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FINANCE

Reference exchange rate up 27 on July 20

20/JUL/2023 INTELLASIA| VNA

The State Bank of Vietnam set the daily reference exchange rate at 23,731 VND/USD on July 20, up 27 VND from the previous day.

With the current trading band of +/- 5%, the ceiling rate applicable for commercial banks during the day is 24,917 VND/USD and the floor rate 22,544 VND/USD.

At commercial banks, the opening-hour rates decreased.

At 8:30am, Vietcombank listed the rates at 23,440 VND/USD (buying) and 23,810 VND/USD (selling), both down 5 VND from the end of July 19.

BIDV also cut both rates by 5 VND, listing the buying rate at 23,490 VND/USD and the selling rate at 23,790 VND/USD.

<https://en.vietnamplus.vn/reference-exchange-rate-up-27-on-july-20/259655.vnp>

HCM City banks sign up to lend \$33.3 million to businesses

20/JUL/2023 INTELLASIA| VNS

Many banks in HCM City have committed to providing loans worth nearly VND793 billion (US\$33.3 million) at preferential interest rates to 34 enterprises and business households in the city's Tan Binh and Tan Phu districts.

The contracts were signed at a conference to link up banks and businesses organised by the State Bank of Vietnam's city branch and the people's committees of the two districts in HCM City on July 11.

The conference aimed to provide information about banking policies related to enterprises, cooperatives and business households in the two districts, and help them borrow for their business activities.

Nguyen Duc Lenh, deputy director of the SBV's city branch, said that earlier this year 20 banks registered preferential credit packages worth more than VND453 trillion (\$19 billion) for businesses.

As of the end of June they had disbursed more than VND375 trillion (\$15.7 billion) to 86,351 customers.

The loans were provided to businesses mainly in exports, agriculture and rural development, supporting industries, high-tech, and small and medium-sized enterprises.

Most of the borrowers use the loans for the designated purpose, ensuring they can repay in time, the SBV said.

Nguyen Dang Khoa, deputy general director of Vietbank, one of the banks to sign up at the conference to provide loans, said: "Vietbank always understands the difficulties faced by enterprises in accessing capital."

From now through August 30, his bank would lend VND1 trillion (\$42 million) on preferential terms at interest rates starting at 8.9 per cent, he added.

http://bizhub.vn/banking/hcm-city-banks-sign-up-to-lend-333-million-to-businesses_346258.html

Bankers propose resolution to support firms, people

20/JUL/2023 INTELLASIA| VNS

The Vietnam Banks Association (VNBA) has suggested the government submit a request to the National Assembly for a resolution to support firms and people to overcome difficulties and promote business development like they did during the COVID-19 pandemic.

Nguyen Quoc Hung, VNBA's general secretary, said firms are facing many difficulties as most of their reserve resources are no longer available while capital and real estate markets are still in gloomy times.

Although the government and the prime minister have proposed solutions to remove difficulties for firms and people, the capital absorption capacity of the economy is still low.

In addition, Hung also proposed the government direct ministries and sectors to promote public investment and remove difficulties in legal procedures for unfinished projects and social housing projects.

It is also necessary to carry out the Law on Supporting Small and Medium Enterprises and improve the role of guarantee funds for small- and medium-sized enterprises.

Currently, there are 24 guarantee funds for small- and medium-sized enterprises in 24

provinces and cities, but their operations are not efficient and need to be improved. The government should also review and evaluate the effectiveness of the Small- and Medium-sized Enterprise Support Fund under the Ministry of Planning and Investment and supplement its capital in order to support firms that have not yet met the conditions for loans at credit institutions.

Hung also suggested that the government should reduce VAT for commercial banks to ease them in sharply reducing lending interest rates to support firms.

At the same time, the government should allow State-owned commercial banks to increase their charter capital from profits in the coming years through the form of paying dividends in shares from profits left after setting up required funds for the 2022-23 period.

As for relevant ministries and branches, the VNBA's representative suggested that the Ministry of Public Security closely co-ordinate with the State Bank of Vietnam, the Ministry of Information and Communications, and other ministries and sectors to strengthen and have solutions to thoroughly handle current cybercrime to ensure security and safety in payment activities.

In particular, it is recommended that the Ministry of Public Security, the Procuracy, and the court study and consider returning exhibits in criminal cases to banks for timely sale and auction in order to limit losses during a seizure.

It is necessary to request the Supreme People's Court to direct courts at all levels to unify the form of handling disputes related to cases where property owners create fake disputes in order to prolong the time of recovering the collateral of credit institutions.

Besides, the Ministry of Finance should cooperate with relevant ministries and sectors to develop a legal framework for the securitisation of debts, and issue guidance on the valuation of bad debts through the Vietnam Valuation Standards in accordance with the Pricing Law and form a debt trading market, Hung said.

The general Department of Civil Judgment Execution should review outstanding judgments related to the handling of collateral for bad debt recovery.

http://bizhub.vn/banking/bankers-propose-resolution-to-support-firms-people_346270.html

Law needed to ensure banks can repossess collateral on bad debts

20/JUL/2023 INTELLASIA| VNS

It is necessary to create a synchronous and breakthrough legal framework to deal with bad debts in order to achieve more positive results as the work is facing many challenges, according to experts.

According to general Secretary of the Vit Nam Bankers Association Nguyen Quoc Hung, Resolution No 42 on piloting bad debt settlement will be extended only until the end of 2023. Therefore, the legalisation of the resolution provisions is absolutely necessary.

Data from the State Bank of Vietnam (SBV) shows the bad debt ratio of the whole banking system by the end of February 2023 reached 2.91 per cent, a sharp increase compared to 2 per cent at the end of 2022 and nearly doubling compared to the end of 2021. Total bad debts of the banking system by the end of February 2023 were estimated to account for 5 per cent of total outstanding loans, which was nearly equal to when Resolution 42 came into effect.

In the process of bad debt settlement, a very important issue is seizing collateral, which will become illegal when Resolution 42 expires as at that time it must comply with the provisions of other laws.

Without regulations allowing them to seize collateral under Resolution 42, banks may be afraid to grant credit, affecting the ability to access loans of firms and individuals. Techcombank senior director of public relations Nguyen Thi Van Hoai said the application of measures for collateral plays an important role in banks' credit activities, ensuring they can recover capital in the event of defaults. It is necessary to have a clear and transparent legal framework to protect the lender and the secured party in cases the borrower is unable to repay or deliberately delays fulfilling the debt repayment obligation.

Dr Phan Duc Hieu, member of the National Assembly's Economic Committee, said

there should be special regulations on dealing with bad debts and a mechanism to increase the efficiency of handling the problem.

The law needed to take into account the interests of creditors and borrowers to ensure fairness, Hieu said.

In order to streamline regulations, especially after Resolution 42 expires on December 31, 2023, the SBV has drafted the Law on Credit Institutions (amended) to submit to the National Assembly for comments. The draft Law adds a chapter on handling bad debts and collateral, in order to legislate Resolution 42.

The draft law also legislates a number of provisions in Resolution 42 on piloting bad debt settlement of credit institutions related to the sale of bad debt and collateral; as well as the purchase and sale of bad debts with collateral being land use rights, land-attached assets, and land-attached assets formed in the future.

The addition of these regulations has so far received the support of domestic and foreign banks and business communities.

According to Dr Chau Dinh Linh from HCM City Banking University, the legalisation of Resolution 42 will create a legal corridor to improve the effectiveness of bad debt settlement.

When Resolution 42 is legalised, it will create a unified and synchronous legal mechanism to help banks handle bad debts faster and more effectively as the current difficulties closely relate to many other laws, such as the Law on Land (amended), the Law on Housing (amended), the Law on Real Estate Business (amended) and the Law on Electronic Transactions.

http://bizhub.vn/banking/law-needed-to-ensure-banks-can-repossess-collateral-on-bad-debts_346239.html

The burden on the banking system

20/JUL/2023 INTELLASIA|VIETNAMNET

On July 10, 2023, the State Bank of Vietnam (SBV) assigned two important tasks to credit institutions together with a credit growth rate limit of 14 percent for 2023.

First, promoting credit safely; improving credit quality; driving credit into production, business and priority fields; and satisfying capital demand of the people and enterprises. Second, checking and cutting unnecessary administrative procedures, and simplifying and shortening required procedures for lending to ensure compliance with regulations and favourable conditions for borrowers.

The instructions by SBV were released after the government assigned many duties to the banking sector. The government's regular meeting in June 2023 continued to ask for a cut to lending interest rates by at least 1.5-2 percent, to be applied to both new and existing loans.

Slashing interest rates is a difficult task since SBV has four times lowered operating interest rates by 0.5-2 percent per annum since the beginning of the year. Vietnam is one of very few countries in the world that have slashed interest rates.

Commercial banks are trying to ease interest rates. The average interest rate has decreased by one percent compared with late 2022, while the average deposit interest rate offered by commercial banks stands at 5.8 percent per annum, down 0.7 percent compared with late 2022, and the average lending interest rate is at 8.9 percent, down 1 percent.

However, though there is a wave of banks slashing deposit interest rates in the last couple of weeks, the average lending interest rates are still high.

This is explained by the fact that credit institutions do not have excessive capital. As of June 20, 2023, capital mobilised by credit institutions had increased by 3.26 percent (the growth rate was 3.97 percent the same period last year), and the total means of payment by 2.53 percent compared with late 2022 (the growth rate was 3.3 percent the same period last year).

By June 30, 2023, outstanding loans had reached VND12.4 quadrillion, up 4.73 percent, just half of the growth rate in the same period last year (9.35 percent).

Thus the credit growth rate of the national economy is unusually low. On one hand, credit institutions can only lend 80 percent of the capital they have mobilised, and on the other

hand, the enterprises' capability of absorbing capital of the economy remains weak.

Uncertainties

Analysts all agree that cutting lending interest rates will still be challenging as the business performance of enterprises is getting worse. Credit demand has decreased sharply, and export companies don't have orders, while real estate and stock markets are declining.

Meanwhile, the procedures for disbursement remain confusing to both banks and clients, and there are uncertainties in the exchange rate though dollar prices remain relatively stable.

While deposits are increasing slowly, credit institutions have high demand for capital to lend, settle bad debts and ensure capital adequacy ratios. Many small banks have had to maintain high deposit interest rates to attract capital

All these factors are hindering efforts to force lending interest rates down.

In such conditions, lowering operating interest rates won't have any real effect.

In order to slash lending interest rates, the central bank has to increase the money supply and pump a large amount of money into circulation. SBV has pumped VND140-150 trillion so far this year to buy dollars. However, the figure is too modest.

Economists believe that interest rates won't decrease significantly, though the government has approved policies inclining towards GDP growth rather than inflation control.

This is because core inflation is still relatively high (predicted to be below 4.5 percent this year) compared with the overall inflation (consumer price index CPI). Meanwhile, it is core inflation which is the basis for long-term monetary policy regulation.

That is why the central bank has been trying to slash operating interest rates. But lowering interest rates to the expected levels seems to be impossible.

Meanwhile, credit institutions mobilised capital at high interest rates in the fourth quarter of 2022, so they cannot impose low lending interest rates.

Credit in the second half of 2023, therefore, will grow much faster than in the first half. <https://vietnamnet.vn/en/the-burden-on-the-banking-system-2166705.html>

Experts:

Bancassurance to recover when customer confidence regained

20/JUL/2023 INTELLASIA| DAN TRI

The distribution of insurance products through banks (bancassurance) has been considered as a lucrative pie of banks when it brings in profits of trillions of dong per year in the past four to five years. However, the Ministry of Finance has recently pointed out many violations in bancassurance activities although only four life insurance businesses have been inspected so far in relation to bancassurance activities (Prudential, MB Ageas, BIDV Metlife and Sun Life).

The inspection results showed that the violations were mainly in the consulting stage of bank staff and brokers. The deputy minister of Finance said that the agency will continue to inspect five other insurance businesses.

Bancassurance has undergone a hot period. Pham Lien Ha, director of Research in Financial Service Industry of HCM City Securities Joint Stock Company (HSC), said that bancassurance has been making great contribution to banks in recent years. Before 2022, the life insurance segment in general recorded high revenue growth of 25-30 percent per annum, and the bancassurance had a higher growth rate and the industry's average. However, this growth has decelerated in 2022 and in the first half of 2023.

According to survey of Dan tri's reporter, by the end of the first quarter, the total net profit from service activities of 27 listed banks reached 14.144 trillion dong, down by 5.3 percent over the same period of 2022. In the financial statements for the first quarter 2023, eight units offered specific explanations of the revenue from bancassurance. Accordingly, the total income from insurance cross-selling of the eight units reached 3.297 trillion dong, down by 13 percent over the same period of 2022.

Military Commercial Joint Stock Bank (MB) achieved a revenue of more than 2.087 trillion dong from bancassurance channel in the first quarter of 2023, down by more than 11%. The other units including Vietnam Technological and Commercial Joint Stock Bank (Techcombank), Vietnam International Commercial Joint Stock Bank (VIB), Tien Phong Commercial Joint Stock Bank (TPBank) and Kien Long Commercial Joint Stock

Bank (KienlongBank) all recorded reduction in income from insurance services compared to the same period of 2022.

Ha said that this decline is unavoidable, especially after a period of hot growth and many violations in insurance business. The management agency has also strengthened control, and the purchasing power and financial capacity of customers have also decreased so the demand for insurance also falls.

"Bancassurance is one of the challenges for banks in the second half of the year, because insurance is an important fee collection channel with significant contribution to the banking industry," emphasized Ha.

Dr Nguyen Tri Hieu, a banking and finance expert, believed that the revenue reduction of bancassurance channel in 2023 is an inevitable trend in the context of declining customers' confidence in insurance products.

The expert said that in fact, there have been lawsuits about insurance contracts through bancassurance channel, causing customers to lose confidence in insurance products. The main reason is that banks' employees and insurance consultants did not offer transparent and specific guidance about insurance products. As a result, customers were confused, did not clearly understand the terms of the contracts, and misunderstood the products.

According to Dr Hieu, the reason is also lies in the lack of methodical training for bank and insurance employees (they were trained in just a few days or a few weeks) and practicing certificates before giving advices to customers.

There are many other reasons leading to violations such as the pressure of bank employees in terms of Key Performance Indicator (KPI), many complicated terms of the insurance contracts, etc., making the customers dependent on the consultants.

VNDirect Securities Company (VNDirect) forecasted that the service fee growth from insurance activities of the banking industry in 2023 will slow down considerably because the economy is encountering many difficulties which adversely affect consumers' incomes, thereby influencing the demand for insurance.

Bancassurance to recover when customer confidence is regained

Dr Hieu said that in the coming years, the bancassurance revenue may improve when customer confidence is improved and strengthened. Vietnam currently has 100 million people, but only 10 percent have life insurance, therefore, the potential for growth of this market is still very large.

In order to improve and strengthen the trust of customers, customers should be fully advised about the insurance products that they will participate. Banks and insurance companies need to check and review from the consulting stage to ensure that the consultants well understand the products before advising customers with transparent and clear information, etc.

Hoang Thanh Tung, director of Investor Relations Department of HCM City Development Commercial Joint Stock Bank (HDBank), the insurance business in general and fee income in particular of the banking industry has recently been affected by certain developments in the market.

According to Tung, from a long-term perspective, life insurance is a necessary product. In Vietnam, the penetration rate of life insurance products is very low compared to surrounding markets such as Thai, Malaysian, Singaporean, etc.

When the average income per capita in Vietnam gradually increases from the current 4,000 US dollars to 7,000 US dollars by 2030 according to the government's orientation, the demand for protective products and investment products will gradually go up.

Tung believed that the current developments in the insurance market are only short-term problems. Regarding the potential of the market, statistics of the Ministry of Finance showed that by the end of the first quarter (Q1), the number of valid insurance policies is currently 14 million, a small number compared to the population scale.

Therefore, banks and insurance companies still have a lot of room for growth.

In the strategic report for the last six months of 2023, VNDirect Securities Company said that banks achieved a significant growth in fee income from bancassurance activities in the period of 2020-2022 when insurance companies boosted sales through the banking channel.

Some people said that banks should not be used as insurance agents as they are now. With 30 years of experience in the field of banking and finance, Dr Hieu agreed with this. He said that it is necessary to separate the business of these two units. The sale of insurance should be carried out by insurers, and banks should focus on banking and financial operations. The cooperation between banks and insurance companies, if any, should only be banks introducing customers to the insurers, while the consulting works should be done by the insurers and vice versa.

The expert believed that cross selling insurance products is unreasonable. Even a bank staff is undergone training courses, his professional skills cannot meet the requirements of a professional insurance consultant with a practicing certificate and consulting experience. Dr Hieu believed that if the bancassurance channel cannot regain the trust of customers in the near future and continue to face a crisis, it is time for insurers and banks to reconsider.

