the Viet Nam Association of Seafood Exporters and Producers (VASEP).

From the beginning of this year to the middle of July, the pangasius exports reached nearly \$122 million, an increase of 91 per cent. This is a good business result for the domestic pangasius production industry after a long period of solid decline in pangasius exports to the EU from 2010.

Notably, all markets in the EU bloc strongly increased imports of Vietnamese pangasius, with the lowest growth rate at 25 per cent and the highest at nearly six times the figure of last year.

The top five most significant markets in the bloc included the Netherlands (up 72 per cent), Germany (up 107 per cent), Spain (up 75 per cent), Belgium (up 92 per cent) and Italy (up 90 per cent).

More than 93 per cent of the pangasius export value to the EU market was from frozen pangasius fillets with a value of \$113.5 million, up 94 per cent on the year. Frozen pangasius products accounted for about 4.4 per cent of the total exports, and the rest of processed pangasius accounted for 1.6 per cent.

According to VASEP, this year, the EU demand for pangasius imports will surge strongly after two years of suppression due to COVID-19, while the local production is not enough to meet the market consumption.

The lack of raw white fish in the context of record inflation in the EU is an excellent opportunity for Vietnamese pangasius products. The EVFTA preferential tariff will bring more advantages to Vietnamese pangasius exported to the EU.

#### Challenges remain

According to Le Hang, VASEP director of communication, exporting seafood to the EU market is facing many challenges because each market in the EU bloc has its own requirements. An obstacle for seafood enterprises exporting to the EU is a

misunderstanding about granting a certificate of origin and rules of origin.

Besides, inflation now makes EU consumers tighten their spending, focusing on moderately priced items. The lowest EUR/USD exchange rate in 20 years also makes consumers limit spending. This causes importers to re-negotiate with exporters to delay the imports.

Other challenges include higher demand in certification of the EU market or environmental and labour requirements, which are also serious problems for Vietnamese seafood.

To take full advantage of the EVFTA, VASEP expects more support from the Import-Export Department and the Ministry of Industry and Trade for businesses to make the most of preferential tariffs and apply well rules of origin to reduce obstacles when exporting seafood to the EU market.

The EU used to be Viet Nam's largest pangasius import market, with peak sales of \$511 million in 2010, accounting for 36 per cent of Viet Nam's pangasius exports.

Vietnamese pangasius also accounted for 22 per cent of the market share of white fish imported to the EU. Pangasius was considered a competitor to some other white fish species in Europe.

In 2010, articles and television programmes in some European countries released false information about pangasius production in Viet Nam. That caused Viet Nam's pangasius exports to plummet.

In 2021, pangasius exports to the EU reached just over \$106 million, accounting for 7 per cent of Viet Nam's total pangasius exports. In the EU white-meat fish import market, Vietnamese pangasius only accounts for 1.6 per cent of market share.

The EVFTA, effective from August 1, 2020, brought an excellent prospect for Viet Nam's seafood exports, including pangasius, to this market. Accordingly, the export of pangasius products will receive tax reduction under a three-year roadmap.



Smoked pangasius exports will have the tax reduction route within seven years from the effective day of the agreement.

However, the advantages of tariffs did not promote an increase in pangasius exports to the EU in 2020 and 2021 because of the pandemic.

Social distancing and lockdowns caused the food service segment, the largest consumption channel of pangasius in Europe, to be closed.

There were also many difficulties for the domestic pangasius industry, including a broken supply chain due to logistics stagnation, lack of shipping containers and sea freight at 4-10 times higher than before the pandemic.

#### 4. Gov't directs to speed up interest rate support programme

Deputy Prime Minister Le Minh Khai on Wednesday ordered agencies to solve problems arising during the implementation of the Government's 2-per-cent interest rate support programme so as to speed up the policy.

The move was made after authorities reported the disbursement of the VND40 trillion programme has remained limited after nearly three months of implementation.

During a meeting on Wednesday, the State Bank of Vietnam (SBV) reported commercial banks lent nearly VND4.1 trillion to nearly 550 customers under the programme, of which VND1.1 trillion was interest rate aid.

