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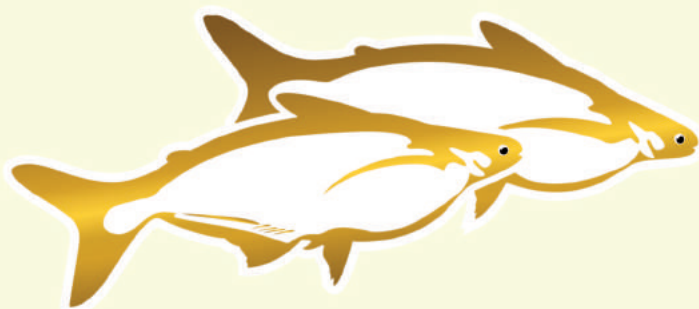
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Business Support Is Essentially Urgent and Resolute

Nearly 100 leaders of domestic and foreign business associations across the country joined this conference.

Dr. Vu Tien Loc said that, on February 25, VCCI sent an official dispatch to the Prime Minister, describing hardships and obstacles faced by the business community and recommending solutions to help business cope with the Covid-19 pandemic. On March 31, the Prime Minister issued Directive 16 on Covid-19 prevention, including many policies on business support.

CPV General Secretary and President Nguyen Phu Trong urged the entire people to join the fight against the pandemic, and Prime Minister Nguyen Xuan Phuc directed "Fighting the pandemic is like fighting the enemy." Recently, the press praised health professionals as heroes in the fight against the contagion. They are really heroes and fighters in this struggle, and they are respected and honored.

However, according to VCCI President Loc, besides health professionals, businesspeople are quietly leading the economic front in the war against the pandemic. Their battle is equally fierce.

"I suggest that supporting businesses should be as urgent and resolute as fighting the pandemic, and protecting businesses is protecting teammates in this battle. Each business is a fortress, each entrepreneur is a fighter in the struggle to ride out recession, sustain growth and ensure employment," he said.

The pandemic is getting worse across the world. It is the worst global crisis since World War II and the economic impact of this pandemic could lead to a global recession. In Vietnam, in the first quarter, the economic growth was just

In the struggle to ride out recession, sustain growth and ensure employment, each business is a "fortress" and each entrepreneur is a "fighter," Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), affirmed at an online meeting between VCCI and business associations with the theme "Business community joins hands with the Government in the peak phase of Covid-19 prevention" on April 3.

3.82%, the lowest in a decade.

"According to our survey, over 80% of businesses say that their revenue this year will decline from last year. The Government and the Prime Minister not only have timely and accurate measures to prevent and control the pandemic, but also have initial consistent solutions to business support. The Government is preparing to issue a new resolution on policies and measures to help people and businesses to get through this tough time," he added.

Citing VCCI's statistics, Dr. Loc said, "According to our statistics, 15 documents have been issued by relevant authorities to support business. Two draft documents are being prepared for promulgation and six policy documents are being drafted and expected to be introduced soon, as directed by the Prime Minister. We applaud the efforts by ministries and agencies although the enforcement is generally slow."

According to Dr. Loc, in addition to the State Bank of Vietnam, the Ministry of Industry and Trade or the Ministry of Agriculture and Rural Development have quickly realized their policies, while others are quite slow at this. These policies have not actually worked as expected, and administrative processes and procedures to access support measures are still troublesome.

"Worryingly, the government-launched social isolation policy is being misinterpreted in some localities, resulting in misleading practices that hinder production and circulation of goods, even essentials. This needs to be rectified with a transparent, consistent guide from the central to local levels, not with a varied understanding from place to place. With effective and impending policies and solutions, we suggest that policies must be really transparent and carried out quickly and consistently," VCCI President noted.■

Painkiller for the Economy



Vietnam's economy witnessed the lowest first-quarter growth in 11 years, several sector growth indexes plummeting as a result of the Covid-19 epidemic fallout.

In the regular cabinet meeting for March, the Prime Minister affirmed that the economic 'spring' will pop up when the epidemic is addressed.

The first-quarter growth was only 3.82%, lowest in 11 years, but this is an effort as many other countries witnessed negative or zero growth.

The newly released report of the World Bank (WB) on East Asia and the Pacific in the time of Covid-19 recognized that Vietnam's economy remained resilient to external shocks in the first few months of 2020. It did not collapse and achieved the highest growth among the countries in the report.

"Difficulties piled up but we are more persistent and more firm to keep the economy from collapsing, with the growth needed to create jobs and ensure macro balances," the Prime Minister affirmed.

However, we must admit the fact that the growth index of many sectors dropped sharply to multiple-year lows. In particular, the industrial growth reached just 5.28% in the first quarter, lowest in six years; the agricultural growth was mere 0.08%, lowest in four years; and the service growth was only 3.27%, lowest in decades.


Besides, the decline and suspension of manufacturing at many companies affected the country's growth. Many companies reported sales equal to only 5% in the same period of 2019.

The registration of new business entities slowed down. Companies tended to temporarily withdraw from the market and wait for new development. Major corporations also witnessed the same decline, suspended production or saw revenue equal just 5% of the value recorded a year ago.

Major economic locomotives underperformed. Ho Chi Minh City grew merely 1% in the first quarter.

Therefore, in order to remove difficulties in business, the government decided to enhance the 'painkiller dosage' for the economy with a series of support packages.

The first is monetary easing through rate cuts, credit support, debt postponement and rescheduling. In fact, this measure has been adopted with Directive 11 that facilitates a credit support package of VND250 trillion from credit institutions to consider debt extension and postponement,

 *The Prime Minister hailed the Ministry of Industry and Trade and EVN Group for reducing electricity prices by 10% with a total value of VND11 trillion. The total value of telecommunication service support packages is about VND15 trillion.*”

rate/fee cut and no debt re-categorization to provide new loans for business operations. However, the Prime Minister said that this support package of VND250 trillion is not enough; the country needs more.

The second is fiscal stimulation by reducing and extending taxes and fees and increasing public spending. "This package is not only VND30 trillion but has been raised to VND150 trillion, even more," he emphasized.

The third is supporting the unemployed, the poor and the vulnerable, ensuring social security, with the spirit of preparing to seize opportunities, turning risks into development opportunities when the epidemic is constrained or stopped.

"If the epidemic persists, protecting human lives and health is the first priority, not business and economy. As I said, we sacrifice economic interests in the short term to protect people's health and lives. So, in economic aspects, the development must be based on protection of people's health, never accept to have economic growth but make light of people's lives and health," he noted.

The Prime Minister said that the national conference on solutions to business difficulties will be held at an appropriate time.

Remarking on tasks in the time to come, he clearly stated the spirit of macro stability and inflation control. Attention is necessarily paid to stabilizing the value of the Vietnamese currency and the foreign exchange market, avoiding any adverse fluctuations, soon having an active executive scenario, ensuring liquidity, fully meeting lawful foreign currency demand, and resolutely reducing pork prices while not increasing prices of essential services.

He suggested plans to reduce prices of some essential services, and reduce administrative costs to ease hardships for people and businesses during the time of the Covid-19 epidemic. ■

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Support packages for affected entities

Regarding worker support and social security package, the Prime Minister stated that the Government strongly agreed on a draft resolution on measures to support people adversely affected by the Covid-19 epidemic.

The Prime Minister assigned the Ministry of Planning and Investment, the Ministry of Labor, Invalids and Social Affairs, the Ministry of Finance, the Ministry of Justice and relevant ministries and branches to carefully review and collect opinions at the meeting, complete the draft and submit it to the Prime Minister for promulgation.

The Prime Minister reiterated the principle of support: Only supporting those who suffer a sharp decline in income, lose jobs or cannot guarantee a minimum standard of living due to the Covid-19 epidemic. The support is not equal for all. This should be done on the principle that government and business share the responsibility in which the government only supports a part that fits its capabilities. Support is given to the right people in a public and transparent manner

Regarding support contents, the Prime Minister proposed including six groups of entities in three months with the levels stated in the draft resolution.

Underlining the role of businesses in supporting social security, the Prime Minister mentioned price reduction of electricity, water, internet and telecommunication services.

GDP Grows 3.82% in Q1



Generally, the agriculture, forestry and fishery sector edged up 0.08% (contributing 0.2% to the overall growth); the industry and construction sector expanded 5.15% (contributing 58.4%); the service sector 3.27% (contributing 41.4%). Market services such as wholesaling and retailing grew 5.69%; financial, banking and insurance activities 7.19%.

Regarding the economic structure in the quarter, according to the GSO, the agriculture, forestry and fishery sector accounted for 10.11%; the industry and construction sector 35.52%; the service sector 43.71%; and product taxes minus product subsidies 10.66%.

According to GSO, the industry and construction sector slowed down in the first quarter because of Covid-19 pandemic impacts, with the processing and manufacturing sector seeing the lowest growth in the 2016-2020 period. Power production and distribution grew steadily while the mining sector sank sharply on falling crude oil production.

Commercial and service activities were also less active due to Covid-19. Consumers restricted shopping, traveling and eating out. International visitor arrivals to Vietnam slumped 18.1% year on year in the first quarter. The sharpest reduction was Chinese, Korean and American visitors.

With respect to consumption GDP, the final consumption looked up 3.07% year on

The General Statistics Office (GSO) recently released socioeconomic data for the first three months of 2020. The gross domestic product (GDP) was estimated to expand by 3.82% in the first quarter, the lowest in 10 years, illustrating economic hardship caused by the rapidly evolving Covid-19 pandemic.

QUYNH CHI

year (4.02 percentage points lower than the same period of 2019), of which final consumption by increased by 2.92% (versus 7.22% in the first quarter of 2019; asset accumulation accrued by 2.2%, the lowest since 2013; export of goods and services rose 1.59%; import of goods and services added 1.05%. This growth showed a stalled supply of goods and inputs in the first three months of the year on strong impacts of the Covid-19 pandemic.

The business sector was directly hit by the plague with up to 18,600 companies temporarily suspending their operations, 26% more than a year-ago period. However, surveys showed that businesses expected Covid-19 would end soon and business performance would be better in the second quarter.

Covid-19 effects plus a sharp drop in world petroleum prices and abundant poultry supply caused the consumer price index (CPI) in March to fall by 0.72% from the previous month, the lowest in 2016-2020. However, the average first-quarter CPI was highest in four years. The commodity exchange rate decreased for the first time in three years, reflecting unfavorable export prices of Vietnamese goods to foreign countries.

The first-quarter GDP was worse than the previous forecast of the Ministry of Planning and Investment. Earlier, anticipating direct and indirect impacts of the Covid-19 pandemic on economic sectors, the ministry expected that, if the Covid-19 epidemic was controlled in the second quarter of 2020, the 2020 GDP would increase by 5.96% (0.84 percentage points lower than that of Resolution 01), with the first quarter rising by 4.52%, the second quarter by 5.1%, the third quarter by 6.7% and the fourth quarter by 6.81% (the lowest level in seven years). The ministry also forecast that Vietnam would be among the four most affected economies in the region, after Singapore, Thailand and Hong Kong (China).

GSO General Director Nguyen Bich Lam said, given the Covid-19 pandemic and the ensuing worsening global economy, the GDP growth of 3.82% is rather good compared with other countries in the region and in the world, demonstrating the efforts of the political system, business community and people of the country. With continued macroeconomic stability, the processing and manufacturing industry, albeit rising at a low rate, still played an important role in the country's economic development and social security. ■



Vietnam Economy Remains Resilient to External Shocks

Although Vietnam remains significantly exposed to the Covid-19 outbreak and the ongoing turbulence in global financial markets, its economy has shown resilience to external shocks in the first few months of 2020. The country's GDP was forecast to decrease from 6.5% to 4.9% in 2020.

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The World Bank (WB) said this in its April 2020 Economic Update for East Asia and the Pacific, titled "East Asia and Pacific in the Time of Covid-19." According to the WB, the medium-term outlook is broadly favorable, but significant downside risks are tied to adverse stronger and longer impacts of the coronavirus outbreak, weak external demand, and incomplete structural reforms. On the upside, Vietnam is strongly positioned to benefit from numerous free trade agreements that are coming into force over the forecast period.

Given its deep integration with the global economy, Vietnam was hit hard by the Covid-19 outbreak, with manufacturing, tourism, and transport activities falling abruptly during the first two months of 2020. It has been feeling the pain of the ongoing global financial turmoil, with declining equity prices, rising sovereign spreads and decreasing capital flows.

However, Vietnam's economy remains resilient: In the first two months, exports have expanded by 8.0%, FDI inflows amounted to US\$2.5 billion and retail sales went up by 5.4%. With an adequate policy buffer in hand, Vietnam appears to be well-positioned to overcome the ongoing health and economic crisis.

After moderating in the first three quarters of 2019, the headline consumer price index (CPI) surged as the result of higher food prices in the last quarter. During the first few months of 2020, inflationary pressures remained due to higher food prices related to the end of the

year season and potential shortages associated with trade restrictive measures in response to the Covid 19 virus outbreak.

Vietnam's monetary policy continued to balance the dual objectives of maintaining stability while supporting economic growth. After months of prudent monetary policy, the the State Bank of Vietnam (SBV) started to ease its policy stance in September 2019 and even further in recent weeks when SBV cut the key policy rate by 100 basis points and allowed commercial banks to restructure loan maturities to affected businesses in response to the epidemic crisis.

Vietnam's external balances continued to improve in 2019, despite uncertain global trade developments, as the country reported a current account surplus for the second year in a row. Vietnam's export activity expanded by about 8% in early 2020, showing their resilience to increasingly unfavorable external economic conditions.

The capital account surplus also remained sizeable, owing to sustained high FDI inflows, leading to the further accumulation of foreign exchange reserves, which increased from the equivalent of 2.8 months of import cover at end-2018 to about 3.5 months at end-2019. Concurrently, both the nominal and real exchange rates were relatively stable through 2019 and into early 2020.

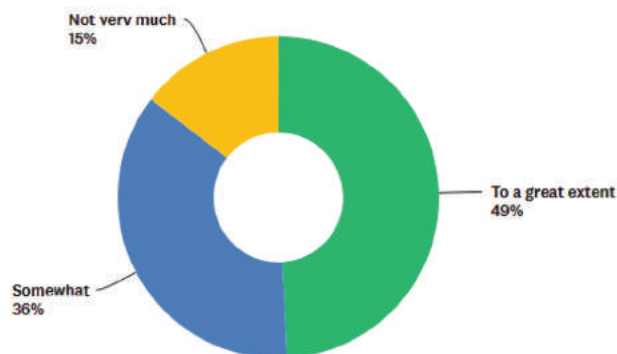
For the region, according to the WB, the virus that triggered a supply shock in China has now caused a global shock. Developing economies in East Asia and the Pacific (EAP), recovering from trade tensions and struggling with Covid-19, now face the prospect of a global financial shock and recession.

"Sound macroeconomic policies and prudent financial regulation have helped most EAP countries to deal with normal tremors. But we are witnessing an unusual combination of disruptive and mutually reinforcing events. Significant economic pain seems unavoidable in all countries. Countries must take action now - including urgent investments in healthcare capacity and targeted fiscal measures - to mitigate some of the immediate impacts," said the WB.

