

Exhibit 201



VIETNAM

July 2022

2022 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR VIETNAM

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2022 Article IV consultation with Vietnam, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its June 6, 2022 consideration of the staff report that concluded the Article IV consultation with Vietnam.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 6, 2022, following discussions that ended on April 20, 2022, with the officials of Vietnam on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 16, 2022.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Vietnam.

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IMF Executive Board Concludes 2022 Article IV Consultation with Vietnam

FOR IMMEDIATE RELEASE

Washington, DC – June 6, 2022: The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with Vietnam.

Vietnam entered the pandemic with robust economic growth and sound fundamentals. Prudent policies resulted in a prolonged period of high growth, price stability, and low public debt ratios. Strong FDI and trade flows boosted external buffers while banks entered the pandemic in a relatively strong position.

As elsewhere, COVID-19 led to disruptions to economic activity. In 2020, successful containment measures coupled with supportive policies made Vietnam the regional top-performing economy. A severe outbreak in April 2021 led to a historical contraction in economic activity in 2021Q3. However, a remarkable vaccination rollout facilitated the shift from a zero-tolerance strategy towards living with the virus. Policy support helped cushion the impact of COVID-19, while the government successfully maintained fiscal, external, and financial stability. Real GDP grew by 2.6 percent in 2021, slower than in 2020, owing to more protracted lockdowns and local supply disruptions. Vietnam's external position in 2021 was assessed to be stronger than warranted by fundamentals.

A recovery is underway and high frequency indicators point to stronger momentum going into 2022, with rising retail sales, industrial production, and firm entry. Growth is expected to reach 6 percent in 2022 as activity normalization continues and the PRD is implemented. However, the recovery of the labor market is lagging as underemployment remains high. While inflation has recently picked up, due to rising commodity prices and supply-chain disruptions, it remains well below the central bank's inflation ceiling, given economic slack and relatively stable food and administered prices. Fiscal policy is expected to remain supportive, especially via the deployment of the Program for Recovery and Development (PRD). Monetary policy is expected to remain vigilant to inflationary risks. Risks associated with problem loans, real estate, and corporate bond markets should be closely monitored, and macroprudential frameworks strengthened.

Executive Board Assessment²

Directors commended the authorities for adopting policies to cushion the impact of the pandemic while successfully maintaining fiscal, external, and financial stability, as well as for the impressive vaccination rollout. Directors observed that while a strong economic recovery is

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

² At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.imf.org/external/np/sec/misc/qualifiers.htm>.

underway, it remains uneven, with the labor market lagging, rising financial sector vulnerabilities, and longstanding structural challenges. Noting that risks are to the downside, they called for agile policymaking, proactively adjusted to the pace of the recovery and evolution of risks.

Directors underscored the need for fiscal policy to take the lead and be flexibly adjusted to evolving economic conditions. They welcomed the Program for Recovery and Development and emphasized the importance of targeting, spending efficiency, and steadfast implementation. They encouraged a gradual fiscal adjustment when the recovery becomes more entrenched, with the focus on revenue mobilization to create space for spending on social, climate, and other development objectives.

Directors stressed the need for monetary policy to be nimble and vigilant of inflationary risks. They also emphasized the importance of addressing problem loans, normalizing regulatory forbearance in a timely fashion, and closely monitoring real estate sector risks. Directors noted that over the medium term, bank capital positions need to be strengthened, and the macroprudential and private debt restructuring frameworks enhanced.

Directors remarked that Vietnam's external position is stronger than warranted by fundamentals and desirable policies. In this regard, they called for continued efforts to boost domestic private investment and enhance social safety nets. Directors welcomed recent steps towards greater exchange rate flexibility and monetary policy modernization and encouraged continued efforts in this direction.

Directors stressed the importance of structural reforms to improve the business environment, enhance productivity, and boost potential growth. They concurred that priority should be given to reducing labor skill-mismatches, promoting digital transformation, and ensuring a level playing field, particularly for SMEs. Directors also praised Vietnam's ambitious environmental agenda and urged the translation of targets into concrete policy actions. They welcomed continued efforts to improve economic institutions and strengthen governance, including the AML-CFT framework, and underscored the importance of strengthening data frameworks.

Table 1. Vietnam: Selected Economic Indicators, 2018–23 1/

	2018	2019	2020	2021	Projections	
					2022	2023
Output						
Real GDP (percent change)	7.2	7.2	2.9	2.6	6.0	7.2
Output Gap (percent of GDP)	-0.3	1.2	-0.3	-2.4	-2.1	-1.2
Prices (percent change)						
CPI (period average)	3.5	2.8	3.2	1.9	3.8	3.7
CPI (end of period)	3.0	5.2	0.2	1.8	3.9	3.5
Core inflation (end of period)	1.7	2.8	1.0	0.8	2.3	2.6
Saving and investment (in percent of GDP)						
Gross national saving	33.8	35.5	36.5	32.3	36.1	37.0
Private	30.0	31.2	34.5	29.6	35.6	36.5
Public	3.8	4.3	2.0	2.7	0.5	0.6
Gross investment	31.9	31.8	32.1	33.4	35.4	35.7
Private	26.4	26.4	25.3	27.4	29.3	29.5
Public	5.5	5.4	6.7	6.0	6.1	6.2
State budget finances (in percent of GDP) 2/						
Revenue and grants	19.5	19.6	18.5	18.6	16.7	16.8
Of which: Oil revenue	0.9	0.7	0.6	0.5	0.7	0.5
Expenditure	20.6	20.0	22.4	22.1	21.3	21.4
Interest expense						
Expense	15.1	14.6	15.7	16.1	15.2	15.2
Net acquisition of nonfinancial assets	5.5	5.4	6.7	6.0	6.1	6.2
Net lending (+)/borrowing(-) (gross) 1/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending (+)/borrowing(-) 3/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending /borrowing including EBFs	0.4	0.3	-2.8	-2.5	-3.8	-3.9
Public and publicly guaranteed debt (end of period)	43.7	41.3	41.7	39.7	40.5	40.8
Money and credit (percent change, end of period)						
Broad money (M2)	12.4	14.8	14.5	10.7	11.3	13.0
Credit to the economy	12.7	12.8	11.6	13.5	14.6	14.3
Balance of payments (in percent of GDP, unless otherwise indicated)						
Current account balance (including official transfers)	1.9	3.7	4.4	-1.0	0.7	1.3
Exports f.o.b.	80.4	80.6	82.4	91.8	92.9	91.5
Imports f.o.b.	74.9	74.1	73.5	87.0	86.3	84.0
Capital and financial account 4/	2.8	5.8	2.5	8.4	3.2	3.2
Gross international reserves (in billions of U.S. dollars) 5/	55.3	78.5	95.2	109.4	125.5	146.6
In months of prospective GNFS imports	2.5	3.5	3.4	3.5	3.6	3.8
Total external debt (end of period)	36.5	37.3	36.4	36.1	35.3	34.8
Nominal exchange rate (dong/U.S. dollar, end of period)	23,175	23,173	23,098	22,792	...	...
Real effective exchange rate (end of period)	127.5	129.4	124.3	...	...	...
Memorandum items (current prices):						
GDP (in billions of U.S. dollars)	303.1	327.9	342.9	366.2	408.4	462.4
Per capita GDP (in U.S. dollars)	3,202	3,398	3,514	3,718	4,108	4,611

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ GDP was revised upwards by 25.4 percent on average over 2010–17 owing to better measurement and coverage of formal businesses.

2/ Follows the format of the *Government Finance Statistics Manual 2001*. Large EBFs are outside the state budget but inside the general government (revenue amounting to 6–7 percent of GDP).

3/ Excludes net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security.

4/ Incorporates a projection for negative errors and omissions going forward (i.e. unrecorded imports and short-term capital outflows).

5/ Excludes government deposits.



VIETNAM

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION

May 16, 2022

KEY ISSUES

Context. Spurred by an impressive vaccination drive, the economy is rebounding from a severe pandemic wave. The government successfully maintained fiscal, external, and financial stability. Nonetheless, the labor market recovery is lagging, with sizeable underemployment, small and medium sized enterprises remain vulnerable, problem loans are rising, real estate and corporate bond market risks are elevated, and the pandemic exacerbated longstanding structural challenges.

Recommendations. The government's new support package presents an opportunity to entrench the recovery, mitigate the scars of the pandemic, and deliver sustained and inclusive growth. In view of the strong but uneven recovery and heightened uncertainty, policymaking should be agile, and the size and composition of policy support calibrated to the pace of the recovery and downside risks.

- **Fiscal policy.** The expansionary fiscal stance in the government's support package is warranted but should be appropriately targeted, and any revenue windfall saved if the strength of the recovery allows. Revenue mobilization efforts, coupled with greater spending efficiency, transparency, and accountability, will be paramount to meet development goals, finance green infrastructure investment, and strengthen the social safety net.
- **Monetary policy.** Monetary policy should be increasingly focused on rising inflationary risks, while allowing for greater exchange rate flexibility. Reforms to modernize the monetary policy framework should continue.
- **Financial sector.** Exceptional support should be unwound and risks to bank balance sheets from regulatory relief measures and real estate exposure mitigated by intensive supervision. Efforts should focus on facilitating Basel II adoption, enlarging the macroprudential toolkit to contend with rising real estate risks, increasing transparency in the corporate bond market, and encouraging financial inclusion while monitoring fintech developments.
- **Structural policies.** To bolster long-term growth and convergence, the authorities should decisively tackle pervasive economic dualism and boost productivity, focusing on improving the business environment, strengthening governance, reducing corruption, alleviating labor skill mismatches, and improving labor force quality.

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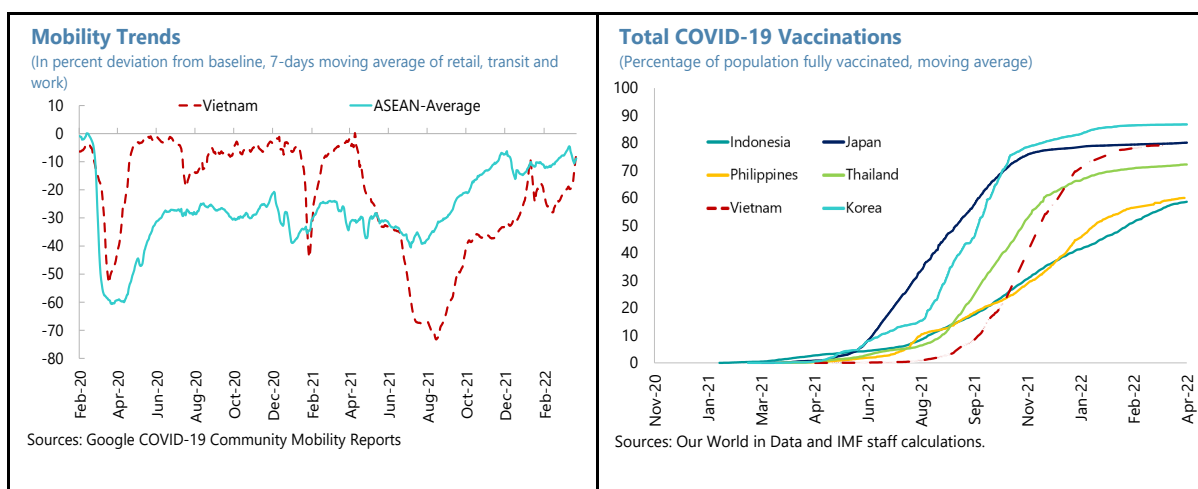
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CONTEXT AND RECENT DEVELOPMENTS

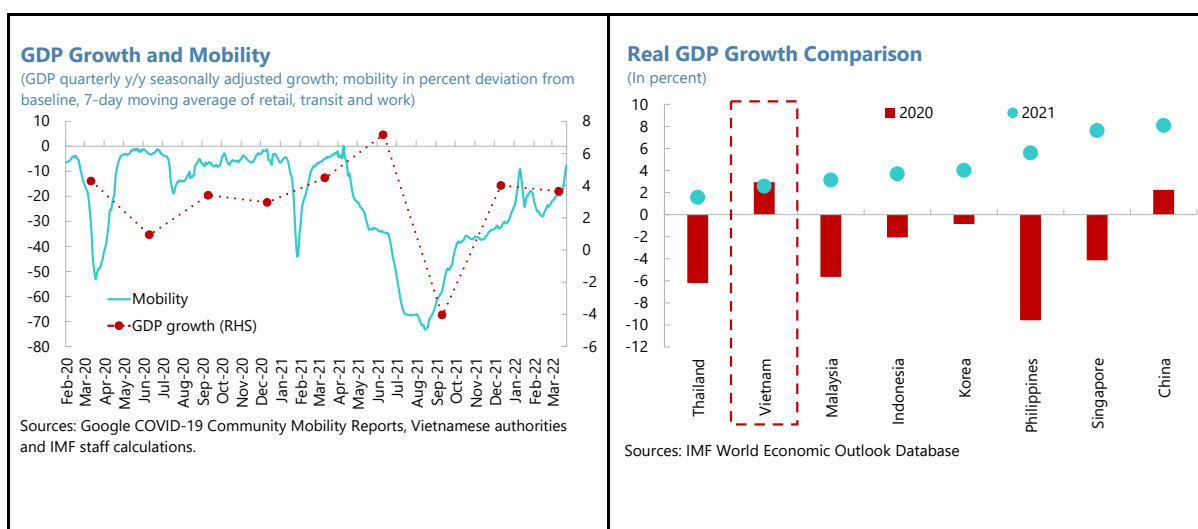
1. Vietnam entered the pandemic with robust growth and favorable policy buffers.