Commercial banks attributed the limited disbursement to a number of difficulties, such as determining beneficiaries of the programme. The banks explained many production and business households borrow bank loans but do not register as business households, so they are not eligible for the support.

To speed up the programme's disbursement to support businesses in accordance with the law, at the meeting, the Deputy PM asked the SBV, ministries of Finance, Planning and Investment, and Justice, as well as the Government's Office to review regulations related to industries, beneficiaries and lending conditions of the programme to promptly adjust or propose more feasible and effective measures to competent authorities.

He assigned the SBV to organise a conference with the participation of commercial banks next week to receive feedback from them. Other relevant

ministries, including Planning and Investment, Finance and Justice, will also have to send officials to attend the event to guide and explain the programme's regulations to commercial banks.

The SBV must also soon set up a number of working delegations with the participation of relevant ministries and sectors to survey the programme's implementation results of commercial banks to promptly take measures to handle difficulties and obstacles raised during the implementation.

In addition, the SBV must continually coordinate with relevant agencies to promote the programme so as to make access to the support policy effective for beneficiaries in accordance with legal regulations.

The Government in May this year issued Decree No. 31/2022/ND-CP on the interest rate support programme from the State budget for loans of enterprises. The programme, which is a large-scale policy with the participation of many commercial banks, uses the State budget to help reduce the borrowing costs for enterprises, cooperatives and business households in order to help them overcome difficulties to stabilise and develop production and business. Therefore, the policy implementation must ensure fairness, publicity and transparency to identify the right beneficiaries.

The beneficiaries of the policy are enterprises, cooperatives and business households in aviation, transportation, warehousing, tourism, accommodation and catering services, education, agriculture, forestry, fishery, manufacturing and processing industry, software and computer

programming, information services, and developers of social and worker housing.

Under the policy, the State budget will fully and promptly allocate funds for interest rate support of 2 per cent per year for commercial banks to provide loans to customers.

Commercial banks will stop supporting interest rates after December 31 next year or when the funding source runs out, whichever comes first.

The interest rate support period is from the date of loan disbursement to the time when the customers pay off the loan principal and/or interest as agreed between the commercial banks and the customers, but not exceeding December 31 next year.

## 5. Korean investor nominee becomes Pharmacy legal representative

Drugstore chain Pharmacy has replaced its founder Christopher Randy Stroud, also known as Chris Blank, as its legal representative.

In a filing, it said he has been replaced by Nguyen Nhu Nam, a director and investment manager at South Korean conglomerate SK Group.

SK Group is in the final stages of negotiations to invest US\$100 million in Pharmacy as part of its efforts to tap into the fast-growing Southeast Asian retail and healthcare markets, the Korea Economic Daily reported in July last year.

In 2018, Pharmacy received an undisclosed amount of investment from leading Vietnamese private equity firm Mekong Capital.

It raised VND730 billion (\$31.19 million) in series C funding a year later, while its parent company, Maroon Bells, issued VND1 trillion worth of bonds.

SSI Securities expects Vietnam's drugstore chains to thrive on recovering healthcare activities and spending this year.

Market research firm IBM said the size of Vietnam's pharmaceutical industry could reach \$7.7 billion in 2021 and \$16.1 billion in 2026.

Pharmacy plans to increase its number of outlets from the current 1,100 to 5,000 within the next three years.

## 6. Vietnamese coconut coir exports to Australia record surge of over 270%

The Vietnamese Trade Office in Australia also revealed that despite Thai coconuts already establishing a long-standing presence in the Australian market, the unit has exerted great efforts over the past two years as it aims to introduce Vietnamese coconut products to the market at competitive prices.

Most notably, the Trade Office has recently coordinated with the Vietnam Entrepreneurs Association in Australia supporting the consumption of the initial batch of fresh Ben Tre coconuts by the distributor VIETASIA in the Australian market this winter.

It has worked alongside both importers and exporters such as Mekong, VietAsia, 4waysfresh, batoausale, Cocosmile (An Viet), and AusAsia in a bid to introduce several brands of fresh Vietnamese coconuts in order to penetrate the Australian market.