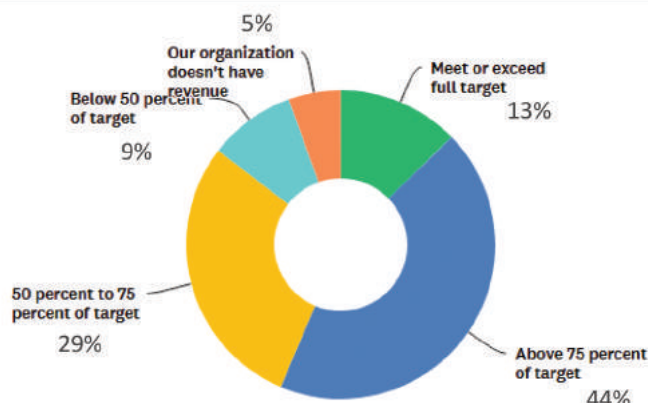
In a rapidly changing environment, making precise growth projections is unusually difficult. Therefore, according to the WB, growth in the developing EAP region is projected to slow to 2.1% in the baseline and to negative 0.5% in the lower case scenario in 2020, from an estimated 5.8% in 2019.■



AmCham: Government Is Doing Effective Job Responding to Coronavirus



Impact of the coronavirus outbreak on operations of U.S. businesses in Vietnam



Prospects for U.S. businesses' performance in 2020

NAM PHAM

The American Chamber of Commerce in Hanoi (AmCham) on March 31 announced the results of a survey of the U.S. business community in Vietnam on the impact of the coronavirus. Over three-quarters of respondents feel the Vietnamese Government is doing a very effective or extremely effective job responding to the coronavirus crisis.

"Our members express their support and appreciation for the government's efforts to keep people safe and healthy during this crisis. Almost all survey respondents said that the government is doing an effective job responding to the crisis," said AmCham Executive Director Adam Sitkoff.

The survey focused on quantitative issues such as the coronavirus' expected impact on corporate revenues and Vietnamese GDP, as well as workplace issues such as travel and work from home policies. The survey took place in late March, before the latest restrictions on business activity and movement.

80% of responding members are very concerned about the economic impact of the virus. "The ongoing coronavirus outbreak is causing anxiety and uncertainty for both people and businesses in Vietnam. AmCham members are primarily concerned with ensuring the safety of employees, supply chain disruptions, and coping with the sharp drop in consumer and customer demand," said Adam Sitkoff.

Manufacturing companies are operating at 76% of their normal capacity right now, and 78% of these companies have sufficient staff to run a full production line. 40% of surveyed members are experiencing difficulties in sourcing supplies and materials due to disruptions from the coronavirus, but they expect the situation to improve in the next few weeks.

The Executive Director noted the importance of all doing our part to help in these challenging times. "Be patient, use common sense, practice social distancing, maintain good hygiene - and stay at home. Only go out for essentials. Most importantly, be mindful of your actions and take care not to put yourself and others at risk through inappropriate behavior," Sitkoff said. ■

Survey Highlights

- ▶ 80% of responding members are very concerned about the economic impact of the virus.
- ▶ Over three-quarters of respondents feel the government is doing a very effective or extremely effective job responding to the coronavirus crisis.
- ▶ Reduced revenue and demand is the top challenge facing AmCham members.
- ▶ One-half of respondents are delaying the hiring of new employees.
- ▶ One-half of members say the virus outbreak has impacted their business to a great extent.
- ▶ Three-quarters of members say that travel restrictions are preventing them from doing their jobs effectively.
- ▶ Manufacturing companies continue to face challenges from reduced order demand, logistics, and cash flow management.

Goods, Essentials Enough for Social Distancing in Vietnam

To make people feel secure in social distancing in Vietnam, provinces and cities proactively ensured adequate supplies for three months to prepare for a worsening Covid-19 epidemic development.

Three scenarios in supplies

In an active response to the Covid-19 pandemic, the Hanoi Department of Industry and Trade has worked out three scenarios for three levels of disease evolution, with the quantity of supplies triple that of ordinary months.

Currently, the city's retail system has prepared a reserve of goods worth of VND194 trillion (US\$8.3 billion), ensuring the sufficient supply to consumers for at least three months in the second quarter of 2020, with 17 essential goods.

"The Department of Industry and Trade issued a document assigning commodity reserves to large distributors in the city, encouraging enterprises to reserve more than the amount allocated in the city. In any case, the city will still meet the demand for essentials and residents do not need to hoard for daily use," said Ms. Tran Thi Phuong Lan, Deputy Director of the Hanoi Department of Industry and Trade.

Ho Chi Minh City also actively prepared foods and essentials for people during the time of social distancing. Ms. Ly Kim Chi, Chairwoman of the Ho Chi Minh City Food and Foodstuff Association, said businesses have increased their production capacity to meet public needs. Foodstuff and essentials have been prepared, with the reserves 30 - 50% more than usual.

"Companies are committed to meeting consumer needs till the end of the second quarter of 2020, also for a worse scenario of the disease outbreak," she said.

Provinces and cities nationwide also actively worked to ensure the supply of enough foods and essentials in the event of a more complicated disease outbreak. In addition to stocking goods at supermarkets, businesses also pile at their own warehouses.

At present, supermarkets and large trade centers across the country have increased the amount of goods in stores by 3-5 times, and are ready to open more warehouses to increase stockpiles.

Large production capacity guarantees a long-term demand

According to the Ministry of Agriculture and Rural Development, as for food, the country's paddy output was estimated at 43.3 million tons in 2020



According to the Ministry of Industry and Trade of Vietnam, in 2020, the value of domestically made medicines was estimated at US\$2.9 billion while the value of imported drugs was forecast at US\$4.35 billion (including US\$3.5 billion on finished medicines and US\$850 million on inputs). The export value was forecast at US\$165 million. Thus, medicine supplies, both local and foreign, will be enough to meet the demand, valued at about US\$6.235 billion in 2020.

(equivalent to 26 million tons of rice) while demand is about 19-20 million tons (a surplus of 6 million tons for export).

A source from the ministry also said that, in 2020, the country will have 1.36 million tons of poultry meat, 480,000 tons of beef and 4 million tons of pork. In addition, it will import meat from other countries. As of March 27, 2020, Vietnam imported more than 39,191 tons of pork, an increase of 312% over the same period in 2019.

Also according to the ministry, Vietnam has about 980,000 ha of vegetables to harvest 18.2 million tons while it will catch 8.5 million tons of seafood, up 4.4% over 2019.

The Ministry of Industry and Trade also recommended that people feel at ease during the social distancing period. "This supply of meat is enough to meet the consumption needs of 100 million people, let alone about 8.2 million tons of aquatic products a year," said Mr. Tran Duy Dong, Director of the Domestic Market Department. ■



Proposal to Cut Electricity Price

On April 1, 2020, the Ministry of Industry and Trade sent a report to the Prime Minister of Vietnam proposing an electricity price reduction to solve difficulties against production and business in the context of the impact of the Covid-19 pandemic.

The Ministry of Industry and Trade also cited the Ministry of Planning and Investment's proposal. That is abolishing the regulation on peak-hour electricity prices (9:30 am - 11:30 am), narrowing difference between the levels for electricity price, and immediately studying to reduce peak-hour electricity prices by 50% from March to October 2020; applying the same electricity price to accommodation and tourism service establishments as to other business establishments.

The proposal, according to the Ministry of Industry and Trade, is worth nearly VND20 trillion, corresponding to a huge reduction in revenue of EVN. The option to reduce 50% of peak-hour electricity prices may also discourage electricity savings while the system is at risk of capacity shortage during peak hours.

In addition, of the 1.6 million customers who are producers, up to 1 million are small businesses that only produce one shift during office hours. Therefore, the Ministry of Industry and Trade stated that if we apply prices cut during peak hours, these small businesses will not enjoy the support of this adjustment.

The Ministry of Industry and Trade has proposed a 10% discount on electricity rates for household consumption, production and business from April 2020 to June 2020.

The Ministry of Industry and Trade proposes reducing electricity prices for production by 10% from April to June 2020. The support amount is expected to be over VND6,100 billion.

According to the Ministry of Industry and Trade, the advantage of this plan is that all manufacturing customers, both large enterprises producing three shifts or small businesses producing only one shift, will all benefit from the electricity price cut. Maintaining peak hour rates will also motivate businesses to use electricity economically during peak hours and encourage the use of electricity during off-peak hours.

For household customers, the Ministry of Industry and Trade proposed a 10% discount from level 1 to level 4 from April to June 2020, with an amount of nearly VND3 trillion.

These beneficiaries are mainly public servants, officials and workers who are severely affected by Covid-19.

The Ministry of Industry and Trade also proposed a discount for tourist accommodation establishments equal to production price rate from April 2020, with an amount of more than VND1,800 billion; exemption or reduction in electricity directly for establishments serving anti-Covid 19 efforts with an amount of VND100 billion. For high levels of 300 kWh upwards, the Ministry of Industry and Trade proposed no adjustment as this group of consumers are high-income, less affected by Covid-19. The total amount of support from the reduction of electricity price as above is nearly VND11 trillion. ■

Q2 Business Performance Expected to Be Better than Q1

The business sector faced more difficulties in the first quarter of 2020 because of direct impacts of the Covid-19 epidemic. According to the latest report released by the General Statistics Office of Vietnam (GSO), in the first quarter of 2020, the country had 29,700 new companies with a total registered capital of VND351.4 trillion which hired 243,700 workers, up 4.4% in companies, down 6.4% in registered value and down 23.3% in jobs generated compared to the same period of 2019. The average registered capital of a newly established enterprise was VND11.8 billion, down 10.4% year on year. If VND552.4 trillion of investment fund added by 9,100 companies was counted, the total investment value into the economy was VND903.8 trillion in the first quarter, down 17.7% on year.

By sector, in the quarter, 426 new companies were involved in agriculture, forestry and fishery, up 6.2% year on year; 8,100 companies were engaged in industry and construction, up 4.2%; and 21,200 companies were registered in the service sector, up 4.5%. A sharp growth in new business entities was seen in wholesale, retail, vehicle repair, processing, manufacturing, consulting and designing fields.

As many as 18,600 companies temporarily suspended their operations in the first quarter, 26% more than a year earlier; and 12,200 companies terminated their operations or waited for dissolution procedures, down 20.6%. Of the sum, 2,629 enterprises had their business registration certificates revoked; 4,343 businesses posted notices of dissolution and 5,206 businesses waited for dissolution procedures with tax authorities.

In the March quarter, 4,100 companies completed dissolution procedures, as many as in the same period of 2019, including nearly 3,700 enterprises with a registered value of less than VND10 billion, down 1.3 %; and 62,000 companies with registered value of over VND100 billion, up 21.6%. The country witnessed 11,400 companies not active at their registered addresses, up 20.2% over the same period of last year.

The main cause of rising corporate closures was the specter of the Covid-19 pandemic. Revenue could not compensate for expenses like wages, bank loans and space rents. Aviation, tourism (accommodation, hotel and catering), education, garment and textile, footwear and woodwork were seriously and immediately affected by the plague. Besides, Covid-19 stilled manufacturing, trade, agriculture, retail and international capital flows. This context compelled businesses to rethink their directions and find opportunities in the epidemic threat to



A business survey showed that manufacturing and processing companies expected the Covid-19 pandemic would end soon and their business performance in the second quarter would be better than in the first quarter.

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survive and prepare for recovery when the disease is over.

However, a business survey showed that manufacturing and processing companies expected the Covid-19 epidemic would end soon and their business performance in the second quarter would be better than in the first quarter.

According to the GSO, regarding business trends, the survey indicated that 20.9% of respondents said their business performance in the first quarter of 2020 was better than in the fourth quarter of 2019; 42% said it was more difficult; and 37.1% said their performance was stable.

As many as 38.8% of businesses surveyed said the trend in the second quarter will be better than in the first quarter; 25.9% forecast hardship; and 35.3% anticipated stable business. The State-owned business sector was most optimistic with 77.9% of respondents forecasting a better outlook in the second quarter of 2020. This ratio in private and foreign-invested sectors was 74% and 73.8%, respectively.

Moreover, new orders or export orders were also forecast to be better in the second quarter of 2020. 40.3% of respondents anticipated an increase in output; 22.8% forecasted a decrease; and 36.9% expected on stability. On orders, 36.7% hoped for an increase in orders; 22.8% expected a reduction; and 40.5% hoped for a stable inflow of orders. In addition, 30.7% planned to boost new export orders; 23.7% estimated to suffer a decrease; and 45.6% expected to be stable.

Another bright spot expected by businesses is that the Government is pushing a series of measures to remove obstacles in business operations. Measures include removing difficulties and facilitating access to capital, credit, finance, tax, commerce and electronic payment; and reducing administrative procedures and costs for businesses. ■



SHRINKAGE IN FDI

Opportunity to Restructure Market



The Covid-19 pandemic has unsurprisingly produced a negative impact on foreign direct investment (FDI) flows into Vietnam. FDI inflows to Vietnam in the first quarter of 2020 decreased in both projects and registered value. However, according to experts, this is also an opportunity for Vietnam to restructure the market and have policies to entice investors intending to narrow production in neighboring countries and invest in Vietnam.

THU HA

The complicated outbreak of Covid-19 respiratory disease is greatly affecting foreign investors' travelling as well as their decisions on fresh investments and expansion investments, thus reducing foreign investment in both projects and registered value in the first quarter of 2020. Besides, many FDI enterprises are facing numerous hardships such as expertise shortage, imported input shortage, stalled production and shrinking consumer market. Difficulties have multiplied for large-scale enterprises that are exporting to epidemic regions.

Specifically, according to data from the Foreign Investment Agency (FIA), as of March 20, 2020, the FDI value (both fresh and added) totaled US\$8.55 billion, down 21.9% from the same period of 2019. Of the sum, the greenfield value accounted for US\$5.5 billion, up 44.8% year on year. This was a positive point. However, this growth was mainly driven by the US\$4 billion Bac Lieu LNG Power Project licensed in the quarter.

In addition, foreign investors spent nearly US\$2 billion to make 2,523 share purchase deals, down 65.5% in value but up 52.6% in deals from the corresponding period of

2019. According to FIA, although the number of capital contribution and share purchase deals increased strongly in the March quarter, the average value of a deal was quite small, just US\$780,000 (much smaller than the average deal size of US\$3.4 million in the first quarter of 2019).

By industry, foreign investors invested in 18 industries, of which the electricity industry led with over US\$4 billion, accounting for 47.5% of the total registered value. The manufacturing and processing industry ranked second with US\$2.72 billion, accounting for 31.9%, followed by retail industry with US\$682 million and the real estate industry with US\$264 million.

By partner, 87 countries and territories invested in Vietnam in the January-March period. Singapore took the lead with US\$4.54 billion, accounting for 53.1% of the total FDI value in Vietnam. Japan ranked second with US\$846.7 million, accounting for 9.9%, followed by China with US\$815.6 million, accounting for 9.3%.

Apart from Bac Lieu LNG Power Plant, other big FDI projects licensed in the quarter included US\$300 million Jinyu Radian Tire Manufacturing Plant Project (Vietnam), Radian Tire Manufacturing Project (China) in Tay Ninh province and Sews-components Vietnam Factory Project (Japan).

According to experts, although the number of fresh and expanded projects respectively decreased 5% and 17.2%, this was only a short-term status. In the long term, Vietnam will still be a bright spot of FDI attraction in the region.

Vietnam has already joined many new-generation free trade agreements (FTA)s, including the EU - Vietnam Free Trade Agreement (EVFTA), which have created important platforms for foreign investment flows into Vietnam. Besides input and labor resources, Vietnam is also offering a lot of incentives for FDI. Furthermore, its advantages such as good epidemic prevention and stable politics are also plus points and Covid-19 pandemic impacts on FDI are just short term.

Besides, experts anticipated that Vietnam would see a decline in FDI flows in the second quarter and possibly to the third quarter if the Covid-19 pandemic continues to evolve complicatedly. This is an opportunity for Vietnam to restructure and rethink the market, especially supporting industries and manufacturing industries. It is high time for Vietnam to develop its own supporting industries or to join hands with other countries that signed new-generation FTAs, such as CPTPP or EVFTA, to increase their investment in Vietnam and enhance the value added to take advantage of export opportunities to those markets. Investment promotion agencies should proactively work with foreign investors who have planned to invest in Vietnam to discuss, orient and unify preliminary investment procedures.