Prudent policies resulted in a prolonged period of high growth, one of the highest in the region, price stability, and low public debt ratios. Strong FDI and trade flows boosted external buffers. Banks entered the pandemic in a relatively strong position. As elsewhere, COVID-19 led to disruptions to economic activity, but successful containment measures, coupled with supportive policies, made Vietnam the regional top-performing economy in 2020.

2. **A severe outbreak in April 2021 led to a remarkable vaccination rollout.** The delta variant paired with low vaccination rates tested the country's COVID-19 response strategy. Progressively more stringent containment measures were adopted starting in May 2021 (Figure 1). Infections and fatalities were highest in the Southern provinces, which account for the lion's share of industrial production. Starting in Fall 2021, an impressive vaccination drive—more than 77 percent of the population is now fully vaccinated, with booster shots and children's vaccination under way—facilitated the shift from a zero-tolerance strategy towards living with the virus.¹



¹ Around 37.8 million booster shots have been administered as of April 24, 2022. Vietnam has relied on a diverse portfolio of vaccines, led by Pfizer-BioNTech (Figure 1).



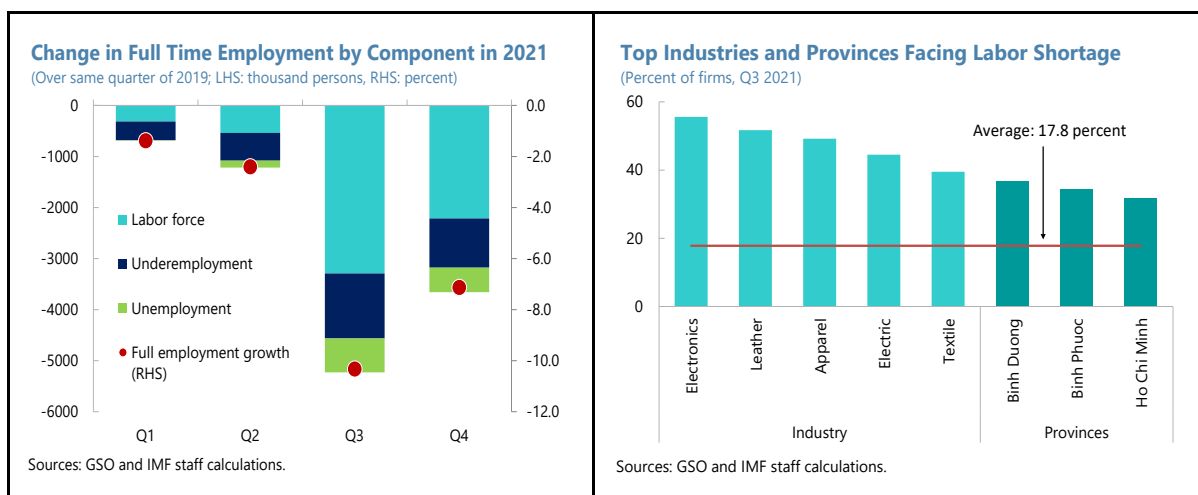
3. Growth resumed but remains below the pre-pandemic trajectory. GDP tracked closely the seesaw pattern of mobility, rising strongly in 2021H1, before recording a historical contraction of 6.3 percent y/y in Q3, and then rebounding since Q4. Real GDP grew by 2.6 percent on the year, slower than in 2020 and regional peers, owing to more protracted lockdowns and local supply disruptions. On the expenditure side, government spending only partially offset the pandemic's adverse impact on private consumption, and net exports were weaker than in previous years. High frequency indicators point to stronger momentum going into 2022, with rising retail sales, industrial production, and firm entry (Figures 2-3).

4. Labor market shows signs of recovery, but slack remains. The delta outbreak exacerbated the still-soft labor market conditions prevailing in early 2021 (Annex I).² Labor force participation and employment have been gradually recovering after declining to their lowest levels in a decade. Informal, young, and low-skilled workers were the hardest hit, potentially fueling inequality.³ The recovery in manufacturing was initially constrained in selected industries as migrant workers, with limited access to safety nets, left the hardest-hit industrial provinces.⁴ Labor shortages appear to have largely eased, but underemployment remains high, particularly in the services sector.

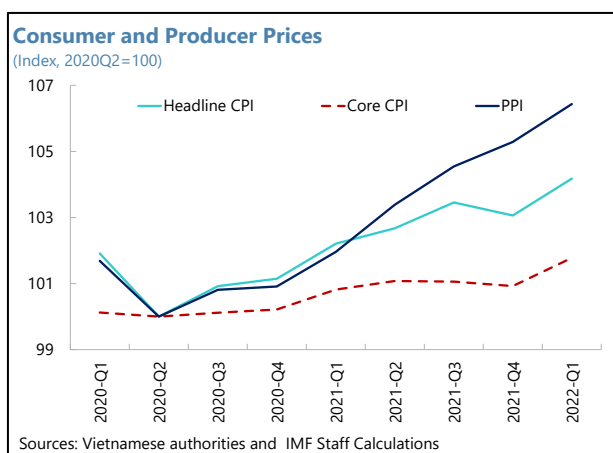
² An estimated 0.7 percent of GDP in aggregate household income was lost in 2021Q3 alone on account of job losses and lower monthly wages and incomes (World Bank, 2022).

³ COVID-19 slowed but did not reverse the progress of rapid poverty reduction in Vietnam (World Bank, 2021), but its heterogenous impact on the labor market could fuel inequality.

⁴ One group of migrant workers returned home at the beginning of the lockdown in early July. A second wave of migrant workers left the Southeast region right after the end of the lockdown in early October. As of mid-December, a total of 2.2 million people (4 percent of the labor force) had left the main urban centers and returned to their hometowns.



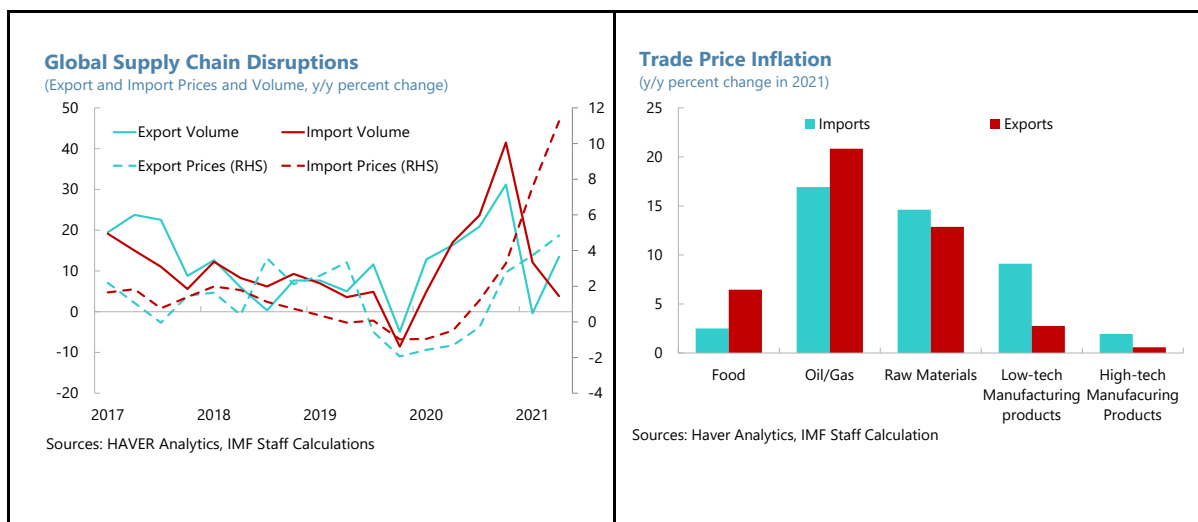
5. Consumer price inflation is edging up but remains subdued despite the surge in fuel and producer prices. Global supply chain disruptions and rising commodity prices increased input and transportation costs, driving up producer prices. However, core inflation remains low, and headline inflation in April was still below the central bank's 4 percent target, reflecting limited pass-through from producer prices, a wide output gap, and relatively stable food and administered prices (Annex II).⁵



6. The current account balance declined markedly, reflecting pandemic-related disruptions. Despite robust external demand, supply bottlenecks combined with higher import prices and muted tourism served to markedly narrow the current account balance to a deficit of 1 percent of GDP in 2021, from a surplus of 4.4 percent of GDP in 2020 (Figure 4). FDI inflows remained broadly resilient, while other net capital inflows increased, reflecting higher portfolio investments and short-term external borrowing by financial institutions. Overall, gross foreign exchange (FX) reserves increased by USD 14.3 billion, of which around USD 1.6 billion are due to the Special Drawing Rights (SDR) allocation. The real effective exchange rate appreciated slightly and the external position in 2021 is assessed to be stronger than implied by medium-term

⁵ Upstream inputs captured by the Producer Price Index (PPI) account for a relatively small share of materials purchased by producers of final consumption goods (Annex II). As in many other ASEAN countries, more moderate increases in local food and energy prices in 2021 than those observed worldwide, as well as smaller increases in shipping costs have kept inflation below target in early 2021. The recent 50 percent reduction in the environmental protection tax (taxes account for 40 percent of the price at the pump) through end-year has also limited the pass-through of fuel prices to end-user prices.

fundamentals and desired policies (Annex III).⁶ This is partly due to a less expansionary fiscal response to the pandemic compared to Vietnam's trading partners.



7. Macroeconomic policies were broadly supportive, but the fiscal response was beset with implementation challenges (Figures 5-7 and Annex IV).

- Monetary policy.** In early 2021, the State Bank of Vietnam (SBV) moved away from spot FX interventions toward the use of 6-month forward purchase contracts.⁷ This shift facilitated greater exchange rate flexibility, while temporarily limiting reserve accumulation and VND liquidity injections. Although accommodative monetary policies remain in place, with abundant liquidity in the banking system, interbank rates have ticked up from the historic lows of 2020.
- Financial policy.** The SBV extended loan forbearance until June 2022 and encouraged banks to waive or reduce interest rates and fees and limit dividend payouts.⁸ Bank deposit and lending rates have declined since mid-2020. As a result, credit expanded faster than output, at 13.5 percent y/y at end-2021, largely channeled to real estate, manufacturing, and trade.

⁶ Large historical revisions to balance of payments data, notably upward changes in investment income of FDI firms, suggest significant challenges with determining the precise magnitude of misalignment ([IMF CR 21/42](#)).

⁷ The SBV replaced the FX spot intervention with 6-month forward purchase contracts in 2021, to delay domestic liquidity injections and reserve accumulation, following which a continued appreciation of the SBV spot rate was allowed since August. After a short period of depreciation pressures in early December due to higher seasonal demand for FX, appreciation resumed.

⁸ Since the onset of the pandemic, banks reduced or exempted interest rate payments for 2.3 million clients, whose outstanding loans accounted for 34 percent of total loans. State-owned commercial banks (SOCBs) applied rate cuts to most or all of their loan books (80-100 percent of total loans), whereas private banks applied rate cuts to 26 percent of their total loans, on average. As of end-2021, restructured loans comprised around 2.8 percent of the total loan book.