Earlier, at a discussion on the revised Law on Credit Institutions in mid-June, National Assembly deputy Pham Van Thinh proposed to consider the regulations on allowing banks to act as insurance agents, especially life insurance, in order to avoid conflicts of interest and protect borrowers.

AEON Vietnam secures \$41M loans from two Japanese banks

20/JUL/2023 INTELLASIA| VNEXPRESS

The Japan Bank for International Cooperation and Mizuho Bank have agreed to provide loans of \$24 million and \$17 million to retailer AEON Vietnam to fund its southern expansion.

The funding will help the Japanese retail giant open a store in each of Binh Duong and Long An provinces, according to a statement from the Japan Bank for International Cooperation on Tuesday.

It now has six major shopping centers in the country and plans to expand to 30 by 2030 as part of its strategy to prioritise Vietnam over all other markets.

Yoshida Akio, representative executive director of the company, told prime minister Pham Minh Chinh in May that Vietnam, where it has invested over \$1.18 billion so far, was its biggest investment destination globally.

<https://e.vnexpress.net/news/business/companies/aeon-vietnam-secures-41m-loans-from-two-japanese-banks-4631199.html>

TPBank posts pre-tax profit of nearly VND3.4 trillion in Q2/2023

20/JUL/2023 INTELLASIA| VNEXPRESS

The financial statement of Tien Phong Commercial Joint Stock Bank (TPBank, stock code TPB) showed that the bank continued to record positive pre-tax profit in the second quarter (Q2) this year, reaching nearly 3.4 trillion dong. In which, the net profit from service activities increased by nearly 26 percent year-over-year (YOY) to 1.5 trillion dong, as of June 30th 2023. The bank's total mobilisation reached more than 302 trillion dong, up by 9.6 percent YOY. The total assets were nearly 3.435 trillion dong, up by 10.5 percent YOY.

The bank's representative said that this is the result of the constantly growing in operation scale and customer base in both quality and quantity, through the digital banking platform to diversify services and products, according to customer needs.

At the beginning of this year, in addition to paying dividends in cash at 25%, TPBank also raised its charter capital to 22.016 trillion dong by distributing bonus shares at the rate of 39.19%. The total outstanding credit in market 1 grew more slowly YOY but still reached nearly seven percent.

TPBank also maintained its Capital Adequacy Ratio (CAR) according to Basel III above 11 percent thanks to the proactive management plans in terms of asset quality, maintenance and consolidation of the comprehensive strength in the governance system, early and fully meeting the most stringent international standards, in addition to always controlling the bad debt ratio within a safe range as required by the State Bank of Vietnam (SBV).

According to KB Vietnam Securities Company (KBSV), TPBank has prepared for the asset quality control for the upcoming period in 2023. Complying with Basel III stand-

ADB lowers growth forecast for Vietnam to 5.8pct this year

ards from 2022, TPBank has continued improving the modern risk management system by implementing the advanced Basel III, calculating capital based on Foreign Investment Review Board (FIRB) and advanced internal rating-based (AIRB) to optimise the capital costs and improve management capacity.

20/JUL/2023 INTELLASIA|VOV

The Asian Development Bank (ADB) has moved to revise its growth forecast for Vietnam, reducing the rate from 6.5 percent to 5.8 percent for this year, and from 6.8 percent to 6.2 percent ahead in 2024, according to the Asian Development Outlook (ADO) July 2023 released on July 19.

The report outlines that weak external demand continued to put pressure on manufacturing and industrial production, while domestic conditions are expected to improve moving forward. Indeed, inflation is forecast to slow to 4.0 percent in 2023 and 2024. ADB is not the sole organisation to lower its economic growth forecast for Vietnam this year. According to July's HSBC report "Vietnam at a glance", the bank also revised its growth forecast for Vietnamese GDP to 5 percent this year.

The World Bank (WB) has cut its Vietnamese GDP growth forecast this year to 6 percent in its June edition of "Global Economic Prospects", representing a drop of about 0.3 percent compared to the prediction that the lender made in January.

Most notably, in its June edition's Vietnam Macro Monitoring, the WB also points out that continued weak external demand coupled with global uncertainties are adversely affecting the Vietnamese economy, translating into contraction in both imports and exports, as well as a slowdown in industrial production.

In the latest ADO report, the ADB is maintaining its growth outlook for developing economies in Asia and the Pacific at 4.8 percent for this year, as robust domestic demand continues to support the region's recovery.

Inflation occurring in developing Asia is forecast to stay at 3.6 percent this year, compared with an April forecast of 4.2%. Meanwhile, the inflation outlook ahead for 2024, has been raised to 3.4 percent from an earlier estimate of 3.3%.

According to the Asian Development bank, China's decision to reopen its economy to the world is bolstering the region's growth. The world's second largest economy is projected to expand by 5.0 percent this year, unchanged from the April forecast, amid strong domestic demand occurring in the services sector.

However, demand for developing Asia's exports of electronics and other manufactured goods is slowing, as monetary tightening drags on economic activity in major advanced economies. In addition, the region's growth forecast for next year has been marginally revised down to 4.7 percent from a 4.8 percent estimate in April.

"Asia and the Pacific continues to recover from the pandemic at a steady pace," said Albert Park, chief economist of the ADB.

"Domestic demand and services activity are driving growth, while many economies are also benefiting from a strong recovery in tourism. However, industrial activity and exports remain weak, and the outlook for global growth and demand next year has worsened," he added.

ADB is maintaining its growth forecasts for most sub-regions in Asia and the Pacific. Exceptions include Southeast Asia, where the outlook has been lowered to 4.6 percent this year and 4.9 percent next year, compared with April estimates of 4.7 percent and 5.0%, respectively. The forecast for Caucasus and Central Asia is being revised down marginally to 4.3 percent from 4.4 percent for 2023, and to 4.4 percent from 4.6 percent in 2024.

<https://english.vov.vn/en/economy/adb-lowers-growth-forecast-for-vietnam-to-58-this-year-post1033759.vov>

Economic recovery signs on horizon in H2: analysts

20/JUL/2023 INTELLASIA|VNEXPRESS

"Beams of sunlight" may begin to pierce Vietnam's gloomy economic "storm" in the remaining months thanks to increasing services and retail demand boosted by relaxed government fiscal policy, analysts say.

Japanese fashion brand Uniqlo is set to open its 19th store in Vietnam in Hanoi's Cau Giay District on July 21, weeks after launching its first outlet in the southern province of Binh Duong.

The Hanoi store is set to be its fourth launched in Vietnam this year, indicating that the retail industry might see a boom in demand in upcoming months.

Services, one of the three main pillars of the economy alongside industry-construction and agriculture-forestry-seafood, contributed nearly 79 percent to GDP growth in the first six months and accounted for over 43 percent of the economic structure.

"Services continued to provide a strong bedrock to offset some trade weakness," said HSBC economist Yun Liu in a report on Vietnam earlier this month, adding that tourism recovery remains firmly on track.

In the last six months Vietnam welcomed a total of 5.6 million tourists, seeing its number of visitors return to 80 percent of 2019 monthly levels.

Chinese visitors, a major source of tourist arrivals, quickly approached 50 percent of 2019 levels thanks to the resumption of direct flights post-lockdown.

"[Vietnam's tourism] is likely to easily exceed the annual tourist target of 8 million," Liu said.

At a recent meeting, Nguyen Thi Hoa, director of HCM City's Department of Tourism, said that travel demand is showing positive signs of recovery in both domestic and in-bound markets.

"Tourists have been booking ahead for services," she said.

Morgan Ulaganathan, head of asset services and hospitality advisory for property consultancy Colliers Vietnam, said that demand for short-term accommodation will increase with the number of tourists, businesspeople and experts.

He expected that recent relaxations in Vietnam's visa policy will also likely draw in more foreigners.

Stock brokerage VNDirect expects GDP growth to reach 7.1 percent in the last six months and 5.5 percent for the whole year, thanks to booming tourism demand.

Eurocham Vietnam has recently proposed that the no-visa policy, currently applied to seven countries in the E.U., be extended to 27 countries.

Eurocham Vietnam chair Gabor Fluit said that this will bring about a large number of tourists from the bloc with a population of over 500 million.

Lifting the hinderances for international tourists, who have demand for high-end services, will open good opportunities for Vietnam's tourism after difficulties in recent years, he added.

Supporting growth

The government has been making moves to support economic recovery, such as lowering value-added tax (VAT) from 10 percent to 8%, and untangling legal knots for southern property projects.

The State Bank of Vietnam (SBV) has also made four policy rate adjustments to lower loan interests and boost credit growth.

"The recovery in the second half of the year will be boosted mainly by Vietnam's fiscal policy and lower loan interests," VNDirect said.

Public spending is also expected to be a recovery driver. The government has estimated that VND550 trillion will be disbursed in the last seven months of the year.

For every 1 percent of public investment funds disbursed, GDP will increase by 0.06%, according to official estimates.

HSBC anticipates that the central bank will lower its policy rate by another 50 basis point in this quarter.

However, the economy will still face troubles in manufacturing and exports in the remaining months.

Exports declined double-digit year-on-year in the first and second quarters, and a rise in agriculture produce shipment was not enough to compensate for the plunge in other sectors such as electronics, footwear, garment, machines and wood, all of which posted a double-digit drop.

As US inventories seemed to have peaked in the first quarter, demand for imports will rise

Demand recovery expected to drive GDP growth: Experts

and this will pose opportunities for Vietnamese exporters in the last quarter, according to a VNDirect report.

"The storm is passing away for the economy, and beams of sunlight are showing," the report said.

<https://e.vnexpress.net/news/data-speaks/economic-recovery-signs-on-horizon-in-h2-analysts-4630870.html>

20/JUL/2023 INTELLASIA| VNA

It's a big challenge for the economy to reach this year's GDP growth target of 6.5%, and economic expansion is hoped to be boosted by some important demand factors in the second half of 2023, experts have said.

With an economic panorama not so bright in H1, a growth rate of 6.5 percent for this year is a highly challenging target, they told a macro-economic forum held by the HCM City University of Banking (HUB) on July 18.

Except for 2020 that was impacted by the COVID-19 pandemic, the GDP growth rates in the first and second quarters of 2023 were the lowest compared to the same periods of recent years. Growth was not positive in all sectors, especially industry and construction, an HUB research group pointed out.

Industrial production is facing a year full of difficulties due to falling consumption demand in many countries that are large trading partners of Vietnam as they have been tightening their monetary policy to curb inflation.

The industry and construction sector's added value increased by a mere 0.44 percent in H1, the slowest H1 expansion since 2011, and contributed only 0.15 percentage point to the overall growth in the economy's added value.

Given the strong decline in this sector, experts held that this is one of the main factors affecting Vietnam's economic growth in H2.

<https://en.vietnamplus.vn/demand-recovery-expected-to-drive-gdp-growth-experts/259597.vnp>

US Treasury Secretary's visit to Vietnam for deepened economic ties

20/JUL/2023 INTELLASIA| HANOI TIMES

The topic covering bilateral economic relations and regional affairs would indicate deepened ties between Vietnam and the US during the 10 years of the Comprehensive Partnership.

An official visit paid to Vietnam by United States Secretary of the Treasury Janet Yellen on July 18-21 focuses on resuming global supply chains after the disruption of the Covid-19 pandemic and existing challenges.

The topic, along with discussions on bilateral economic relations and regional affairs, will underscore that the deep economic ties between the US and Vietnam help build greater economic resilience, according to the US Embassy in Hanoi.

During the three-day visit, Secretary Yellen will hold a bilateral meeting with the State Bank of Vietnam Governor Nguyen Thi Hong, among other things, to express satisfaction with the joint efforts to support Vietnam's financial and macroeconomic resilience. She will emphasize how supportive the US is of Vietnam's development and how it benefits both Vietnamese and US citizens.

In a meeting with prime minister Pham Minh Chinh, Secretary Yellen will highlight the importance of relocating supply chains to proper countries.

She will also meet with National Assembly Chair Vuong Dinh Hue and the Head of the Party Central Committee's Economic Commission, Tran Tuan Anh.

Along with that, Secretary Yellen will attend a meeting with minister of Finance Ho Duc Phoc to accentuate that the US views Vietnam as a key partner in the Indo-Pacific and to highlight initiatives to strengthen the already robust trade and investment ties between the two nations.

Secretary Yellen will visit a startup to underline the two countries' cooperation on driving a clean energy transition, meet with women economists and entrepreneurs, and participate in a moderated discussion at a Female Leadership Conference in the Economic Sector hosted by Foreign Trade University.

Netherlands, UNDP team up to accelerate circular economy in Vietnam

On this occasion, she will deliver remarks on the importance of developing resilient supply chains and combating climate change. Secretary Yellen's trip to Hanoi comes as the US and Vietnam celebrate the 10th anniversary of the Comprehensive Partnership. Signed in 2013, this partnership has strengthened the overall bilateral relationship and deepened trade and economic ties between the two countries.

To mark the celebration, US State Secretary Anthony Blinken and Trade Representative Katherine Tai visited Vietnam earlier this year.

Over the past three decades, bilateral trade and investment have grown tremendously and now total billions of dollars. From having almost no economic ties when relations were established 28 years ago, trade in goods between Vietnam and the US hit \$138 billion in 2022.

<https://hanoitimes.vn/us-treasury-secretarys-visit-to-vietnam-for-deepened-economic-ties-324259.html>

20/JUL/2023 INTELLASIA| VNA

The Embassy of the Netherlands and the United Nations Development Programme (UNDP) have signed to launch their Accelerate Circular Economy for Business (ACE-Biz) project serving a shared commitment to pushing the acceleration of the circular economy in Vietnam's private sector.

According to a press release, the project aims to contribute to Vietnam's low-carbon and circular development by transforming business through formulating circular guidelines, delivering capacity-building programme and fostering technology transfer, and demonstrating the certification scheme to promote exchanges of secondary materials and reusable goods through an online marketplace.

ACE-Biz will be jointly implemented by government bodies, including the Ministry of Industry and Trade, the Ministry of Natural Resources and Environment, and the private sector partners and academia, from both Vietnam and the Netherlands, Nam Cau Kien Industrial Park, NX Filtration Company and Saxion University of Applied Sciences.

The new project will facilitate the development of comprehensive technical guidelines, enabling enterprises to integrate circular design principles and adopt circular industrial wastewater model.

Furthermore, it will offer tailored capacity-building programmes, equipping Vietnamese businesses with the knowledge and skills to demonstrate green production methods and reduce environmental pollution through circular economy practices. The collaboration aims to drive tangible change and establish a solid foundation for sustainable economic growth by nurturing a network of circular economy champions in the private sector.

A significant demonstration component of the project involves establishing a close loop model for circular industrial wastewater. This model will showcase the economic viability of circular industrial wastewater treatment, inspiring and encouraging the adoption of similar models in other regions and industries.

"The strengthened collaboration between the Embassy of the Kingdom of the Netherlands and UNDP underscores our shared commitment to driving the acceleration of circular economy practices in Vietnam's private sector," stated Kees van Baar, the Netherlands Ambassador to Vietnam. "Together, we will leverage our expertise, resources, and networks to support Vietnamese businesses in transitioning towards a more sustainable and circular economy, thereby contributing to a greener future."

"By combining our knowledge and experience, we can drive transformative change and empower businesses to adopt sustainable practices, leading to a more resilient and prosperous future for Vietnam," said Ramla Khalidi, UNDP Resident Representative in Vietnam.

<https://en.vietnamplus.vn/netherlands-undp-team-up-to-accelerate-circular-economy-in-vietnam/259592.vnp>

Exports of cement and clinker fall

20/JUL/2023 INTELLASIA| VNS

Exports of cement and clinker products reached 14 million tonnes in the first six months of this year, a year-on-year decline of 15 per cent. Export value is estimated at \$700 million.

The Ministry of Construction said that production and consumption of some key construction materials in the first half of the year declined sharply, of which cement fell by 10 per cent over the same period.

Cement output is estimated at 39 million tonnes, down 7 per cent; while consumption reached 43 million tonnes, down 10 per cent over the same period last year.

"Surplus supply, fierce competition, and the decline in the real estate market are reasons given for the reduced performance, said Ha Quang Hien, Chief of Staff of the Vietnam National Cement Corporation (VICEM).

The export price of clinker is low, partly due to the real estate market freeze, but also due to businesses lacking capital and interest rates remaining high, all leading to stagnation in the market of construction materials.

Accordingly, the adjustment of cement output in line with movements in the construction and real estate markets is inevitable.