In the context of the Covid-19 pandemic influence, FIA proposed some remedies like applying special entry to Vietnam for foreign investors with negative Covid-19 tests,

who will work in independent, self-isolated areas guaranteed and supervised by local authorities. Besides, the agency proposed extending work permits for foreign experts and technicians working at foreign-invested enterprises, applying quick customs clearance procedures for imported inputs and goods, or extending the execution schedule for projects troubled by the epidemic.

Moreover, according to FIA, central and local authorities should stop all inspections into FDI companies during the epidemic period, helping them focus on restoring manufacturing and business activities impacted by the epidemic, except for cases with signs or suspicion of law violations. Last but not the least, they should consider and resolve requests for project implementation extension from projects troubled by the contagion and reduce the time needed to complete administrative procedures concerning investment projects.■

U.S. Support for ASEAN in Fighting Covid-19

As the leader in the global health and humanitarian response to Covid-19, the United States is providing both technical assistance and financial support to ASEAN member states in fighting Covid-19, initially US\$18.3 million as of March 26.

Of which, nearly US\$3 million in health assistance will help the Vietnamese Government prepare laboratory systems, activate case-finding and event-based surveillance, support technical experts for response and preparedness, risk communication, infection prevention and control, and more.

The CDC provided training to 15 hospitals in conjunction with the WHO, and has helped train for 63 provinces on Covid-19 surveillance, reporting, and sample collection, and is supporting Vietnam in developing its National Infection Prevention and Control guidelines for Covid-19.

The Vietnamese Government has requested support for Covid-19 testing reagents, which is currently being coordinated with the Defense Threat Reduction Agency (DTRA) for local sourcing.

Over the past 20 years, the U.S. has invested more than US\$706 million in health assistance and more than US\$1.8 billion in total assistance for Vietnam.

T.N



Balancing Food Security and Surplus for Export

On March 24, 2020, the General Department of Vietnam Customs issued a dispatch express, demanding provincial/municipal customs departments to suspend registration, receipt and clearance of export rice shipments of all kinds in all forms from 00:00 March 24. Earlier, the Ministry of Industry and Trade proposed the Prime Minister to suspend rice export. However, right after the official dispatch delivered by the General Department of Customs, the ministry sent an express dispatch to the Prime Minister for permission for continued rice export. The puzzled regulation in rice export raises the question: Should Vietnam boost rice exports to take advantage of rising world demand or save rice to prevent food shortages it could face in the coming time?

HUONG LY

Rising demand and soaring price

The Covid-19 epidemic has resulted in a soaring demand for rice. In just a short time, China continuously purchased rice in Vietnam, making the export value to this market boom in the first three months of 2020. In addition, the severe drought in the Mekong Delta also caused significant pressure on rice export as well as domestic food security.

Specifically, in the first two months of the year, the country exported 66,222 tons valued more than US\$37 million to China, compared to just 9,534 tons worth more than US\$4.5 million in the same period of 2019. Thus, the rice export volume to China soared nearly 7 times. Rice shipments to Malaysia also jumped 149% in the first two months. The Philippines remained Vietnam's largest rice importer, with volume rising by 15.8% and value growing by more than 26%.

According to the Ministry of Agriculture and Rural Development, Vietnam exported 1.298 million tons of rice worth US\$602 million in the year to March 15, up 26.5% in volume and 34.6% in value year on year.

Data released by the General Department of Customs



showed that the average export price this year was nearly US\$560 per ton, compared to US\$472 per ton a year ago, growing by 20-25%.

Unlikely food shortage

Reporting to the Prime Minister on rice production and consumption demand in 2020, the Ministry of Agriculture and

Rural Development forecasts that Vietnam will produce 43.5 million tons of unhusked paddy and may export 6.5-6.7 million tons in 2020 (13-13.4 million tons of unhusked paddy). The domestic demand for paddy is 29.96 million tons.

Mr. Nguyen Nhu Cuong, Director of the Crop Production Department under the Ministry of Agriculture and Rural Development, said that despite being affected by saline drought in the Mekong Delta, Vietnam will still ensure sufficient food for domestic demand. A food shortage is unlikely.

Industry and Trade Deputy Minister Tran Quoc Khanh added that, given prolonged epidemic conditions, Vietnam can still ensure food security because there is always a national rice reserve as instructed by the Prime Minister. On the other hand, Decree 107 requires enterprises to reserve 5% of export volume. Rice cultivating time is also relatively short and the country can restore production and meet domestic demand in a short time.

Mr. Nguyen Duc Thanh, Member of the Vietnam Agriculture Policy Alliance, said, when the global demand for rice suddenly increases, Vietnam should at least take advantage of the first wave. In 2008, the world rice price surged on the risk of global rice shortage, Vietnam hastily closed its rice export market and lost an opportunity to export rice in large quantities and at very good prices.

“Rice is a commodity that the supply can be replenished after 3-4 months. The excessive fear of supply shortages caused both rice producers and exporters to lose the opportunity,” he analyzed.

According to experts, the ban on rice export may help solve food security in the short term but this may cause counter effects like reducing domestic rice price and hurting rice farmers and exporters. On the other hand, the sudden ban on exports contracted with foreign partners may affect international trade relations. Therefore, ministries should consider specific situations before making a decision on suspension of rice exports.

On export regulation, Mr. Tran Quoc Khanh emphasized that it is necessary to have certain measures for rice regulation. If Vietnam continues to export rice at the same pace as in the first two months of the year, Vietnam will face the risk of rice shortage.

Given unpredictable fluctuations, the world market demand for necessities is soaring. For the domestic situation, if something unexpected happens, excluding the likelihood of psychological factors, rice hoarding may occur. “Under normal circumstances we do not lack rice, but under some special conditions we may face a risk if we export rice. Therefore, we must take measures in consideration of all possibilities to ensure food security for the people,” he stressed.

In addition to stopping rice export to ensure food security, Vietnam can set up a reserve fund, increase compulsory reserves, maintain a large area of rice land, and extend the delivery time for partners to timely replenish supplies. ■

Vietnamese Tech Application Campaign for Digital Life Launched

Minister of Information and Communications Nguyen Manh Hung recently issued Directive 16/CT-BTTTT to launch a campaign on application of Vietnamese technology to digital life.

This is the second directive that the minister issued to engage the information and communications sector in the fight against the Covid-19 pandemic, to restore normal life and promote information technology development and digital transformation, thus helping boost socioeconomic development.

According to this directive, Minister requested the industry to stand united and cooperate more productively to perform 10 tasks, for example developing the digital working environment for the sector. Focus will be placed on developing digital platforms, applications and services to create a digital working environment to establish and maintain a continuous working environment anytime, anywhere. At first, priority will be given to developing platforms, applications, and services for online meetings and conferences, online office work, digital management, and digital communication tools.

In addition, Minister Nguyen Manh Hung required developing a digital platform for transportation services and smart factory systems for facilitating production, developing digital payment platforms and developing solutions to ensure safety, network security and grow Vietnam’s digital transformation supporting community.

Duc Quan

MIC Launches Solutions on Business Support amid Pandemic Outbreak

The Computerization Department under the Ministry of Information and Communications joined hands with Vietnam Remote Workforce to build a list of software and solutions to support Vietnamese businesses in the time of the Covid-19 outbreak.

This is a set of solutions for digital transformation conducted by businesses, including joint solutions for various industries such as marketing/sales, human resources management, communication and education.

Businesses participating in the program will offer preferential packages of solutions and services for digital transformation that can be used by other businesses. This list is built according to the criteria to help participants connect with others even at home. Besides, these solutions will help ensure the effective work can be operated remotely.

All packages and services provided in the program are free for a minimum period of 3-6 months. Many product packages also offer a 50% discount on prices, even a one-year promotion. This offer is valid for all businesses that are headquartered in Vietnam and have a valid tax code.

Businesses can find information about preferential packages and register to receive them at <https://ict.mic.gov.vn/>.

Ha Thu

Banks Sharply Cut Lending Rates

A lot of Vietnamese commercial banks officially announced preferential credit packages and reduced lending rates. Some already lowered the lending rate by 4.5% per annum and others slashed interest rates on existing loans.



At the regular online cabinet meeting for March 2020, the Governor of the State Bank of Vietnam (SBV) Le Minh Hung said that, on March 31, the SBV met with 20 credit institutions (accounting for about 75% of the total outstanding loans to the economy) and reached strong consensus on lending rate cut by at least 2% as compared with that before the epidemic outbreak.

By April 1, 2020, many banks officially announced credit packages and reduced lending rates. Some slashed the rates by 4.5% per annum while some lowered interest rates on outstanding loans.

VIB took the lead in lowering lending rates on existing loans, starting from April 1, 2020. Specifically, the lender expanded the interest support package by reducing the rate by 0.5-2.0% in six months for all existing customers in all industries.

The support package is applicable to all medium and long-term loans in Vietnamese dong (except for bonds), carrying interest rates from 9.5%. According to initial estimates, approximately 9,500 customers who are currently borrowing about VND10 trillion will be immediately entitled to this support which is aimed to help them overcome hardships caused by the Covid-19 epidemic.

HDBank sharply reduced lending rates for all customers, without requiring any proof of troubles caused by the Covid-19 epidemic from March 31. Preferential rates of 2-4.5% will be applied to individual customers and micro businesses affected by Covid-19 epidemic throughout the country.

The lender also designed many credit packages for many customers during the Covid 19 outbreak, including VND10 trillion to support stabilizing prices of consumer goods and necessities with a flexible interest rate of just 6.5% per annum for companies that supply goods and services to supermarket chains, VND5 trillion of preferential loans for SMEs, VND3 trillion to lend suppliers of pharmaceuticals, medical equipment and supplies to boost the fight against the epidemic, VND1 trillion for the rural agriculture chain to ensure the country's rice production and supply and help enterprises and business households struggling against saline intrusion in the Mekong Delta.

Vietcombank, BIDV, VietinBank and Agribank pledged to cut lending rates by 2.5%

At the meeting on March 31, leaders of four state-owned banks - Vietcombank, BIDV, VietinBank and Agribank - pledged to slash lending rates by 2.5% per annum.

Vietcombank's Chairman Nghiem Xuan Thanh said that the bank already reduced the dong loan rate for all businesses and individuals affected by the epidemic. Total outstanding loans of industries/sectors affected by Covid-19, subject to an interest rate 0.5-1.5% lower than common rates have reached over VND112.7 trillion. In the coming time, this bank will launch a credit package of VND30 trillion with lending interest rates 2-2.5% lower than the current rates. Producers of essential goods will have their rate cut by 2.5% and enjoy an interest rate of just 4.5-5% per annum.

Besides, this bank will further extend its rate cut policy by lowering the rate by 1-1.5% for existing loans (from April 30 to September 30). Vietcombank's profit was estimated to fall by VND300 billion because of this policy.

Agribank set aside VND100 trillion of preferential



loans to support customers affected by the Covid-19 epidemic to restore, stabilize and develop production and business. The program is applied for loans disbursed from April 1, 2020 until the third month after the Prime Minister announces the end of the Covid-19 epidemic or until the disbursement of this credit package is completed. .

With this program, customers will enjoy an interest rate lower than the normal rate by 1% (for Vietnamese dong loans) and by 0.5% (for loans in foreign currencies) as compared to normal lending rates of the same kind.

Previously, Agribank's Chairman Pham Hoang Duc pledged to work with other commercial banks to launch mechanisms and policies to reduce interest rates by 2% per annum for those who are directly affected by the Covid-19 epidemic.

VietinBank announced to further reduce lending rates by 2% and launch a credit program of VND60 trillion to support customers. Specifically, from April 1, 2020, the bank continued to implement a soft credit program of VND60 trillion which carries an interest rate 2% lower than that before the outbreak. VietinBank has given special incentives to businesses that supply essential goods during the time of the Covid-19 pandemic.

In addition, VietinBank has continued to deploy unlimited credit programs such as siding with corporate customers and launching preferential loans which are carrying an interest rate 1.2-3% lower than the normal commercial rate.

BIDV officially announced to reduce the lending rate by 2% on both secured and unsecured loans. Specifically, for existing loans, the bank will restructure the debt, extend repayment time and reduce interest rates by 2% (for VND loans) to businesses active in industries/sectors affected by the Covid-19 epidemic. The specific reduction will depend on the sector, industry and level of impact caused by the plague.

The lender also slashed the rate by 1% (for loans in

Vietnamese dong) on unsecured consumer loans which are guaranteed by borrowers' salary but their salaries have reduced owing to the Covid-19 epidemic. Particularly, unemployed workers who get VND1.8 million from the government-backed policy will have their interest rates decreased by 2%. Maturity will be extended through the time of epidemic.

For new borrowers, BIDV has launched credit support packages for businesses hurt by the Covid-19 epidemic. Interest rates will be 2% lower than the rate of the same category recorded on December 31 2019.

Kienlongbank decided to lower lending rates by 3% per annum for both individual and corporate customers.

The rate cut will be applied from April 1 to June 30, 2020. For customers in the Mekong River Delta (with priority given to five provinces that already declared emergency: Kien Giang, Ben Tre, Ca Mau, Tien Giang and Long An), loans will be provided timely and urgently to help customers damaged by drought and saline intrusion.

The bank said this program will help add funds for agricultural production (rearing, planting, tending), rice, fruit trees, vegetables, and aquatic products in five provinces affected by drought and saline intrusion. During this time, Kienlongbank will not collect overdue and late interests from customers. The exemption period is up to 3 months and cannot go past June 30, 2020.

VPBank launched the second special support package and cut rates by 2% for troubled businesses. Specifically, for secured loans, the rate cut is capped at 1.5% for VND loans and 1% for USD loans. For unsecured loans, VPBank caps the rate cut at 2% for VND loans and 1% for USD loans.

Eligible customers must be involved in tourism, restaurant, hotel, transportation; Exporters with at least 50% of revenue earned from exports to China, the United States or Europe in 2019; Producers importing at least 50% of inputs from China, the US or Europe; Or companies finding it hard to repay loans because of the Covid-19 epidemic.

In addition, borrowers must meet some other conditions imposed by VPBank such as having good credit ratings over several consecutive periods. Financial stability and transparency before the epidemic is reflected in audit reports.

TPBank launched more preferential rate programs for new customers with a total loan balance of VND12 trillion. Accordingly, TPBank sets aside VND5 trillion for small and medium enterprises, VND4 trillion for large corporate customers, and VND3 trillion for individual customers. The interest rate is 1.5-2.5% lower than the current rate.

In addition to restructuring debts and extending principal and interest payment for customers, TPBank reduced interest rates by 0.5-1% for existing customers severely affected by the pandemic. The total outstanding loans taken into consideration may reach VND30 trillion. ■



Banks Join Hands to Support Business

Although there is no official data, the Covid-19 pandemic is exerting a strong impact on business performance of Vietnam's retailers and exporters.

Numerous hardships

Mr. Nguyen Trung Thuc, owner of Khanh Ngoc Culinary Center, said that the center caters meals for more than 20 kindergartens and semi-boarding schools. With more than 100 employees, it provided about 10,000 meals every day. But since the outbreak of Covid-19, schools were temporarily closed and its operations were shut immediately.

Vuong Anh Joint Stock Company had an order to export zinc oxide powder to China, but because of the Covid-19 epidemic, more than 10,000 tons of this commodity could not be exported and piled up at its factories. Its input inventories also reached more than 20,000 tons but it did not dare to continue manufacturing owing to slow sales. Before the plague, the factory had invested in a new production line to improve product quality, but it could not go into operation because Chinese experts had not yet come to support operations as a result of the Covid-19 pandemic.

Mr. Vu Dinh Dung, CEO of Vuong Anh Joint Stock Company,

said that if the contagion does not end, the factory will be unable to restore production and maintain work for about 100 employees. The company is currently borrowing over VND150 billion from banks and still has to pay interests for it. Therefore, the company has multiple difficulties.

Assistance from banks

In close partnership with Khanh Ngoc Culinary Center in the past 10 years, Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) has shared this difficulty with the customer by quickly applying a rate cut policy.