- **Fiscal policy.** Budgetary outlays for health, social assistance for households, and liquidity measures for firms increased in 2020-21. Tax deferrals and cuts in administrative charges benefitted firms of all sizes (Annex V). Off-budgetary measures increased in 2021 as the surplus in the unemployment insurance fund was used to temporarily raise benefits.⁹ While execution improved somewhat, it continued to be hamstrung by capacity constraints and weaknesses in the social protection system.¹⁰

Fiscal Measures in Response to COVID-19

	Announcement		Implementation			
	2020	2021	2020		2021	
	% of GDP	% of GDP	% of GDP	% of plan	% of GDP	% of plan
Total Measures	4.1	5.1	1.9	47.0	3.4	66.1
Budget measures	3.7	3.6	1.8	48.6	2.3	64.5
Support for firms						
VAT, CIT and land rental deferrals	2.6	1.4	1.2	47.0	1.1	80.8
Exemption and reduction of other taxes, fees and charges	0.5	0.3	0.3	63.6	0.3	91.7
Support for households						
Cash transfers	0.5	0.3	0.2	35.6	0.3	99.7
Additional health spending	0.1	1.5	0.1	79.2	0.5	35.5
Off-budget measures	0.5	1.6	0.2	34.5	1.1	69.8
Measures by Extra Budgetary Funds (EBFs)	0.1	1.2	0.0	8.2	0.9	74.5
Concessional lending	0.2	0.2	0.0	0.3	0.0	8.9
Cutting utility prices	0.2	0.2	0.2	100.0	0.2	100.0

Source: Vietnamese authorities and IMF Staff calculations

Note: Support to firms largely constituted of tax and fee deferrals with little direct fiscal costs.

8. Financial conditions remain accommodative, but uncertainty around bank asset quality is high. While overall banking system profitability increased slightly, asset quality deteriorated in 2021 (Figure 6). Impaired loan ratios would have been around 6.3 percent at end-2021 if not for forbearance on loan classification, which was extended until June 2022. Despite improvement in recent years, thin capital buffers, especially in some systemically important SOCBs, and varied provisioning coverage ratios among banks suggest that asset quality concerns are pronounced for some banks. While non-financial corporate balance sheet indicators for large firms appear to be resilient, a sizeable share of small and medium-sized enterprises (SMEs) remain vulnerable, with weak balance sheets even before the pandemic (IMF WP/20/260 and Annex V).

9. Property and corporate bond markets risks are rising. Easy financial conditions contributed to record-high corporate bond issuances and equity and property market valuations.¹¹ Price pressure points are largely seen in land sales, high-end housing in major cities,

⁹ The Vietnam Social Security provided blanket support by electronically disbursing around USD 1.3 billion (0.4 percent of GDP) to all formal workers in October and November 2021.

¹⁰ The State Audit Office of Vietnam audits all public finances, including those COVID-related.

¹¹ Vietnam is receiving IMF TA to develop and publish a residential property price index, as comprehensive data on land and property values is lacking. The housing boom is reportedly led by supply shortages, lower lending

(continued)

and mega-developments in coastal areas.¹² Besides sizable direct exposure to the real estate sector in their loan portfolios, banks face indirect exposure through holding of corporate bonds issued by real estate companies. These companies have fairly robust debt servicing capacity but are more leveraged than the rest of the economy, and some were hit hard by the pandemic-induced drop in tourism. Recent policies to moderate systemic risks include measures to limit excessive leverage (e.g., higher risk weights for real estate) and recommendations urging prudent loan origination, particularly for property purchases.

10. The current policy focus is on the implementation of Vietnam's Program for Recovery and Development (PRD). Early this year, the National Assembly approved a significant support package for 2022-23, estimated at 4.1 percent of GDP (around USD 15 billion). In addition to near-term fiscal measures to boost demand, the package envisages stepped-up spending on health, digital, and physical infrastructure. Credit support measures include interest rate subsidies for household businesses and firms, and the possible extension of loan forbearance and other regulatory measures as needed. In tandem, a broad reform agenda is expected to cover climate change, digital transformation, innovation, financial inclusion, business climate, education, and the labor market.

OUTLOOK AND RISKS TO THE RECOVERY

11. Staff projects the economy to grow by 6.0 percent in 2022 and 7.2 percent in 2023.

This forecast assumes continued vaccine effectiveness, abated supply disruptions, and normalization of activity proceeding apace during 2022. The fiscal stimulus under the PRD and strong export growth are expected to compensate for a gradual rebound in private consumption as households rebuild buffers. Inflation is projected to pick up as the war in Ukraine exerts upward pressure on commodity prices.¹³ Headline inflation is projected at 3.9 percent, and core inflation at 2.3 percent by end-2022.¹⁴ The current account surplus is expected to increase modestly to around 1 percent in 2022-23, and financial inflows strengthen as the economy reopens and a strong recovery takes hold.

12. Economic scarring from the pandemic could weigh on the medium-term outlook.

Potential growth is expected to recover in 2023-24, with the normalization of economic activity and labor market conditions. Investments and reforms under the PRD would play a critical role in

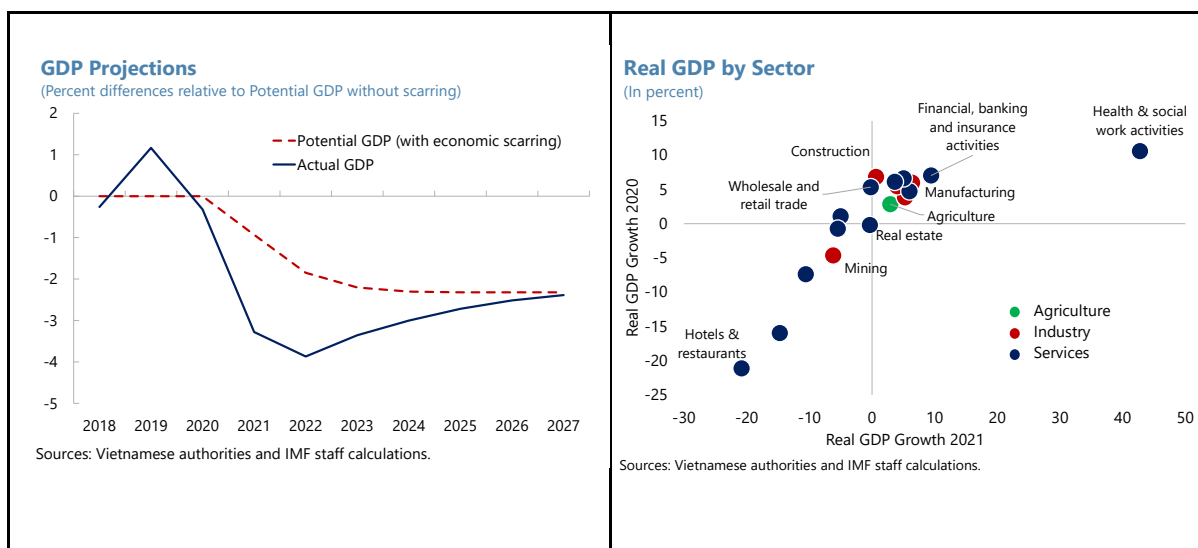
rates, lack of alternative investment opportunities, and search for yield. Household debt stood at around 50 percent of GDP at end-2020, lower than many regional peers. Of this amount, 25 percent was in housing-related loans (mostly mortgages).

¹² Land and house prices grew faster than wages, which is likely to have widened wealth inequality. The sharp fall in new housing supply during the pandemic suggests that affordability is likely to remain a concern going forward.

¹³ Higher fuel prices will weigh on 2022 headline inflation both directly and through spillovers from energy-intensive sectors to the rest of the economy.

¹⁴ The rise in core inflation is projected to be limited given the remaining slack in the economy and muted pressure from domestic food prices, which are relatively insulated from the rise in global food prices in light of Vietnam's food basket composition and self-sufficiency.

limiting economic scarring, compensating for slower capital accumulation during the pandemic and boosting productivity. Nonetheless, the slow recovery in contact-intensive sectors and labor market dislocation (with skill mismatches and workers taking lower-productivity jobs) could lead to some hysteresis. Staff estimates that the output loss due to scarring could be around 3 percent of GDP in the medium term.



13. The outlook is uncertain, and risks are tilted to the downside (Annex VI).

- **External risks** are dominated by the intensification of geopolitical tensions, which could adversely affect economic activity and inflation through weaker external demand, higher commodity prices, and extended global supply chain disruptions. A more significant slowdown in China or outbreaks of new lethal and highly contagious COVID-19 variants are other important downside risk to growth. Faster-than-expected tightening of monetary policy in advanced economies could create exchange rate pressure and complicate monetary policy. Benefits from recently ratified free trade agreements and favorable reconfigurations of global supply chains pose upsides.
- **Domestic risks** are centered around the macro-financial implications of developments in the real estate and corporate bond markets. Borrowers' vulnerability to rising interest rates, funding problems in the leveraged real estate sector, or a sharp correction in real estate prices could amplify balance sheet vulnerabilities. A surge in food and core inflation could de-anchor inflation expectations and compress households' real incomes and spending. Weak execution of the PRD could further stymie the recovery, while full implementation provides an upside risk. Climate change poses a serious threat to longer-term growth prospects.

Authorities' Views

14. The authorities agreed with staff's assessment and emphasized that the outlook remains uncertain. They forecast growth in 2022 to be in the range of 6 to 6.5 percent, on the

back of the positive momentum from the economic reopening and the implementation of the PRD. Like staff, the authorities expected a further rise in inflation in the near term, driven by fuel prices and supply chain disruptions, but expect inflation to remain within their 4 percent target. Nonetheless, they expressed concern about the uncertain international environment, with spillovers from geopolitical tensions and a China slowdown seen as notable risks. They broadly agreed with staff's assessment of Vietnam's external position but noted that external risks, Vietnam's vulnerability to external shocks given a large FDI sector, and rising private external debt called for building additional external buffers.

POLICY DISCUSSION

15. There was broad agreement that the priorities are to entrench the recovery, preserve financial stability, and promote inclusive growth. Discussions centered on the policy mix under different scenarios and policies to bolster long-term prospects.

- ***Recovery, uncertainty, and exit.*** Policymaking should be agile, and the size and composition of policy support proactively adjusted to the pace of recovery and clearly communicated and implemented to reduce uncertainty. Timing and sequencing of policy normalization should also be balanced against heightened downside risks and emerging banking system strains. Once the recovery is firmly established, mobilizing domestic revenue and shoring-up banking system resilience are essential.
- ***Fiscal and monetary policy mix.*** With economic slack persisting and available fiscal space, the policy mix should remain accommodative, with fiscal policy serving as the first line of defense against downside growth risks given rising inflationary pressures. More targeted fiscal measures could alleviate the trade-offs that monetary policy may face if stagflationary pressures materialize. Greater vigilance is warranted to contain systemic financial risks, particularly from the real estate sector, while avoiding a disorderly tightening of financial conditions.
- ***Transitioning to a more resilient and inclusive economy*** will entail tackling pervasive economic dualism, boosting productivity, combatting corruption, improving governance, and strengthening policy and data frameworks.¹⁵ Climate change policies would benefit from a clear mapping of ambitions into actions and a more integrated strategy.

¹⁵ Economic dualism is manifested in a sizeable share of SMEs with limited financial resources and low productivity, the still-substantial, albeit declining, footprint of state-owned enterprises, an export-led FDI sector, highly integrated with global value chains but with limited domestic linkages, lagging service sector productivity, and widespread labor informality ([IMF CR 21/42](#)).

A. Fiscal Policy

16. The PRD appropriately prioritizes health, economic recovery, and medium-term growth prospects, but spending transparency, accountability and efficiency, and steadfast implementation are key.

The package envisages temporary tax relief, liquidity support for firms, spending on healthcare education, and infrastructure investment. The markedly high investment spending on social, transport, green, and digital

infrastructure (1.4 percent of GDP) provides an important offset to the hysteresis impacts of the pandemic, but low efficiency and weak execution could undermine its multiplier effect.

Program for Recovery and Development, 2022-23		
	VND (trillion)	% GDP
Tax	70	0.8%
Reduce taxes (including standard VAT by 2ppts)	64	0.8%
VAT, CIT, PIT and land rental deferrals	6	0.1%
Spending	277	3.3%
Health: medical infrastructure, training, import vaccines	60	0.7%
Investment capital (traffic, IT, digital, green)	113.55	1.4%
Interest rate support (2%/year) via commercial banks	40	0.5%
VBSP (preferential credit policy & sovereign guarantees)	43.4	0.5%
Modernization of social security facilities	3.15	0.0%
Rent for workers	6.6	0.1%
Support to EBFs	10.3	0.1%
Total package	347	4.1%

Sources: Vietnamese authorities.

17. Amid economic slack and downside risks, the PRD is well placed to entrench the recovery.

The headline fiscal deficit is projected to widen to 4.7 percent of GDP in 2022—a 2.4 percentage point increase in the cyclically adjusted primary balance. Staff's projection assumes only partial implementation of the planned capital spending, consistent with historical execution rates, and is more conservative than the authorities' estimates. Higher deficits are expected to be mostly financed through domestic debt issuance. Public debt is projected to remain around 40.5 percent of GDP over the medium-term (Figure 7 and Annex VII).