Luong Duc Long, vice Chair and general Secretary of the Vietnam National Cement Association said that cement production and consumption decreased last year compared to 2021.

From the beginning of this year until now, cement production and consumption haven't seen much improvement. Meanwhile, the cement industry is facing difficulties such as increasing fuel and transportation prices, alongside falling market demand. Output is congested, causing product backlogs, which makes difficulties pile up for businesses.

Coal accounts for 45.55 per cent of the cost of the production of one tonne of clinker; while electricity costs account for 17.20 per cent of the cost of a tonne of cement.

The rise in energy prices has led to an increase in transportation costs. Facing a situation of slow domestic consumption, many cement enterprises have chosen to export as a temporary solution to deal with excess inventory.

However, the country's cement export market was also not positive in the first six months of the year.

The situation of cement exports to Vietnam's largest market, China, is quite bleak as the real estate crisis in this country has also not fully recovered.

Vietnam's second-largest cement export market is the Philippines, but recently this country has officially announced the imposition of a temporary anti-dumping tax on cement products from Vietnam, causing difficulties for cement exports to the market. Businesses want to export cement and clinker to the Americas, but the volume is low due to exporting to traditional markets such as the Philippines, China and Bangladesh not yet solving the surplus.

Starting from October this year, 27 member states in the European Union (EU) will pilot the carbon border regulation mechanism.

From 2026, the EU will impose a carbon tax on iron and steel, cement and fertiliser, which will make it more difficult for Vietnam to export cement to Europe.

In particular, the clinker export tax increased from 5 per cent to 10 per cent according to Decree No 101/2021/ND-CP, in order to limit the export of products that use a lot of raw materials, fossil fuels and non-renewable resources.

The increase in export tax and the price of export clinker not rising has made the difficulties even worse.

Luong Duc Long proposed to promote public investment and clear capital for real estate.

Accordingly, it is necessary to remove the output bottlenecks of the material industry by increasing the construction of housing, urban areas, and roads, he said.

In the immediate future, cement businesses should find ways to develop new products and improve others to increase their competitiveness in the market in order to attract more customers and enhance sales, he said.

Commodity exports likely to gather full steam in second half

To do this, experts recommend that cement businesses need to optimise production by improving technology to increase productivity and reduce costs. This will help businesses enhance competitiveness and increase profits.

http://bizhub.vn/news/exports-of-cement-and-clinker-fall_346275.html

20/JUL/2023 INTELLASIA| VOV

Vietnam's commodity exports are expected to show a full recovery moving into the second half of the year thanks to the warming up of the national economy coupled with support measures for manufacturing industries.

According to the Ministry of Industry and Trade, Vietnam raked in more than \$164 billion from exports in the first half of this year, a drop of 12.1 percent over the same period from 2022. The export turnover of the domestic economic sector decreased by 11.9%, or 0.3 percent less than the foreign direct investment (FDI) sector's.

Seven localities that earned more than \$10 billion from exports included HCM City, Bac Ninh, Binh Duong, Thai Nguyen, Hai Phong, Dong Nai, and Bac Giang. With the exception of Bac Giang, the six remaining localities endured a contraction in export growth. Statistics highlight that HCM City experienced a decrease of more than \$5 billion in export earnings, followed by Bac Ninh with nearly \$4.3 billion, Thai Nguyen with \$4.31 billion, Binh Duong with \$3.35 billion, and Dong Nai with \$2.53 billion.

The first half of the year also saw the national economy only expand by 3.72%, the lowest figure throughout the 2011 to 2022 period except for 2020. Despite efforts, industrial production has yet to fully recover, with the index of industrial production (IIP) of the whole industry decreasing by 1.2%. Indeed, this decline can be seen in the economy's major hard currency earners such as electronics, garments and textiles, and wood processing.

Experts pointed out that localities had opportunities to reboot their production and exports, although the demand for goods in the main import markets remains low.

Paulo Medas, head of the International Monetary Fund (IMF) 2023 Article IV Mission to Vietnam, said the global economy is decelerating which has duly impacted Asian exporters, with demand from some of Vietnam's main export markets, including the United States and the EU, falling sharply.

Exports fell by up to 12 percent in the first half of this year, which took a heavy toll on Vietnamese export businesses, with industrial production being the hardest hit, he said.

Vietnam is an open economy, therefore growth heavily relies on export recovery, along with the two main pillars: investment and the domestic market.

According to information given by international financial institutions, the Vietnamese economy is likely to recover ahead in the second half of this year thanks to export recovery, as well as support measures adopted by the government, especially the fiscal policy, that will stimulate the economy.

In an attempt to further promote exports, the Ministry of Industry and Trade will host Vietnam International Sourcing 2023 expo, an event to connect international supply chains, in HCM City this September. The function is expected to attract 150 international delegations from 30 countries and territories globally.

The event will effectively support businesses in their efforts to get more deeply involved in the global production and supply chains, directly export goods into foreign distribution networks, and intensively invest in technology innovation as a means of producing quality and high-value added products, said Vu Ba Phu, director of the Trade Promotion Department under the Ministry of Industry and Trade.

The Ministry of Industry and Trade reported that a series of hypermarkets and foreign retail distributors have made lists to buy food, textiles, shoes, backpacks, sports and outdoor goods, household appliances, and furniture from Vietnamese suppliers.

Large retail firms such as Aeon and Uniqlo of Japan; Walmart, Amazon, Boeing, and AES of the US; Carrefour and Decathlon of France; Central Group of Thailand; and Coppel of Mexico have all confirmed to participate in the expo.

<https://english.vov.vn/en/economy/commodity-exports-likely-to-gather-full-steam-in-second-half-post1033649.vov>

Vietnam to spend big on fuel storage capacity expansion

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Vietnam will spend an estimated VND270 trillion (US\$11.4 billion) by 2030 to enhance its petroleum and gas reserves and strengthen its supply infrastructure.

On July 18, deputy prime minister Tran Hong Ha approved a national plan for petroleum and gas reserves infrastructure for the period of 2021-2030, with a vision for 2050. The plan will primarily focus on expanding storage capacities, ensuring strategic reserves, and meeting the energy and industrial sectors' domestic market demands.

The majority of this substantial funding will be sourced from external channels, including corporate investments and other lawful channels, rather than relying solely on the national budget. The government's primary focus will be on directing state resources towards the development of a robust national reserve infrastructure system. To achieve its objectives, Vietnam aims to develop a comprehensive reserve infrastructure system for petroleum and gas. The plan envisions attaining a crude oil and petroleum product reserve capacity equivalent to 75-80 days of net imports, with a target of 90 days. The gas reserve infrastructure will be expanded to meet the domestic market's needs and serve as a vital energy resource for the country's various sectors.

Vietnam's strategic plan also focuses on strengthening its petroleum infrastructure capabilities. Specific targets include ensuring a minimum reserve of 20-25 days for crude oil and petroleum processing products, while commercial petroleum reserves are set to meet the demand for 30-35 days.

The plan also calls for a national petroleum reserve of 15-30 days for net imports. In addition, the liquefied petroleum gas (LPG) reserve infrastructure is projected to have a capacity of 800,000-900,000 tonnes.

To realise these goals, Vietnam plans to construct new storage facilities, including 500,000 cubic meters of storage for national reserves of petroleum and gas by 2030. Furthermore, one or two storage sites near oil refineries such as Dung Quat, Nghi Son, and Long Son will be established with a combined capacity of 1-2 million tonnes of crude oil.

The commercial reserve infrastructure will be expanded by utilising the existing 89 warehouses and increasing their capacities to 1.4 million cubic meters. Moreover, an additional 59 petroleum warehouses will be constructed across different regions, with a total capacity of around 5.1 million cubic meters.

Beyond 2030, Vietnam will continue to invest in reserve infrastructure at production and processing plants to increase storage capacities to three million tonnes of crude oil. An upgrade of 581 kilometers of petroleum pipelines will be scheduled for this period, followed by the construction of new fuel pipelines from supply depots in HCM City and neighbouring provinces of Dong Nai and Ba Ria-Vung Tau to Long Thanh International Airport.

The gas infrastructure will see the continued operation of the existing 16 LPG warehouses until 2030, while new LNG reserve infrastructure will be established in industrial zones such as Cai Mep in Ba Ria-Vung Tau and Nam Dinh Vu in Hai Phong City with an estimated total capacity of 5.1 million tonnes per year.

The plan also entails expanding the LPG and liquidified natural gas storage and capacity across all regions of the country during this period.

<https://english.thesaigontimes.vn/vietnam-to-spend-big-on-fuel-storage-capacity-expansion/>

Half of Can Tho budget planned for traffic projects

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

The Mekong Delta city of Can Tho has allocated VND11,000 billion, or 45 percent of the city's budget, for traffic projects in its mid-term public investment plan for the 2021-2025 period.

Tran Viet Truong, chair of the Can Tho People's Committee, said the city wants to improve its road network.

The projects primarily focus on provincial roads that connect the districts within the city, namely 917, 918, 921 and 922.

A significant portion of the investment will be directed towards the Can Tho western

Positive signs abound for business operation lift

beltway project, a crucial undertaking that commenced in November last year at a total cost of VND3,838 billion. The State budget contributes VND2,000 billion to this project. In early July, prime minister Pham Minh Chinh urged Can Tho City to make necessary preparations for the implementation of major investments outlined in the regional infrastructure planning, which includes a high-speed railway and several expressways. Regarding waterways, the efforts involve dredging projects in Dinh An Canal and activities aimed at upgrading facilities at Cai Cui Port in the southeastern part of the city. <https://english.thesaigontimes.vn/half-of-can-tho-budget-planned-for-traffic-projects/>

20/JUL/2023 INTELLASIA| VIR

Confidence among the business community is slowly bouncing back, supported by government efforts to provide a more business-friendly climate. In June last year, Nguyen Van Khai halted the operation of his garment factory in Hanoi due to a lack of export orders. The factory was opened in 2017 and is the third he had opened in the northern region since 2015. That August, a second factory based in Hung Yen province followed suit, leaving the first factory operating in moderation. Since February this year, the two factories with suspended operations have resumed operations as a number of major contracts have been landed. This means nearly 1,000 workers have incomes again. "We are happy that all of our three facilities are in full operation now," Khai said. Khai's company is among nearly 37,700 enterprises resuming operation in the first half of this year throughout the country. According to the General Statistical Office (GSO), in the first six months of this year, Vietnam saw over 75,900 newly established businesses registered at \$29.48 billion, using nearly 509,900 workers. If another \$39.94 billion registered by 25,200 operational enterprises is included, the total capital supplemented into the economy in the period is \$69.42 billion. In June, the number of newly established businesses hit nearly 14,000 registered at \$5.78 billion, and employing 103,900 workers up 14.9 per cent in the number of enterprises, 33.7 per cent in registered capital, and 39.2 per cent in the number of workers, compared to May. Besides this, the economy in June also witnessed 7,100 businesses resume operations up 19.3 per cent on-month and 3.2 times on-year. According to the GSO, these are "extremely positive signals" for the economy, as production activities remain challenged. "Despite difficulties lingering, domestic production and business have been gradually recovering. The confidence of enterprises is also escalating," the Ministry of Planning and Investment reported to the government last week. In the first half of the year, the total number of enterprises newly established and resuming operations hit 113,600, down 2.9 per cent on-year. Under a survey conducted by the GSO in Q2 of 2023, the business community's confidence in the government's macroeconomic management is on the rise. Up to 72.6 per cent of surveyed companies forecast that their performance in Q3 will be better than and keep stable as it did in Q2. Of which state-owned enterprises are the most optimistic, with a rate of 74.5 per cent of respondents projecting their performance will be better than and keep stable as compared to Q2. This rate is 73 and 71.1 per cent for domestic private businesses and foreign-invested ones, respectively. In reality, the added value of the economy's industrial sector rose from 0.75 per cent in Q1 to 1.56 per cent in Q2, meaning a gradual recovery in industrial production. According to global data analysts FocusEconomics, Vietnam's industrial production is expected to expand 5 per cent in 2023 and 8.4 per cent in 2024. At the government's meeting on Vietnam's economy in the first half of 2023, prime minister Pham Minh Chinh said that despite difficulties with a drop in industrial production, the economy was expected to continue bouncing back in the coming months.

"Confidence of enterprises and investors are bouncing back, facilitating the economy to get bigger growth, with more jobs to be created," PM Chinh said.

With a view to fuelling the economy and supporting enterprises and investors, the government will enact a resolution on the socioeconomic development plan from now until the year's end, as well as on continuing measures to improve the domestic business climate and enhance national competitiveness.

The resolution aims to achieve the goal of securing an economic growth rate of 6.5 per cent for 2023, with improvements in national economic competitiveness, and in the local investment and business climate.

Continued weak external demand and global uncertainties are adversely affecting the economy, translating into contraction in exports and imports, and a slowdown in industrial production. While domestic consumption remains robust and comparable to pre-pandemic levels, credit growth continues to slow, reflecting weak credit demand. If global financial conditions tighten more, external demand may weaken further.

As inflation appears to be tapering, the State Bank of Vietnam eased monetary policies to support the economy. However, monetary policy authorities will need to closely monitor whether the divergence in the monetary policy stance between Vietnam and other countries is creating pressures on capital flows and exchange rate.

Accelerating public investment disbursement (including for national target programmes) would support aggregate demand and economic growth in the short run.

At the same time, prioritising investments in digital and green technologies, infrastructure, and in human capital will help promote sustainable long-term development. Source: World Bank

<https://vir.com.vn/positive-signs-abound-for-business-operation-lift-103607.html>

Structure lacking for LNG activities

20/JUL/2023 INTELLASIA| VIR

The future stable operation of power facilities in Vietnam is being hampered by a lack of infrastructure to import and store sufficient liquefied natural gas.

Thi Vai terminal received its first liquefied natural gas (LNG) vessel on July 10, with a shipment of nearly 70,000 tonnes from the Indonesian port of Bontang. PetroVietnam Gas (PV Gas), the first unit in Vietnam eligible for LNG import and export, announced the arrival the previous week. PV Gas is working to secure a long-term fuel source for future LNG gas power facilities. Pham Van Phong, general manager of PV Gas, and Marion Power, executive for business development at ExxonMobil, convened in Hanoi to discuss refuelling for the commercial operation of the Thi Vai project.

Several additional energy suppliers are actively pursuing opportunities to sell LNG to Vietnam. Elena Golm, head of Oil and Gas Coverage at Novatek, came to Hanoi to debate the possibility of selling LNG between now and 2026 with PV Gas executives. Additionally, the parties reviewed options for partnership and investment in LNG power project chains in Vietnam.

Yoon Hee-seong, director general of the Export-Import Bank of Korea (KEXIM), said future orders for large-scale ventures are anticipated. "KEXIM is going to promote South Korean engineering, procurement, and construction firms that are involved in these projects," he said.

Hee-seong reported that at the end of June, KEXIM signed an MoU on credit granting to Long An Energy Corporation, a joint venture between VinaCapital and GS Energy, for development of two gas turbine plants and a \$3.13 billion LNG storage system in the Mekong Delta province of Long An.

Vietnam's Power Development Plan VIII (PDP8) calls for the construction of 13 LNG-fired power stations with a combined capacity of 22.4GW by 2030, the first of which is anticipated to enter service by the end of 2024. However, the majority of domestic energy developers argued that the specific level of policy, dedication to output, and electricity purchase price are the determining factors for effectively converting LNG into a primary power source during the current decade, carrying growth of 26 per cent, the highest rate among primary power sources, and accounting for 27 per cent of total power capacity, as outlined in the PDP8.

According to the PDP8, the demand for LNG imports is expected to reach 14.46 million tonnes per year by 2030 and grow by 1.92 million tonnes per year by 2035.

PetroVietnam Power Corporation (PV Power) is one of the businesses that has benefited from gas-to-thermal power development. The corporation implemented the Nhon Trach 3 and Nhon Trach 4 thermal power plant projects in 2019, the first LNG-fired thermal power venture in Vietnam, with a capacity of 1,500MW and a total investment of \$1.4 billion.

The global fuel market is currently well-balanced, but the chief of PV Power's Investment and Construction Department, Vu Van Loi, has reservations about the "lack of expertise" in negotiating the current import contract. "The Vietnamese party frequently misses out on the chance to negotiate an affordable, long-term purchase contract," Loi said.

Vietnam also lacks a structure for LNG electricity tariffs, offtake rate, and a system to convert gas parity to electricity prices, according to Loi. The country requires regulations and guidelines on design, construction, transportation, and maintenance of import terminals, as well as on the safety of fuel transportation, loading, offloading, and storage, he added.

