



VIETNAM DAILY NEWS



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Market Analysis

1. Shares gain for second day but caution persists

Shares climbed for a second day as good performance of global stock markets prior to the Fed's announcement of a rate hike supported local investors' psychology.

The VN-Index on the Ho Chi Minh Stock Exchange increased by 0.79 per cent to close Wednesday at 1,040.54 points. It rose nearly 1 per cent in the previous session.

The market breadth was positive with 203 stocks gaining, 170 losing while the other 128 closed flat.

Although the trading was cautious, increasing liquidity in buying force at high prices led to an improvement in stock prices, especially in the banking and real estate industries.

Nearly 459 million shares worth VND8.7 trillion (US\$369 million) were traded, down 3 per cent in volume but up 4 per cent in value compared to Tuesday's level.

Property and banking stocks led the market growth with average growth of 1.5 per cent each, tracked by vietstock.vn.

Seven of the top 10 shares lifting the VN-Index came from these two groups. They included Vietcombank (VCB), Vietnam Prosperity Bank (VPB), BIDV (BID), Vietinbank (CTG), Eximbank (EIB), Ho Chi Minh Development Bank (HDB) and

Vinhomes (VHM) with growth of between 0.5 per cent and 5 per cent each.

On the Ha Noi Stock Exchange, the HNX-Index edged up 0.42 per cent to end at 203.96 points. The northern bourse's index increased 0.74 per cent on Tuesday.

More than 50 million shares worth VND929 billion were exchanged, slightly lower than the previous session.

"The market may continue to recover in the next session to re-explore the resistance zone of 1,040 – 1,045 points for the VN-Index. With the support signal not yet clear, it is still necessary to consider the possibility that the market will retreat at this area and step back," said Phuong Nguyen, a market analyst at Viet Dragon Securities Co, in a note.

Phuong suggested investors be cautious and observe the supply and demand movements at the resistance zone, and at the same time can take advantage of the technical recovery of the market to restructure the portfolio in the direction of minimising risks.

Foreign traders continue to buy Vietnamese stocks. They were responsible for a total net buy value of more than VND195 billion shares on both exchanges, an increase of 67 per cent compared to their net buy value on Tuesday.

Macro & Policies

2. Vietnam to develop policies to adapt to global minimum tax

The move comes amid concerns that this measure might undermine the competitive advantage of developing countries in attracting foreign investment through offering tax incentives.

The global minimum tax was Pillar Two of the Organisation for Economic Co-operation Development (OECD)'s base erosion and profit-shifting (BEPS) framework.

To date, the solution drew the participation of over 140 countries and jurisdictions, including Vietnam, which aimed to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax wherever they operate through the establishment of a global minimum effective corporate tax rate of 15% for those with annual revenue of 750 million euros, starting from 2024.

Do Van Su, Deputy Director of the Ministry of Planning and Investment's Foreign Investment Agency, said the global situation was changing rapidly with unpredictable and complicated developments, negatively affecting the economic prospects and budget revenues of most countries.

In addition, the rapid development of information and technology and the emergence of new economic models allowed multinational companies to take advantage of policy loopholes to avoid tax obligations through transferring profits from countries with a high tax rate to countries with lower rates, or transfer pricing. In addition, the competition in attracting investment among capital-importing countries was in a race to the bottom, he said.

In Vietnam, tax incentives were being used as a financial leverage tool to influence investment trends. Vietnam's corporate income tax incentives were considered attractive compared to other countries in the region.

Specifically, the common corporate income tax was 20%, higher than the global minimum tax rate. The preferential rates of 10%, 15% and 17% were

applied depending on the industries, sizes and locations of the investment. Notably, some investors were given special rates of just 5%, 7% and 9%. Other incentives included tax exemption and a 50% reduction.

When the global minimum tax came into force, tax incentives would no longer give Vietnam a competitive advantage in attracting investment, Su said. This rule, moreover, affected the management of existing foreign-invested enterprises.

This fact required Vietnam to raise solutions to adapt to the global minimum tax and develop new investment promotion policies.

According to Takeo Nakajima, Chief Representative of the Japan External Trade Organisation (JETRO) Hanoi, when investing in a country, an investor would consider a number of factors, especially tax incentives.

The implementation of the global minimum tax rate would have a direct impact on the business operation, thus, it was important for Vietnam to early raise policies to maintain the attractiveness and adapt to the global minimum tax.

Besides, the investment environment and market growth potential were among other factors.

He cited findings of a survey by JETRO that 24% of participant enterprises found Vietnam's investment environment attractive in terms of tax but around 60% said, like some countries in ASEAN, the implementation of tax policies in Vietnam was not really effective.

Predicting that the capital flow from small and medium-sized enterprises would increase, he said Vietnam should maintain the tax incentives for those who were not subject to the global minimum tax.

While corporate income tax incentives were no longer an advantage, Vietnam could not delay the

formulation of other policies to attract foreign investment.