Consolidated State Budgetary Operations (in percent of GDP, unless otherwise indicated)				
	2021		2022	
	Budget	Est.	Budget	Proj.
Total revenue and grants	15.5	18.6	14.9	16.7
Tax revenue	12.2	14.1	11.8	12.6
<i>of which: VAT</i>	3.9	4.5	3.8	3.9
Grants and other revenues	3.3	4.6	3.2	4.0
Expenditure	20.1	22.1	19.3	21.3
Expense	14.5	16.1	13.3	15.2
Net acquisition of non-financial assets	5.6	6.0	5.6	6.1
Net lending (+)/borrowing (-)	-4.6	-3.5	-4.4	-4.7
Net incurrence of financial liabilities		2.0		4.6
Net acquisition of financial assets		1.4		0.1
<i>Memo items:</i>				
Primary Balance		-1.1		-3.5
Cyclically Adjusted PB (% potential GDP)		-1.5		-3.9
Public and publicly guaranteed debt		39.7		40.5

Sources: Vietnamese authorities and IMF staff projections.

18. Fiscal policy will need to strike a balance between providing temporary, targeted support and facilitating economic transformation.

- **Balancing broad-based support and targeted social assistance.** While temporary reduction of the VAT top rate on select products may support domestic consumption, the impact could be regressive, the measure may be difficult to reverse, and efficacy will depend

on the pass-through to consumers.¹⁶ The temporary cut in the environmental protection tax (0.3 percent of GDP) in the wake of the Ukraine war can limit the rise in domestic oil prices, but is a second-best option to targeted cash transfers—the timeline and extent of the cut could be reviewed if oil prices normalize faster than expected. Low income households would benefit from greater automaticity in benefit scale-up and coverage extension of social safety nets to informal workers (Annex VIII).

- **Targeting vulnerable but viable firms.** Measures such as tax deferrals (1.6 percent of GDP) could help cushion the pandemic impact on firms, but support should be increasingly steered to the most vulnerable yet viable firms. The interest rate subsidy in the PRD (0.5 percent of GDP) may lower borrowing costs. However, limiting eligibility to distressed but viable firms, and using targeted benefits (e.g., grants to cover selected operational costs) for hard-hit SMEs would have been preferable than a blanket measure that may be exhausted by a few large firms with easy access to credit.
- **Facilitating labor reallocation and reintegration.** Spending on housing support, childcare facilities, as well as vocational training and job search assistance in the PRD (0.6 percent of GDP) is welcome to help bolster the labor market recovery. Strengthening active labor market policies, including reskilling and training, could help ensure faster reengagement of workers and address underemployment.

19. Fiscal policies should be agile given fluid economic conditions. If the recovery turns out to be faster than expected, buffers should be rebuilt more rapidly by saving the revenue windfall and, possibly, under-executing the budget. In such a scenario, a less accommodative fiscal stance would also help keep emerging inflationary pressures in check. Conversely, if downside risks materialize, a more expeditious fiscal response is warranted, alongside greater flexibility to (re)allocate funds within the recovery package.

20. Longer-term spending priorities should promote more inclusive growth. Focus should be on achieving Sustainable Development Goals (SDGs), boosting resilience to climate change, and strengthening social safety nets.

- **Building resilience to climate change.** Vietnam is among the countries most exposed to climate change, which could disproportionately impact the most vulnerable (Annex IX). In the absence of appropriate policy responses, 10-15 percent of the country's GDP could be lost by 2050.¹⁷ Adaptation plans have been codified in national legislation and a series of strategies, but better integration with the budgetary process is essential.¹⁸

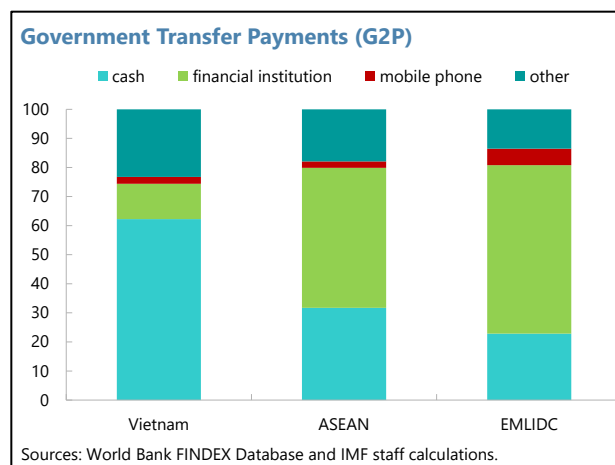
¹⁶ The VAT structure in Vietnam has a range of exemptions, including for education, financial, medical services, and three rates: 0 percent (exported goods), 5 percent (some essential goods and services) and 10 percent on everything else. The PRD envisages a temporary cut in the top rate from 10 to 8 percent and a 20 percent reduction in the turnover tax for household businesses.

¹⁷ World Bank, Vietnam Country Climate Development Report (forthcoming).

¹⁸ Staff estimates total additional SDG spending needs for roads, electricity, and water subsectors at around 5 percent of GDP annually by 2030 ([IMF WP 20/31](#)). Higher adaptive infrastructure investments can boost the country's resilience against severe climate shocks, while improving growth-debt dynamics ([IMF CR 21/42](#)).

- **The crisis underscored the need to strengthen the social safety net.**

Coverage gaps in social assistance programs can be reduced by creating a single registry of beneficiaries and strengthening administrative capacity (Annex XIII). The recent introduction of digital IDs is welcome, and the next step is to link them with socio-economic databases. Transfer payments are predominately cash-based, but electronic and mobile



payments could improve the delivery of social programs and encourage greater financial inclusion, leveraging the high penetration of mobile phones to reach unbanked populations.

21. Revenue mobilization efforts are critical to accommodate higher development spending.

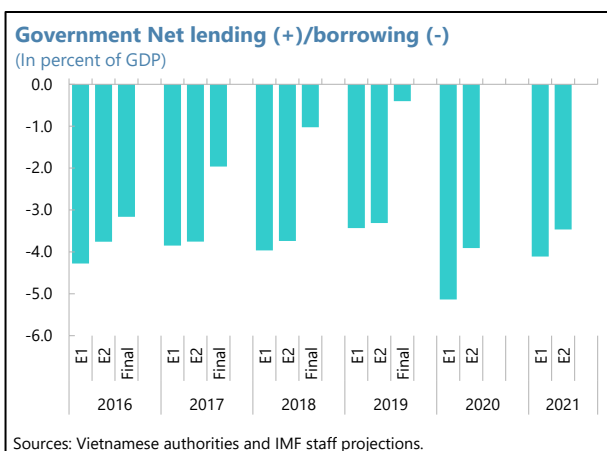
Revenue intake has been declining and is low compared to peers (Figure 7).¹⁹ Reversing this trend will require decisive efforts to phase out pandemic-related tax measures and implement staff's longstanding tax policy recommendations. Measures include reducing exemptions and rationalizing preferential regimes for FDI firms, broadening the VAT base, and raising environmental tax and excise duties. Introducing a unified property tax along with a land registry and differentiated stamp duties by investor and housing type could be a progressive way to raise revenue and help moderate fluctuations in real estate prices. The authorities are designing a tax reform strategy that would raise the revenue intake over the medium term. Recent reforms in tax collection and compliance (e.g., operationalizing the large tax-payer unit and compliance risk management programs) should continue in line with IMF technical assistance (TA) (Annex X) to cover e-tax services and improvements in the tax agency's organizational structure.

22. Strengthened fiscal frameworks would also help improve spending execution and safeguard fiscal sustainability.

- *Refine the public debt anchor.* In line with staff recommendations ([IMF CR 21/42](#)), a prudent debt anchor was introduced at 55 percent of GDP in 2021, along with revision of the statutory debt ceiling from 65 to 60 percent of GDP. Further refinement of escape clauses and corrective mechanisms would be useful to provide flexibility and promote compliance.
- *Upgrade the external-debt framework.* To avoid lumping different risk profiles, numerical ceilings should only be set on public (not private) FX external debt. Redefining external debt based on the residency criterion should also be considered and risks from external private debt should be managed through appropriate macroprudential measures.

¹⁹ In 2019, GDP was revised upwards by 25.4 percent on average over 2010–17 owing to better measurement and coverage of formal businesses. The change mechanically lowered the tax-to-GDP ratio, strengthening the case for expanding revenue collection.

- *Strengthen public financial management frameworks.* Fiscal reporting should be strengthened, including by reducing data lags on final budgetary accounts, which complicates policymaking. Spending and revenue carryforwards should be limited further, in line with IMF TA, and extrabudgetary funds merged with the budget to reduce fiscal risks. Public investment management should be improved across the investment cycle in line with 2018 PIMA recommendations.



- *Pension system.* Pension reforms are needed to address unfunded pension liabilities and improve the coverage, adequacy, sustainability, and intra- and inter-generational fairness of pensions. The recent increase in the retirement age is welcome, but further parametric reforms are needed ([IMF CR 19/235](#)).

Authorities' Views

23. The authorities stressed the importance of prudent fiscal policies and medium-term reforms. They agreed that fiscal policy should remain agile, and that the PRD should be flexibly adjusted to the pace of the recovery, while improving execution and coordination across agencies. They stressed that the reduction of the environmental protection tax and VAT was intended to provide support to consumers in a timely manner and is strictly temporary. The authorities remain committed to medium-term fiscal targets. They are reviewing options to upgrade tax policies, including broadening tax bases, revisiting tax incentives, and considering modernizing property taxation and registries. Envisaged revisions to the State Budget law should reduce lags in fiscal reporting.

B. Monetary and Exchange Rate Policy

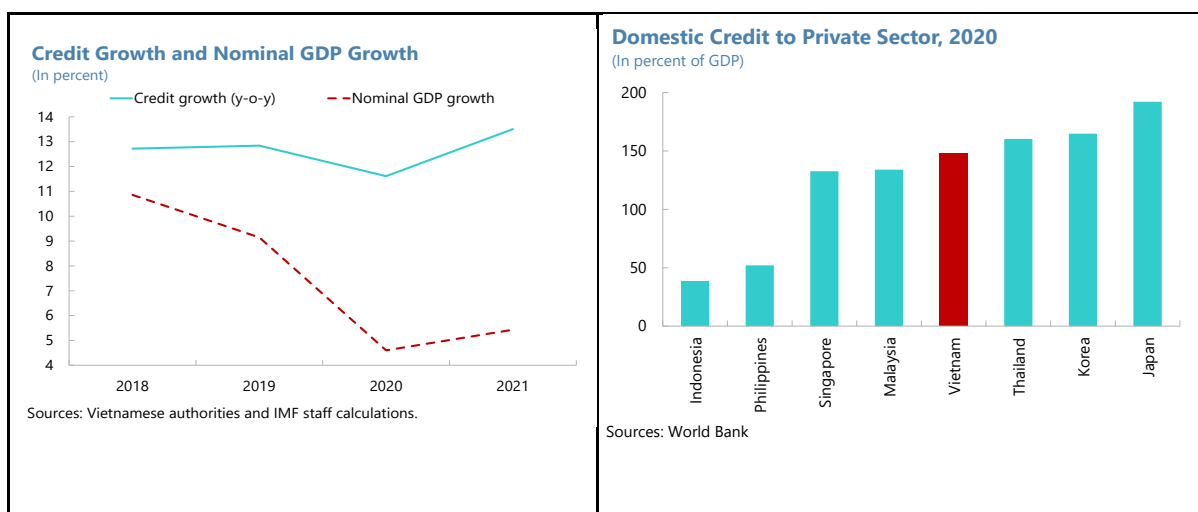
24. Monetary policy should be data dependent, forward looking, and increasingly vigilant of rising inflationary pressures.

- *Baseline.* The SBV announced that it expects monetary policy to stay supportive of macroeconomic stability through 2022, based on projections of a gradual inflation increase.²⁰ This stance is appropriate considering the still-significant economic slack, low core inflation, and downside risks to growth. With the economy rebounding, additional stimulus in train, and global financial conditions tightening, capital flows and inflation dynamics should be closely monitored, and vigilance of the financial system strengthened.

²⁰ Estimates of Vietnam's natural real rate and monetary policy stance are complicated by the multi-pronged monetary policy toolkit and the use of both price and quantity-based instruments.

- **Risks.** If sustained inflation pressures emerge, the SBV should tighten its monetary policy stance and clearly communicate the underlying drivers. Macroprudential policies should be tightened if abundant liquidity results in increased risk taking by banks and frothy asset valuations, posing risks to financial stability.

25. The policy path should balance promoting the recovery and containing financial stability risks. Nominal monetary aggregates and credit growth have outpaced nominal GDP growth significantly since the onset of the pandemic. Credit-to-GDP ratios at around 125 percent coupled with high borrower leverage, could also pose asset quality risks (Section C). Clear communication about the policy path, including regular assessments of credit growth targets—a key plank of the policy toolkit—, would help guide market participants and enhance monetary policy effectiveness.