Currently, Khanh Ngoc Culinary Center is borrowing over VND3billion from BIDV Thai Nguyen, carrying an interest rate of 9.5% per annum. In the face of the epidemic, BIDV Thai Nguyen offered a loan package to business households with an interest rate lower than the normal rate by 2%. This has helped the center to deal with its difficulties.

"We also expect the bank to have support policies such as extending the loan term, especially exempting or reducing the interest rate when our business is delayed to help us to maintain our production," said Mr. Nguyen Trung Thuc at Khanh Ngoc Culinary Center.

Mr. Vu Dinh Dung said that since the outbreak of the Covid-19 epidemic, BIDV officials came to appraise and assess hardships faced by its customers and reduced lending rates by 1% per annum. "We hope that the banking industry will continue to support our factories to deal with difficulties to develop and invest in the long term," he emphasized.

Ms. Nguyen Khue Chinh, Deputy Director of BIDV Thai Nguyen Branch, said that, amid the Covid-19 outbreak, BIDV Thai Nguyen immediately followed the guideline by the State Bank of Vietnam (SBV) and BIDV. The branch adopted three solutions. Firstly, the branch supported corporate borrowers by immediately reducing the interest rate. So far, more than 100 customers have applied this policy. Secondly, for customers eligible for debt restructuring, BIDV restructured and rescheduled their debts. Thirdly, the bank promoted non-cash payment by reducing up to 70% of transfer fees on electronic banking channels like BIDV SmartBanking and BIDV Online.

Actually, for companies and business households, the timely support from the banking industry in general and from BIDV in particular has significantly helped them get through this tough time of the Covid-19 epidemic. ■

H.T

Administering E-commerce in Export and Import

Prime Minister Nguyen Xuan Phuc recently signed Decision 431/QĐ-TTg approving the project on managing e-commerce in export and import.

One solution is completing the legal basis on export and import e-commerce management.

The project aims at building a system to receive and process information about export and import e-commerce on the National Single Window (NSW) and the ASEAN Single Window (ASW) to effectively control transactions and speed up commodity clearance as commodity databases are available.

Besides, building policies on exported and imported goods transacted via e-commerce platforms such as customs procedures, methods of determining customs values, licensing, conditions, specialized inspections, licensing exemption, condition exemption and inspection exemption.

In addition, the project recommends solutions on building a database concerning export and import e-commerce, solutions on building policies on management of export and import e-commerce and developing electronic payment and guarantee mechanisms for export and import e-commerce transactions across the border.

Vu Thu

Production Needs to Move on

QUYNH CHI

According to the latest updated data from the State Bank of Vietnam (SBV), from the beginning of the year to March 24, the new credit increased by only 0.5% from the end of 2019. Given the current situation, it is unlikely that credit growth will reach the target as set at the beginning of the year.

To rescue the economy and businesses, the Government has decided to pump a soft credit package of VND285 trillion and a tax cut/exemption package of VND30 trillion for businesses troubled by the Covid-19 epidemic.

Businesses find it hard to absorb available soft loans

According to Mr. Nguyen Quoc Hung, Director of the Credit Department under the SBV, capital demand is still huge and real. However, during this period, a majority of borrowers want to postpone or extend the repayment period to avoid being assigned overdue debt.

A lot of banks offered preferential loan packages. Before January 2020, Asia Commercial Bank (ACB) announced a credit package of VND25 trillion carrying a lower rate than commercial rates by 1-2% to support business. By the end of February 2020, as many as 21,900 customers got a combined loan of more than VND20 trillion. ACB also pledged to expand this package after it ran out. As for customers affected by the Covid-19 epidemic, ACB provided an additional loan package of VND5 trillion for them to recover business operations after the epidemic. For this package, the loan term is 12 months.

Sacombank also launched a preferential credit package of VND10 trillion with a lower interest rate than normal rates of this bank by 2%. HDBank also deployed a rate-flexible preferential credit package with the interest rate of 6.5% per annum for short-term loans (1-6 months) for corporate customers supplying goods and services to Saigon Co.op. The package is VND10 trillion.

LienVietPostBank launched a retail loan package for businesses with a preferential interest rate 0.5% lower than the normal rate. Accordingly, the bank is expected to set aside VND60 trillion of concessional loans for borrowers directly affected by the Covid-19 epidemic. However, based on actual records, it is likely that only about VND20 trillion will be disbursed to qualified customers.

From February 14, 2020, Military Bank (MB) offered a concessional credit package of VND10 trillion for SME customers. However, in reality, their demand for loans is low. In the context of a complicated, unpredictable pandemic development, businesses are very cautious with new loan decisions, because both supply and demand are troubled.



Manufacturing must keep going on

According to some financial experts, the operation of many businesses is stalled or even stopped, so the demand for loans is not high. Importantly, manufacturing must keep going on. In fact, many businesses want to make goods but they do not have input materials or they want to sell their goods but they cannot find the market. Thus, banks find it hard to offer their loans.

The current difficulty is not about the money market but the stalled commodity market. This support loan package will be effective when the market recovers. At present, for banks, lowering lending interest rates and freezing debts for businesses will be more practical.

For the time being, enterprises are mainly evaluating their business situations to ask banks for rescheduling repayment terms of their outstanding loans. Therefore, since the beginning of March, many banks have primarily restructured loans for their customers.

In the face of urgent difficulties of businesses, the SBV issued Circular 01/2020/TT-NHNN on repayment term restructuring, rate exemption and reduction and debt scheduling to support customers affected by Covid-19. This is considered an important legal corridor for banks to reschedule repayment terms without having to assign loans to other loan groups or increasing bad debts, and facilitating banks to make new loans for effective production and business plans in the coming time.

Although credit growth is still low, many banks expect urgent measures that the Government and ministries have executed to support businesses, together with a large amount of cheap capital offered by banks will help businesses overcome hardships soon and return to borrow more money for continued production and business activities.

Notably, according to economic experts, when the pandemic is over, production and business activities will recover and credit demand will increase rapidly because enterprises will step up their operations to make up for their previous disruptions. ■



Housing Supply Keeps Falling Sharply

The sales figure equaled only about 54% of the total available supply in the first quarter, the lowest level since the second quarter of 2017.

Most deals were struck during pre-order rounds prior to the Covid-19 pandemic outbreak. The affordable and mid-end segments continued to lead the market, accounting for 80% of total sales, largely by end-users.

The investment demand tended to slow down, concentrated in the high-end segment. This trend started from previous quarters and became more pronounced amid the Covid-19 pandemic.

According to JLL, the rate of land-based house sales in the first quarter of 2020 was also lower than the quarterly average in the past five years, with only 366 units.

The Covid-19 outbreak has reduced market momentum but this quarter's sales had not shown signs of being affected much as most deals were made in pre-order events, which took place before the outbreak. But, sales contracts were not signed until the first quarter.

The demand mainly came from end buyers looking for spacious homes with more green trees and a cleaner environment. The number of houses purchased for investment was fewer because most projects were nearly completed. Shorter payment terms often require huge value payment at a time of transaction.

The supply was inherently scarce due to legal issues and now scarcer due to the contagion outbreak. Pre-order events had to be postponed, causing the apartment supply to fall to only 2,256 units, the lowest since 2014. Pre-orders also slowed down, with 70% being postponed due to the outbreak.

As for land-based houses, the supply continued to be smaller than the quarterly average for the past five years. Verosa Park Khang Dien - a project launched in the quarter - accounted for more than 60% of the total 443 units counted. Approximately 80% of the total apartment supply was affordable and mid-end. Only one

According to the latest report by JLL Vietnam, Ho Chi Minh City had only 1,980 apartments sold in the first quarter of 2020, less than half the number recorded in the first quarter and the fourth quarter of 2019.

upmarket project was launched in District 7, while no luxury projects debuted in the quarter.

With regulations restricting crowds amid Covid-19 outbreak, many businesses have applied novel methods to boost sales like online booking, email exchange and communication applications. An investor has even developed its own application for customers to manage transactions and investments online.

In the first quarter of 2020, the average selling price of apartments reached US\$2,452 per square meter, down 15% quarter on quarter, as two high-priced projects were changing investors and halting transactions.

Therefore, JLL temporarily removed them from the survey basket. Newly launched projects in the quarter mainly belonged to affordable and mid-end segments.

The price of land-based houses in the first quarter of 2020 increased to US\$5,017 per square meter, an increase of 37.7% year on year and 8.4% quarter on quarter. The price increase was mainly caused by the absence of new affordable projects. In the same project, prices remained stable or slightly increased, below 4%.

The impact of Covid-19 on prices might not be clear in this quarter as the effect of supply shortage weighed up. Moreover, investors still tried to keep the price unchanged from what they set before the outbreak. However, if the situation gets worse, stimulus policies may need to be considered.

Construction schedules and sale plans in some projects are likely to be affected and delayed amid the Covid-19 epidemic and sales may be lower than expected as a result.

Given the current context, JLL expects around 20,000-30,000 apartments and 1,200-2,000 land-based houses will be opened for sale in 2020. However, this figure may fluctuate strongly, depending on pandemic developments in the coming time. ■

P.U



REAL ESTATE MARKET Quiet but No Discount

Although the market was extremely quiet, real estate prices in Vietnam did not decrease in comparison with the fourth quarter of 2019 and no business announced a discount policy for their products.

That is the judgment of the Vietnam Association of Realtors (VARs) in the real estate market report of the first quarter of 2020 released on April 2.

The real estate market situation in the first quarter of 2020 was extremely quiet compared to the same period every year, said VARs.

The supply, transaction and absorption rate was at the lowest level in the past four years. For housing projects, the total number of products offered across the country (including inventories and newly launched ones) reached 53,236 products, with 7,641 products traded and the absorption rate of 14.3%.

In particular, the new supply for sale was 18,695 products (including 8,363 apartments and 10,322 low-rise houses). There were 2,769 products traded, accounting for only 19.6% over the same period in 2019 with an absorption rate of 14.8%.

In other areas, the transactions were mainly low-rise product lines (land, semi-detached houses and so on).

"Before the Lunar New Year, this was still a product line that had received much attention from customers and small investors but due to the pandemic situation, transactions were very limited," VARs acknowledged.

For tourism and resort projects, in the first quarter of 2020, newly launched products were very rare, a small number of transactions came from previously offered projects.

By the end of 2019, in the whole country (except for Phu Yen, Quang Binh, Hai Phong, Hanoi, Ho Chi Minh City and mountainous provinces) there were 139,281 resort products, of which 41,667 products were completed.

Notably, the Vietnam Association of Realtors said that despite the extremely quiet market, the real estate selling price had not decreased compared to the fourth quarter of 2019 and no enterprises had announced a discount policy for their products.

In addition, investors as well as trading floors were forced to postpone the sale opening activities to avoid gathering during the outbreak.

"Real estate trading floors and individual brokers were directly affected by the epidemic. The floors lacked sources of goods to sell and did not get attention from customers and investors because they all had to worry about fighting the epidemic. About 50% of the floors had to close; there were many unemployed real estate brokers," said the Vietnam Association of Realtors.

In the context of tightening credit and the inability to sell products due to the epidemic, there were signs of investors with weak financial capacity seeking to offer and transfer projects in the form of M&A or shares, or each part of projects.

Despite the gloomy market, the Vietnam Association of Realtors affirmed that there were some speculators taking advantage of information on corporations' investment in developing projects to push prices, creating chaos in the market for personal gain like in Ba Ria - Vung Tau and Thach That district (Hanoi). ■

LD

CONSTRUCTION MATERIAL BUSINESS

Difficulties Pile up

Amid the negative impact of the Covid-19 epidemic, construction material enterprises in Vietnam are facing many difficulties in both material supply and output.

Speaking to reporters, Ms. Tran Thi Dung, Chairwoman of EuroHa Joint Stock Company, a high-grade aluminum bar manufacturing enterprise, said that after the Tet holiday, the number of orders had dropped sharply, leading to a 50% decrease in revenue.

Difficulties everywhere

According to Ms. Dung, aluminum products typically require a lot of imported raw materials, specifically from Southeast Asian countries and China. Because of the epidemic, these countries are nearly closed, causing difficulties for production due to lack of supply.

"Enterprises have been forced to cut labor, reduce wages to ensure maintenance of the response fund for six months in case of a long-lasting epidemic," Ms. Dung shared.

Sharing the same plight, according to a representative of Viglacera Thang Long Joint Stock Company (Phuc Yen), this enterprise now only operates one third of the production lines. Although they are not running at full capacity, consumption is still quite slow because the Covid-19 epidemic has caused delay in construction demand.

Mr. Tran Thanh Minh, Chairman cum General Director of Global Construction Materials Joint Stock Company, said that the company's output was significantly reduced. In the past, the enterprise exported 4-5 trucks of products (about VND20 million each) daily, now it is only about two trucks. Currently, the company has to cover a loss of over VND100 million a month.

Some construction material store owners in Hanoi said that after Tet holiday, the number of customers seeking to buy construction materials has decreased significantly, many shops are only "moderately" open, waiting for the epidemic to end.

"Because of the epidemic, customers are afraid to contact many people, while Vietnamese people avoid construction at the beginning of the year. But at that time, the stores still had a certain number of customers, enough to cover the cost of the premises. However, by the second wave of the outbreak, all renovations had stopped, most of the shops had to close before the government forced them to do so," Ms. Minh, owner of a construction material store on La Thanh street shared.

According to incomplete statistics of the Cement Association, the domestic consumption from the beginning of the year until now is only 60% against the same period of 2019, and 48% compared to the end of 2019; the export of cement and clinker is only equal to 70% that of the same period in 2019 and 56% compared to the end of 2019.

According to statistics of the Ministry of Construction of Vietnam, the consumption of construction materials in the first two months of this year fell sharply, reaching only 70-75% compared to the same period last year, while many industries' consumption only reached approximately 50% compared to the end of the year.

In this context, iron and steel manufacturing enterprises planned to turn to some markets such as China, Cambodia, Malaysia. However, due to the impact of the Covid-19 epidemic, the export door also closed.

A good beginning makes a good end

Construction material businesses said that, along with the epidemic, the market of construction materials depended heavily on the real estate market, while the market was facing many difficulties due to tightening credit policies. Many localities restricted approving new projects, which led construction material enterprises to encounter many problems.

Mr. Thai Duy Sam, General Secretary of Vietnam Association for Building Materials, said that the association had requested members to strictly implement disease prevention as directed by the Prime Minister. They must ensure the health and safety for human resources in order to ensure the maintenance of business operations. In addition, for units using raw materials from abroad, they need to take advantage of conditions, good signals from the source of raw materials, quickly boosting production when the door is open.

The Vietnam Association of Building Materials and a number of its members such as the Cement Association have also made proposals to the Prime Minister, as well as relevant ministries and agencies, to make tax exemption, tax reduction, reducing lending interest rates, extending debts; exemption and reduction of road tolls to reduce circulation costs; and reducing the social insurance collection rate or stopping collection for at least six months to support them in this difficult period.

"Another important thing is that the association also recommends that the Government have policies to clear difficulties in the real estate market, facilitating the development of new projects. Only when the real estate works well, can the construction material market improve," Mr. Sam recommended.

On the business side, Ms. Dung said, the business had proactively reduced the price, releasing goods, but the sales volume and cash flow still slowed down significantly. Enterprises are also considering many plans to restructure production, reduce intermediaries and prioritize dealing with urgent orders.

"However, in order for enterprises to survive and operate again after the epidemic, it is necessary for the Government to soon have rescue policies focusing on three centers of extending and reducing of social insurance, tax and bank credit," Ms. Dung suggested. ■

D.H

Businesses Survive, Then Jobs Available



A survey on impacts of the Covid-19 pandemic in many businesses (mostly small businesses, with fewer than 100 employees) showed that tens of thousands of workers are at risk of losing their jobs.

Existing difficulty

The immediate solution adopted by many businesses is downsizing, with nearly 39% taking this measure. The above solution may cause serious consequences for the economy as hundreds of thousands of people face the risk of losing jobs that may engender social instability.