Nonetheless, the government has an interest in this field. Pham Quang Huy, deputy director of the Electricity Regulatory Authority of Vietnam, said, "Negotiation of a gas power purchase agreement can be challenging because all plants require a high commitment rate of 60 per cent or more of contracted power output in order to borrow capital for implementation and sign long-term contracts."

According to Huy, Electricity of Vietnam only negotiates contracted power output based on actual demand and the facility's electricity pricing on the market.

<https://vir.com.vn/structure-lacking-for-lng-activities-103565.html>

Thai food groups set sights on fresh gains

20/JUL/2023 INTELLASIA| VIR

Dozens of small- and medium-sized Thai groups are looking for partners to spread their operations in terms of agriculture and food in Vietnam.

Kannigar Danpiboon, managing director of processed and freeze-dried food manufacturer Thongpoon Food Co., Ltd, was present at the Thailand-Vietnam Business Networking event on July 13 in Hanoi, which was organised by the Thailand Board of Investment and investment consultancy IPA Vietnam.

"After carefully studying the Vietnamese market, I see that it has potential. Vietnam has abundant fresh fruit resources. However, agricultural production is mostly maintained at a small scale within households, using manual farming methods and limited mechanisation and processing. Thus, most exported products are still raw, bringing low value and profit," Danpiboon said.

According to Danpiboon, Vietnam has many key products with a competitive advantage compared to that of Thailand. Many fresh fruits from Vietnam, such as lychee and dragon fruit, are being distributed in Thai large retail chains.

"In addition, Thai businesses prefer importing agricultural raw materials for processing, creating an excellent opportunity for Vietnamese businesses to export their agricultural products," she added.

The representatives of Thai companies such as Hsu Chuan Foods, Boonpornsubrawee, and Shunhenglirungrangshah also said that they will work closely with the Thai investment board and IPA Vietnam to look for suitable locations and partners.

Amnat Chulajata, director of Thailand Board of Investment Vietnam, said, "In bilateral trading relationships in particular, Thailand is currently the largest trading partner of Vietnam in Asean, which is a favourable condition to promote two-way trading collaboration. Thus, we are increasing to support Thai investors and manufacturers to look for investment and trading opportunities in Vietnam. I see that many large Thai groups are present in Vietnam, but almost all of them locate in the south region, thus at this networking, I would like to connect Thai firms with local partners in the north." Bilateral trading turnover has seen consecutive growth since the two countries became members of the Asean Economic Community in 2015. Especially, participating in the

Regional Comprehensive Economic Partnership has helped to remove tariff barriers, opening up numerous opportunities for import and export. Moreover, Vietnam and Thailand can cooperate in building supply and production chains as well as promoting exports to a third country.

Statistics published by the general Department of Vietnam Customs showed that in the first five months of this year, the bilateral import-export turnover was \$7.85 billion, with \$3.11 billion worth of Vietnam's exports. The two countries expect that the figure will increase to \$25 billion for the whole year.

"Thai food and agri-groups have a favourable foundation to expand the distribution channels and manufacturing facilities in Vietnam because at present, many retailers are setting their solid foot in the Vietnamese market, which are the backbone for fostering the export of Thai goods to Vietnam. In addition, Thai authorities are also encouraging these retailers to invest in this Southeast Asian country," Chulajata said.

The Department of International Trade Promotion (DITP), a division of the Thai Ministry of Commerce, has urged Thai entrepreneurs to carefully examine the potential of harnessing Vietnam's thriving retail market, which is poised to reach a staggering \$350 billion by 2025.

In addition to this, the DITP has encouraged Thai enterprises to prioritise commercial enhancements, engage in environmentally friendly production practices, and demonstrate a keen focus on circular and green economies all of which are instrumental in stimulating growth within Vietnam's retail landscape.

Central Retail Corporation, the largest retailer in Thailand, in February announced its biggest investment in Vietnam at 50 billion (\$1.45 billion) for the 2023-2027 period to accelerate its market presence in the country, which could help create distribution advantages for smaller Thai companies in Vietnam.

The corporation invested more than 10 billion (\$288.6 million) to expand its retail business in Vietnam over the past decade. It has more than 340 stores across 40 cities and provinces.

<https://vir.com.vn/thai-food-groups-set-sights-on-fresh-gains-103636.html>

Supply shortages remain in industrial property frame

20/JUL/2023 INTELLASIA| VIR

New supply in the industrial real estate market will slow in the second half due to the influence of legal procedures as well as a decrease in demand from the manufacturing industries.

According to a report by Cushman & Wakefield released last week, the industrial real estate market in the south, specifically key areas such as HCM City, Binh Duong, Dong Nai, Long An, Ba Ria-Vung Tau, did not have any launches planned in Q2.

"Slow compensation processes and legal procedures are considered the cause of the shortage of new supply. By 2024, it is forecast that there will be about 1,800 hectares of new industrial land, mainly concentrated in the southern provinces of Binh Duong, Dong Nai, and Long An," said Bui Trang, country head of Cushman & Wakefield in Vietnam.

Despite the slowdown in global economic growth, the market still saw a lot of demand for industrial zone (IZ) land in the south, with net absorption of more than 70 ha for new projects and capital increase in the first half of the year.

"By 2026, industrial real estate will have an additional 1.3 million sq.m of warehouse, with an annual growth rate of 5.1 per cent. The market by then will become more competitive and investors may have to come up with more attractive rental policies and incentives to draw tenants," Trang said.

Dong Nai province has 40 IZs with a total area of nearly 19,000 ha approved by the government. Some 32 of them were put into operation with an occupancy rate of around 90 per cent.

Eight others are in the pipeline but still facing legal procedures, so industrial property available for lease is increasingly scarce.

Shortage of land creates issues for large-scale manufacturers. Lego Group waited for three years for approval for a large enough land space and moved to Binh Duong prov-

ince instead, despite the group planning to invest a billion dollars in Dong Nai first. Nguyen Huu Nguyen, director of Dong Nai Department of Planning and Investment, said that the province was aiming to entice investment in eco-friendly economic projects that take up less land and labour to move towards a green industry.

"The construction of ring roads 3 and 4 as well as Bien Hoa-Vung Tau Expressway are also being implemented to create a unique attraction for the province. Dong Nai province has come up with a number of solutions, such as setting up a working group to take notes at each locality to solve problems in new industrial property projects," he said.

Meanwhile, Huynh Thanh Chung, general director of Minh Hung-Sikico IZ in Binh Phuoc province, said that it was a place with great potential and advantages, but the available land was limited.

"Although more land is wanted to develop the IZ, everything is still based on the government's target and the local allocation," Chung said.

HCM City has also requested adjustment of the planning of IZs, supplementing Pham Van Hai 1 and 2 IZs with 600 ha to the province's master plan.

According to VNDirect Securities, limited supply will shape two shifting trends in the near future. Firstly, investors are gradually turning their attention to the tier-2 market, with great advantages. The tier-2 market offers more competitive rates thanks to the relatively large difference between the tier-1 and tier-2 rental rates, both north and south.

In addition, the available land in tier-2 offers more options for tenants, especially as traffic connectivity is increasingly improved. In addition, labour costs are also lower than in tier-1. Also, the connectivity between the two markets has been improved thanks to an upgraded infrastructure network, VNDirect said.

<https://vir.com.vn/supply-shortages-remain-in-industrial-property-frame-103595.html>

Public space will be lost without green living space: experts

20/JUL/2023 INTELLASIA| VNS

Businesses that recognise their part in mitigating climate change can better recruit and retain employees, and better serve customers and shareholders, experts said.

In a new report about office stock across Asia Pacific, Trang Bui, country head of Cushman & Wakefield Vietnam, confirmed that public space would be severely lacking or completely lost if developers are only interested in making buildings, without paying attention to creating green living space between buildings and other facilities.

"In recent years, Vietnam's major cities have made significant progress in urbanisation, but the tight construction density of high-rise office, retail and apartment building projects are crammed on an increasingly narrow land area.

This phenomenon also increases the density of the population concentrated in one area, leading to an overload on infrastructure and a very low ratio of green areas per capita," she said.

According to the Department of Technical Infrastructure under the Ministry of Construction, the ratio of green trees per person in urban areas of Vietnam is low, only 2-3 sq.m per person, while the minimum green target of the United Nations is 10 sqm and the norm of modern cities in the world is between 20-25 sqm per person.

The Cushman & Wakefield report has a wider view about office stock in Asia Pacific. The report said that office stock in Asia Pacific faces a lower risk of obsolescence than that in Europe or North America, but the ongoing flight to quality and growing focus on sustainable buildings could shorten the timeline available for investors and landlords to optimise their assets.

Approximately half of the region's existing office stock is secondary grade while only 43 per cent of the prime-grade stock has any form of sustainability accreditation. This means that approximately 28 per cent of existing stock meets specifications for top corporate tenants; the remaining 72 per cent will require some form of optimisation to remain relevant.

The Asia Pacific report called "Rethinking the office sector: Optimising your asset for

a new era" considers factors including the average age of prime office assets, the percentage of prime stock to total stock within a market, return-to-office rates, sustainability accreditation and employee density benchmarks when weighing up the risk of obsolescence for 10 key markets across Asia Pacific.

It also shows tailwinds for the Asia Pacific market are likely to lessen the risk of obsolescence seen in other regions.

"Asia Pacific's growth drivers include the creation of almost 15 million new office jobs by 2030, a higher return-to-office rate than other parts of the world, potential de-densification of workspaces and younger office business districts. These factors will provide a buffer against some of the more severe headwinds felt in other regions," said Dr Dominic Brown, head of International Research Asia Pacific and the report's author.

"The risk of office obsolescence, or at least the need to reposition assets, is rising across the world. Asia Pacific is currently benefiting from stronger office job creation and GDP forecasts than other regions, but all indicators show a clear and growing occupier preference for higher quality, better amenity stock," said James Young, head of Investor Services for Asia Pacific and Europe James Young.

"This occupier flight-to-quality has resulted in the top grade of office stock accounting for more than half of the total office demand in Europe every year since 2019; a similar trend is expected to continue driving competition among occupiers for the approximately 30 per cent of sustainability certified, premium office space in Asia Pacific.

Investors who reposition their assets stand to benefit from this growing demand for sustainable, prime-grade stock; those who do not will face diminishing returns."

http://bizhub.vn/news/public-space-will-be-lost-without-green-living-space-experts_346240.html

Hanoi's property market booms with rising condo prices

20/JUL/2023 INTELLASIA| VIR

The real estate market in Hanoi has been experiencing a persistent shortage of housing supply in the first half of 2023.

The selling price of condominium apartments in Hanoi is expected to continue to rise based on the current market situation, according to local insiders.

Nguyen Van Dinh, chair of the Vietnam Association of Realtors (VARs), said the lack of new housing supply in the Hanoi condominium market leads to a price surge. "The mid-end and affordable segments, as well as commercial properties with good profitability, are still seeing transactions, and their prices are unlikely to fall, especially in the current context of limited supply," he added.

A report on the real estate market by CBRE Vietnam showed that new residential supply in Hanoi remained low in the second quarter of 2023, with 1,820 apartments from nine projects listed for sale.

Nguyen Hoai An, senior director of CBRE Vietnam's Hanoi office, said the total new supply in the first half of 2023 reached 3,926 apartments, down more than 53 percent year-on-year due to existing macro challenges.

"This is also the lowest number of new launches in a six-month period in the past five years. The high-end segments accounted for a larger share of all newly listed units at 51%," she said.

In the second quarter of 2023, the average primary price in Hanoi's condominium market increased by 1.6 percent from the previous quarter and 9.5 percent from the same period in 2022, reaching VND47.5 million (\$2,008) per sqm (excluding VAT and maintenance fees).

The average selling price of mid-end apartments was around VND31 million (\$1,310) per sqm, almost unchanged from the previous quarter but up 3.2 percent year-on-year. In terms of location, most areas saw price increases compared to the same period last year, with Dong Da, Cau Giay, Ha Dong and Bac Tu Liem showing the highest increases of 5-6 percent year-on-year.

Nguyen Manh Ha, vice Chair of the Vietnam Real Estate Association, said: "It is difficult for primary condominiums to lower the selling price if there is still a shortage of new property supply and the flow of credit remains restricted."

He pointed out that the time required for legal review, completion of project approval applications, and increased costs have led to higher prices for certain projects within the same segment.

According to Tran Quang Trung, Business Development director of Vietnam's Protech OneHousing, many buyers expecting a drop in housing prices will be disappointed due to the continued increase in primary prices, limited supply, and rising input costs. CBRE's An predicted that the city's housing supply will improve in the final months of 2023, with more than 6,300 new units expected to be listed, bringing the total new supply this year to 10,500 units.

"The majority of these new launches will come from high-end projects in the west of the city, which will keep the average price at around VND47-49 million (\$1,986-\$2,071) sqm at the end of 2023," she said.

Meanwhile, Colliers Vietnam also predicted that the residential market in Hanoi will see a 4-7 percent price increase in the last months of 2023 compared to 2022, thanks to the improved positioning of projects and prime locations.

The affordable housing segment is also attracting the attention of buyers and developers, with 40 projects currently underway, including 18 projects expected to be completed between 2021 and 2025, providing around 12,137 units or 869,000 sqm of floor area. The high-end segment remains a promising investment opportunity, such as the recently launched Capital Elite project, which is considered to be the new focal point of real estate in West Hanoi.

In addition, the Masteri West Height project located in Vinhomes Smart City urban area has released Tower B for sale at a primary price range of \$2,850-\$3,680 per sqm, an average increase of 10-15 percent compared to previously launched towers.

However, as land supply in central areas becomes increasingly scarce, developers are shifting their focus to suburban districts such as Hoai Duc and Gia Lam, according to Colliers.

Dinh, the chair of VARS, predicted that land in downtown Hanoi will become increasingly scarce, resulting in only a few high-end real estate projects being developed.

He added that the demand for condominiums from residents remains high, making it challenging to reduce prices, particularly in the context of limited supply. Additionally, the prices of condominiums in suburban areas are anticipated to increase at a faster pace compared to downtown areas due to the escalating cost of land in the suburbs. The supply-demand mismatch is expected to continue this year, with Savills Vietnam estimating that the supply of apartments will continue to decline. Approximately 5,000 units will be delayed in completion, and future supply will reach only 8,000 units in 2023, a 60 percent decrease compared to 2022.

In the 2022-2025 period, Hanoi is expected to have nearly 79,000 apartments for sale, meeting nearly half of the demand.

<https://hanoitimes.vn/hanois-property-market-booms-with-rising-condo-prices-324245.html>

BUSINESS

VN Index breaks 8-session gaining streak

20/JUL/2023 INTELLASIA| VNEXPRESS

Vietnam's benchmark VN Index dropped 0.09 percent to 1172.98 points Wednesday after eight gaining sessions.

The index closed 1.11 points lower after gaining 0.96 points on Tuesday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 5.52 percent to VND17.69 trillion (\$748.29 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 19 tickers dropped. NVL of property developer Novaland Group and PDR of Phat Dat Real Estate Development both dropped 2.3%.

POW of electricity producer PetroVietnam Power Corporation fell 1.5 percent and VPB of private lender VPBank closed 1.4 percent lower.

Eight blue chips gained, led by HDB of HDBank with a 2.4 percent rise.

Foreign investors were net buyers to the tune of VND226.98 billion, mainly buying

Trading platform for privately placed bonds goes live

VNM of dairy giant Vinamilk and VHM of property giant Vinhomes. The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 0.22 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 0.06%.
<https://e.vnexpress.net/news/markets/vn-index-breaks-8-session-gaining-streak-4626512.html>

20/JUL/2023 INTELLASIA| VNS

The trading platform for privately placed cooperate bonds (PPBs) will make medium- and long-term finance more accessible to businesses and lessen their reliance on bank credits.

That was the message from minister of Finance Ho Duc Phuoc speaking at the inauguration ceremony of the PPB trading platform yesterday. The event was also attended by deputy prime minister Le Minh Khai.

Phuoc said the corporate bond market in Vietnam reached 12.6 per cent of the country's GDP in 2022. The figure was less than in Malaysia (65 per cent) and Thailand (25 per cent), indicating ample room for improvement.

The launch of the trading platform would give fresh impetus to the market by improving its liquidity, lessening financial risks for investors, and providing companies with better access to capital.

However, it is only a starting point for building a fully-fledged market that is attractive to global investors. There is still a lot of work to do to get there, the minister stressed. "High on the to-do list are legal and administrative reforms, which would act as a catalyst for the sound operation of the corporate bond market," said Phuoc.

Economist Dinh Th Hin said the launch of the trading platform would be a life-saver to bond issuers because they could leverage the platform to service their bonds that were coming due.