26. Greater flexibility will allow the exchange rate to serve as a shock absorber. The use of FX forward contracts and the appreciation of SBV's VND/USD buying rate, by about 2 percent over the year, is a welcome move toward greater two-way exchange rate flexibility, and in line with IMF recommendations.²¹ FX reserves are broadly adequate at the current juncture. Going forward, the exchange rate should be allowed to act as a shock absorber, especially if the tightening of global financial conditions were premature from a domestic perspective. If monetary surprises from advanced economies disrupt capital inflows and intensify exchange rate depreciation pressures, monetary policy tightening along with FX interventions could be warranted to counter disorderly market conditions.

27. Modernization of the monetary policy framework should continue apace for more effective transmission of interest rate policies. Progress in developing the SBV's forecasting and analytical capacity, with the help from the IMF Forecasting and Policy Analysis System (FPAS) TA, sets a solid foundation for continued modernization of the SBV's monetary policy framework.

²¹ The SBV replaced FX spot interventions with 6-month forward purchase contracts in 2021Q2 and introduced 3-month forward selling contracts in early 2022 after a short period of spot purchases.

Credit growth ceilings (both aggregate and bank-by-bank) and short-term deposit and lending-rate caps for priority sectors should be gradually relaxed to strengthen market-based pricing, and the macroprudential toolkit commensurately strengthened (see Section C). These actions, together with greater two-way exchange rate flexibility and the adoption of tools for mopping market liquidity (including a deposit facility), would strengthen monetary policy transmission.

Authorities' views

28. The SBV stressed the need to closely monitor inflationary pressures and to increasingly focus on their price stability objective. The SBV agreed that rising inflationary risks from external factors require vigilance, and that monetary policy should be agile to contain inflation and ensure macroeconomic stability. The authorities agreed with staff that ample liquidity and rapid credit growth need to be closely monitored to dampen macro-financial risks. They noted that a move towards more exchange rate flexibility is desirable in the medium and long term, but emphasized that adjustments and changes in the management framework must be carefully and prudently considered and implemented in a gradual manner.

C. Financial Sector Policies

29. Relaxation of loan classification and provisioning rules should be unwound.

Forbearance on loan classification standards and provisioning rules in the early phases of the pandemic helped credit flows from seizing up. However, their continuation contributes to the delay in the recognition of problem assets and could exacerbate credit misallocation and excessive risk taking. With the economic recovery in train and the reported share of impaired loans improving (Figure 6), regulatory forbearance on loan classification should not be extended beyond June 2022. The SBV should consider accelerating provisioning for restructured loans ahead of schedule.²² In tandem, mechanisms for corporate restructuring and resolution should be further strengthened and simplified ([IMF CR 21/42](#)). Prudential regulation should be used to contain excessive leverage by households and corporates and support proper risk-pricing.

30. Enhancing banking system resilience is essential for supporting medium-term growth. Given the level of impaired loans and increased exposure and lending concentration of banks to certain sectors and borrower groups, supervisors should carefully assess the adequacy of banks' capitalization to absorb potential losses and—if necessary—require banks to submit credible restoration plans. Focus should be on both overall levels of NPLs and sectoral breakdowns, including restructured loans, provisions, and impact on bank profitability and capital without forbearance. Intensified supervision is warranted for banks with riskier profiles, especially SOCBs where restructured loans increased and capital positions are weaker.²³ The SBV should closely monitor banks' plans for Basel II adoption, as this is key to enhance loss-absorbing capacity and align reporting and provisioning of NPLs with international standards. To facilitate

²² Circular 03/2021 by the SBV required banks to begin provisioning for restructured loans that would have been downgraded had it not been for the classification forbearance. Banks had to set aside 30 percent of the required provisions by end-2021 and raise this proportion to 60 percent by end-2022 and 100 percent by end-2023.

²³ An IMF Financial Sector Stability Review (FSSR) is underway to identify macro-financial vulnerabilities and evaluate gaps and weakness in the financial stability framework, with a view to developing a well-sequenced roadmap supported by further targeted TA to assist with the implementation of financial sector reforms.

capital raising, consideration should be given to increase foreign ownership limits and reduce state ownership of SOCBs.

31. A strengthened macroprudential framework will help safeguard financial stability.

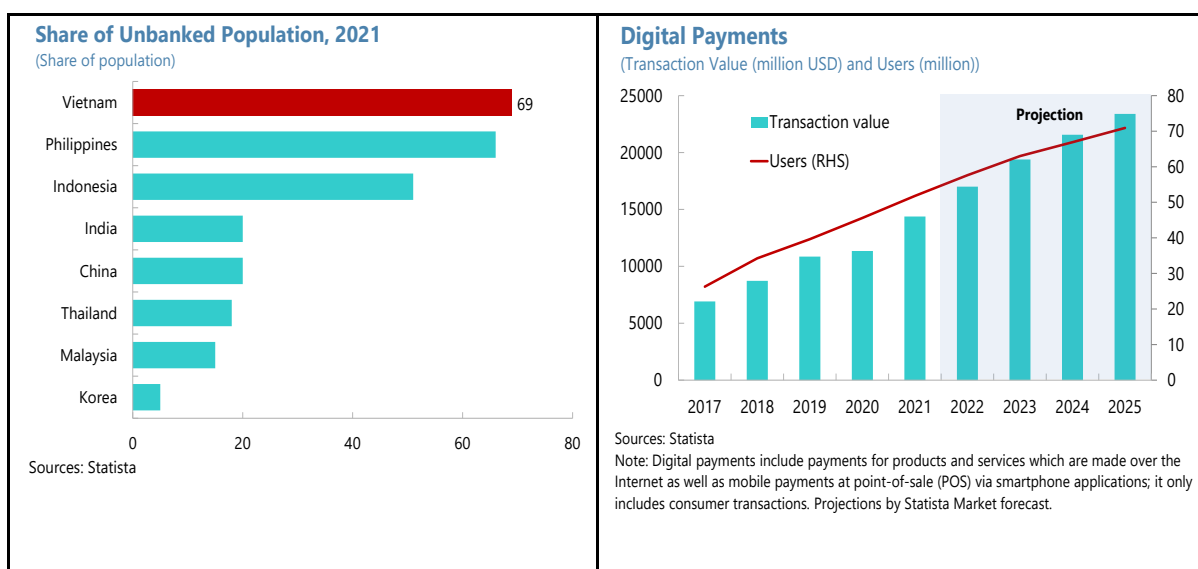
In recent years, the macroprudential toolkit was expanded, with the adoption of sectoral concentration limits and a more careful review of lending to riskier market segments (e.g., selected corporate bonds, real estate, and securities markets). A gradual tightening of macroprudential policies could be considered to avoid a disorderly adjustment down the road. To this end, the SBV should continue developing its macroprudential policy, and improve the institutional framework and data quality, as per IMF TA. Consideration should be given to introducing a countercyclical capital buffer or a capital conservation buffer, setting limits on the loan-to-value and debt-service-to-income ratios, and adjusting risks weights, including to address any emerging vulnerabilities in the property sector.

32. The authorities appropriately consider deepening capital markets, but risks should be managed.

The corporate bond market is growing rapidly, but private placements dominate public issuances. The government is considering a Securities Market Development Strategy for the period 2021-2030 to deepen capital markets and is revising regulations on corporate bonds. Encouraging the adoption of public issuance, developing a credit rating agency, and strengthening disclosure requirements for private placements would enhance transparency and strengthen investor confidence. To strengthen credibility, securities legislation and regulations should be appropriately enforced.

33. Efforts to harness the digital transformation in the financial sector in an inclusive manner are welcome and should be coupled with appropriate legislation.

Vietnam performs poorly relative to its peers by traditional measures of financial inclusion, with a significant unbanked population for whom a cashless mobile payment solution is currently being piloted. Fintech firms are growing rapidly in areas such as digital banking and digital payments as well as peer-to-peer lending, with newly-introduced eKYC solutions also facilitating access to bank accounts. While fintech's economic footprint remains small, care should be taken to ensure that financial, operational, and market integrity, consumer and investor protection, and financial stability are not impaired.



Authorities' views

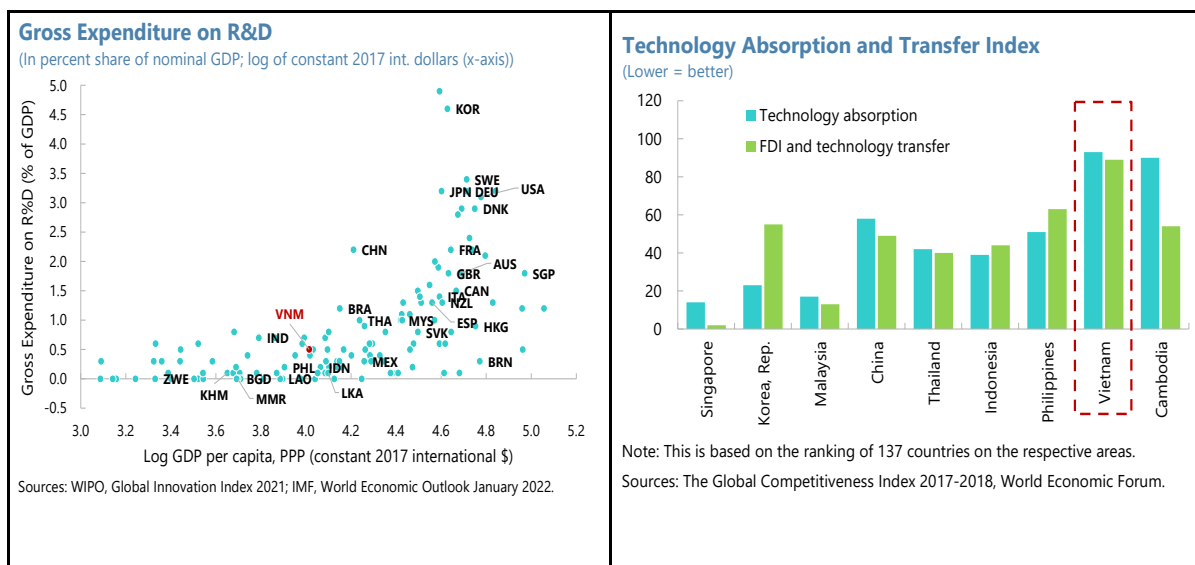
34. The authorities shared staff's views on mounting financial sector risks and the need to effectively address them as priority. The SBV welcomed the proposals to accelerate provisioning as the recovery is firming up. The SBV also agreed on mounting risks in selected market segments such as real estate and corporate bonds, and the need to strengthen market surveillance, banking supervision, and the general legal and institutional framework to tackle nonperforming assets effectively. To deal with the current stock of impaired assets, the authorities prolonged Resolution 42—which provides temporary extraordinary powers to banks and the Vietnam Asset Management Company—until end-2023. The authorities acknowledged the need to build-up capital buffers in weak banks, further develop the macroprudential framework, and strengthen capital markets. They highlighted continuous progress in promoting financial inclusion while developing the regulatory framework for Fintech.

D. Macro-Structural Policies

35. Vietnam's development strategy requires an upgrade to meet the authorities' aspirations of sustained, inclusive, and green growth. Even before the pandemic, pervasive economic dualism—across firms, sectors, and workers—held back productivity and hindered an efficient allocation of resources. The pandemic exacerbated these trends. The wide-ranging reforms in the PRD, particularly on labor, training, innovation, and business climate are steps in the right direction. Medium-term growth prospects will hinge critically on decisive reform implementation.