Several foreign brands including Harris farm, a major agricultural supermarket have been seeking ways to import Vietnamese coconut water into the largest supermarkets in Australia.

At present, Australian consumers can find local brands such as Vico fresh, Cocosoul organic, RawC, and Chef's choice with the label "Product of

Vietnam" on the package. In particular, Vietnamese Cocoxim canned coconut water is highly appreciated by distributors.

In addition, the Trade Office has tried to promote Vietnamese coconut oil in Australia as it aims to

maintain the trend of natural-friendly consumption of local customers.

According to ITC's latest statistics, Vietnamese coconut oil exports to Australia during the opening five months of the year increased sharply by 51%.

## 7. Domestic airlines offer tickets for Tết holiday

Domestic airlines have started offering tickets for Tết (Lunar New Year) holiday with many promotions.

Budget airline Vietjet on Tuesday began to sell tickets for flights during the 2023 Lunar New Year holidays at super saving prices.

Passengers travelling from the South to the North and the Central region before the Lunar New Year and who are flying from the North and the Central to the South after the Lunar New Year holidays can buy Vietjet tickets from August 16 to enjoy the promotional prices from only VNĐ619,000 (US\$26), excluding tax and fees, with the most convenient flight schedules.

Super saving tickets for Lunar New Year are available for sale at the website vietjetair.com, Vietjet Air mobile app, Vietjet official agents and booking offices.

In particular, passengers can enjoy free payment fees when booking and paying via Vietjet SkyClub.

The "Fly now - Pay later" programme with easy online check-in in just three minutes will offer customers flexible financial solutions when choosing to fly with Vietjet.

Vietjet looks to create a warm Tết season on all flights with a modern fleet of new aircraft, soft leather seats, friendly and dedicated cabin crews, fresh and hot meals with many convenient products and services, and special cultural and artistic performances.

Its flight network covers all destinations in Việt Nam and other countries, including India, Japan, the

Republic of Korea, Singapore, Thailand, Indonesia (Bali), and Malaysia.

The new-age carrier Vietjet has not only revolutionised the aviation industry in Việt Nam but has also been a pioneering airline across the region and world.

With a focus on cost management ability, effective operations and performance, Vietjet offer flying opportunities with cost-saving, flexible fares, and diversified services to meet customer demand.

Vietnam Airlines Group, which manages Vietnam Airlines, Pacific Airlines and VASCO, has opened ticket sales for the Tết holiday from January 6 to February 5 next year.

From Monday, tickets have been available on the Việt Nam Airlines website, mobile app, official ticket offices, and agents nationwide.

Along with domestic flights, the carrier will increase flights connecting Việt Nam and Asian countries such as Singapore, Thailand, Laos, Cambodia, the Republic of Korea, and those between Việt Nam and Australia.

It plans to double its international flight number amid loosening migration regulations in many countries and territories.

On occasion, Vietnam Airlines offers special ticket fares from VNĐ1.86 million per leg, including taxes and fees, for business class; and VNĐ 785,000 per leg, including taxes and fees, for economy class.

The promotion is applicable for flights from January 14 to February 5 next year.



## Corporate News

### 8. HT1: Wife of HT1 Board member wants to sell out shares

↓ -1.8%

In order to serve personal financial needs, Ms. Nguyen Thi Hong Nhung registered to sell all shares owned at Vicem Ha Tien Cement Joint Stock Company ( HOSE : HT1 ).

If successfully selling 1.55 million shares HT1 is holding, accounting for 0.41% of capital, Ms. Nguyen Thi Hong Nhung will no longer be a shareholder of this Cement Company.

Regarding the relationship, Ms. Nhung is the wife of Mr. Nguyen Van Chuyen , a member of the Board of Directors of HT1 . Currently, Mr. Chuyen personally owns 3.63 million units, accounting for 0.95% of the Company's capital.

Expected transaction time from August 23 to September 20, 2022.

### 9. BAF: BAF plans to raise 600 billion dong from bond issuance

↓ -3.19%

In the context that the corporate bond market is under strict control, BAF Vietnam Agriculture Joint Stock Company ( HOSE : BAF ) recently

approved the plan as well as the application file for bond issuance worth 600 billion VND.

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