In fact, around VND116.5 trillion (US\$4.9 billion) of bonds would reach their maturity in 2023, of which July accounts for VND19.4 trillion (\$820 million).

If bond issuers carry out no buy-back for the rest of the year, September would be the month with the largest volume of bonds coming due, at VND32.6 trillion (\$1.4 billion). "The platform would allow companies with good financial records to mobilise more capital from the economy and lessen their dependence on bank loans," said Hin.

A representative from VNDirect said real estate would be the sector with the largest volume of bonds coming due in Q3, accounting for 43.6 per cent of the total volume of bonds coming due in the country. Finance and banking would come next with 30 per cent.

In the first six months of 2023, VND43 trillion (\$1.8 billion) of PPBs were issued to the economy, down 76 per cent year-on-year. Meanwhile, around VND159 trillion (\$6.7 billion) of bonds, including publicly-offered bonds, would reach maturity in the second half of the year.

Nguyen Quang Thuan, Chair of the FiinGroup, believed that the launch of the trading platform would be a big break for the market as it would restore investors' faith in corporate bonds and lay the groundwork for bond-pricing mechanisms.

According to Hanoi Stock Exchange, investors can trade their PPBs on the platform from Monday to Friday, except on holidays. There are two sessions on a trading day: the morning session, which begins at 9:00 am and ends at 11:30 am, and the evening session, from 1:00 pm to 2:45 pm.

Initially, around 1,600 PPBs were to be traded on the platform right after its inauguration. Trading would be carried out on the ground of negotiations and payment would be made under a similar mechanism as it goes for derivatives.

bizhub.vn/markets/trading-platform-for-privately-placedbonds-goes-live_346281.html

Enterprises' internal strength: A core to listing

20/JUL/2023 INTELLASIA| VNS

With stricter and more transparent listing regulations in place to improve the quality of goods on the market, enterprises must be transparent and healthy in order to be listed successfully.

The Vietnamese stock market has undergone considerable changes in market capitalisation, liquidity, and the number of investors after more than two decades of operation. However, the number of newly listed companies is limited for a variety of reasons.

As of June 30, the market cap of the three stock exchanges, the Ho Chi Minh Stock Exchange (HoSE), the Hanoi Stock Exchange (HNX), and UPCoM, exceeded VN5.78 quadrillion (US\$244.5 billion), a 10.7 per cent rise from the end of 2022.

According to figures from the State Securities Commission of Vietnam (SSC), the number of listed firms was 1,600 at the end of June, up from only two companies trading on the stock market. However, the figure has not changed significantly in recent years.

While 54 new shares were added on three exchanges last year, delisted firms outnumbered the newly listed ones, causing the number of new trading stocks to decline by more than 40 units over 2021.

In the first half of 2023, there was only one new listed company on HoSE, which is Pacific Petroleum Transportation (PVP), and two more are expected to be listed in July and August. All three were transferred from UPCoM.

On HNX and UPCoM, the number of newcomers has totalled six so far this year.

The weaker internal factors of enterprises after suffering more than two years of pandemic and economic slowdown are attributed to the less positive picture in listing activities, Nguyen Trung Duc, a representative of the Vietnam Association of Small and Medium Enterprises (VINASME), said at a workshop themed "Solutions to Promote Companies Listing on the Stock Market" yesterday morning.

VINASME has more than 65,000 members, but the number of listed companies and those that are eligible for listing is just over 1 per cent.

"The biggest challenge now for SMEs is looking for output for their business activities," Duc said, adding that SMEs also struggle to satisfy the listing conditions.

Enterprises that seek to go public must first focus on core business operations, reorganise to enhance internal resources, and improve product and service quality to fulfil the requirements necessary for listing.

"In the near future, the association will assist members in increasing the number of listed businesses because the stock market is a good long-term capital mobilisation channel. Listing helps SMEs strengthen their reputation and brand," Duc added.

Similarly, Phan Quoc Huynh, Standing vice Chair of the Vietnam Association of Securities Business (VASB), stated that the key restriction for the present stock market listing situation is the internal health of enterprises.

"With stricter and more transparent listing regulations in place to improve the quality of goods on the market, enterprises must be transparent and healthy in order to be listed successfully," Huynh noted.

Furthermore, many enterprises are unaware of the requirements and timeline for listing operations, according to Bui Dinh Nhu, Chair of Vietnam Enterprise Investment and Restructuring JSC. As a result, in order to stimulate their listing demands, it is vital to help firms become aware of the rewards and obstacles of going public.

The market's liquidity has improved as a result of the government's support measures. The market has experienced additional trading sessions near VN20 trillion and is approaching 1,200 points.

On Wednesday, the market benchmark VN Index reversed its recent rally course to end lower at 1,172.98 points. It had gained for eight consecutive sessions.

<https://vietnamnews.vn/economy/1551347/enterprises-internal-strength-a-core-to-listing.html>

Vinamilk to pay 24.5pct cash dividends next month

20/JUL/2023 INTELLASIA | THE SAIGON TIMES

Vietnam Dairy Products Joint Stock Company (Vinamilk) will proceed with the payment of the outstanding dividend for 2022 and the first dividend payment for this year, with August 3 set as the record date.

The company will pay the remaining dividend for 2022 at 9.5%, and a dividend of 15 percent for the first quarter of 2023, or a combined dividend of 24.5%.

With over 2.09 billion shares in circulation, Vinamilk will allocate over VND5.12 trillion for the dividend payment to its shareholders.

Vinamilk already made two dividend payments for 2022, with the first payment of 15 percent made in August 2022 and the second payment of 14 percent in February 2023. With the additional payment, the company will distribute a cash dividend of 38.5 percent for 2022. This year, Vinamilk plans to distribute a minimum of 50 percent of its consolidated after-tax profits as cash dividends to shareholders.

The company looks to obtain total revenue of VND63.38 trillion in 2023, up 5.5 percent over 2022, and maintain pre-tax profit of nearly VND10.5 trillion, the same as the year-ago level.

In its preliminary business results for the second quarter, consolidated revenue is estimated to reach VND15.2 trillion, a 1.6 percent increase against the same period last year and an 8.9 percent increase from the previous quarter.

The estimated after-tax profit is VND2.22 trillion, up by 5.6 percent year-on-year and 16.5 percent versus the first quarter.

Its VNM shares closed the trading session today, July 19, up 0.28 percent to VND72,600 per share, with more than 2.9 million shares matched.

Strong sales of several large-cap stocks sent the VN Index of the Hochiminh Stock Exchange down 1.11 points, or 0.09%, to 1,172.98 points, ending its eight-session winning streak, with losers outnumbering winners by 276 to 185.

VIC had the most negative impact on the index, which shifted from a 0.3 percent gain in the morning to a 1.14 percent decline at the close to VND51,200 per share, contributing 0.56 negative points to the main index.

On the flip side, lender VCB advanced 2.1 percent at VND106,500 per share, preventing the index from a steep decline with a contribution of 2.66 positive points.

After three consecutive sessions of decline, market liquidity showed signs of improvement. The trading value on the southern bourse reached nearly VND17.7 trillion with 896.6 million shares changing hands, up 5 percent in value and 7 percent in volume day-on-day. Out of the total, 98.5 million shares were transacted through block deals, with a value of VND2.2 trillion.

Investment funds showed interest in real estate stocks, as evidenced by the top three stocks in terms of trading value DIG, NVL and DXG.

DIG recorded the highest trading value at over VND920 billion, followed by NVL with VND515 billion and DXG with VND488 billion.

Housing developer DIG emerged as the most actively traded stock on the southern market, with a total of 39.4 million shares changing hands. However, despite the high trading volume, DIG dropped 1.7 percent at VND22,950 per share.

NVL and DXG came in second and fourth in terms of trading volume, with nearly 34.7 million shares and 30.4 million shares transacted, respectively.

Despite facing selling pressure in the afternoon session, the Hanoi market displayed resilience and closed on a positive note.

The HNX-Index added 0.51 points, up 0.22 percent from the previous session, closing at 231.47 points, with 89 stocks rising and 110 others dipping.

There were 94.6 million shares worth more than VND1.6 trillion traded on the northern market.

<https://english.thesaigontimes.vn/vinamilk-to-pay-24-5-cash-dividends-next-month/>

Vietnam and Jordan seek to step up economic trade cooperation

20/JUL/2023 INTELLASIA| VOV

The Vietnam Trade Office in Saudi Arabia and the Jordan Chamber of Commerce co-hosted a business forum in the Jordanian capital of Amman on July 18 to ramp up economic and trade links and accelerate the export of Vietnamese goods to Jordan.

Addressing the event, Jamal Al Refaei, first vice president of the Jordan Chamber of Commerce, welcomed the initiative to organise the business forum for the first time, offering a platform to display export products by more than 150 Vietnamese firms. The Jordan Chamber of Commerce is ready to strengthen connectivity between the two business communities, he affirmed.

In response, Vietnamese Ambassador to Jordan Dang Xuan Dung committed to providing updated information and policies regarding Vietnamese trade and tourism activities to Jordanian businesses. He also suggested some potential areas of joint cooperation between the two business communities.

At the event, representatives from Jordanian enterprises highlighted Vietnamese goods' design and quality, and said the forum created a wealth of opportunities for them to gain greater insights into the Vietnamese market.

At present, Jordan has high demand for importing agricultural and aquatic products, food, environmentally friendly products, charcoal, agarwood, construction materials, furniture, tiles, and tourism services.

Simultaneously, Jordanian businesses are also keen to promote the export of their advantageous products, such as chemicals, copper, and raw materials for the textile and footwear industry to the Vietnamese market in the near future

<https://english.vov.vn/en/economy/vietnam-and-jordan-seek-to-step-up-economic-trade-cooperation-post1033645.vov>

Smart appliances, gift expos open in HCM City

20/JUL/2023 INTELLASIA| VNA

A series of specialised international exhibitions featuring electronics and smart appliances, gifts and toys opened in HCM City on July 19.

They include Vietnam International Electronics and Smart Appliances Expo (IEAE), Vietnam International Gifts and Houseware Expo (IGHE), and Vietnam International Baby Products and Toys Expo (IBTE).

With more than 550 booths, the exhibitions are organised by Vinexad Advertising and Trade Fair Joint Stock Company and China's Chaoyu Expo Co., Ltd, in collaboration with the Vietnam Electronic Business Association (VEIA), the Vietnam Association of Consumer Goods Development (VACOD), the Vietnam China Chamber of Commerce, and China Chamber of Commerce.

The IEAE will bring marvelous experiences to visitors from now until July 21. Through the event, organisers expect to expand and increase cooperation in the production of smart electronics in Vietnam.

The IGHE showcases typical products from professional manufacturers and exports, towards meeting the needs of Vietnamese customers, while the IBTE is the most professional exhibition on products and toys for children aged 0-14.

Speaking at the ceremony, deputy director of Chaoyu Expo Leo Mo said that Vietnam is an emerging market with huge consumption potential and increasing purchasing power, including for imported goods. Therefore, Chinese products will enrich consumer product structure in the Vietnamese market while bolstering economic and trade exchanges and long-term cooperation between the two countries.

To Ngoc Son, deputy director of the Asian-African Market Department under the Ministry of Industry and Trade, said that Vietnam's economic growth has led to significant improvements in the quality of life, prompting the consumer manufacturing industry to expand the demand for co-production, improving products and innovation capacity, and updating products in line with global market trends.

The exhibitions not only create opportunities for domestic and international businesses to meet and exchange goods directly, but also contribute to bringing new solutions, technologies, diverse products and advanced services to the local market while improving the quality of life for Vietnamese people.

International expo on fire safety, rescue, smart building opens

20/JUL/2023 INTELLASIA| VNS

An international exhibition on security technology and fire safety and rescue (Secutech Vietnam 2023) opened in the capital city on Wednesday.

Jointly organised by the Fire Prevention and Rescue Police Department, the Vietnam Advertisement and Fair Exhibition JSC (VIETFAIR), and the Messe Frankfurt Group from Germany, the three-day event sees the participation of over 350 exhibitors from 23 countries and territories.

Among exhibitors are those from the UK, the US, France, Germany, India, mainland China, Taiwan, Japan, South Korea, Singapore, New Zealand, and Vietnam.

They are showcasing advanced products and technologies in fire-fighting, security, safety, prevention and rescue, and equipment used in industrial zones, roads, banks, buildings, and smart houses in 490 booths.

Director of the Fire Prevention and Rescue Police Department Nguyen Tun Anh said the exhibition will help domestic and foreign suppliers connect and establish new partnerships to serve the increasing demand for products of fire prevention and fighting, rescue, security, and safety.

In his speech at the expo's opening ceremony, he also described the event as an essential platform for domestic and foreign enterprises to research and invest in the security, safety, and fire protection industry in Vietnam.

This is an important factor to help the fire prevention and fighting police force and the agencies and organisations and the people, to have domestically produced products and equipment for fire prevention and fighting, to meet their work requirements, he said.

A dialogue between the Fire Prevention and Rescue Police Department, functional units of the Ministry of Construction, the Vietnam Chamber of Commerce and Industry, and domestic and foreign enterprises to solve difficulties and obstacles in the field of fire prevention and fighting will be held on the sideline of the expo.

It will also include a seminar discussing fire prevention means and smart fire fighting technology applying the achievements of the industrial revolution 4.0.

Secutech Vietnam 2022 held in HCM City featured more than 250 booths of agencies, organisations, manufacturers, and suppliers in the industry from many countries worldwide.

bizhub.vn/news/intl-expoon-fire-safety-rescue-smart-building-opens_346263.html

16th International exhibition on electrical technology opens in HCM City

20/JUL/2023 INTELLASIA| VNA

The 16th International Exhibition and Electrical Technology and Equipment (Vietnam ETE 2023), along with the 13th International Exhibition of Energy Saving and Green Power Products and Technologies (Enertec Expo 2023), was opened in HCM City on July 19.

The 3-day events attract the participation of nearly 350 leading domestic and international enterprises from China, Germany, France, the US, Japan, and the Republic of Korea, among others, with 500 booths.

On display are power generating equipment and systems, smart electrical equipment and technology, electrical equipment, renewable and green energy, and electrical services and solutions.

Nguyen Thi Kim Ngoc, vice Chairwoman of the municipal Department of Industry and Trade, said enterprises in HCM City have been promoting production, business and research of energy-saving products, and developing new and environmentally friendly renewable energy sources.

The exhibitions offer a chance for the business community to strengthen trade promotion and technology transferring, and contributing to raising the awareness of the community and consumers about economical and efficient use of energy, she added.

Do Thanh Hai, deputy minister of Industry and Trade, said the government has developed and promulgated mechanisms to encourage the development of clean and renewable energy such as hydropower, wind power, solar power, and biomass with a series of priority mechanisms and policies, as well as breakthroughs, which are expected to create a strong

VIR to host health conference on July 20

driving force for the development of this field in Vietnam.

<https://en.vietnamplus.vn/16th-intl-exhibition-on-electrical-technology-opens-in-hcm-city/259623.vnp>

20/JUL/2023 INTELLASIA| VIR

Around 200 representatives from relevant ministries, agencies, international organisations, and the business community, including well-known experts, will gather at a health conference on July 20 to discuss innovative approaches to pharma-healthcare development.

Held by VIR, the Realising Resolution 29: New Approaches for Pharma-Healthcare Development event will focus discussions on the importance of Resolution No.29-NQ/TW to the future sustainable development of Vietnam's health system, learning lessons from other nations, identifying where there is room for improvement, and promoting public-private collaborations.

The conference will feature keynote speeches from Emin Turan, chair of Pharma Group, and Eunice Cho, country manager of Viatris Vietnam Ltd, as well as two panel discussions.

Vietnam's pharma and healthcare sector has witnessed significant contributions from all stakeholders over the years, including foreign-invested enterprises, but alongside the many achievements, significant obstacles lay ahead. Overcoming them requires innovation and strengthened cooperation from all involved to ensure its sustainable development.

Investment trends in pharma and healthcare have shifted towards focusing on innovative machinery, technology transfer, and more to further contribute to the country's common goal of better protecting and improving people's health.

Recent moves by multinational corporations have reinforced the trend. In particular, the presence of Viatris in Vietnam is a strategic move for the company to achieve its mission of empowering people worldwide to live more healthily at every stage of their lives.

Cho said, "In addition to seeing good growth potential for the company, we understand that our performance in Vietnam is in line with our purpose of meeting the nation's health needs and ensuring access to quality medicines. We work to promote responsible and sustainable operations, and I am extremely confident of the value our company will bring to our patients, employees, customers, and society as a whole."