36. Improvements in the business climate can spur formalization, technology diffusion, and productivity growth. Vietnam is an increasingly significant participant in GVCs for high-tech products and spending on R&D and patents produced are at levels consistent with the country's per capita income (Annex XII). However, Vietnamese firms remain far from the frontier in their adoption of new technologies—with widespread productivity dispersion across firms—

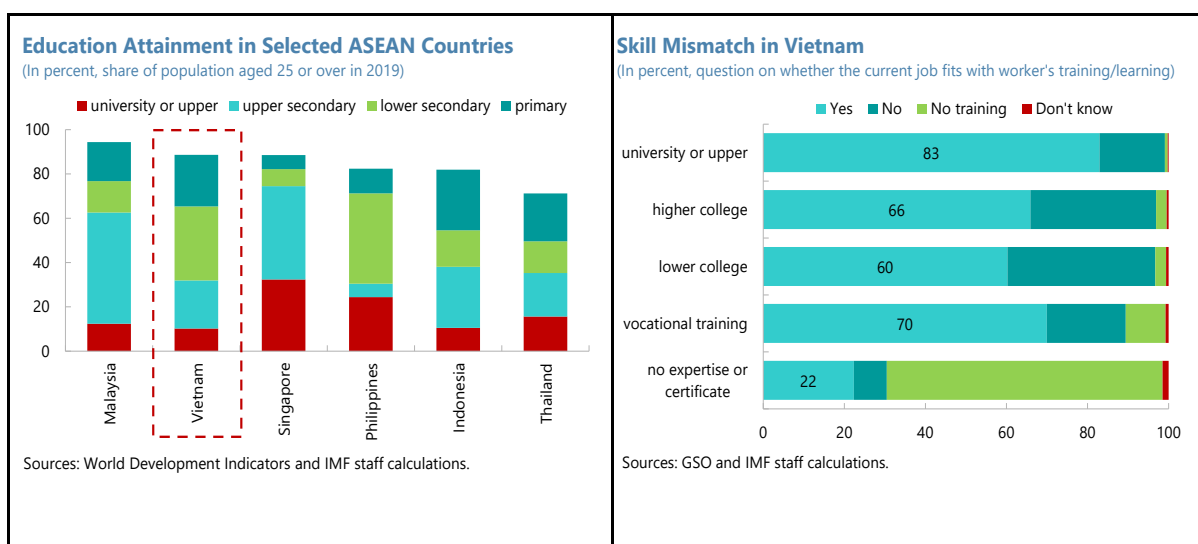
and a large fraction of household businesses remain informal.²⁴ Incorporating firm innovation and technology incubation in the PRD is the right step to tackle these issues. Going forward, creating a level playing field for finance and land access, simplifying complex licensing and permit requirements, and adjusting regulations that inhibit the expansion of SMEs and young firms would foster firm formalization, technology diffusion, and narrow productivity gaps. The pandemic has also been accompanied by a rise in the use of digital platforms and e-commerce (Annex IV). Strengthening the adoption of digital technologies (especially by SMEs) could foster future productivity gains.



37. Further efforts are needed to improve the quality of the labor force and reduce skill mismatches. Vietnam has made notable progress in the universalization of primary education, but retention rates drop significantly along the education ladder.²⁵ University-level and vocational-technical skills are under-supplied, and on-the-job skill acquisition does not fill the gap, as few firms provide formal training. Skill mismatches are particularly pronounced for low-skilled and informal workers, reinforcing labor duality. In the near-term, in addition to policies envisaged under the PRD, active labor market policies should facilitate labor reallocation toward expanding sectors, and facilitate upskilling and reskilling, particularly in digital skills. Over time, better linking education, training, and skill demand will help lift labor productivity.

²⁴ There are currently over 800,000 formal enterprises, compared to a 5.2 million household businesses operating informally in Vietnam.

²⁵ Low enrollment rates in lower and upper secondary school are reflected in the high labor force participation rate, which is around 10 percentage points higher than peers.



38. Policies that better balance growth and equity objectives can more effectively support the recovery and promote long-term prospects. Vietnam entered the crisis with lower inequality compared to its regional peers and a notable record on poverty reduction. The pandemic inevitably widened inequality, with lower income households, informal workers, and SMEs hit the hardest; while, at the same time, booming asset prices disproportionately benefit the wealthy. In addition to a better targeting of fiscal and credit support to vulnerable groups, improving the progressivity of the tax system (e.g., by introducing a property tax), stepping up public social spending, as well as policies to improve housing affordability (including by reducing supply bottlenecks) could be considered to reduce inequality.

39. Efforts to green the economy are welcome and should be supported by robust carbon pricing. Despite an increased use of renewables, coal remains the mainstay of the power sector and is the largest contributor to the rising greenhouse gas emissions. Vietnam recently pledged to achieve carbon neutrality by 2050. Nonetheless, assumptions underlying its 2030 environmental targets need to be updated, and implementation details, including the role of carbon pricing in driving decarbonization, are yet to be defined (Annex XIII). In this regard, the planned pilot of an emissions trading system in 2025 is welcome, but additional fiscal and regulatory tools will be needed.

40. Efforts to improve governance by strengthening the anti-corruption framework and enforcement continue, but corruption remains a serious and complex challenge.²⁶ The authorities are revising several economic laws, promoting e-government, and reducing regulations and licensing requirements (Annex IV). The recent Mutual Evaluation of Vietnam will inform the prioritization of policies to strengthen the anti-money laundering and counter-financing of terrorism (AML/CFT) framework. Recent amendments, which mandate the creation of databases on asset and income control and bank accounts are welcome. The framework should continue to be strengthened in line with international standards, including by improving

²⁶ A decree on assets and income declaration of people with position and power is being implemented, with close to 1.3 million people having declared their assets and income to date.

financial sector supervision and preventive measures (e.g., customer due diligence), money laundering investigations and prosecution, and transparency of legal arrangements, including to ensure durable access to international financial markets.

41. Data provision is broadly adequate for surveillance, but data frameworks could be strengthened. Priority should be given to improving the compilation and accuracy of the budget estimates and the timeliness of final budget accounts. Publication of a property price index (with help from IMF TA) would help to better assess financial risks. Compilation of an international investment position (with IMF TA) and external debt statistics would improve the assessment of external risks.

Authorities' View

42. The authorities affirmed their climate commitments and noted the importance of structural reforms for boosting productivity and increasing formalization. Major measures include investments in innovation and digitalization, as well as recent efforts to improve labor skills and resolve skill mismatches. Authorities see the Labor Code, implemented in 2021, as an important tool to reduce worker informality. Firm formalization is expected to increase with the revision of the Enterprise Law currently under consideration. Simplification of administrative procedures, including land management, will continue. Revisions to the AML/CFT law are being discussed to address shortcomings identified in the Mutual Evaluation, with the help of IMF TA. The authorities expect that higher public investment in renewable energy under the PRD will catalyze private investment in green energy. An update to their nationally determined contributions is envisaged to incorporate newly-announced climate commitments.

STAFF APPRAISAL

43. Vietnam has successfully managed the transition to living with COVID-19 on the back of an impressive vaccination drive. Growth is expected to strengthen this year as the economy reopens and the PRD spurs infrastructure investment. Inflation is expected to rise close to the SBV's target amid commodity price pressures and continued supply chain disruptions. However, the recovery has been uneven, and the outlook remains highly uncertain, contingent on geopolitical developments, the slowdown in China, the global trajectory of the pandemic, and rising domestic financial market vulnerabilities.

44. Policymaking should be agile, and the size and composition of policy support proactively adjusted if risks materialize. With output below potential and available fiscal space, the policy mix should remain supportive, but elevated inflation pressures preclude additional monetary stimulus. Tackling emerging real estate vulnerabilities, resolving problem loans, and reversing the trend in asset quality deterioration are key priorities to avoid banking system strains.

45. Fiscal policy should be nimble and serve as the first line of defense against downside growth risks. The authorities should flexibly calibrate the fiscal stance to the pace of the recovery, while improving execution. Fiscal policy should provide temporary and targeted support for an inclusive recovery and facilitate economic transformation. Social assistance should

be strengthened by improving coverage and delivery. Over the medium-term, revenue mobilization is critical to rebuild fiscal buffers, boost climate resilience, and achieve the SDGs. Efforts to upgrade fiscal frameworks will help improve spending execution and safeguard fiscal sustainability.

46. Monetary policy should be data dependent, forward-looking, and increasingly vigilant of inflationary risks. The SBV should stand ready to tighten its monetary policy stance in the face of sustained inflation pressures, and clearly communicate the underlying drivers to avoid de-anchoring inflation expectations. Continued efforts to modernize the monetary policy framework and allow greater two-way exchange rate flexibility will help strengthen the conventional transmission mechanism of interest rate policies.

47. Loan restructuring and regulatory forbearance should be unwound, and financial stability risks closely monitored. Ample liquidity and rapid credit growth need to be closely monitored to dampen macro-financial risks. Strengthened supervision together with timely efforts to address problem loans and bolster regulatory and supervisory frameworks will help support proper risk-pricing, contain excessive household and corporate leverage, and address emerging financial stability risks. The insolvency and institutional framework should be strengthened to facilitate bad debt resolution. Raising capital in weaker banks and enlarging the macroprudential toolkit to contend with rising real estate risks will also help the system weather future shocks. Efforts to deepen capital markets and harness the digital transformation in the financial sector should be coupled with efforts to bolster legal, regulatory and supervisory frameworks. Shortcomings in the AML/CFT framework should be swiftly addressed.

48. The external position is stronger than warranted by economic fundamentals and desired policy settings. This assessment is subject to uncertainty given measurement issues, which could be even more significant in a pandemic year.

49. Decisive structural reforms are needed to mitigate pandemic scars and support inclusive growth. Priority should be given to simplifying complex licensing and permit requirements, strengthening anti-corruption frameworks, and encouraging firm formalization. Fostering the adoption of digital technologies, upgrading labor skills, and reducing skill mismatches will boost productivity. Improving the progressivity of the tax system, stepping up social spending, and ensuring housing affordability will allow for a more inclusive society. Efforts to reduce data gaps should continue.

50. Efforts to green the economy are welcome and should be backed by concrete actions. Translating ambitious plans into action will imply better integration with yearly and medium-term budgetary processes and clearer identification of financing sources. Decisive efforts to introduce an emissions trading system along with a focus on cleaner energy sources are needed to set Vietnam's long-term growth model on a greener footing.

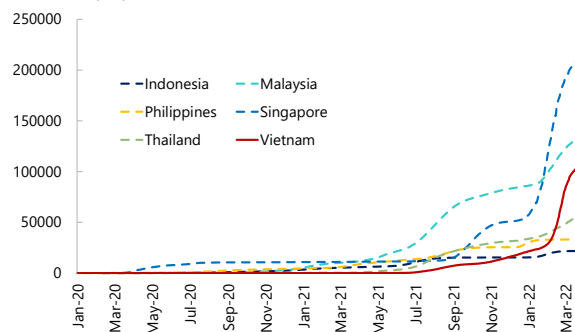
51. It is recommended that the next Article IV consultation be held on the standard 12-month cycle.

Figure 1. COVID-19 Developments

Vietnam experienced two large COVID-19 waves in 2021Q3 (delta variant) and in 2022Q1 (omicron variant).

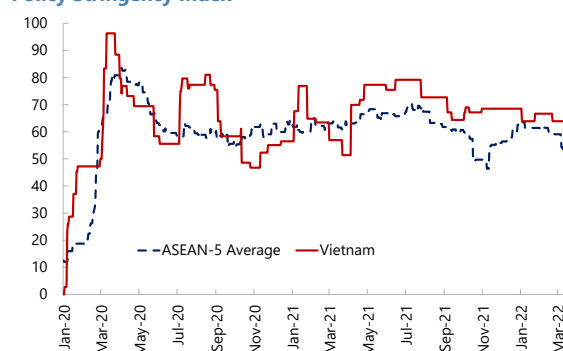
Total Cases

(Per million people)



The delta wave prompted the reintroduction of lockdowns, the omicron wave did not ...

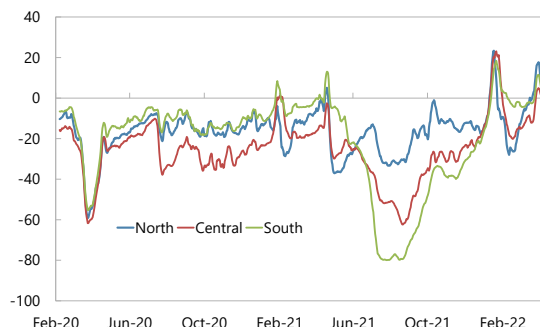
Policy Stringency Index



... with significantly different impacts on mobility and economic activity.

Google Mobility Index

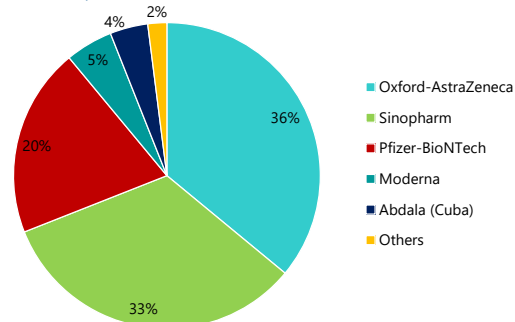
(simple-weighted average, 7-day MA)



Opening up was made possible by ramped-up vaccine procurement ...

Vaccine Supply

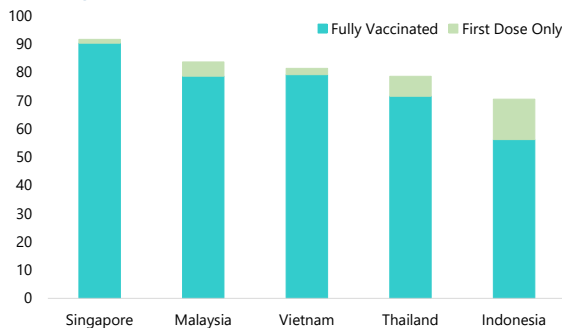
(By manufacturer)



... and a mass vaccination campaign.