According to labor laws, in the context of complicated Covid-19 epidemic development, employers may transfer employees to other jobs or have the right to unilaterally terminate employment contracts for majeure causes.

However, in reality, this is something that both employers and employees do not want to happen.

At a recent meeting with economic concerns, Prime Minister Nguyen Xuan Phuc emphasized that the pandemic makes us try twice as hard, but we have to try three times as hard. At the same time, he affirmed, "More than 700,000 Vietnamese companies are strongholds in the fight against the pandemic. We must facilitate business development, create jobs and fight

Personnel is a headache for businesses in the time of Covid-19 outbreak. It is like a challenge to test the bravery of the leadership team as well as the sustainability strategy of each business.

against unemployment, not only focus on any single aspect."

Adversity, even the risk of operational termination, is present, however, more than ever, this time requires bravery from leadership. Employment solution and policy during the epidemic time will show the sustainable development strategy of each business because personnel is key to business success.

Working together

In a recent press conference, Mr. Le Thanh Thanh, Chairman of Muong Thanh Group, affirmed, "Nobody is laid off. The country is fighting the pandemic and we are also joining the fight against it. In favorable times, they call for their employees to do their best, why do they send them away in troubled times?"

Being engaged in a sector that is greatly vulnerable to the Covid-19 pandemic, employing more than 250,000 employees spread across the country and nearly 60 hotels in Vietnam and Laos, his commitment is seen as a boon for his employees and proves his role as a vanguard in the peacetime.

However, challenges and difficulties for each business are not the same. Nguyen Xuan Tinh, Director of Hue Leather and Footwear Joint Stock Company, said, the company currently hires about 500 workers. However, as the company cannot self-control input supplies, its employees have to take rotational leave, resulting in a 30% reduction in output in February and expected 50% in March.

"In April, we could only ensure full employment in a factory and lay off a half in the other. So, we switched to make face masks and sell VND5,000 a two-layer piece and VND6,000 a three-layer piece. Our purpose is to create work for workers," he added.

But, employer-employee relationships are always reciprocal. Efforts from the business side are not enough. In many businesses, workers have actively asked for a wage reduction to ease burdens on their employers. For example, more than 2,200 office workers at Vietnam Sun Corporation (Vinasun) voluntarily reduced their salaries by 8%.

If businesses exist, so do jobs. Existing difficulties and consequences of the Covid-19 pandemic may need much time to be addressed. Human resources are what all businesses have to take into account now. At this time, the effort and consensus between the employer and employees will be the vital factor for each business. ■

P.N

Solutions to Prevent Bankruptcy of SMEs in Apparel, Footwear and Seafood



Many orders signed by apparel, footwear and seafood companies have been canceled or delayed. They cannot sign new orders and face the risk of illiquidity.

The three industries are virtually trump cards for Vietnam to realize export, import and employment plans. In 2019, the export value of the three industries was nearly US\$80 billion and created nearly 8 million jobs.

At present, the Covid-19 pandemic is raging across the world, with 200 countries and territories already affected. Notably, the pandemic has broken out in epicenters of the contagion in such places as China, Europe, the United States, South Korea and Japan. These are also major markets of Vietnamese apparels, footwear and seafood.

Many orders of apparel, footwear and seafood companies have been canceled, delayed, or renewed, coupled with late payment, resulting in short cash flows and illiquidity.

For example, quick updates on Covid-19 epidemic impacts and recommendations from the Vietnam Textile and Apparel Association (VITAS) showed that, after a quick survey into 200 SMEs, the most vulnerable to the disruption, many

bankruptcies may occur, especially for SMEs, if the government lacks timely business support measures

According to VITAS, at present, developed countries from which most of Vietnam's apparel deals come, include the U.S. (accounting for 50% of total exports) and Europe (accounting for 12% of the total) have been plagued by an epidemic as infections and fatalities are increasing sharply. Accordingly, U.S. and European authorities decided to temporarily close their borders and enforce mobility restrictions.

As a result, the pandemic has constrained global retail growth and disrupted global supply chains.

The demand source of Vietnam's textile and garment industry has been dramatically reduced; major brands in the world have stopped all

orders for March and April, even till June 2020. According to VITAS, these big markets did not have any support for Vietnamese businesses when they unilaterally did so.

Notably, many Vietnamese companies paid a considerable part or rate for purchasing inputs for production to fulfil their deals. This move has a direct and strong impact on Vietnamese garment and textile firms, immediately reduces employment and causes substantial damages to them. VITAS estimated that nearly all companies are being affected with different scale and level, depending on specific industries.

The effect on garment companies is most evident, with 100% of companies hurt, of which 70% had to cut jobs immediately in March and 80% planned to reduce more in April and May. Fewer fiber and textile companies were damaged, about 90%, because some could make materials/other inputs for producing face masks and protective suits.

Therefore, according to VITAS, if the government did not take measures to support enterprises in time, a massive bankruptcy may occur, especially for SMEs. "The garment and textile sector may face a loss of nearly VND12 trillion by June 2020," VITAS said.

Apparel, footwear and seafood associations already produced specific reports on Covid-19 impacts. The three associations submitted recommendations to the National Assembly's Standing Committee, the Prime Minister and concerned authorities on business support solutions as the

Remedy for Businesses in Covid-19 Pandemic

HUONG LY

As the Covid-19 pandemic is causing more and more serious impacts on the economy of Vietnam, Prime Minister Nguyen Xuan Phuc issued Directive 11/CT-TTg to help businesses deal with difficulties and ensure social security. This is considered a very positive move of the government and businesses will benefit directly from this stimulus package.

According to data from the Ministry of Planning and Investment, in the first two months of the year, as many as 16,151 enterprises temporarily suspended their operations, 19.5% more than a year-ago period and 2,807 enterprises completed dissolution procedures. Notably, many companies started to see Covid-19 pandemic impacts in this two-month period.

In the coming time, Vietnamese businesses and economy will certainly be in more difficulty, especially those involved in

tourism, aviation and hospitality.

Economist Vo Tri Thanh said economic difficulties caused by the Covid-19 pandemic are hurting both supply and demand. Economic growth in many countries is plummeting. The likelihood of a world recession, even a crisis, is becoming clearer on the horizon.

In Directive 11, removing obstacles for access to capital and credit is the first solution mentioned by the Government. Specifically, the Government assigned the State Bank of Vietnam (SBV) to request credit institutions to meet capital needs for businesses, shorten the time of reviewing borrowing applications, improve access to loans, restructure debt repayment terms, consider lending interest exemption and reduction, keeping debt categories unchanged and reducing service fees.

In the near future, the credit support package of VND250 trillion will be launched by banks for new customers with preferential interest rates reduced by 0.5% -1.5% per annum. Companies and business households affected by the Covid-19 pandemic will be considered for new loans from this credit package to restore operations.

More notably, the State Bank of Vietnam also recently made a strong move in reducing regulatory interest rates, of which the ceiling rate for short-term loans in Vietnamese dong decreased to only 5.5% per annum, refinancing rate to 5% and rediscount rate to only 3.5%.

(continued on P.33)

pandemic is increasingly hurting businesses.

One, on social insurance, the three associations proposed allowing businesses and employees to stop paying social insurance and unemployment insurance, depending on plague impacts to apply for a corresponding exemption.

They proposed using 50% of retained social insurance and unemployment insurance funds to support 50% of the salary for laid-off workers and the remaining 50% will be paid by enterprises.

Using retained social insurance and unemployment insurance funds to provide interest-free loans for enterprises and pay other expenses for workers.

The three associations also asked the National Assembly to approve the reduction of contribution rates of employers and employees to the unemployment insurance fund from 1% to 0.5%.

Two, as for worker salary, the three associations suggested the National Assembly and the Government allow enterprises to choose one of two solutions. First, workers accept wages that are lower than the regional minimum wage agreed by both parties, which may be lower than the regulatory regional minimum wage.

They requested immediate application of Article 99 of the

Labor Code 2019 if companies suspend operations because of the epidemic, in the first 14 days, the salary must not be lower than the regional minimum wage, and from the 15th onwards, it will be agreed by the two parties.

Three, as for tax solutions, the three associations proposed allowing late payment of corporate income tax in 2019 until the end of 2020 and excluding interest on late payment.

They proposed deferring VAT for businesses in 2020 and not counting interest on late payment.

Four, as for union dues, the three associations suggested this exemption to businesses and union fees for workers in 2020.

Five, for bank loans, the proposed lending rate is lowered to 4-5% for VND loans and 2-3% for USD loans.

The three associations also asked for the extension of due debts in 2020, with a minimum deferred payment period of 3-6 months, carrying no interest on late payment.

Six, for electricity and water, the associations suggested a 30% discount in 2020.

Seven, as for port and BOT fees, the three associations asked Hai Phong City to reduce the port fee by 50% and the Ministry of Transport to cut the BOT fee by 30% from 2020. ■

L.N

OCOP Products Potentially Capture Domestic Market



The One Commune One Product (OCOP) Program has been launched in most localities across the country to date. By the end of 2020, over 3,843 will have been certified OCOP, including many meeting 4-star and 5-star standards. This is potential for Vietnamese retailers to occupy the domestic market. Vietnam Business Forum has an interview with Mr. **Nguyen Minh Tien**, Director, Chief of the New Countryside Coordination Office, on this issue. **Minh Ngoc** reports.

Could you please tell us the biggest goal of the OCOP Program in 2020?

OCOP is a locally or regionally distinctive product development program for rural areas, carried out by collective economic entities and private economic entities. OCOP products meet commercial product standards, with the goal of adding value and linking rural development with urban development. The biggest objective of the program is to accelerate a reasonable shift of rural labor structure; reshuffle the economy, raise incomes and living standards for people and effectively implement economic and production criteria in countryside construction. It is expected that, by 2020, the program will attract 120 economic entities, with over 5,000 employees making and trading OCOP products. Each OCOP worker earns an average income of VND60 - 70 million a year.

In order to develop OCOP products, first of all, producers must proactively change their business mindset and boldly invest in technology. Besides, the government helps with various mechanisms and policies for training, coaching, technical guidance, scientific and technological application, branding, trade promotion, product marketing, and product and service planning. For the time being, the most important task is focusing on thorough and broad communication to improve the understanding of significance, importance and processes of OCOP.

What does it mean to connect OCOP products to the market?

The OCOP Program is regarded by the Government of Vietnam as a specific solution and task to accelerate economic restructuring in rural areas, very suitable for the task of restructuring agricultural production and the New Countryside Construction Program. Moreover, the OCOP method is fitting Vietnam's agricultural production, featuring small-scale production, product diversity, many cottage industry villages, landscapes and local cultures.

Carrying out OCOP will motivate innovations of businesses, cooperatives and the people, and create pride in local specialties. Moreover, this also creates



Prime Minister Nguyen Xuan Phuc visits a booth displaying typical agricultural products

an environment for developing economic forms in rural areas, especially cooperatives, small and medium enterprises, boost tourism development, and local, regional and national images. This is also a good opportunity to bring science and technology into production, and gradually modernize agriculture and rural areas. At the same time, it helps attract investment and strengthen connectivity along value chains, from production, processing, market development to product consumption, make good and quality products, ensure food hygiene and safety, and raise production efficiency and income for people.

Market is the most important thing for each product. This is also the case for OCOP products. Could you tell us what businesses need to do to turn this potential into a strength?

With potential and advantages of agricultural products, plus support mechanisms and policies of the Government, the OCOP Program has been effectively tapping the strengths of each locality.

According to current local reports on OCOP products, after being evaluated and ranked, sales contracts on many products have been signed by distributors, retailers and e-commerce sellers. As a result, sales and revenue of ranked products has increased significantly. Especially, trade promotion for the OCOP Program has been very vigorous across the country, from central to local levels. Many localities have opened OCOP selling centers and showrooms according to criteria stated in Decision 920/QĐ-BCT dated April 16, 2019 of the Ministry of Industry and Trade, featured by Quang Ninh, Ha Giang, Bac Kan and Thai Nguyen provinces, thus creating positive effects on promoting and consuming OCOP products. In 2020, the program will strive to standardize and recognize at least 1,200 more OCOP products. Strengthening connectivity of OCOP products requires participation of localities to build a qualified consultant team. Enterprises not only need to get OCOP certification but also further promote OCOP production to bring OCOP products to supermarkets to reach more customers.

What are measures for OCOP products to be competitive on the world market?

In order to direct these products to a wider market, especially for export, the first thing is to understand the consumer market for each product group. The program will support producers to make adjustments to packaging, labeling and design appropriate to the consumer market.

Based on the ideas of participating businesses, the OCOP program will support science and technology application in production. Besides, product quality inspection and monitoring will also be implemented regularly to maintain standards and quality to meet market requirements. The OCOP program will also effectively implement trade promotion programs to give OCOP products a chance to be sold in the world market and a good condition to introduce the traditional culture of Vietnam.

Thank you very much!



Domestic Retailers Have Many Advantages



Ranking sixth in the Global Retail Development Index (according to A.T.Kearney, a market research firm), Vietnam has attracted a large amount of investment funds into the retail market. In addition to a series of mergers and acquisitions (M&As) conducted by foreign investors, the growth of domestic investors shows that domestic retailers are holding many opportunities to make breakthrough development and dominate the market share. In this regard, Vietnam Business Forum has an interview with Ms. **Vu Thi Hau**, President of Vietnam Retailers Association. **Thu Ha** reports.

Vietnam's retail market in 2019 witnessed many significant strides of domestic and foreign brands. What do you think about the overall picture of the retail market in the past year?

In 2019, Vietnam's retail market was perhaps a very exciting year of development in both quantity and quality. The number of supermarkets and commercial centers in major cities such as Hanoi and Ho Chi Minh City grew by 15%. The growth of retail establishments in rural areas was even greater than in suburban areas. This showed that the modern retail network had broader coverage and entered the niche market.

In 2019, Vietnam's retail market witnessed many mergers and acquisitions of domestic and foreign retailers, showing that the domestic retail system was gradually taking the throne.

Given a large population size, increasing income, high spending power among people aged 35-55, it is certain that the Vietnamese retail market will still attract many domestic and international investors in the coming years.

Last year, the market also witnessed the dynamism and endeavor of domestic retailers. The M&A deal between Vinmart and Masan at the end of 2019 and the takeover of French Auchan-branded supermarket system showed efforts of Vietnamese firms to keep the market share in this field.

It can be seen that Vietnamese firms are trying their best to keep the retail market in their hands. Giant corporations have built their own brands. They often work out their own business development strategies and take solid strides for themselves. In addition, they have policies to employ talents, create a strong human resource system to operate and manage their business. They are ready to take the initiative and try to acquire more capacity and business or expand the network to control the market share before going global. Typically, Masan acquired Vinmart and Vinmart + to establish a new business. Saigon Co-op took over the entire Auchan system (France) to expand its network and increase the market share. These bright spots will add more vitality to Vietnam's retail industry in the next year.

What are the opportunities and challenges for Vietnamese companies in the race with foreigners?

Without doubt, the race against foreign firms is posing a lot of opportunities and challenges for Vietnamese companies.

Vietnam's participation in new generation free trade agreements (FTAs) has contributed to increasing opportunities for domestic retailers to join supply chains run by many large corporations in the world. The establishment of domestic supply chains for agricultural products by retailers and producers has also increased the abundance and freshness of goods, controlled product quality, and built consumer confidence. This is an opportunity for local retailers. And, the advantage of standing in the home market is so clear. We must know this advantage and turn it into an opportunity.

One of the most fundamental challenges to domestic companies is the fiercer competition between domestic and foreign retailers. The competition is mostly about prices, promotions, customer services, and location convenience. In addition, foreign retailers have a lot of experience in managing and operating retail chains. This is their big challenge.

Technology 4.0 in the retail sector has created many development opportunities for businesses with breakthrough changes from diverse, effective and fast service standards based on digital technology. How are Vietnamese companies utilizing opportunities from this industrial revolution?