Yasuhisa Taninaka, from the Japanese Chamber of Commerce and Industry in Vietnam, said that enterprises would see the total cost when investing in Vietnam, not only corporate income tax.

He proposed reductions in personal income tax rates would be put into consideration as the rates remained high in Vietnam.

A representative from the European Chamber of Commerce in Vietnam (Eurocham) said that enterprises were aware that the global minimum tax was a global game, but enterprises wanted to know how countries, including Vietnam, changed their policies so that they could distribute their tax payable.

He cited Eurocham's 2022-23 Whitebook that 70% said Vietnam could increase foreign investment by reducing roadblocks in terms of administrative procedures, 53% suggested improving infrastructure, 35% suggested improving human resources and 47% suggested easing visa barriers for foreign experts.

Deputy Minister of Planning and Investment Nguyen Thi Bich Ngoc said that Vietnam would amend the investment attraction policies to ensure the compatibility to the global minimum tax and minimise the impacts on enterprises, pledging a harmonisation of benefits and a favourable environment to encourage investment in Vietnam in line with the country's socio-economic development.

At the Vietnam Business Forum on last weekend, Prime Minister Pham Minh Chinh said that the Vietnamese Government was consulting other countries to develop an appropriate policy on the global minimum tax and striving to issue it this year to create opportunities for foreign companies to operate and contribute more in Vietnam without affecting interests of investors.

Previously, the Government asked relevant ministries to submit a comprehensive report about the global minimum tax within March.

A working group in charge of studying the tax was established in August 2022.

3. Minister hopes US becomes biggest investor in Viet Nam

He made the remarks at a meeting with a business delegation of the US - ASEAN Business Council (USABC) in Ha Noi on Tuesday. More than 50 companies, including defence, pharmaceutical and tech firms are joining the biggest-ever US business mission to Viet Nam from March 21-23 to discuss investment and sales opportunities in the booming Southeast Asian nation.

Highlighting the two countries' comprehensive and fruitful relations, Minister Dung said the US is currently the second-largest trading partner and one of the leading export markets of Viet Nam. It is also an important ODA provider and the 11th biggest among the 142 countries and territories investing in the Southeast Asian nation.

Viet Nam highly values the fruitful investment and business activities of US investors and hopes they will maintain their trust and expand investment, trade, and development cooperation in the country, he noted.

The official was of the view that there is huge cooperation potential in the fields of green growth, digital economy, science-technology development, and innovation, adding that Viet Nam encourages and prioritises quality and focus-driven foreign direct investment.

The country is also implementing policies to help businesses step up investment in science-technology and improve their production capacity to engage in global supply chains, particularly in the spheres of high technology, innovation, green energy, renewable energy, finance - banking, healthcare, human resource training, infrastructure, and environment, according to Dung.

The minister affirmed that the Vietnamese and US economies are complementary to each other and still hold much potential for cooperation and development in the future.

USABC President and CEO Ted Osius, who is a former US Ambassador to Viet Nam, said US firms strongly believe in Viet Nam's growth prospects and always want to seek business and investment cooperation chances in the country.

Many business delegations of the USABC have come to Viet Nam in the past, but this time, there are up to 50 firms, including major ones like Boeing, Coca-Cola, CitiBank, Meta, SpaceX, Netflix, Abbott, and AES, operating in various sectors, which once again demonstrates US enterprises and investors' interest in Viet Nam, he said.

At the meeting, representatives of US enterprises expressed the intention of setting up or expanding investment and business activities in Viet Nam.

Minister Dung said Viet Nam always hopes to attract investment from the US, and that US businesses'

contributions to bilateral investment and trade ties are considerable, via not only economic partnerships but also policy opinions and proposals about investment climate improvement and policy and law perfection submitted to the Vietnamese Government.

The US currently has 1,223 valid projects worth over US\$11.4 billion in Viet Nam, ranking 11th among the 142 countries and territories investing here. Meanwhile, it ranks 10th among the 80 countries where Vietnamese firms are investing in.

Bilateral trade hit a record of over \$123 billion in 2022, up 11 per cent year on year, turning the US into the second biggest trading partner of Viet Nam, and Viet Nam the eighth largest one of the North American nation.

4. Singaporean site highlights Vietnam's potential for fintech growth

One of Singapore's top pure-play digital content sites - asiaone.com - on March 21 ran an article entitled "Vietnam: Can it become the Fintech Mecca of the east?", highlighting that Vietnam's fintech has reached new heights and its growth is fuelled by the newly introduced legal framework.

According to the article, Vietnam's National Digital Transformation Programme by 2025 has accelerated the inclination towards fintech.

Housing close to 200 fintech organizations, now 66% of adults have payment accounts as listed by the Ministry of Planning and Investment. Not to forget, the perfect medley of 91.3 million smartphone subscribers and an internet penetration rate of 73.2 percent have made the situation more conducive for the industry's growth.