Total Vaccinations

(Percentage of population)



The live-with-Covid strategy did not translate into higher hospitalizations and deaths.

Daily New Deaths

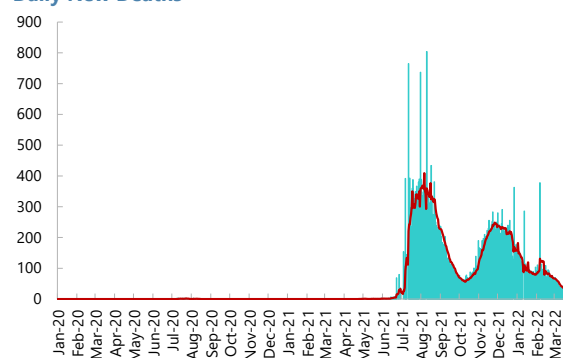
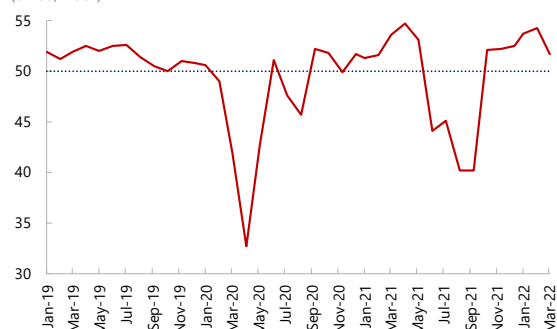


Figure 2. Recent Economic Developments

After a severe contraction in 2021-Q3, there are signs of economic recovery.

Purchasing Manufacturing Index

(0-100, index)

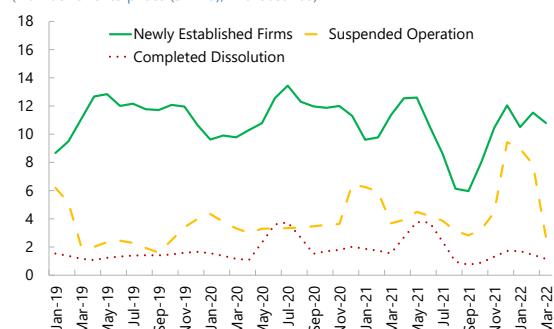


Sources: Haver, IMF staff calculation.

New firm entry is trending up.

Entry and Exit of Firms

(Number of enterprises (3mma), in thousands)

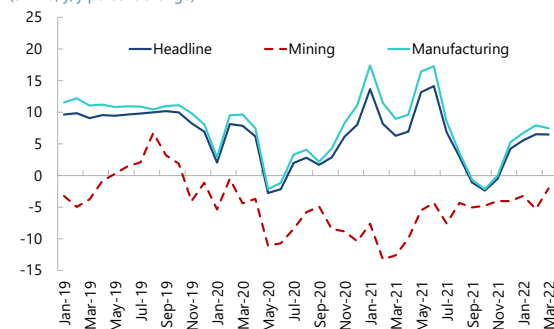


Sources: Vietnamese authorities.

Industrial production is picking up...

Index of Industrial Production (IIP)

(3mma, y/y percent change)

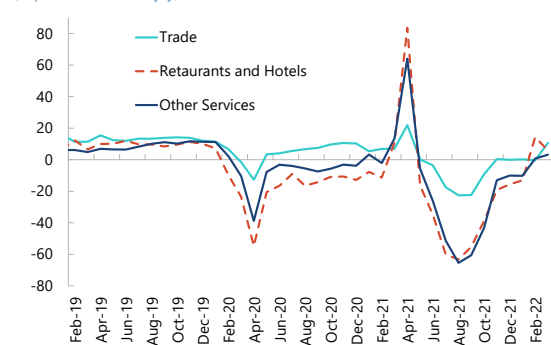


Sources: Vietnamese authorities.

...as are retail sales.

Retail Sales of Trade Goods and Services

(In percent, nominal, y/y)

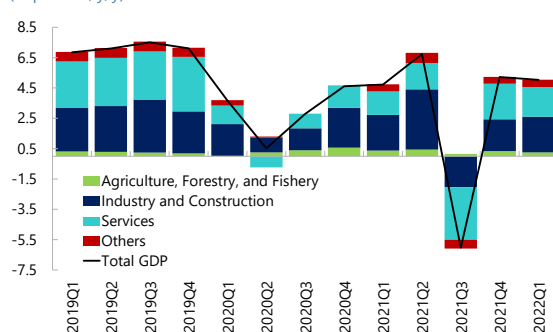


Sources: Vietnamese authorities, IMF staff calculations.

Industry has been the main driver of growth, with services gradually picking up.

Main Drivers to Growth, by Economic Activity

(In percent, y/y)

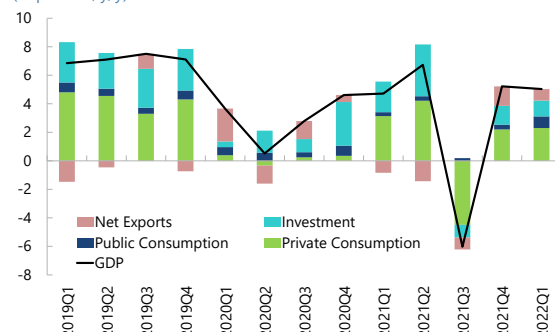


Sources: Vietnamese authorities, IMF staff calculations.

Private consumption is still lagging the overall recovery.

Main Drivers to Growth, by Expenditure

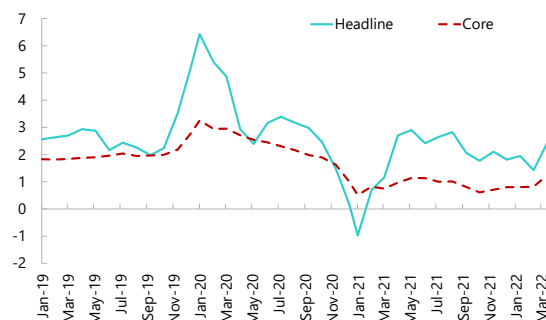
(In percent, y/y)



Sources: Vietnamese authorities, IMF staff calculations.

Figure 3. Inflation, Wages, and Global Supply Chain Disruptions*Headline and core inflation have been subdued so far...***Headline and Core Inflation**

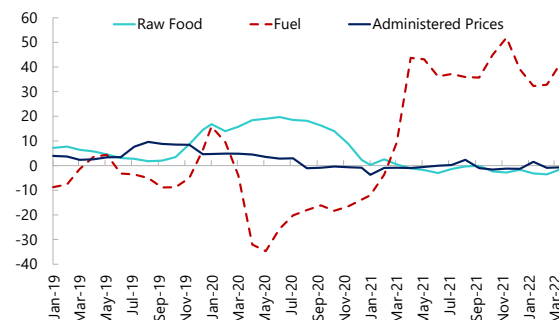
(In percent, y/y)



Sources: Vietnamese authorities and IMF staff calculations.

*... due to muted food and administered prices, ...***Inflation Non-core Components**

(In percent, y/y)



Sources: Vietnamese authorities and IMF staff calculations.

*... and economic slack, seen in lower average wages and employment.***Average Wages and Employment**

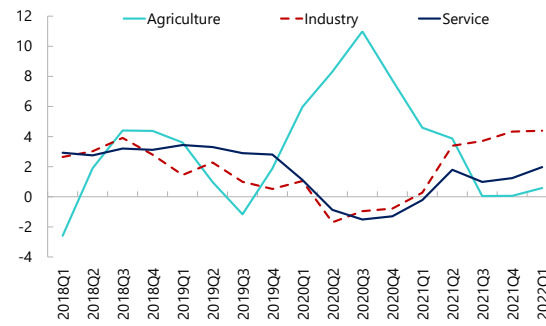
(In thousands)



Sources: Vietnamese authorities and IMF staff calculations.

*However, producer prices are edging up...***Producer Price Inflation**

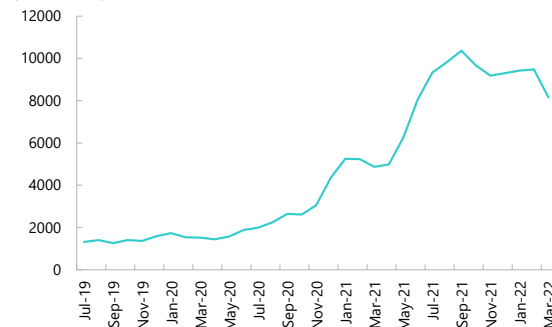
(In percent, y/y)



Sources: Vietnamese authorities and IMF staff calculations.

*... reflecting high shipping costs...***Global Container Freight Rate**

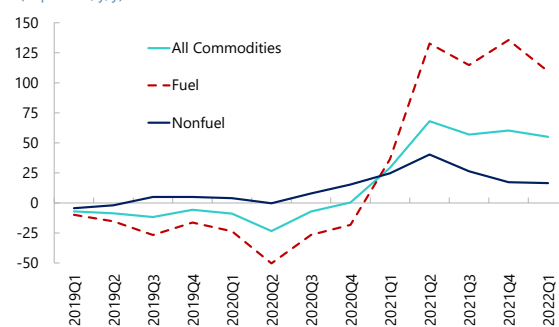
(In US dollars)



Sources: Statista

*... and high commodity prices.***Commodity Price Inflation**

(In percent, y/y)



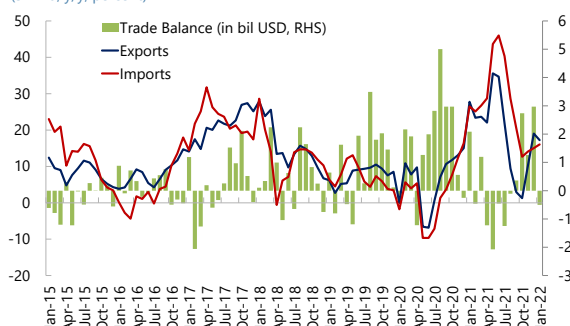
Sources: IMF World Economic Outlook Database

Figure 4. External Sector

The trade balance narrowed sharply in 2021.

Trade Performance

(3mma, y/y, percent)

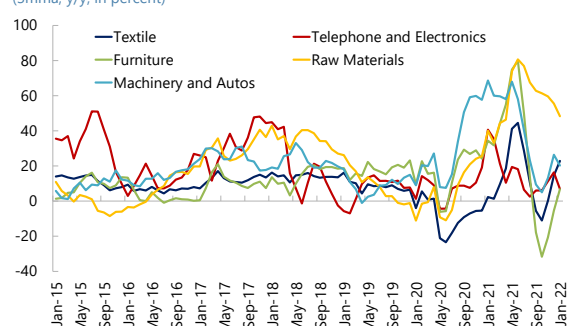


Sources: Vietnamese Authorities, IMF Staff Calculations

Low-skilled manufacturing exports experienced the sharpest slowdown.

Trade Performance by Commodities

(3mma, y/y, in percent)



Sources: Vietnamese Authorities, IMF Staff Calculations

Service trade remained sluggish.

Service Trade

(In percent, y/y)

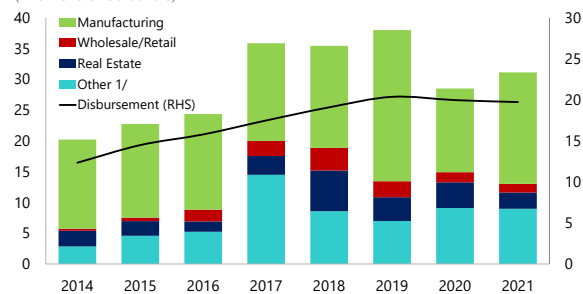


Sources: Vietnamese authorities, IMF staff calculations.

FDI disbursements remained broadly unchanged.

FDI Commitments and Disbursements

(In billions of US dollars)

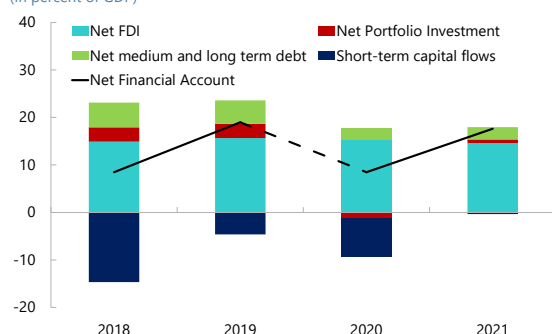


Source: Vietnamese authorities; and IMF staff calculations.
1/ Construction, Hotel and Restaurants, Mining, Agricultural, Forestry and Fishery, Electricity, Gas and AC production and other.