Vietnamese retailers have many advantages and opportunities to make breakthroughs in the coming time. Industry 4.0 is pressing retailers to serve customers anytime,

anywhere to raise their satisfaction. Technology will promote sector development in a faster, more convenient manner, upgrade payment tools or develop new business models such as online business and multi-channel marketing. Currently, shopping habits are increasingly shifted to smartphones and e-commerce platforms, showing that consumers are getting used to technology-enabled shopping. Therefore, technology investment is an indispensable approach for retailers.

However, to run a 4.0 retail system, substantial investment is required, while retailers still have to invest in many other things for their business.

What do you think about market opportunities and trends in 2020?

2020 will be a tough year for the retail industry. But with the efforts of manufacturers and distributors and the participation of authorities in the Buy Vietnamese Campaign that encourages Vietnamese people to give priority to Vietnamese goods on their shopping lists, I hope that domestic retailers will regain market share from foreign retailers.

And, competition is still fierce among domestic retailers and between domestic and foreign retailers as well; we will see many surprises.

Thank you very much!



"Retail will still be among the strongest magnets for M&A fund flows"

This judgment comes from a survey into businesses and consumers, as well as research on media reputation of businesses, conducted by Vietnam Report in 2019.

ANH MAI



In recent years, Vietnam's retail industry has enjoyed rapid growth. The compound annual growth rate (CAGR) in the 2013-2018 period was 10.97%. Total retail sales are expected to rise to US\$180 billion in 2020, an increase of 26.6% from 2018.

Vietnam's retail industry has achieved high growth in recent years, driven by its large population of more than 97 million (according to the latest data in 2019) and its young population structure (60% of the population aged 18-50). In addition, according to the World Bank (WB), Vietnam's household spending is forecast to rise by 10.5% annually on average together, coupled with a robust growth of the middle class. The strong rise of digital retail and e-commerce channels will also be very evident in the coming time.

In this context, two Vietnamese retailers - Vincommerce, with VinMart and VinMart+ systems, and Mobile World Investment Corporation with Dien May Xanh brand - scored the top reputation positions for two consecutive years. Consumer and expert surveys showed that VinMart is highly appreciated for the variety of goods, product quality, after-sales and customer care, while Mobile World Investment Corporation is highly appreciated for its finance and brand.

Consumer and business surveys as well as research on media reputation of businesses conducted by Vietnam Report

in 2019 showed some trends in Vietnam's retail industry.

Although the retail industry has great potential for development and has very fierce competition with the presence of many foreign and domestic retailers, many players, both domestic and domestic, were forced to leave the market. In particular, foreign retailers have gradually grasped Vietnamese consumers' tastes and habits in order to adjust their appropriate business strategies to compete with domestic rivals.

In a retailer survey conducted by Vietnam Report in September 2019, factors related to competitive environment and competition strategies were said to have a significant impact on operations of all retailers for at least three years to come.

Additionally, applying Industry 4.0 achievements to meet consumer needs and tastes is forcing retailers to make essential changes in order to survive in today's fiercely competitive environment. In fact, the Fourth Industrial Revolution or Industry 4.0 in the retail sector is taking place quietly and offering many development opportunities for Vietnam with breakthrough changes from diverse, effective and fast service standards based on digital technology platforms.

According to recent statistics released by Appota, Vietnam is among the top 20 countries with the most internet users in

the world, with 49 million people connected to the internet. The number of people using only smartphones to access the internet in Vietnam, particularly aged 18-34, accounts for a very high rate compared to those using computers or other devices. Furthermore, Vietnam is highly mobile connected. 55% of Vietnamese owned a smartphone and eight out of 10 Vietnamese people will use smartphones by 2020 (according to Google APAC) and 46% own personal computers. This is one impetus for the increasing popularity of e-commerce in Vietnam.

Notably, with a much-improved investment environment that aimed to provide favorable conditions for investors, domestic and foreign retailers are tending to expand their operations in Vietnam through M&A, franchising and other cooperation models to maximize their market size in a country with nearly 100 million consumers.

Many gigantic M&A deals, such as the EUR655 million M&A deal of Metro Cash & Carry Vietnam (including 19 distribution centers and related real estate) and the US\$1.14 billion Big C Vietnam deal (32 supermarkets/hypermarkets). In addition, the market witnessed a strong rise of domestic investors. Typically, Vingroup carried out many M&As with famous retail chains VinatexMart, OceanMart, Maximark and Fivimart; BRG Group purchased into Intimex and Hapro; Saigon Co.op bought Auchan chain (France). In the coming time, Vietnam is expected to continue to be a bright spot for M&A in the region and the retail industry will still be one of the most attractive industries to M&A investment flows.

In the context of increasingly fierce competition, communication encrypted data showed that retailers appear modestly in the media (only 26% of businesses surveyed have at least one presence a week), with relatively modest information coverage (24.2% of correspondents reach 12/24 topic categories).

By information quality (positive - negative ratio to total information), 48.4% of enterprises achieved a safety rate of 10%. By the source of information, the rate of information cited from companies or their senior leaders is still very modest, at 11.6%, while media sources account for an overwhelming share of with 88.4%.

According to the World Bank's forecast, household spending will increase by 10.5% per year on average, fueled by the strong growth of the middle class. Currently, about 70% of Vietnam's population is economically secure, of which 13% belong to the world middle class. Incomes of these classes grew rapidly, by about 20% a year, in 2010-2017. Since 2014, an average of 1.5 million Vietnamese have joined the middle class every year, indicating that households will continue to climb higher on the economic ladder after escaping poverty. Economic growth, improved living standards and the rise of the middle class are a solid foundation to spur retail growth in the future.

In addition, Vietnam has the fastest urbanization rate in Southeast Asia. So the retail industry is expected to have much potential for growth in the coming period. However, difficulties and challenges from constantly changing consumer demands are requiring retailers to have flexible policies to adopt technology-enabled competition trends to match modern consumer habits in a market with a young population like Vietnam. ■

(from P.27)

Mr. Su Ngoc Khuong, Senior Manager at Savills Vietnam, said, the Covid-19 pandemic can cause a loss by 3-4 times that of the SARS epidemic, possibly up to US\$160 billion globally. Vietnam was one of most affected ASEAN countries.

He affirmed, "With Directive 11/CT-TTg on urgent tasks and solutions to overcome difficulties in production and business and ensure social security during the Covid-19 pandemic, we are seeing the Government taking aggressive and realistic efforts, and real estate businesses are especially benefiting from this."

Real estate firms can expect the Government and relevant authorities to review and cut administrative procedures and reduce costs for businesses. For all businesses, administrative procedures are considered a years-long burden. This is really a solution to revive businesses in the epidemic time - the real thing that businesses always need.

Second, central and local agencies are required to accelerate investment disbursement and improve the business environment, helping to speed up economic development and infrastructure development.

Third, promoting transparent and objective communication on results of Covid-19 pandemic prevention and control in Vietnam is a huge plus in the Government-backed stimulus package. This is a policy to cope with and prevent the plague. Thus, we can be confident that the resilience of the Vietnamese market is quite good compared to other countries, as it is managing the Covid-19 epidemic well.

Mr. Khuong said, in essence, businesses generally focus on profit. But at the stage of the Covid-19 epidemic, they will have their own difficulties, depending on the industries they are involved in and each difficulty requires appropriate solutions instead of a general remedy. Therefore, this reality requires the need for separate government advisory boards to address each sector appropriately. For example, importers and exporters need to resolve procedural issues, exchange rates and foreign currency trading; or public transport firms will encounter problems arising on gasoline prices and passengers.

"Tax reductions may have positive effects on profitable businesses, not for loss-making ones. The economic stimulus only really plays its role when it helps businesses to grow to pay taxes and maintain their 'resistance'. When Covid-19 is over, repercussions of this contagion and the 'resistance' that enables them to resume development are the main stories," he analyzed.

Mr. Vo Tri Thanh also said that Directive 11 only really works well after the Covid-19 epidemic is suppressed. The Government must take measures to help businesses to get through the current difficulty. Their problems with taxes and borrowing interests are necessarily delayed, postponed, frozen, and extended for them. On the other hand, main measures are to remove difficulties for businesses, not to stimulate demand. If they do not have the demand for development, they will not need the money. Further lowering interest rates will not work because they do not have a need for loans. Rescheduling medium and long-term loans are suitable for them for the time being. ■

Retail Market Tends to Go to Countryside



Up to 68% of Vietnam's population live in rural areas where shopping demand is very high. Therefore, shifting retailing presence to the countryside is a smart solution, helping retailers keep growing in the current tough time of the economy.

MINH NGOC

According to the Ministry of Agriculture and Rural Development, after nearly 10 years of implementing the National Target Program on New Countryside Construction, the average income in the countryside has increased from VND12.8 million in 2010 to VND35.66 million at present. Rural areas account for 62.5% of the country's gross domestic product (GDP) and about US\$20 billion a year in spending on consumer goods, foods and essentials. Surveys by many retailers show that retail growth is 1.6% in cities but it grows 2.7% in the countryside, mainly driven by consumption volume. Countryside customers spend three times as much as urban people do. Up to 95% of rural families are willing to buy TVs, 92% can buy electric stoves or gas stoves, 30% want to buy refrigerators and washing machines, and 9% want to buy computers. This shows that the demand for fast-moving consumer goods (FMCG) in the region is rising, faster than

cities, and promising many opportunities for goods consumption.

The traditional market is a typical marketplace in the rural region, as people have been familiar with for generations. These markets are usually only open from early morning till 9-10 a.m., and are crowded with buyers and sellers. It is a gathering place in an open space, possibly in an empty ground in front of a public communal house or on the dyke surface with a few rows of bamboo cottages or maybe paved ground. Countryside markets are always crowded, and most products are locally made and grown.

In the time of the international integration process, the economic life in the countryside has improved substantially. The public demand keeps increasing and exerts a strong impact on rural markets. Countryside markets now not only sell local agricultural products but also imported goods and necessities from everywhere. This is a huge potential market because over two million individual retailers and 18,000 retail stores are present in this channel.

According to the plan of the Ministry of Industry and Trade, in 2020, the modern retail channel will account for 40-45% of total expected revenue of US\$180 billion but, at the same time, the traditional channel will keep its vitality and culture of development. Retailers tend to go to the countryside, a high potential but untapped market. Especially, when the urban market is gradually becoming saturated, the modern retail market will go to the countryside, a potential ground for businesses to develop their distribution channels.

Besides, domestic companies are facing many difficulties competing with global giants. The competitiveness of domestic retailers is quite weak relative to big retailers present in the Vietnamese market. In this context, shifting the retail market towards the countryside has proven superior because domestic retailers will have advantages in capturing rural markets and customers over foreign retailers. To access the rural market, businesses can choose essential items such as fish sauce, MSG, cooking oil, shampoo, dishwashing liquid and washing powder. They need to pay attention to products that the rural market is yet to have, such as processed foods. Besides guaranteed product quality, one of the important factors to attract rural people is affordable prices.

For rural consumers, it is important that products are diverse, novel and valuable as they expect because they will not be inclined to buy products that are not really needed for them. In particular, transparency and honesty are crucial as most consumers are willing to buy the products consulted by retailers. And, the key to win the countryside market is ensuring media coverage, marketing and especially televised advertisement.

However, in order to target the rural retail market, retailers need to take into consideration such factors as establishment costs, after-sales services like warranty and maintenance, and long-term plans. ■



Mr. Vu Thanh Son

GENERAL DIRECTOR OF HANOI TRADE CORPORATION (HAPRO)

Hapro advocates developing supermarkets and convenience stores in residential areas and continues to develop the Hapro brand in new residential areas and suburban areas. The corporation focuses on developing rural markets and regards this as a strategic market area in the coming time.

Mr. Nguyen Xuan Phu

CHAIRMAN OF SUNHOUSE GROUP JOINT STOCK COMPANY

To steadily keep the market share of household goods, a company must understand consumer tastes. For example, with pan products, Vietnamese people prefer to use pans with many functions in food processing rather than just one function.

Therefore, Sunhouse has invested in producing nonstick pans that are suitable for multiple uses. Up to now, Sunhouse nonstick pans occupy 40-50% of the market share in supermarkets and 60-70% in rural areas.

Ms. Phan Lan Chi

DEPUTY GENERAL DIRECTOR OF LAN CHI MART SUPERMARKET CHAIN

Vietnam's retail market will continue thriving this year. Especially in rural areas, potential and opportunity for developing the modern retail system are still great. Lan Chi Mart supermarket chain will continue to invest in product quality, infrastructure and personnel to improve our service quality.



Belluni

Vietnamese Brand Leads Sustainable Green Fashion Trend



Mr. Nguyen Van Hung, Chairman of the Board of Directors of 28 Corporation

Sustainable fashion is a continuous journey that requires adaptation and development, not only in environmentally friendly production and distribution processes, but also in purely natural materials for sustainable finished products.


In Vietnam, Belluni is pioneering this sustainable green fashion trend as it uses purely natural materials, giving customers best experiences when they wear Belluni designs.

THANH TUNG

Starting the story about this very popular fashion brand, Mr. Nguyen Van Hung, Chairman of the Board of Directors of 28 Corporation (Agtex28), said that, in 2013, with the desire to create a breakthrough and difference in product lines for the domestic market, Agtex28 researched and launched an upmarket fashion line, Belluni, for office workers, businesspeople, successful people and middle-age men. The word 'Belluni' is stemmed from two Italian words, 'Bello' (beautiful) and 'Unique' (unique). Being a Vietnamese brand but being expressed with an international name also partly reflected the ambition of Agtex28 to take Belluni beyond the national boundaries and move towards potential export markets in the world.

Since its inception, Belluni's principle to always pursue elegance and fashion is clearly expressed in technology, material, and particularly product design. Belluni design is modern, dynamic, but still features Italian classic style, to create a distinctive style with core values of professional class, from mind to style and action. This also shows that Belluni approaches men's fashion from a delicate perspective and exceptional distinction when it





Agtex28 currently has a strong network with 21 affiliated units and seven subsidiary companies. Each year, 28 Corporation provides the market with over 3.3 million men's and women's shirts, 1.5 million men's and women's suits, and 6.5 million uniforms and labor protection clothes.

Nearly 45 years of ongoing effort, with creative steps and right development strategies, Agtex28 has made spectacularly long strides, confidently affirmed its brand position in the market and contributed to the country's industrialization and modernization. This is also an important foundation for the corporation's leadership and staff to prove its hero title, constantly improve its competitiveness, and gradually power up Agtex28 development to become a leading textile firm in Vietnam by 2025, a top 5 military-run company, a top 5 Vietnamese fashion brand and one of key factors in the country's international economic integration.

pioneers the application of cutting-edge technology and new materials to products for comfort, anti-wrinkle, enhanced color fastness and safety in use. Specifically, Belluni uses fabrics imported from Thailand, Taiwan, and South Korea, with cool, sweat-absorbing, UV-blocking, antibacterial, health protection and anti-wrinkle properties enabling gentlemen on business trips to use their clothes without having to have them ironed. Placing customer health on top and cherishing the green beauty of nature,

Belluni always takes lead in the use of purely natural materials (made from bamboo, oak, lotus, eucalyptus and oyster cell fibers) and becomes one of Vietnamese leaders of sustainable 'green' fashion trends.

After more than six years of approaching and expanding the domestic market, the high-class fashion brand, Belluni, has nearly 100 shops and agents nationwide and the broadest and most perfect customer care system. Available in major shopping centers such as Vincom, Aeon Mall, Lotte Mart, Coopmart and BigC, Belluni chose to follow trade chains and, in the long run, export its own brand through these chains. That is the vision for the future, but at the present time, the biggest success is that Belluni has been recognized and trusted by Vietnamese consumers more than foreign brands because this classy fashion brand not only meets requirements for material and design but also features very thoughtful, dedicated customer care.