The recent collaboration with Medochemie is intended to further fuel the company's efforts to support the Vietnamese government's goal of enabling technology transfer to strengthen domestic manufacturing capabilities. The ultimate vision is to make Vietnam the Asean hub for pharmaceutical manufacturing over the next 10-20 years.

"Our relentless pursuit is to improve access to high-quality, trusted medicines. This cooperation is yet another milestone in our localisation efforts and our commitment to expanding the access to quality medicines to the people of Vietnam," she noted.

"We will continue to work and support the government's vision to foster access to quality medicine through local manufacturing," Cho concluded.

Within the latest development period, Resolution 29 on the acceleration of the national industrialisation and modernisation to 2030 with a vision to 2045 has become a guide for sectors like healthcare.

Turan said that realising the goals in Resolution 29 means generating breakthroughs in the pharma sector's development, which require the adoption of innovative approaches and clearly defined policy priorities to achieve the long-term goals. This will not only foster the sector's growth and innovation, but also create spillover effects and driving forces for other industries.

"Pharma Group Vietnam represents the voice of innovation in the pharmaceutical industry, and wholeheartedly supports the orientation set forth in Resolution 29 to establish pharmaceuticals as one of the priority sectors that will enable and drive innovation. We are optimistic that the upcoming government Action Plan to carry out the resolution will enable breakthrough solutions and yield significant outcomes," he noted.

The event is expected to set off a platform for policymakers and the business community to discuss the issue, as well as help foster business cooperation opportunities. The half-day conference, set to take place from 8.30am to 12pm on July 20 at the Pullman Hotel in Hanoi, will be covered extensively across VIR's various print and online offerings, on leading TV channels, and through other media agencies.

Panellists at the first discussion:

Phan Duc Hieu, Standing Member of the Economic Committee of the National Assembly
Do Van Su, deputy director of the Foreign Investment Agency under The Ministry of Planning and Investment

Ta Manh Hung, deputy director of the Drug Administration of Vietnam under the Ministry of Health

Emin Turan, Chair of Pharma Group

Prof Nguyen Hai Nam, Rector of Hanoi University of Pharmacy

Panellists at the second discussion:

Nguyen Hoa Cuong, deputy director of the Central Institute for Economic Development
Prof Dr Nguyen Manh Cuong, deputy director, Institute of Natural Products Chemistry, Vietnam Academy of Science and Technology

Trinh Van Lau, Chair of Vietnam Pharmaceutical Companies Association

Luke Treloar, Partner, Head of Strategy, and National Head of Healthcare and Life Sciences at KPMG Vietnam

<https://vir.com.vn/vir-to-host-health-conference-on-july-20-103581.html>

Vietnam cashew industry flags suspected UAE fraud

20/JUL/2023 INTELLASIA| VIR

The Vietnam Cashew Association (Vinacas) has raised concerns over suspected fraudulent activities impacting one of its members and two other companies, ostensibly perpetrated by a client or financial institution in the United Arab Emirates (UAE).

According to local media Tienphong, Vinacas reported that Tin Mai Co., a key local player in the cashew export market, released a consignment to a UAE-based buyer towards the end of June, following an upfront payment amounting to 15 per cent of the total shipment value.

The goods were confirmed as collected and the corresponding container returned on June 27. However, the company has yet to receive the outstanding 85 per cent payment despite numerous follow-up actions.

Vinacas disclosed that Sacombank, the Vietnamese financial institution involved in the transaction, has initiated two separate payment requests to the Sheikh Zayed Road Dubai Branch of Ajman Bank Pjsc, based in the UAE. The requests pertain to the unresolved payment and the return of the shipping documentation, both of which remain unfulfilled.

According to a representative from Vinacas, "Investigations have revealed that the shipping documents were handed over to a security official from Ajman Bank Pjsc by DHL, the courier firm involved. However, the subsequent location of these documents remains uncertain. The shipping company asserts their compliance with standard operating procedures, releasing the goods only after receiving the necessary paperwork." In addition to Tin Mai, Vinacas revealed that at least two more firms have found themselves ensnared in comparable situations involving the same client and bank. Recognising the hallmarks of a potential scam, Vinacas solicited support from the Vietnam Trade Office in the UAE.

In an attempt to comprehensively understand the situation and formulate an effective response, Vinacas plans to collaborate with the Vietnam Pepper and Spice Association. Together, they aim to convene a meeting with all affected parties to gather comprehensive data and establish recommendations for moving forward.

These are not isolated incidents in the cashew trade, as the industry has faced previous challenges of a similar nature. A notable case involved 100 cashew export containers destined for Italy, which led to substantial concerns over the security of international transactions.

Such instances of suspected fraud within the cashew export sector highlight the inherent

VND9,000 billion needed for aquatic protection and exploitation

risks involved in overseas trade, underscoring the importance of stringent due diligence. It sends a potent message to both corporations and regulators about the necessity for robust checks and balances to safeguard stakeholders' interests in the increasingly interconnected global marketplace.

<https://vir.com.vn/vietnam-cashew-industry-flags-suspected-uae-fraud-103580.html>

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Vietnam will need over VND9,000 billion for the protection and sustainable exploitation of aquatic resources, with the goal of developing a modern, competitive, and sustainable fishery sector in the region.

During a meeting of the Appraisal Council on July 18, which focused on the planning for the conservation and exploitation of aquatic resources from 2021 to 2030, with a vision toward 2050, the Ministry of Agriculture and Rural Development presented a comprehensive roadmap for the fishery sector.

The country plans to establish 27 protected marine areas by 2030, covering a total water surface of 454,676 hectares. These areas will account for 0.454 percent of the country's natural marine area.

The plan also includes the protection and effective management of aquatic resources in 149 areas in the territorial sea and 119 areas in internal waters. This will involve preserving breeding areas and areas where young aquatic animals gather.

Total seafood output is projected to reach 2.8 million tonnes by 2030. The fishery sector will comprise around 83,600 fishing boats and employ around 600,000 individuals.

In parallel, a comprehensive system of fishing ports and shelter areas for fishing boats will be developed step-by-step to provide better logistics services for the fishery sector. According to the Vietnam directorate of Fisheries, seafood exploitation in the first five months of this year totalled over 1.5 million tonnes, a 0.4 percent decline versus the same period last year.

<https://english.thesaigontimes.vn/vnd9000-billion-needed-for-aquatic-protection-and-exploitation/>

'E-shopaholics' account for 45pct of online purchases: study

20/JUL/2023 INTELLASIA| VNS

Shopaholics make up 15 per cent of the Southeast Asian e-shopper population, and account for 45 per cent of e-commerce purchases, a study has found.

Logistics company Ninja Van Vietnam partnered with Geopost to release its latest report titled "What's next for the future of e-commerce in Southeast Asia?"

It was conducted across six countries Singapore, Malaysia, Philippines, Indonesia, Thailand, and Vietnam with over 9,000 respondents to shed light on avid e-shoppers. Most "e-shopaholics" are found to be early adopters of online shopping, experts at navigating the e-commerce eco-system and highly proficient in navigating omni-channels to buy what they want.

Online shopping is second nature to them they buy often and across multiple product categories and they do so twice as much as the average e-shopper.

They spend an extensive amount of time on product research and consumer reviews across multiple platforms before making purchasing decisions.

Phan Xuan Dng, sales manager at Ninja Van Vietnam, said: "Well-versed in the intricacies of online shopping, e-shopaholics have much higher standards than your average e-shoppers from the initial browsing to receiving the parcel after the clicks and taps and each stage is essential to ensuring [their] loyalty."

"Through our white paper on e-shopaholics, we hope to shed light on this group ... to prepare SEA e-commerce sellers as we enter the next stage of e-commerce."

Of those surveyed in Vietnam, 10 per cent are considered shopaholics who account for 42 per cent of total e-commerce sales.

With some 100 cross-border e-commerce platforms, Vietnam has been ranked among the top five countries in terms of industry growth by eMarketer with 20 per cent annual expansion.

The report also explores the shopping behaviour of e-shopaholics and recommends solu-

Can Tho meets local business community

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

The government of Can Tho City in the Mekong Delta met with local enterprises yesterday, July 18.

Speaking at the event, Tran Viet Truong, chair of the provincial People's Committee, said that authorities aimed to support firms in Can Tho City in dealing with their current operational challenges.

The city has engaged in thorough discussions with the business community to generate viable solutions in the face of domestic and international challenges.

Luu Thanh Hung, vice chair of the Can Tho Business Association, said that many businesses have been struggling as consumption continues to decline in both domestic and international markets.

The predicament faced by local enterprises is also attributed to tough access to loans and increased interest rates.

Nguyen Van Hieu, secretary of the Can Tho Party Committee, stressed the need to establish effective communication channels between relevant agencies and local businesses to expedite the resolution of their concerns.

This dialogue is held annually by the Can Tho Promotion Agency.

The gross regional domestic product (GRDP) of Can Tho City expanded by 3.71 percent year-on-year in the first half of 2023, with growth primarily driven by a 5.95 percent increase in the service sector.

<https://english.thesaigontimes.vn/can-tho-meets-local-business-community/>

Phu Tho: digital transformation in agriculture key to breakthrough

20/JUL/2023 INTELLASIA| VNA

The northern province of Phu Tho considers digital transformation in agriculture a key to improving production efficiency and farmers' income, expanding markets and promoting consumption of farm produce.

Tran Tu Anh, deputy director of the provincial Department of Agriculture and Rural Development, affirmed that sci-tech application and digital transformation in agriculture are inevitable requirements.

The province is now home to 166 pomelo growing areas covering more than 2,600ha, 70 tea growing areas on a total site of 5,800ha, and 33 banana farming areas spanning over 1,000ha. It has also granted 41 codes for cultivation areas with nearly 1,500ha dedicated to banana, pomelo and vegetables. Over 3,000 ha of pomelo have been cultivated towards safety production practices, with 78 percent of main crops applying pest management techniques. Additionally, 25 cooperatives and 82 farms in the province have adopted advanced and high technology in their production.

Furthermore, the department has successfully transferred many high-yield and high-quality crop and livestock varieties for production and applied tissue culture methods to various agricultural and forestry crops, resulting in practical efficiency.

It came up with a plan to step up digital transformation in agriculture in order to increase the value of agricultural products, save costs and protect the environment.

The digital transformation task is built on three pillars: digital ministry, digital agriculture economy and digital rural areas, and digital farmers.

Accordingly, the department selected multi-platform software to serve digital transformation of farming units in the province. It also developed and operated software on digital transformation in agriculture on the website: <http://phutho.idfood.net/> and the "Agritech Digital Agricultural Value Chain" app on mobile devices. All features are illustrated with icons and images, and are user-friendly. The software and app fully integrated subsystems for crop cultivation, forestry, animal husbandry, aquaculture, and processing of agro-forestry products.

As many as 50 production facilities and products under the One Commune One Product

(OCOP) programme have been chosen for digital transformation.

Director of the department Nguyen Minh Tuan said last year, the sector worked with relevant units to help farmers and cooperatives sell products on various e-commerce platforms.

Seminars and workshops on digital transformation in agriculture were held both in-person and online. Training courses were also opened for agriculture officers, local agriculture promotion workers, and farmers to improve their knowledge and skills of applying information and digital technologies.

However, many local agricultural products are still produced in their raw form without undergoing deep processing. The production scale is often small and fragmented, with the absence of product labels and traceability stamps. Funding for sci-tech research and development in agriculture remains limited while skilled workforce is insufficient.

To develop a digital agriculture, the sector will tackle difficulties and obstacles, offer all possible support to farmers to adapt to digital transformation via equipping them with basic skills and practices and connecting them with tech-savvy businesses.

Resources will be integrated into value chains from production and processing, aiming for all OCOP products to participate in digital transformation and have traceability stamps before being introduced to the market.

<https://en.vietnamplus.vn/phu-tho-digital-transformation-in-agriculture-key-to-breakthrough/259647.vnp>

Unlocking Hanoi's rooftop solar potential: overcoming challenges for business development

20/JUL/2023 INTELLASIA| VNS

Hanoi holds tremendous potential for harnessing renewable energy sources in industrial production, which is considered an inevitable trend for the future. Vietnam News reporter To Nhu spoke with Nguyen Khac Van, deputy Head of the Hanoi Department of Industry and Trade's Energy Management Division, about this issue.

How do you assess the need and possibility of developing renewable energy in industrial production, especially in the supporting industries, in Hanoi?

The utilisation of renewable energy is an inevitable trend, applicable not only to supporting industries but also to all businesses. However, the existing policies are still insufficient, particularly after the prime minister's Decision No. 13/2020/QĐ-TTg, which includes certain outdated provisions. For example, there is no incentive mechanism for electricity prices, no preferential price mechanism known as FIT, and the decision on connection no longer applies to all solar power projects with commercial power generation.

Nonetheless, the prime minister's Decision No. 500/QĐ-TTg on May 15 this year, which approves the National Power Development Plan for the period of 2021-30 with a vision to 2050, has opened up avenues for renewable energy development. Moreover, in the context of electricity shortages in the North, the development of renewable energy sources, especially rooftop solar power, is unrestricted. This presents a favourable opportunity for businesses to access and utilise energy resources.

The use of renewable energy offers numerous advantages. From a power grid perspective, it reduces the electrical load by eliminating the need for transmission from remote sources, thereby improving investment efficiency and benefiting the grid infrastructure while meeting local demand.

Investing in renewable energy fosters a mutually beneficial relationship: revenue for businesses providing solutions and equipment, and cost benefits for businesses investing in renewable energy. In the long run, manufacturing enterprises that utilise green energy receive certificates of sustainable development, enhancing their competitiveness when supplying products to the market.

Recently, GreenYellow Vietnam has introduced the ESCO model solution that supports businesses to install solar power for zero dong in which the group fully invests in building solar power systems for businesses and factories nationwide. Enterprises can use the on-site electricity generated by the system at a lower price, enjoying a discount of 10-20 per cent compared to EVN's electricity price. However, certain conditions apply, such as a fac-

tory size of 5,000 m² or more and an electricity bill amounting to VND500 million or more. What are your thoughts on this?

GreenYellow has entered Vietnam as an investor with their own goals and client portfolio. As a fund, they must adopt a secure business approach and have limitations on their customer base. Hence, they have established specific regulations regarding factory size and electricity usage. Some businesses may have large factories, such as those in the textiles and clothing industry, but with low power consumption, making them ineligible as customers. In this case, the criteria require supporting industry enterprises with specific production characteristics and industrial scale, ensuring their electricity usage aligns with their revenue level.

The legal conditions regarding factories for enterprises that meet the aforementioned criteria are clear. However, it is indeed challenging for small and micro enterprises in Hanoi to fulfill the factory size requirements. Considering this, apart from GreenYellow, there are other alternative solutions available. For instance, MB Bank offers a similar model. Smaller businesses that do not meet GreenYellow's investor criteria can access the banking system, receive comprehensive consultations, and fully understand their rights and benefits. With these options, they can actively develop rooftop solar power without relying on investors.

In the northern region, where solar investment efficiency is relatively low, the payback period is approximately seven years. Therefore, we have multiple solutions to enable small, medium and even micro enterprises to adopt the rooftop solar power model.

What are the major challenges businesses face in implementing rooftop solar power? There are indeed numerous difficulties. Firstly, the lack of announced policies poses a significant challenge. Although the prime minister approved Decision No. 500/QĐ-TTg, the Ministry of Industry and Trade, which was assigned to provide guidance, has yet to define what constitutes self-produced, self-consumed solar energy. The absence of a transparent definition creates a hurdle for businesses.

Additionally, there are other policy-related factors. For example, when businesses decide to invest and approach banks for loans, the availability of incentives and other related details remain unclear.

In Hanoi, renewable electricity is being developed, particularly in the form of garbage and biomass electricity. The government has made decisions regarding fixed-price purchasing of electricity from these sources over a specified duration without output restrictions. While we have clear incentives for garbage power plants, such clarity is lacking for rooftop solar power for businesses.

Thirdly, implementation issues pose challenges as well. Businesses are uncertain about electrical safety regulations, fire and explosion safety requirements, and how their personnel and equipment will comply with them.

Another challenge pertains to the unpredictable weather in the northern region. When it's sunny, sudden wind or rain can cause an immediate drop in solar output, potentially straining the capacity of the power system. This becomes a difficult problem not only for businesses but for the entire city's power grid system.

From a local perspective, what specific recommendations do you have to address these difficulties and foster the development of rooftop solar power for businesses?

In previous years, when recognising the challenges faced in renewable energy development, Hanoi actively implemented a solar energy potential assessment project.

Hanoi does possess significant potential. According to the completed project conducted by the Institute of Energy, Hanoi has a solar power potential exceeding 1,400 MW, which is comparable to the capacity of the Hoa Binh Hydropower Plant. This is a substantial figure. However, the installed capacity currently stands at only 33 MW, which is quite modest.