"The success of these promising fintech organisations has been linked with their close ties with the banking sector that has created invaluable synergies," said the article.

Vietnam Banks Association (VNBA) has always been upfront in bringing favourable changes to the country's financial services industry, be it for lowering SMS charges for banking services or urging Visa and Mastercard to reduce several types of fees on Vietnamese banks during the COVID-19 pandemic.

Recently, VNBA has officially become a supporting partner for World Financial Innovation Series (WFIS) that's shaping to be the country's premier fintech event.

According to the article, the World Bank Group has also been actively supporting Vietnam in becoming a high-income economy by 2045.

"For big players, investors and even newcomers, the current nascent stage and relatively small size of the country's fintech market is making it particularly attractive for investment, considering there are a plethora of opportunities to get involved and scaling big," it said.

5. Steel price rises despite falling demand

The selling price of steel in Hanoi is 18 million VND (761 USD) per tonne, which is approaching its peak recorded in mid-2022.

Nguyen Van Sua, a steel industry expert, said that this year the steel price may not reach its peak as in 2022, but it is on the rise because the actual demand is not high.

Production and sale of the steel industry depend heavily on the implementation of real estate, bridge and road projects. However, these projects are at standstill currently, he said.

Hoang Cuong, an iron and steel dealer on Tam Trinh Street, Hanoi's Hoang Mai district, said since the beginning of this year, steel prices have increased 7 times, with a total increase of about 1.2 million VND per tonne.

According to him, the price of billet and raw materials has increased, so manufacturers adjusted the selling price of finished steel.

A representative of a steel firm said that the demand for real estate is low while the cost of input materials remains high, thus, the selling price is raised to reduce losses.

According to the Vietnam Steel Association (VSA), the selling price of finished steel has increased slower than the growth rate of input materials, affecting the performance of steelmakers.

Hoa Phat Group said that in the first two months of 2023, the sale of steel products in the domestic and foreign markets both decreased over the same period.

Specifically, the group sold 282,000 tonnes of construction steel in February, down 37% year-on-year. It supplied the market with 186,000 tonnes of hot rolled coil (HRC) steel in the month, more than two times higher than the previous month but declined by 20% year-on-year.

6. Vietnam – fourth biggest rubber supplier of RoK

The department cited data from the General Administration of Vietnam Customs showing that in the January-February period, Vietnam exported 5,080 tonnes of rubber to the RoK for 8.02 million USD. The figures represented a drop of 16.5% in volume and 29.6% in value over the same period last year.

In the first two months of 2023, Vietnam mostly exported to the RoK natural rubbers in various type, including SVR CV60 (39.35% of total export volume), SVR 10 (29.83%), and SVR 3L (22.01%).

Meanwhile, statistics from the RoK's Customs, in the reviewed period, the RoK imported 85.23 trillion tonnes of rubber worth 162.88 million USD,

mainly from Thailand, Indonesia, China, Vietnam and the Philippines.

In the period, the market share of Vietnam in the market was only 5.51%, down from 9.77% recorded in the same time last year. Meanwhile, upturn was seen in the market shares of Indonesia, China, the Philippines, Cambodia and Singapore.

The Import-Export Department advised domestic firms to diversify its products to better meet demand of the RoK, thus strengthening exports to this market.

7. Ministry urges faster work on Long Thanh airport

Component four, which costs VND6,364 billion and is executed by CAAV, comes with 11 work items, which have been approved by the Ministry of Transport

The ministry has approved contractor selection plans for two of the 11 work items, namely a maintenance center for ground support equipment and aircraft cleaning areas 1 and 2.

However, component four has lagged behind schedule.

By the middle of this month, the contractor selection plans of the remaining nine work items have yet to go before the Ministry of Transport.

No contractors have been named for all the 11 work items as the minimum land-use fee has not been determined.

To ensure the fourth component of the airport project is on schedule, the ministry requested CAAV to announce of the 11 work items and a preliminary assessment of contractor capacity and experience, and prepare documents to invite tenders.

Dong Nai Province now has difficulty determining the minimum land-use fee, thus affecting the progress of component four.

Corporate News

8. HPG: Explanation for the consolidated financial statements in 2022

↓ -0.73%

Hoa Phat Group Joint Stock Company explained the consolidated financial statements in 2022 compared to the same period of last year as follows:

Profit after tax in 2022 was 8,444 billion dong, decreased by 76%, equivalent to 26,077 billion

dong compared to 2021 (2021: 34,521 billion dong) because the steel manufacturing and trading industry contributes more than 95% to the Group's consolidated business results. In 2022, the steel business results decreased compared to the same period last year.

9. VHM: Explanation for the audited financial statements in 2022

↑ 4.96%

Vinhomes Joint Stock Company explained has the movements of the audited financial statements in 2022 compared to the same period of last year as follows:

File Attachment

[105959_ atements-in-2022.pdf](#)

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