Belluni took a very bold decision to enter the highly competitive upmarket fashion sector when many big domestic garment companies had lost to foreign brands in the domestic market. However, the very dare to explore its own paths brought effects beyond expectations and raised the position of Agtex28 brand in the domestic fashion market. "In the current context, the presence of a series of foreign brands and domestic brands as well has helped create an uncompromising competition in Vietnam's high-end fashion market. And, of course, consumers will be the ones who will benefit first when they can own high-end products with reasonable prices. That is also the goal that Agtex28 in general and Belluni - a high-end fashion brand - in particular are striving to pursue, all for consumers and by consumers," Chairman Hung emphasized.

Sharing the company's development direction in the coming time, he added that Agtex28 will focus on sustainable development of Belluni brand in the domestic market, strive to achieve annual growth of 20-25%, and expand the sales network to increase shop revenue. "When its domestic market is stable, Belluni will expand its exports. At present, we have registered the copyright in the EU, the US, Japan and China," Mr. Hung said about the export orientation. ■



Ongoing Growth in Globalization Era



The journey of building Biti's brand, one of the leaders of Vietnam's footwear industry, certainly has a lot of memorable events and milestones. Would you mind telling us some of them?

Starting from just a small cooperative with just over 20 workers making simple rubber footwear, after nearly 40 years of constant efforts, Biti's has now affirmed its leading brand position in the Vietnamese footwear industry with 25 million footwear products of all types for consumers every year. This success comes from our underlying principle of "Placing prestige and quality on top of everything", focusing on designing and producing best-quality products, delivering interesting, comfortable and pleasant experiences to consumers when using Biti's footwear products as described in its slogan "Tender care of your feet".

In addition to developing traditional product lines, Biti's launched Biti's Hunter (sports shoes brand) and Gosto by Biti's (upmarket brand) to the market. Biti's is increasingly approaching consumers with a variety of superior products to meet increasing demands of modern consumer trends.

In nearly 40 years of taking "tender care of your feet", Biti's brand has grown so familiar to domestic consumers.

To keep the famous Biti's brand today is a process of tireless efforts of Biti's leaders and employees in building, preserving and developing a sustainable brand over the time. This arduous but also very glorious journey was shared by Ms. Nguyen Thi Bich

Phuong, Deputy General Director of Biti's. Thanh Tung reports.

Moreover, the existence and development of Biti's to this day cannot ignore the devotion of the leadership and the staff who have always persisted in building Biti's everlasting brand and culture. From this solid foundation, Biti's strategic directions have always been supported by all to work together for new breakthroughs in product design, marketing and market development, helping the company increasingly win consumer confidence and grow domestic market share.

From the perspective of a very experienced business in the industry, how do you assess the current status and development prospect of Vietnam's footwear market? Following the current trend of international economic integration, many Vietnamese companies have just focused on foreign markets but neglected the great potential of the domestic market. How about in Biti's?

This is a consequence of an integrating economy in a globalization trend. I myself think that we should not seek export only. Everyone knows that reaching out to the world is a way to make money quickly, but

if we follow this path, we will live and breathe through the nose of others and we may suffocate at any time. That's why Biti's has seen the domestic market as the foundation for us to grow. That is why Biti's always supports and actively accompanies the "Buy Vietnamese products" Campaign, which encourages Vietnamese people to buy Vietnamese goods, launched by the Politburo.

It is said that Biti's business approach that focuses on the domestic market is backward and slow for branding development. However, we believe that the core value of a company must be built on a sustainable foundation to progress longer and further and the domestic market is such a solid foundation that adds wings for Biti's to reach out the world in the future.

The government-backed policy on domestic market development to stimulate consumption was concretized by the launch of the "Buy Vietnamese products" Campaign, which has obtained many achievements after 10 years of deployment. Could you please tell us about your positive actions in response to this campaign, as well as its effects on the company's performance?

In response to the "Buy Vietnamese products" Campaign, which encourages Vietnamese people to give priority to Vietnamese goods on their shopping list, Biti's has participated in the program for the past 10 years and joined brand promotion at the Vietnam High Quality Goods Fair and "bring Vietnamese products to the countryside" program. At the same time, Biti's also organizes mobile sales trips to the countryside to help people know and trust Vietnamese brand products more.

Recently, footwear products of unknown origin have been rampant in the Vietnamese market. They are diverse and eye-catching in design and their prices are much lower than the market price. So, they are very popular with consumers. In this context, how have you responded to this?

As the market is full of counterfeit goods, fake domestic brands and knockoffs that imitate world-famous brands, Biti's has also faced numerous difficulties from the current State policy on market management. Therefore, we determine that if we want to survive and stand firm, we must focus on three core goals: Design - Quality - Price.

To accomplish these three goals, Biti's has focused on in-depth research on world fashion trends and domestic consumer needs in order to make the best and most beautiful products for consumers. As for production improvement, we have spent our investment resources on advanced machinery and equipment, improved automated production stages to reduce manual labor, and invested in modern technology for

administration and logistics systems to help the company update information quickly and accurately. In addition, we have focused on streamlining the operating apparatus to reduce production costs by enhancing productivity and quality, making Biti's products very competitive in price and affording consumers the opportunity to use high-quality footwear with reasonable prices.

To further promote the role of a Vietnamese brand in the heart of domestic consumers, what are your specific commitments and efforts in the coming time?

We pledge to keep moving with other domestic enterprises to carry out the Government's policy; focus on intensive improvement and application of digital technology in the corporate governance system to combat wastefulness and enhance the effect of international integration. Ongoing globalization and free trade require businesses to constantly self-improve to adapt to new changes and this effort will help Biti's grow faster and more sustainably in the present as well as in the future.

Thank you very much!



Strong Performers amid

In the darkening landscape, growing first-quarter business results released by many enterprises from various industries heralded positive signs and partly strengthened investor confidence.

Perhaps, the prolonged, complicated Covid-19 epidemic started to make the economy infested and send many businesses into the brink of illiquidity on tight cash flows. Supported by the government and devoted by employees, many companies have responded promptly to not only stand firm but also to rebound robustly as soon as the Covid-19 epidemic ends.

VCS boasts 17% profit growth to VND350 billion in Q1

In the darkening landscape, growing first-quarter business results released by many enterprises from various industries heralded positive signs and partly strengthened investor confidence. Vicostone Joint Stock Company (VCS) recently reported an estimated revenue of VND1,366 billion in the first quarter of 2020, a year-on-year growth of nearly 21%. Its pre-tax profit climbed 14.4% to VND350 billion and its net profit rose by 17% to VND303 billion.

Compared to the full-year revenue and pre-tax profit targets of VND6,654 billion and VND1,980 billion, Vicostone fulfilled 20.5% and 17.7% of the targets in the first quarter, respectively.

As a trader of construction materials, producer of minerals, 2020 will be a challenging year for Vicostone. When the world economy slows down, construction demands in the company's major markets (North America, Australia and Europe) will decrease and this will cause demand for materials to fall.

Active in the construction industry, Cotecons Construction Joint Stock Company (CTD) recently announced the signing of two new high-end construction contracts, bringing its construction value to over VND5 trillion in the first quarter of 2020. The two projects are Complex Building (covering 8,320 square meters, having 1,074 luxury apartments in District 1, Ho Chi Minh City) and The Metropole Thu Thiem.

According to the company's management, this positive signal came from the endeavors of all employees even as the Covid-19 pandemic is raging. Remarking on



2020, Cotecons' leaders said the Covid-19 plague keeps wrecking on the economy in general and the construction industry in particular. In this context, Cotecons is willing to join hands with other stakeholders for responsibility to the society and workers even though the market is still facing numerous difficulties that may lead to revenue decline.

Covid-19 does not cause much impact on PVD in the short term

The Covid-19 epidemic and sinking oil prices are hurting

Covid-19 Outbreak



oil and gas companies. But, some firms in the industry also showed positive business signals in the first quarter. PetroVietnam Drilling & Well Service Corporation (PVD) said its estimated revenue at VND1,650 billion, 45% higher than the plan, and its net profit at VND27 billion, a big jump from a net loss of VND84.7 billion in the corresponding period of 2019.

According to analysts, PVD will be less affected by oil price volatility and the Covid-19 epidemic in 2020. However, if these persist, they will impact the corporation's drilling

activity in Malaysia, the construction progress of drilling equipment set (DES). On the other hand, low oil prices will also affect global exploration and production, thus narrowing PVD's income in the long term.

Similarly, PetroVietnam Power Services Joint Stock Company (PPS) also expected its first quarter revenue to rise by 49% to nearly VND51 billion and a net profit to surge 383% to VND2.9 billion.

The corporation's main business is operation, service and technical maintenance of electrical systems and power plants. PPS planned to focus on auctions at Ca Mau 1 Project, expected to take place in August, and sign a regular maintenance contract for Vung Ang 1 Thermal Power Plant in October.

MWG plunges amid Covid-19 but Bach Hoa Xanh still grows

Finally, the retail industry, which is believed to be a short-term beneficiary as the epidemic results in rising shopping demand. In particular, Mobile World Investment Corporation (MWG) was hard hit by consumer electronics and smartphone sales, but its Bach Hoa Xanh chain delivered a good, despite small, signal.

Notably, all Bach Hoa Xanh stores reported rising sales and customer visits amid the Covid-19 outbreak. In March alone, invoices increased to 17 million from 12 million in the previous month, or a growth rate of 40-50%. Accordingly, the revenue of this chain jumped to VND1.8 trillion.

However, with most revenue from Dien May Xanh and The Gioi Di Dong shops, the Covid-19 fallout is making it hard for MWG to reduce costs, renegotiate premise rents and boost revenue. In the stock market, MWG slumped by half because of Covid-19.

Giant dairy producer Vinamilk Corporation (VNM) estimated that its revenue and profit still grew positively in the first two months of 2020, according to SSI Research. Vinamilk believed that the gross profit margin will improve in 2020 on declining raw milk prices in March when global demand weakens due to the outbreak. Currently, the company prepared enough input milk for the second quarter and placed orders to buy more inputs at more reasonable prices for the time being. ■



IT Application to Covid-19 Prevention and Control



In response to the Prime Minister's Directive 16/CT-TTg on prevention and control of the Covid-19 epidemic, the Government Office asked ministries, agencies and localities to focus on information technology (IT) application to solve administrative procedures.

Restricting mobility, direct contact

In furtherance of the Prime Minister's Directive 16/CT-TTg dated March 31, 2020 on urgent measures to prevent and combat the Covid-19 epidemic, the Minister and Chairman of the Government Office Mai Tien Dung sent a written request to ministries, ministerial-level agencies, People's Committees of centrally-run provinces and cities, and members of the Prime Minister's Reform Advisory Council to focus on information technology application to utilize advantages of e-government information systems built by the Government Office and other ministries, agencies and localities.

The proposal of the Government Office aims to minimize exposure to coronavirus infections, ensure operations of State administrative agencies and meet urgent requirements concerning business activities of enterprises and people's livelihoods.

The Government Office proposed ministries, agencies and localities to further inform, guide and encourage people and businesses to use online public services of Level 3 and Level 4 on the National Public Service Portal, ministries' portals and provinces' portals to restrict mobility and face-to-face contact.

Promoting online payment system

Minister Dung suggested ministries, branches and localities to prioritize resources, complete system integration and provide 30% of their online services at Level 3 and Level 4 on the National Public Service Portal to serve people and businesses.

In addition, it is necessary to connect and integrate the online payment system of the National Public Service Portal to promote the online payment of fees, charges, taxes, administrative fines, voluntary insurance, health insurance and other financial obligations in handling

administrative procedures and delivering public services on the National Public Service Portal, ministry-level and province-level public service portals.

In single-window divisions at all levels, based on practical work of each ministry, branch and locality, it is necessary to arrange reasonable personnel and necessary measures for Covid-19 epidemic prevention and control to enable organizations and individuals to deal with administrative procedures effectively.

Minister, Chairman Dung also asked the ministries, branches and localities to send and receive electronic documents and deal with paperwork in the electronic medium; send and receive electronic

documents at all four levels of government before June 30, 2020 and handle work flows (except confidential documents) in the network environment (80% at the ministerial level; 60% at the provincial level and 30% at the district level).

In addition, it is necessary to organize online meetings for ministries, agencies, provinces and cities as stated in the Prime Minister's decision on meeting regime in management and administration State administrative agencies.

Ministries and branches should continue to coordinate with the Government Office to expand the application of the e-Cabinet for meeting and handling administrative information.

Minister, Chairman Dung also asked members of the Prime Minister's Reform Advisory Council to inform its members of the National Public Service Portal and encourage businesses to register and use public services on the National Public Service Portal.

226 public services provided on the National Public Service Portal

In the past time, under the firm guidance of the Government and the Prime Minister plus the active involvement of ministries, branches, localities and people, the business community, the delivery of public services on the National Public Service Portal, the sending and receipt of electronic documents among agencies in the state administrative system produced positive initial results.

To date, after nearly four months of operation (from December 9, 2019), 226 online public services of Level 3 and Level 4 are provided on the National Public Service Portal. The portal has had over 103,000 registered accounts, handled 4.3 million records and served 27.5 million visits to search for information and services.

Minister, Chairman Dung emphasized that this initial result showed people and businesses enjoyed public services delivered on the National Public Service Portal.

Regarding the sending and receipt of electronic documents on the National Document Link Axis, after one year of operation, 1.6 million electronic documents have been sent and received among the Government Office, ministries, branches and localities. This has helped change working methods, minimize paper documents, cut costs and promote electronic settlement of paper records. ■

Unprecedented Support Package for Millions of Vietnamese People

The draft governmental resolution on support for people with difficulties caused by the Covid-19

pandemic was reviewed and discussed by the Government at the regular cabinet meeting in March 2020.

Reporting the content of the draft resolution at the meeting, Minister of Planning and Investment Nguyen Chi Dung said that, adhering the Prime Minister's direction and conclusions at the regular cabinet meeting on March 31, 2020, the Ministry of Planning and Investment cooperated with the Government Office, the State Bank of Vietnam and other concerned ministries and agencies to finalize the draft government resolution on support measures for people facing difficulties because of the Covid-19 pandemic.

Minister Dung said, an extra support (in addition to regular allowance) of VND500,000 per person a month will be allocated to people with recognized contributions to the revolution cause (1.135 million people) and socially financed people in three months from April to June 2020 (an estimated budget of VND6,470 billion, 4.315 million beneficiaries).

A grant of VND1 million per household per month from April to June 2020 will be given to poor households (984,000 households) and near-poor households according to the national poverty line listed as of December 31, 2019 (an expected budget of VND6,730 billion, 2.244 million households).

An aid of VND1.8 million per person a month from April to June 2020 will be granted to laid-off workers (an estimated budget of VND5,400 billion, 1 million beneficiaries).

Employers may borrow interest-free loans with a maximum maturity of 12 months from the Vietnam Bank for Social Policies (VBSP). The maximum borrowing value equals 50% of the monthly regional minimum wage to pay salaries to those laid off in three months and they will pay the rest of salary for their layoffs (an estimated loan value of VND16.2 trillion, 3 million beneficiaries).

A support of VND1 million per household per month from April to June 2020 will be given to individual business households with registered taxable revenue of less than VND100 million a year which temporarily suspend their business under the Prime Minister's Directive 15/CT-TTg dated

Prime Minister Nguyen Xuan Phuc affirmed that the Government of Vietnam reached high consensus on the draft resolution on supporting those affected by the Covid-19 pandemic and assigned relevant ministries to review and collect ideas for finalizing and submitting the draft to the Prime Minister for signing and enactment.

March 27, 2020 (an estimated budget of VND2.28 trillion, 760,000 beneficiary business households).

An aid of VND1 million per person per month from April to June 2020 will be sent to workers who have their labor contracts terminated but are not eligible for unemployment benefits, uncontracted workers losing jobs (an estimated budget of VND15 trillion, 5 million workers).