We have identified the reasons behind this disparity and have submitted numerous documents to the Ministry of Industry and Trade. However, as a local authority and implementing agency, we must await guidance from the central authority.

Hanoi has also developed programmes for renewable energy development plans and has encouraged both individuals and businesses to actively pursue solar energy initi-

Who will secure financial guarantees for Long Thanh's construction consortiums?

atives. However, due to inconsistent policies, we lack more specific guidelines. We have recently received inquiries from businesses in the city regarding self-investment and the implementation of solar power systems. Unfortunately, we can only respond that the policy remains unclear, and investors must wait. However, waiting implies wasting time. We are eager to share our hopes that the policy will be clarified within a certain timeframe.

We firmly believe that once the policy uncertainties are resolved, Hanoi will experience a solar power boom.

bizhub.vn/business-insight/unlocking-ha-nois-rooftop-solar-potential-overcoming-challenges-for-business-development_346274.html

20/JUL/2023 INTELLASIA| VIR

The disclosed bidding details have shed light on the proposals submitted by three prominent consortiums competing for the valuable Package 5.10 of Long Thanh International Airport's Phase 1 passenger terminal construction project.

The highly anticipated bidding session for Package 5.10 of Long Thanh Airport's Phase 1 passenger terminal construction project, valued at VND35 trillion (approximately \$1.46 billion), has unveiled the contenders vying for this lucrative opportunity.

The disclosed bidding details provide insights into the proposals submitted by three notable consortiums CHEC-BCEG-Vietnam Contractors, Hoa Lu, and VIETUR.

As the construction industry eagerly anticipates the outcome of this tender, it is worth delving into the specifics of each consortium's offering.

CHEC-BCEG-Vietnam contractors

China Harbour Engineering Co., Ltd (CHEC), headquartered in Beijing, spearheads the CHEC-BCEG-Vietnam Contractors consortium. Impressively, they have submitted a comprehensive package consisting of 36 boxes containing technical proposal documents.

Each set of technical proposals comprises 24 volumes. Should they secure the contract, the projected timeline for completion is estimated at 37 months.

To provide the necessary financial security, BIDV has agreed to furnish CHEC-BCEG-Vietnam Contractors with a guarantee amounting to VND370 billion (approximately \$15.42 million), valid for 240 days.

Hoa Lu consortium

Hoa Lu Consortium, led by Coteccons Construction JSC, presents a strong line-up of Vietnamese and Thai contractors.

Under the astute leadership of Coteccons, Vietnam's largest construction firm, the Hoa Lu consortium has assembled an impressive group of esteemed Vietnamese contractors, including Unicons, Thanh An, Delta, Central, An Phong, and Hoa Binh.

Notably, the consortium also includes Power Line Engineering (PLE), a prominent Thai construction business, renowned for its notable achievements in projects such as the \$404 million satellite airport in Bangkok, Thai Parliament House, and the iconic SOHO building.

The consortium has submitted an extensive collection of 38 boxes, comprising a total of 38 volumes of technical proposal documents. This comprehensive submission demonstrates their commitment to delivering a robust and well-thought-out plan for the project.

Setting their sights on completing the construction within a 36-month timeframe, the Hoa Lu consortium presents the shortest projected duration among the three contenders. This ambitious timeline underscores their dedication to efficient execution and timely delivery.

To support the Hoa Lu consortium in their endeavours, BIDV has pledged to provide a guarantee of VND370 billion (\$15.42 million), valid for a period of 180 days. This financial support from BIDV enhances the consortium's financial stability, offering re-assurance against potential setbacks.

In a recent interview with VIR, Tran Quang Tuan, chair and CEO of Central Construction (a member of the Hoa Lu Consortium), shared his insights into their proactive approach to securing project funding.

In case of a potential negative cash flow of approximately VND5 trillion (\$208 million),

Tuan revealed that Coteccons has collaborated with financial institutions such as Vietinbank, MB, TPBank, and BIDV to arrange comprehensive funding, safeguarding the project against any potential financial obstacles.

According to Viet Dragon Securities, Hoa Lu Consortium, celebrated for their substantial engineering teams and expertise in infrastructure development, is among the nation's finest.

"Coteccons, one of the top two listed enterprises within this grouping, has established itself as a force to be reckoned with in infrastructure construction. Simultaneously, Hoa Binh has carved a niche for itself, owing to its diligent attention to the minutiae of the finishing process, setting a high bar in the market with its scrupulous standards," Viet Dragon Securities said.

The Hoa Lu consortium's strategic approach, combined with the backing of reputable contractors and robust financial arrangements, positions them as a strong contender in the bidding process.

VIETUR consortium

The VIETUR consortium, led by IC ISTAS Industrial and Trading Construction, a subsidiary of IC Holding from Turkey, brings a touch of international expertise to the tender.

Their submission consists of 30 boxes containing technical proposal documents, the lowest quantity among the three consortiums.

However, these comprise 60 volumes, highlighting their meticulous approach. With an anticipated construction period of 39 months, the VIETUR consortium presents the longest estimated timeline among their competitors.

The consortium members will benefit from guarantees provided by Vietinbank and BIDV. Vietinbank will support Ricons (\$2.03 million), Newtecons (\$1.56 million), SOL E&C (\$950,000), Construction No. 1 (\$1.08 million), ATAD Structural (\$2.74 million), and Hawee M&E (\$445,000).

BIDV, on the other hand, will extend its guarantees to Vinaconex (\$1.7 million), Phuc Hung Holdings (\$645,000), Construction Hanoi (\$690,000), and IC ISTAS Industrial and Trading Construction Corporation (\$3.57 million).

While the technical aspects of the bidding process have been made transparent, the financial proposal documents remain undisclosed at present. This crucial piece of information will play a pivotal role in evaluating the overall competitiveness and viability of each consortium's bid.

The ongoing tender for Package 5.10 of Long Thanh Airport's Phase 1 passenger terminal construction project has attracted significant attention from within the industry. <https://vir.com.vn/who-will-secure-financial-guarantees-for-long-thanh-construction-consortiums-103623.html>

Managers struggle to find new jobs in tough labour market

20/JUL/2023 INTELLASIA| VNEXPRESS

The job market slump is affecting not only hundreds of thousands of unskilled workers, but even mid-level and senior managers.

One month ago Hoang Le Quan, a marketing-sales manager at a building materials company in HCM City, decided to quit his job after being regularly fined for not failing key performance indicators.

He joined online communities connecting employers with job seekers only to discover that while demand for employees was high, he could not find a suitable position or salary.

Claiming that many offered only half the salary he wanted, he says: "Recruitment sites post many vacancies for senior managers, but they cannot hire. They have their reasons and I have my reasons.

"I'm looking for a job with a monthly salary of VND40-45 million (US\$1,700-1,900). I can accept an offer of VND30-35 million, but not VND20-25 million."

Ngo Quang Long used to work as a production manager for a company in Thanh Hoa Province at a monthly salary of VND18 million.

When the government brought in new stricter fire safety standards late last year, his company was unable to meet them and had to temporarily close down.

Not knowing when it would resume operation, Long decided to quit three months ago.

But he says he does not know if he can get another job with an acceptable salary since businesses are offering to pay what they did six or seven years ago.

"It is not difficult to find a job but it is difficult to get the desired income. I want around \$1,000 (VND23.6 million), but companies are offering only around VND15 million."

Le Duc Cuong, who used to work as the head of human resources at a woodworking business with thousands of workers, has also struggled to find a new job for the past two months.

He says: "Now the economic slowdown is serious. I have applied for all appropriate job vacancies, but am yet to receive any response."

He is becoming more and more worried since he has a wife and two children to take care of.

A recent survey by the HCM City centre of Forecasting Manpower Needs and Labour Market Information found nearly 67 percent of job openings requiring college degrees or less, and less than 20 percent need university degrees or more.

But nearly 85 percent of all job seekers have university degrees.

The centre's director, Do Thanh Van, says job seekers with high qualifications would find it hard to find appropriate jobs now.

Employers are currently focused on a certain type of worker production labour and so mid- and senior-level managers like Long do not have much opportunity now, he adds.

Long says: "There are much fewer job vacancies than before. Now firms hire technical staff rather than senior managers."

Kien Nghiep Headhunter Company focuses on large firms. The head of its operations department, Nguyen Hoai Nam, says: "When facing difficulties, companies tend to reduce their payroll and keep employees who can do two or three jobs. For example, some accounting people can also do administrative or human resources work."

The Vietnam general Confederation of Labour says there are many reasons for the difficult labour market, and things would remain like this for a while.

The fallout of the prolonged Covid pandemic persists, inflation is at a high level and the global economy is growing slowly, with some countries showing signs of entering a recession, it says.

The Vietnamese economy continues to face challenges in terms of inflation and exchange and interest rates, it says.

The labour market will continue to be difficult through the next quarter, it adds.

Long says if he cannot get a job with a salary of more than VND20 million by next month, he will move to work in a remote province with a lower income, but the job "will be stable for a long time."

Cuong says he will accept any job to meet the immediate need for money.

Quan is expecting to find a job that splits the difference between the salary he wants and what employers are willing to offer.

Nam, the headhunter, says amid the current difficult situation people should not engage in job hopping since there are few new jobs with the same or higher salary.

Now is the time for people to hone their skills to be ready when the labour market becomes rosy again, he adds.

<https://e.vnexpress.net/news/business/economy/managers-struggle-to-find-new-jobs-in-tough-labour-market-4629611.html>

Half of jobseekers expect \$400 per month salary

20/JUL/2023 INTELLASIA| VNEXPRESS

Nearly 50 percent of jobseekers expect low salaries of VND5-10 million (\$211-423) a month due to the slumping economy that is experiencing high competition for low-skill jobs, a survey has found.

Some 12.5 percent of jobseekers desired the middle-income range of VND15-21 million a month, and the highest salaries of more than VND21 million a month is being sought by only 9.2 percent of jobseekers, according to a second quarter survey by the Ministry of Labour, Invalids and Social Affairs.

Director of the centre for Strategic Forecasting and Analysis Information Pham Ngoc

Toan said that the number of jobseekers in the second quarter was higher than the first quarter due to economic difficulties.

Workers did not have the advantage in negotiating higher salaries as they faced many competitors, he added.

Most jobseekers were looking for work in the sectors of real estate brokerage, garment, food and beverage, logistics and insurance.

Businesses were looking for accountants, administrators, IT engineers and marketing agents.

The sectors with the highest recruitment demands were IT and accounting, with 17.5 percent of total demand, followed by finance, banking and insurance at over 13%.

Demand for high-skilled workers accounted for more than 27 percent of total demand. Half of recruitments were seeking university graduates.

In the first five months this year, many sectors had to lay off workers due to plunging orders.

Around 70,000 garment sector workers nationwide lost their jobs and nearly 67,000 saw their working hours reduced in the first five months.

Thousands of real estate brokers have also lost their jobs as the property market has remained frozen and sales continue to dwindle.

Toan forecasted that the lack of orders will continue to burden businesses through 2023, and the sectors of garments, construction, agriculture and retail are set to continue facing difficulties.

"Challenges will linger at least until the end of the year," he said. "Only when exports recover will the labour market see positive signs."

Over 562,600 workers sought unemployment pay in the first six months. The number of second quarter unemployment payment seekers was 1.7 times higher than the first. <https://e.vnexpress.net/news/business/economy/half-of-jobseekers-expect-400-per-month-salary-4631386.html>

New high-speed boat enhances connectivity to Ly Son Island

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

A high-speed boat named Phu Quoc Express 5 has been put into service on the route between Sa Ky port and Ly Son Island this morning, July 19.

The boat, with a capacity of nearly 300 guests, can complete the route in just 35 minutes. The ticket price is VND185,000 for local residents and VND218,000 for tourists, with a frequency of four trips per day.

According to the boat investor, Phu Quoc Express Joint Stock Company, the boat is designed to meet European standards, with its engine imported directly from Germany. The boat can safely operate even in unfavourable weather conditions.

Sa Ky-Ly Son is a crucial waterway route of Quang Ngai Province, connecting the mainland of Quang Ngai to the island which is known for its stone cliffs formed by volcanic eruptions in the past and the heroic history of the Hoang Sa Flotilla militia.

Phu Quoc Express 5 is the seventh high-speed boat that carries passengers to Ly Son Island.

<https://english.thesaigontimes.vn/new-high-speed-boat-enhances-connectivity-to-ly-son-island/>

Pilot tourism submarine service in Nha Trang Bay extended

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Deputy prime minister Tran Hong Ha has approved an extension of the pilot tourism submarine service in Nha Trang Bay in the south-central province of Khanh Hoa until July 2024.

The decision will give authorities more time to finalise the regulatory framework and conducting a comprehensive evaluation of the performance of the pilot service.

Initially, the submarine service received approval for a two-year pilot period starting in February 2021. However, it was disrupted by the Covid-19 pandemic.

Between February 2021 and April 2023, there were a total of 159 safe dives, with the actual period of service execution spanning 69 days. No incidents were reported during this time.

PM urges preparations for Can Gio transshipment port

The service, operated by Vinpearl Joint Stock Company, offers passengers the opportunity to explore marine life within a transparent acrylic hull at depths of up to 100 meters. The 24-seat submersible, originally known as the Triton DeepView 24, provides passengers with a 30-minute dive around Nha Trang Bay's Bai Bang and Hon Mot islets. <https://english.thesaigontimes.vn/pilot-tourism-submarine-service-in-nha-trang-bay-extended/>

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Prime minister Pham Minh Chinh has requested seven ministries to work with HCM City to finalise the documents of the Can Gio international container transshipment port project within this month.

PM Chinh visited the location where the Can Gio international container transshipment port would be built on July 18.

Pham Anh Tuan, general director of Portcoast Consultant Corporation, said the port would be situated on Phu Loi Island, Thanh An Commune, Can Gio District, which is in the transition zone of the Can Gio Mangrove Biosphere Reserve. Thus, it would not affect the core zone of the biosphere reserve.

The upcoming Can Gio transshipment port could handle huge container vessels of up to 24,000 TEUs. The \$5.4 billion project would be developed in seven phases. The first phase of the project is expected to be completed in 2027, and the entire project is scheduled for completion by 2045.

Currently, MSC, the world's leading shipping line, has invested in building the project and has undertaken to find sources of cargo for the port.

Upon completion, the project would create 6,000 to 8,000 jobs for local residents and directly contribute to generating extra state budget revenue through taxes and fees amounting to VND34,000 to VND40,000 billion per year.

Following the consultant's report, PM Chinh asked the unit to further study three issues: traffic infrastructure, technical infrastructure, and social infrastructure, and include them in the plan before implementation.

The prime minister said that MSC should be invited to Vietnam this month to work out a plan for the implementation of the Can Gio international container transshipment port project.

<https://english.thesaigontimes.vn/pm-urges-preparations-for-can-gio-transshipment-port/>

Quang Nam kicks off construction of central region connectivity project

20/JUL/2023 INTELLASIA| VNA

A groundbreaking ceremony for the construction of a central region connectivity project in the central province of Quang Nam took place in Tien Phuoc district on July 19.

Funded with official development assistance (ODA) from the Economic Development Cooperation Fund of Korea (EDCF), the project costs over 768 billion VND (34.514 million USD). Of the total investment, the ODA capital amounts to 25.474 million USD. Spanning 31.85 km, the project passes through four districts of Quang Nam, namely Thang Binh, Phu Ninh, Tien Phuoc, and Bac Tra My.

Once completed, it will contribute to improving the transport network linking the central region to Central Highlands provinces and reaching Laos through Bo Y international border gate. It will also create a smooth connection with the region's Ky Ha seaport, Chu Lai International Airport, Chu Lai Open Economic Zone, and Dung Quat Economic Zone.

In addition, the project will fulfill the government's objective of improving the road transport system, facilitating trade and enhancing accessibility to neighbouring countries.

It is expected to finish by November 2025.

<https://en.vietnamplus.vn/quang-nam-kicks-off-construction-of-central-region-connectivity-project/259619.vnp>

CYDAS ties up with MOR Software

20/JUL/2023 INTELLASIA| VNS

CYDAS, a Japanese IT venture company that provides a human resources data platform, has formed a business alliance with MOR Software JSC, a Vietnamese service provider engaged in software exports, to provide a human resources data platform. The platform, also called CYDAS, has the comprehensive features of a human resource management system including human resource visualisation, input and retrieval of employees' information, evaluating results based on goals, training, and creating and retaining employees based on data systems that align with the company's objectives. Employees can use it to update data such as individual career aspirations and important milestones in life.

Furthermore, companies who use the platform will be able to make human resource planning in a fair, transparent and convincing manner.

"CYDAS actively hires Vietnamese engineers every year, and in FY2024 more than 10 per cent of our entire workforce will be Vietnamese," Shin Matsuda, president of CYDAS, said.

"It is against this backdrop that we developed ... a product that is easy to use for Vietnamese.

"MOR Software has been a part of the development of the service since before the service was launched. We have worked together to speed up the development of the service, and I am confident that we will have a good partnership as we expand the service to Vietnam."

According to data from the Ministry of Foreign Affairs, Vietnam's population last year was 99.46 million, and is expected to surpass 100 million this year.

It has a large number of workers who are highly motivated to develop their careers, and an increasing number of them are changing jobs in search of work and an environment where they can better develop their skills.

In recent years the job hopping rate has been on the increase.

MOR Software, a top development company in Vietnam, handles a wide range of projects like commissioned offshore development, AI system development and IT human resource introduction in Japan, the US and other countries.

bizhub.vn/corporate-news/cydass-ties-up-with-mor-software_346262.html

Vietnam Airlines to host World Safety and Operations Conference

20/JUL/2023 INTELLASIA| VNS

The International Air Transport Association (IATA) announced that the World Safety and Operations Conference (WSOC) will take place in Ha Ni from September 19-21, with Vietnam Airlines as the host airline.

Under theme "Leadership in Action: Driving Safer and More Efficient Operations," the conference will bring together more than 800 delegates who are representatives from airlines and international organisations worldwide.

"Borders are open, airports are busy, and flights are full. As we rebuild airline networks and balance sheets, it is vital that all aviation stakeholders maintain the same strong commitment to safe operations that we exercised during the pandemic years. The WSOC is the forum to discuss and debate today's challenges and opportunities to keep the industry on a trajectory of improving safety and more efficient operations," said IATA's director general Willie Walsh.

"Safety is aviation's highest priority and is the cornerstone of all Vietnam Airlines' operations and practices. We are excited to be the host airline for this important inaugural conference, bringing together cutting-edge leaders, regulators and a larger global community to address key topics relating to safety and infrastructure to ensure stronger safety operations in the wider industry," said Le Hng Ha, President and CEO of Vietnam Airlines.

Session tracks will address safety, cabin operations, flight operations and emergency response planning and aircraft recovery, according to IATA.

bizhub.vn/events/vietnam-airlines-to-host-world-safety-and-operations-conference_346265.html

Local airlines may reject smart carry-ons

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Local airlines may refuse to accept smart carry-on bags that are equipped with lithium-ion batteries unless they meet international aviation safety standards.

Smart suitcases that feature lithium-ion batteries and innovative sensors to automatically follow owners and avoid obstacles at airports are gaining popularity. However, Vietnam Airlines, the national flag carrier, emphasizes the importance of safety and the prevention of fire and explosion risks.

The airline advises passengers with smart carry-on bags to provide detailed information about the batteries, including weight, capacity, and whether they are removable or non-removable. Based on this information, the airline will decide whether to accept the luggage or not.

Smart suitcases equipped with removable lithium-ion batteries and a maximum capacity of 300 Wh will be allowed as carry-ons. If passengers wish to check them in, the batteries must be removed and brought into the aircraft cabin. However, luggage containing removable lithium-ion batteries with a capacity exceeding 300 Wh will not be accepted under any circumstances.

Vietnam Airlines will allow smart bags with non-removable batteries, provided they have a maximum capacity of 2.7 Wh or contain no more than 0.3 grams of lithium.

These bags can be carried on or checked in, as long as the batteries are turned off.

However, luggage that contains non-removable lithium batteries with a metal-lithium content exceeding 0.3 grams for lithium-metal batteries or 2.7 Wh for lithium-ion batteries will not be allowed on the national flag carrier.

Furthermore, if the specifications of the batteries are not clearly stated, the airline will not accept the luggage under any circumstance.

<https://english.thesaigontimes.vn/local-airlines-may-reject-smart-carry-ons/>

VinFast set to break ground on EV plant in US by end-July

20/JUL/2023 INTELLASIA| THE SAIGON TIMES

Vietnamese automaker VinFast has announced to begin work on its inaugural electric vehicle (EV) plant in the US state of North Carolina on July 28.

VinFast's EV plant will be situated within the Triangle Innovation Point in Chatham County, North Carolina. Spanning an area of 733 hectares, the plant will have an initial annual capacity of 150,000 vehicles.

The facility comprises two primary sections: an electric vehicle production site, and a supporting industrial zone for suppliers.

VinFast has already obtained permits for the initial phase of the project, as confirmed by a company representative.

Earlier, VinFast received a \$1.2 billion incentive for the construction of the factory from the government of North Carolina, the city of Sanford, Chatham County, and the Golden Leaf Foundation.

With operations expected to commence in 2025, the plant aims to supply electric vehicles to the North American market.

VinFast's facility represents the first electric vehicle manufacturing plant in North Carolina, signaling a significant step forward in the automaker's commitment to green transportation.

<https://english.thesaigontimes.vn/vinfast-set-to-break-ground-on-ev-plant-in-u-s-by-end-Jul/>

Vinhomes value soars on new projects

20/JUL/2023 INTELLASIA| VNS

With a market capitalisation of up to \$11 billion, Vinhomes is now the most valuable enterprise in the real estate industry and the second largest company on the market after Vietcombank.

The stock market has just extended its rally to eight consecutive sessions with a strong driving force from Vinhomes (VHM). The stock gained by 4.61 per cent on Monday to VND59,000 a share, the highest in nearly 10 months. VHM has increased by 44 per cent over the historic bottom it hit in early March.

The market cap of the leading property developer rose by about VND78 trillion (\$3.3

billion) after four months to VND257 trillion.

The bullish trend was thanks to recent positive news of some novel projects.

The Department of Planning and Investment of Long An Province said that at the end of the time calling for investment in the Hau Nghia Duc Hoa new urban area project, only one investor registered to carry out the project, which is Green City Development JSC, a member of Vinhomes. This is also the unit in charge of the Vinhomes Grand Park project. The project is built on an area of about 197.2 hectares with a total investment of nearly VND28.3 trillion. It is expected to be implemented within six years from the date of approval of the investor, and the operation period is 50 years.

In Hai Phong Province, Vinhomes was also approved by the City People's Committee as an investor in a New Urban Area Project in Dng Kinh and Kien Thuy Districts with a total investment of more than VND23 trillion.

The total project area is nearly 241 hectares, with an implementation period of 50 years.

At the end of June, the Khanh Hoa Provincial People's Committee recognised the alliance of Cam Ranh Investment, Vinhomes, and Vines Energy Solutions, as the only investor meeting the preliminary requirements for capacity and experience in registering to carry out the Cam Ranh Bay Urban Area project.

Ambitious goals

At the 2023 Annual general Meeting of Shareholders, Pham Thieu Hoa, Chair of the Board of directors of Vinhomes, said that the company would continue to research and launch new urban projects in 2023, depending on the market situation.

The Vinhomes-branded mega-projects will have unique landscapes, high-class utilities, and the application of smart features in operation management.

In 2023, it set ambitious plans with a revenue target of VND100 trillion and profit after tax of VND30 trillion, up 60.3 per cent and 2.9 per cent over last year, respectively.

Mirae Asset believes that the remaining parts of Ocean Park 2 and Ocean Park 3 will be the main drivers of Vinhomes' growth this year. The property developer is expected to complete the sale of Ocean Park 2 and 3 projects in 2023-24.

On Tuesday, VHM shares corrected after the winning streak of five days. It ended the session at VND58,800 per share, down 0.34 per cent.

bizhub.vn/markets/vinhomes-value-soars-on-new-projects_346244.html

An Phat continues to fight for VAT reimbursement

20/JUL/2023 INTELLASIA| VIR

The long-standing dialogue between Hanoi Tax Department and the environmentally friendly plastic corporation An Phat is becoming increasingly strained, with ongoing disputes over VAT refunds causing tension and frustration.

An Phat's tax conflict has been ongoing for four years, and despite the company's belief that it has provided transparent documentation, Hanoi Tax Department has yet to issue a decision on the VAT reimbursement.

On July 12, An Phat was invited by Hanoi Tax Department for a discussion scheduled for the next day. This meeting followed a previous dialogue held on June 23, where the company's representatives sought to resolve issues related to the reimbursement of VAT for periods 32 and 33.

However, following the meeting, An Phat declined to sign the minutes, accusing Hanoi Tax Department of misrepresenting the company's views in the record.

Pham Minh Khoa, director of the company, voiced the firm's disappointment with the proceedings. He mentioned that the company raised certain obstacles and requested answers from the tax authority but alleged that its statements were not accurately or comprehensively recorded in the meeting minutes.

As a result of this deadlock, An Phat has repeatedly refused to sign the minutes drafted by Hanoi Tax Department on June 23, and instead requested the department to respond in writing to the company's concerns.

At the June 23 dialogue, Hanoi Tax Department highlighted that a contract is one of the prerequisites for a VAT refund. However, An Phat's contracts exhibit inconsistencies, leading to a clash between the company's assertions and the tax authority's verifications. Nguyen Thi Sam, An Phat's chief accountant, argued that the tax authorities have all

the powers, duties, and professional competence to establish whether the company has paid and declared taxes correctly or has violated tax evasion laws. Sam stressed that, based on three criteria the origin of the goods, the correctness of the export declaration, and the validity of bank payment documents An Phat has fulfilled its tax obligations and cannot be accused of violating any regulations that would warrant a criminal investigation.

The company's concerns were raised in a regular session of the Standing Committee of the National Assembly on July 12.

Chair of the National Assembly Vuong Dinh Hue emphasized the state's obligation to refund the input tax. Hue criticised the delay in tax refunds, especially at a time when businesses are finding it extremely difficult to access capital.

The Vietnam Cassava Association pointed out that the VAT refund for agricultural products in Vietnam, as well as in other countries, means that businesses that have paid 10 per cent input VAT and then exported the goods (zero output VAT) must be refunded.

According to the organisation, no legal regulations require verification from foreign customers for the exporter to be deducted or refunded VAT. This would be unfeasible and beyond the control of Vietnamese businesses.

The association insisted that when it is confirmed that there are actual goods, actual input purchases in Vietnam, and 100 per cent actual exports to foreign countries as confirmed by customs, businesses must be refunded VAT in accordance with the regulations.

Referring to Official Letter No.181/CSKT-D5 dated January 18 from Hanoi Public Security's Investigation Agency that was sent to Hanoi Tax Department about changing the results of cases suspected of VAT refund fraud, Khoa asserted, "The investigative agency does not have any evidence proving any violation by our company. Accordingly, An Phat is eligible for tax refunds and there is no reason to suspend them."

Khoa also stated that many manufacturing and export businesses in Vietnam are experiencing the same difficulties, and have written numerous times to the government, the Ministry of Finance, and the general Department of Taxation with a desperate request for an urgent resolution to the VAT refund issue.

An Phat's ongoing tax dispute highlights the difficulty that businesses can face with VAT refunds in Vietnam. The company believes that its struggles epitomise the need for significant reforms in Vietnam's tax system to make it more responsive, efficient, and business-friendly.

<https://vir.com.vn/an-phat-continues-to-fight-for-vat-reimbursement-103579.html>

Hoa Phat Dung Quat receives first tugboat from Netherlands

20/JUL/2023 INTELLASIA| VNA

The Hoa Phat Dung Quat steel company has announced the reception of its first tugboat, built by Damen Group from the Netherlands, to serve the firm's port system. Established in February 2017, the largest member company of Hoa Phat Group Vietnam's leading steel maker is the investor of the Hoa Phat iron and steel complex at the Dung Quat Economic Zone, the central province of Quang Ngai.

According to Nguyen Quoc Trinh, deputy director of Hoa Phat Dung Quat's general port company, the tugboat fleet was previously outsourced. Recently, the company has built its own Azimuth-technology fleet with a capacity of up to 5,000 HP.

The purpose of such investment is to support the berthing and departure of cargo ships with a length of over 80m, and to promptly respond to possible marine incidents and oil spills at the Dung Quat Economic Zone.

By the end of September, the company will receive another tugboat and put it into operation in December.

<https://en.vietnamplus.vn/hoa-phat-dung-quat-receives-first-tugboat-from-netherlands/259614.vnp>

Vietnam emerges as a prime destination for HP's PC production diversification

20/JUL/2023 INTELLASIA| VIR

HP is collaborating with suppliers to shift laptop manufacturing operations to Thailand, Mexico, and Vietnam, signalling Vietnam's rising prominence as an attractive investment hub for computer manufacturers diversifying beyond China, according to Nikkei Asia.

HP, the renowned US-headquartered computer company, is undertaking a significant endeavour to diversify its supply chain for personal computers (PCs) by shifting the manufacturing operations of millions of consumer and commercial laptops to Thailand and Mexico this year, as reported by Nikkei Asia.

This move represents HP's first major initiative to expand its PC production activities outside the territorial boundaries of China, aiming to reduce its reliance on a single manufacturing base.

As the second-largest PC manufacturer globally in terms of shipment volume (following China's Lenovo), HP is planning to relocate a portion of its commercial laptop production to Mexico, while some of its consumer laptop manufacturing will be shifted to Thailand.

HP is also considering Vietnam as a potential destination for relocating laptop production, with plans set to commence next year, according to sources from HP's suppliers. These suppliers suggest that HP's production output outside of China for this year is estimated to range between 2-5 million units HP delivered a remarkable 55.2 million PCs worldwide last year.

Benefitting from an existing presence of PC suppliers, Thailand offers new advantages for HP's operational transition. Similarly, relocating a fraction of the commercial laptop production to Mexico would enhance HP's market penetration in North America. Vietnam, which is gradually emerging as an attractive investment destination for prominent global companies, has also drawn the attention of HP.

By expanding its operations to Vietnam and Thailand, HP would contribute to the establishment of a robust PC supply chain ecosystem in Southeast Asia, providing an appealing alternative for computer manufacturers seeking to diversify their production beyond China.

The decision by HP follows a proactive move by its fellow American competitor, Dell, which launched an ambitious campaign to eliminate Made-in-China chips from its product lines.

Dell, having diversified its supply chain much earlier than HP, aims to produce at least 20 per cent of its laptops in Vietnam this year. It is projected that Dell will achieve complete independence from Chinese chips at the component level by the end of 2024.

Apple also commenced MacBook production in Vietnam this year, marking a significant milestone as it diversifies its manufacturing away from China.

HP's strategic initiatives further bolster Vietnam and Thailand's burgeoning positions in establishing a comprehensive PC supply chain ecosystem, making Southeast Asia an increasingly alluring choice for computer manufacturers seeking production alternatives beyond China.

While HP's effort to diversify its production away from China has progressed at a relatively measured pace compared to other US firms, it has been engaging in supplier negotiations since 2019 to assess potential manufacturing locations.

HP has been a stalwart supporter of China's electronics manufacturing industry for many decades. The city of Chongqing, where HP established a laptop production hub in 2008, exemplifies this commitment.

Following HP's lead, other PC manufacturers, including Acer and Asus, requested that their suppliers shift production to Chongqing.

Presently, Chongqing has emerged as a prominent PC export hub in China, hosting a multitude of HP's suppliers such as Quanta Computer, Inventec, and Foxconn, cited Nikkei Asia.

However, this reliance on China for its laptop supply chain presents a notable challenge for HP. Many industry experts and analysts assert that achieving complete separation from the country is a formidable task.

According to data from Canalys, a monitoring platform, the US remains the largest PC market for both HP and Dell. In the first quarter of 2023, the US market accounted for approximately 31 per cent and 40 per cent of the total shipments for HP and Dell respectively.

Conversely, China's contribution to HP and Dell's shipment volumes during the same period amounted to merely 7.5 per cent and 8 per cent. In China, the domestic brands Lenovo and Huawei have dominantly captured the PC market during the initial three months of this year.

The primary objective behind diversifying the supply chain is to mitigate risks associated with US-China trade tensions while capitalising on the opportunities presented by emerging manufacturing hubs in Vietnam and other Southeast Asian countries.

Vietnam continues to establish itself as an attractive destination for global factories and high-tech manufacturers looking to relocate their operations. Recent developments, such as the granting of investment certificates by Quang Ninh People's Committee, exemplify this trend.

Two Foxconn projects with a combined investment value exceeding \$246 million have been approved in the Song Khoai Industrial Zone and the Quang Yen Economic Zone. These initiatives highlight Vietnam's growing appeal as a strategic choice for companies seeking to leverage its favourable business environment and skilled workforce.

<https://vir.com.vn/vietnam-emerges-as-a-prime-destination-for-hps-pc-production-diversification-103625.html>

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