In case a beneficiary is entitled to two or more supports in this resolution, they shall only get the highest one.

In addition, there are two specific support policies applied with simplified processes to enable workers to submit applications for unemployment benefits.

Specifically, employees and employers are temporarily suspended to pay for pension and survivorship funds for a maximum period of 12 months when the Covid-19 epidemic results in a 50% reduction of employees subject to social insurance or more (including discontinued employees). The expected value to these funds is VND6.5 trillion.

Employers are allowed to receive support from the Unemployment Insurance Fund to train and retrain employees to improve their occupational skills and qualifications to

maintain employment under the Employment Law. The maximum support period is three months and the maximum support level is VND1 million per person per month. The expected support value is VND3 trillion.

Giving a conclusion to the meeting, Prime Minister Nguyen Xuan Phuc affirmed that the Government of Vietnam highly agreed on the content of the draft resolution and emphasized the principle of support: Only supporting those who suffer a sharp decline in income, lose jobs or cannot guarantee a minimum standard of living due to the Covid-19 epidemic.

The support is not equal for everyone. This should be done on the principle that the government and the business share the responsibility in which the government only supports a part that fits its capabilities.

In particular, Prime Minister Nguyen Xuan Phuc emphasized the principle: supporting the right people in a public and transparent manner.

"After this meeting, the Prime Minister assigned the Ministry of Planning and Investment, the Ministry of Labor, Invalids and Social Affairs, the Ministry of Finance, the Ministry of Justice and relevant ministries and agencies further review and collect opinions at the meeting to finalize the draft resolution and submit it to the Prime Minister for signing and promulgating," said PM Phuc. ■



How VSS Handles Administrative Procedures during Social Distancing Period



During the social isolation period under the Prime Minister's Directive 16/CT-TTg dated March 31, 2020 on urgent measures to prevent and control Covid-19 pandemic, to effectively enforce this directive, the Vietnam Social Security (VSS) pays special attention to directing local social security agencies to carry out measures on administrative procedure reform, information technology application to professional activities to ensure best interests of policyholders of social insurance and health insurance.

HUONG THOM

Specifically, on March 31 and April 1, VSS issued Official Dispatches 1061/BHXXH-PC and 1068/BHXXH-PC on receiving and resolving administrative procedures during the peak phase of preventing the Covid-19 pandemic.

Accordingly, VSS requires social security agencies of provinces and cities to:

Firstly, promote the receipt of administrative procedures and return of settlement results in electronic platforms, ensure best benefits of policyholders of social insurance, health insurance and unemployment insurance in accordance with the law.

Secondly, for receiving administrative procedures and returning settlement results at the single-window division of social security agencies from April 1, 2020 through April 15, 2020: Arranging employees to best serve policyholders of social insurance, health insurance and unemployment insurance while ensuring Covid-19 pandemic prevention as directed by the Government and the Prime Minister.

Thirdly, with respect to receiving applications and returning results of administrative procedures through public postal service from April 1, 2020 through April 15, 2020, social security agencies agreed with post offices on receipt of documents and return of results as per Directive 16/CT-TTg of the Prime Minister.

Fourthly, for administrative procedures concerning social security conducted at the Provincial Public Administration Center, the division in charge of receiving administrative procedures and returning results will work with directions of local authorities.

After April 15, 2020, receiving administrative procedures and returning settlement results will comply with laws on social security and the Government's and the Prime Minister's directions on Covid-19 epidemic prevention solutions.

With solutions to accelerate the receipt of administrative procedures and return of settlement results via electronic platforms, organizations and individuals do not have to visit social security agencies to perform social insurance procedures, thus avoiding face-to-face contacts when the Government is advocating social distancing. In addition to carrying out electronic transactions, the Vietnam Social Security (VSS) is effectively providing support for organizations and individuals with VSS's online transaction systems such as the Customer Service Center at the telephone hotline 19009068 (about 2,000-4,000 calls per day), the website, the Facebook page with chatbot, and multimedia interactive messaging system. ■

VSS Joining Forces to Settle Medical Insurance Expenses amid Covid-19 Pandemic

VSS requested local social security agencies to actively work with health authorities and local medical facilities to provide the most favorable conditions for insured patients suspected of carrying coronavirus to have timely access to medical services or transfer to other units for further medical examination and treatment services. At the same time, local security agencies immediately launched the advance of funds for medical facilities in the first quarter of 2020, which was handed in full by VSS, especially where there are patients or persons suspected of being infected with coronavirus.

On January 29, 2020, the Ministry of Health issued Decision 219/QĐ-BYT adding acute respiratory infections caused by the novel coronavirus to the list of infectious diseases classified in Group A according to the Law on Prevention and Control of Infectious Diseases in 2007. Therefore, the prevention and control of this epidemic is implemented under the law on particularly dangerous infectious diseases. And according to Article 48 of the law, people carrying Group A diseases are free from medical expenses.

Giving guidance at the Government Standing Committee on Prevention and Control of Covid-19 on March 13, 2020, Prime Minister Nguyen Xuan Phuc agreed with the Steering Committee on treatment costs for Covid-19 patients. Accordingly, Vietnamese insured people will have medical treatment paid by the Health Insurance Fund, and those uninsured will have it paid by the State budget.

As guided by the Government, the Vietnam Social Security directed local security agencies to work together with medical facilities to prepare a sufficient amount of medicines for treatment, particularly for those self-isolated at home or at given facilities. In addition to the cost of Covid-19 treatment, remaining costs specified for the insured will be fully covered

In order to actively join hands with relevant agencies to prevent and control the Covid-19 epidemic, on January 31, 2020, the Vietnam Social Security (VSS) issued Official Letter 280/BHXH-CSYT to provincial/municipal social security agencies, military social security agencies and police social security agencies on coordinated payment of treatment costs for persons suspected of coronavirus infection.

DUC HUY

by security agencies.

The Health Insurance Fund will pay for health insurance card holders carrying suspected symptoms, such as fever, cough or shortness of breath, who then test negative for coronavirus. If patients test positive and require further treatment, all treatment and testing costs will be covered by the state budget.

Most recently, VSS also issued a document to direct local security agencies to agree with the health sector on matters in the regulation that need specific funding for disease prevention. If localities find it necessary to have funding for epidemic prevention and control, they should give opinions to VSS, enabling VSS to integrate data and report them to the VSS leadership and prepare the budget for disease prevention in 2020.

On March 20, 2020, amid increasingly complicated Covid-19 epidemic development, in order to reduce patient concentrations at medical facilities and avoid the spread of Covid-19 contagion, after reaching agreement with the Ministry of Health, the Vietnam Social Security announced Official Document 902/BHXH-CSYT guiding social insurance of provinces and cities, military security agencies and police security agencies to agree with h-level and above medical facilities on following matters: For people diagnosed with chronic diseases such as diabetes and hypertension, and being treated as outpatients and provided medicines every month, they will be provided medicines for two-month usage and arrive at medical facilities every two months for reexamination if this option is still safe and does not affect their medical

treatment.

While the Covid-19 epidemic is progressing rapidly, Vietnamese health insurance and social security policies prove their great humanitarian values and help ensure people's health care and stability, strengthen public confidence in Party and State leadership during the epidemic. With active participation, VSS, at all levels, has shown its political resolution for Covid-19 epidemic prevention. ■

Pledging to Uproot Problems for Investors

Despite facing numerous difficulties and challenges in the past years, with solidarity, dynamism, creativity and effort of the entire political system and the people, Cho Moi district, An Giang province has achieved all socioeconomic development tasks as expected.



The outstanding results included the upgraded infrastructure, average agricultural production value of over VND320 million a year, and income per capita of VND50.13 million a year. Many important works and projects have been put into use to provide a new face to boost local socioeconomic development. Healthcare and education development programs and social security policies have been well implemented. People's material and spiritual life has been improved. Trade and services have been increasingly developed. National defense and security has been maintained. The rural face has been given a facelift. The National Target Program on New Countryside Construction has been implemented quite well. Until now, nine out of 16 communes have met new countryside standards.

Mr. Ngo Hoang Hieu, Chairman of Cho Moi District People's Committee, said, as an agriculture-based district, Cho Moi always

defines agricultural production as a breakthrough step to develop the local economy. Accordingly, the district has focused on directing and promoting crop restructuring, applying new science and technology to production, and scaling up value chain models. Up to now, the district has shifted from growing rice to growing vegetables and fruit trees on over 7,611 ha (including 438.3 ha of VietGAP-certified mango). Besides, the district invested in applying high technology according to the Resolution 09 of the Provincial Party Committee, operated drip systems for mango trees in three communes of Cu Lao Gieng and sprinkling water on vegetables in Kien An commune. The district has exported a large volume of three-color mangoes to South Korea, Australia and the United States.

Furthermore, the district has concentrated resources and invited businesses to invest in many important projects to boost local socioeconomic development. For example, the province operated, upgraded and expanded Provincial Road 942, Provincial Road 944, Cho Moi - Tan Long Bridge and Ong Cha Pumping Station. In addition, Cho Moi district socialized investment in 18 out of 22 projects, mainly engaged in trade centers, markets, bridges and industrial clusters. The district gave a facelift to urban areas and built a civilized lifestyle for the people to upgrade Cho Moi Town into a

fourth grade urban area and My Luong Town and Hoi An commune to fifth class urban areas.

In addition, Cho Moi district has focused on well carrying out administrative reform, raising the administrative reform index (ranked No. 6 out of 11 districts and towns in the province in 2018). The Provincial Competitiveness Index (PCI) and the Vietnam Provincial Governance and Public Administration Performance Index (PAPI) of the district were gradually improved.

To support local enterprises, Cho Moi district has proactively proposed support policies, improved the investment environment, attracted investment from local and external businesses, sped up administrative procedure reform, improved the qualification and ethics of public employees, especially those directly working with enterprises. The district

has actively carried out the modern single-window mechanism to minimize procedures and reduce the service time for organizations, citizens and enterprises. It has assisted trade villages, cooperatives and enterprises to build collective marks, individual brands and industrial designs to develop products for new markets. It set up a scheme to create a clean land fund for investment projects and launched a trade promotion support force to assist businesses to invest in the district.

Mr. Ngo Hoang Hieu said, in addition to applying investment incentives according to central and provincial regulations, based on local existing conditions, Cho Moi district will create the best conditions for businesses to invest in the district, particularly in site clearance. "The entire political system of Cho Moi district, typically united and friendly, always provides favorable conditions, applies State support mechanisms and policies, sides with local enterprises to uproot problems for joint development. Cho Moi will make businesses feel satisfied when they come and when they go," he said. ■

Successfully Utilizing Value the "King of All Nuts"

Sachi, despite being a new crop, brings positive signs, especially when prices of pepper and some key agricultural products decline sharply. Sachi Tay Nguyen Commercial Joint Stock Company is successfully utilizing the value of sachi peanut, baptized the "king of all nuts".

HAN LUONG

Sachi Tay Nguyen Commercial Joint Stock Company produces a wide range of quality sachi nuts good for consumer health. Its featured products include Sachi Omega capsules, Sachi Omega premium oil and Sachi tea. Ms. Bui Thi Kieu Xuan, Director of Sachi Tay Nguyen Commercial Joint Stock Company, said, "Established in October 2018, the company was at first a workshop that made sachi. Many people often asked why I decided to pursue the business with this new crop. Is this too risky? Indeed, not many companies are studying sachi nuts because this is a new business. But, this nut impressed me very much because its shape looked like a flower with four lobes, even five or six lobes. This is considered the "king of all nuts" and "new super food" because it contains very high content of nutrients and unsaturated fatty acids, reaching 96%. The amount of Omega 3 in sachi is 48-54%. This substance helps develop and enhance intelligence, reduce cholesterol, regulate blood pressure, balance nerve cells, reduce the risk of sudden death caused by cardiovascular disease. In addition, sachi also contains Omega 6 (accounting for 35-37%) and Omega-9 (6-10%). The nutritional content alone enticed me a lot."

She said the new crop is also helping local farmers because she used to witness many of them having to go to other localities to seek jobs. From her initial business success, Xuan and her staff are constantly creating and making impressive product lines to meet customer needs. Specifically, the company is currently conducting research on new products such as essential oil made from sachi and rose that contains a mild aroma, or sachi coffee - a perfect combination of Dak

Nong special coffee flavors. All sachi products of the company are certified for food safety by the Department of Agriculture and Rural Development of Dak Nong Province. Moreover, customers and partners can trust traceability-enabled production processes. Ms. Xuan added, "Currently, I am associating with a business in Hanoi to make cosmetics with the best price."

Very confident in and devoted to this nut, the company still faces numerous difficulties and challenges. Ms. Xuan said, "The biggest difficulty for the time being is capital and infrastructure. In this regard, I expect the local government to pay more attention to infrastructure investment and site clearance. Authorities need more support policies for local businesses, especially small and medium-sized ones, to expand distribution networks and promote products. The development of sachi trees needs to be vigilant, so the government needs to support farmers to equip sufficient cultivation skills and quality variety selection and introduce development plans to increase the value of sachi. With its determination, I have, and will, overcome any challenge, because making good products for everyone, increasing incomes for the people and adding a surplus for the country's trade is also a motivation for me to keep going on. Hopefully, the value of the company's sachi will encourage young people who have enthusiasm and special love for this nut to boldly start their business and join hands with Sachi Tay Nguyen Commercial Joint Stock Company to strengthen the foothold of the king of all nuts on domestic and foreign markets.■





Anti-epidemic Weapon

Science proves that fish play an important role in human nutrition. In folklore, there is a proverb: "There is nothing more delicious than rice with fish. There is nothing more special than the relationship between mother and child."

DUY KHANG

Is the ground for ancestral advice on the importance of fish in daily meals because fish is one of the first foods on the 'menu' of mankind? Throughout human history, fish nutrition always plays an important role in the diet of mankind from ancient times to the present day.

The efficacy of non-medicated fish-originated remedies is the folk treatment passed down by the ancestors. Fish is a food that not only enriches daily meals but also contains abundant natural protein and nutrients that help the human body keep fit.

Ranee, the premium cooking oil made from catfish, is developed from ancient and current knowledge and technology. To quickly win absolute customer trust, Ranee, a product that carries both traditional and modern characteristics, is successful when it comes to the family kitchen

As a combination of the past and the present, this 'secret weapon' goes with everyone in the fight against the Covid-19 epidemic by boosting the body's immune system with natural nutrients found in the fish indigenous to the Mekong Delta such as Omega 3, Omega 6 and Omega 9 fatty acids, DHA/EPA, vitamin A and vitamin E.

What domestic and global consumers are facing today is the shade of fear and panic that novel coronavirus can visit their home. Stress will be an unavoidable problem if the

plague continues. The risk of getting infected on the road and the risk of losing a job in a pandemic locality will directly affect people's psychology and actions. At this time, a 'panacea' should be supplemented to daily meals, that is cooking oil made from fish, to reduce anxiety and chronic stress.

Never before have all restaurants and public entertainment venues shut down simultaneously; fear is always the first instinct to appear in human mind. Storing foods and other necessities is what people are doing day after day to ease their fear of the virus. "When they panic-buy, they will find it hard to keep calm and may miss important information," said British reporter Charlotte Powell. There is no cure for Covid-19 at the moment. Most coronavirus patients have recovered thanks to their strong immune system. Therefore, it is crucial to supply nutrients to strengthen immunity.

"People live in the middle of heaven and earth, just like a horse running across the fragile dividing line, just the blink of an eye is done," said Zhuangzi. Tomorrow will come no matter how it is. Figures will be counted as in previous pandemics. So, what is your choice?

Continue to panic or improve your health? You can go through the worst days if you are optimistic about the future. Having a healthy lifestyle and thinking good is an important tool to curb the pandemic. ■

Human progress always goes hand in hand with new diseases, which develop from basic ones. For example, Covid-19 is a new form of pneumonia found in the past. Thus, advice or experience to treat diseases in the past has become a foundation for the treatment of diseases today.

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