Portfolio investments and other short-term flows increased.

Financial Account

(In percent of GDP)

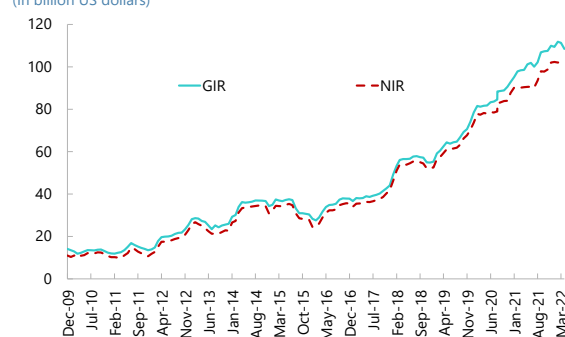


Sources: Vietnamese Authorities, IMF Staff Calculations

Reserves continued to increase, before flattening recently.

International Reserves

(In billion US dollars)



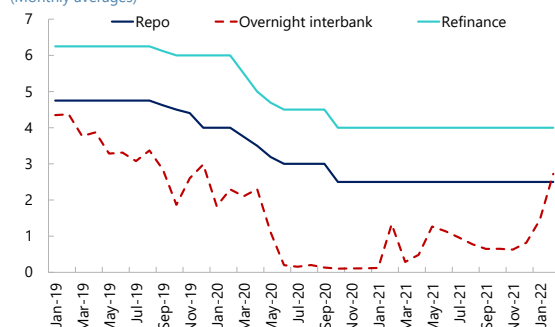
Sources: Vietnamese authorities

Figure 5. Monetary Sector

The monetary policy stance remains accommodative ...

Policy Interest Rates

(Monthly averages)



Sources: Vietnamese authorities and IMF staff calculations.

...with greater 2-way exchange rate flexibility.

Official Exchange Rate

(Daily values, VND/USD)

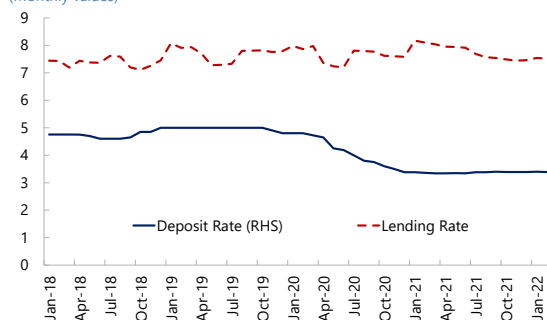


Sources: Vietnamese authorities and IMF staff calculations.

Lending and, especially, deposit rates have fallen.

Lending and Deposit Rates

(Monthly values)

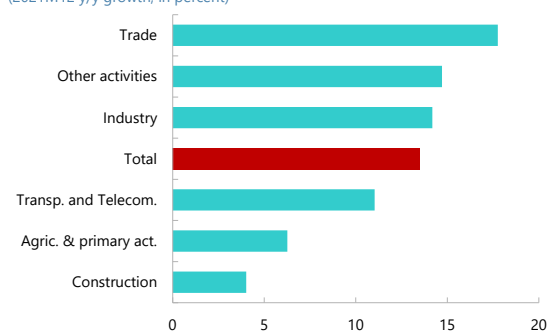


Sources: International Financial Statistics, Vietnamese authorities and IMF staff calculations.

Credit growth was concentrated in trade, other activities (including real estate), and industry.

Credit Growth by Sector

(2021M12 y/y growth, in percent)

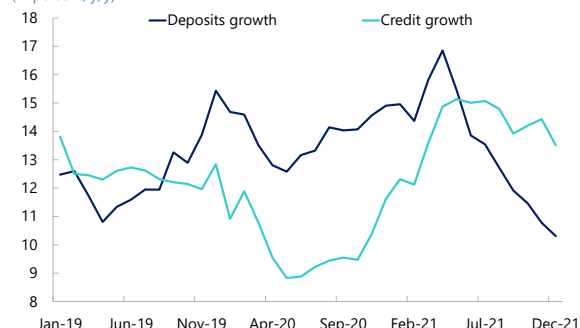


Sources: Vietnamese authorities and IMF staff calculations.

Credit growth picked up strongly while deposit growth declined.

Credit and Deposit Growth

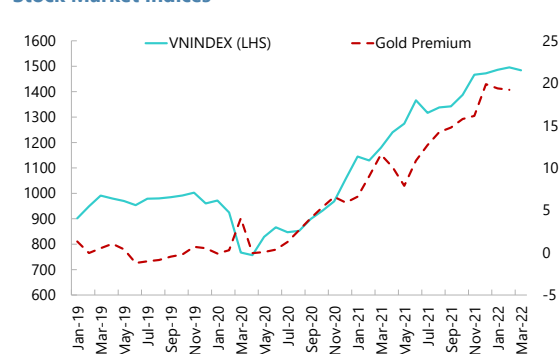
(In percent, y/y)



Sources: Vietnamese authorities and IMF staff calculations.

Abundant liquidity translated into buoyant stock valuations and rising gold premium.

Stock Market Indices



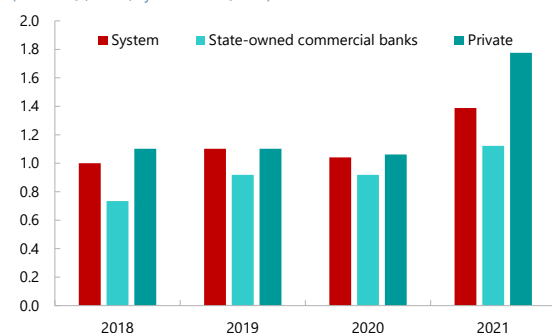
Sources: Vietnamese authorities and IMF staff calculations.

Figure 6. Financial Sector

Bank profitability increased in 2021, driven by strong credit growth and net interest margins.

Bank Profitability

(ROA in Q2; Index, System 2018Q2 = 1)

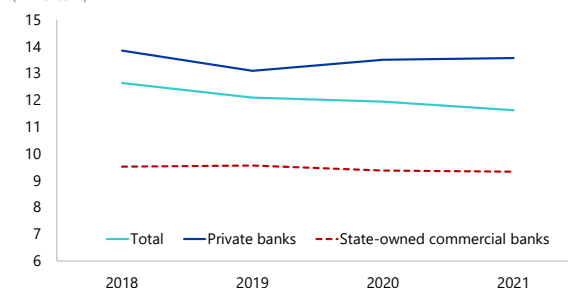


Sources: Haver Analytics and IMF staff calculations.

However, capital adequacy remains weak, especially in state-owned commercial banks.

Capital Adequacy Ratios

(In Percent)

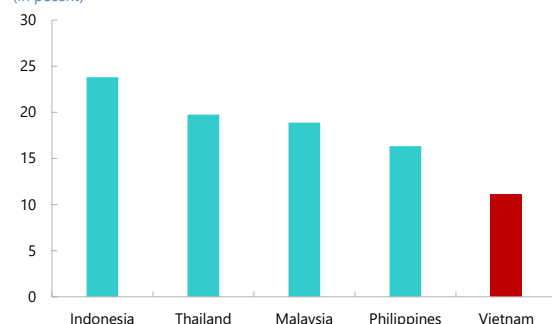


Sources: Financial Soundness Indicators (FSI) and authority's data. For 2021, Q2 data is used.

...particularly compared to ASEAN peers.

Regional Comparison: Capital adequacy ratio in 2021

(In percent)

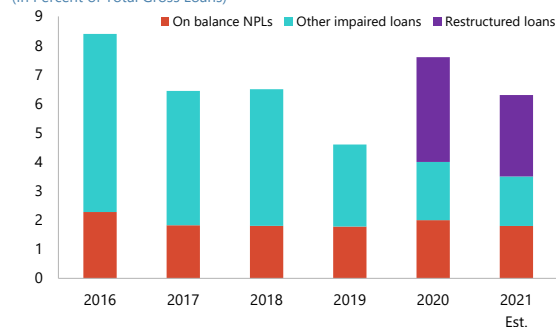


Source: FSI, data is as of 2021 Q2 or latest available.

Problem loans have increased.

Impaired Loans

(In Percent of Total Gross Loans)

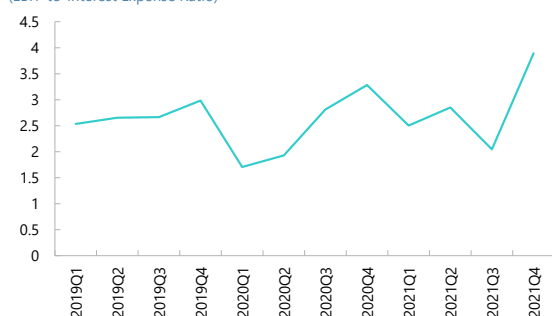


Sources: Financial Soundness Indicators (FSI). 2021 data is staff estimate.

Larger firms remained financially healthy...

Interest Coverage Ratio of Large Firms

(EBIT-to-Interest Expense Ratio)



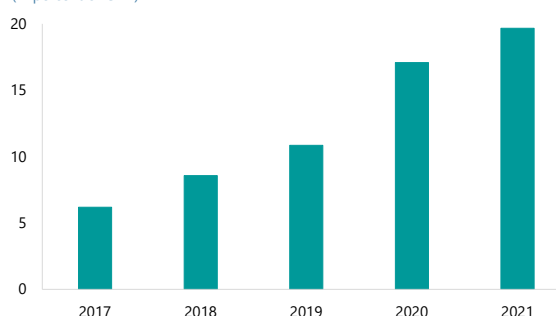
Sources: Capital IQ and IMF staff calculations

Note: Not all firms in the sample have reported data in 2021Q4 yet

...while corporate debt tripled its footprint.

Size of Corporate Bond Market

(In percent of GDP)



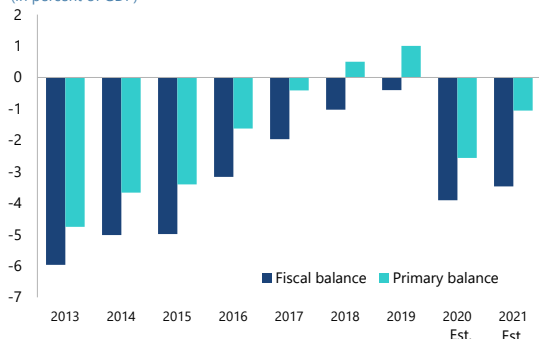
Sources: ADB, authority's data for local currency bond and IMF staff estimate for 2021.

Figure 7. Fiscal Sector

The fiscal position was expansionary in 2020-21...

Fiscal Balance

(In percent of GDP)

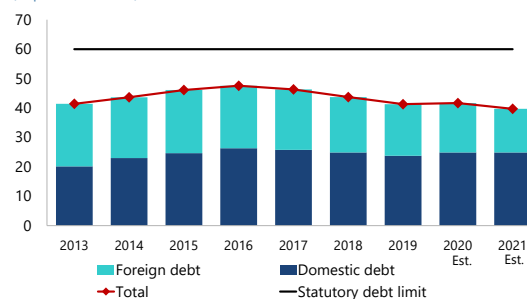


Sources: Vietnamese authorities; and IMF staff calculations.

...contributing to a modest uptick in PPG debt.

Public and Publicly Guaranteed Debt

(In percent of GDP)



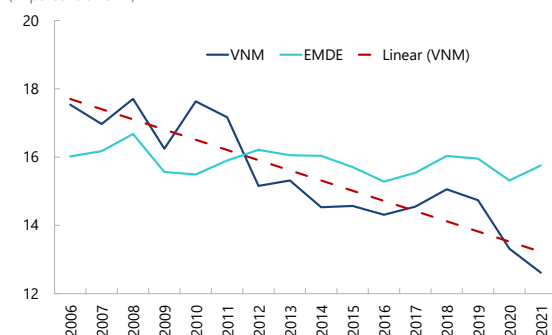
Sources: Vietnamese authorities; and IMF staff calculations.

Note: The formal PPG debt ceiling was revised from 65 to 60 percent of GDP in 2021.

Tax revenues should be enhanced ...

General Government Tax Revenue

(In percent of GDP)

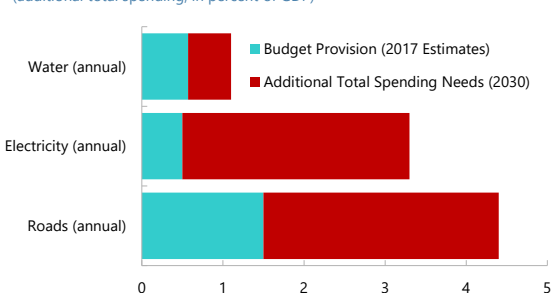


Sources: Calculations based on 2022 April WEO.

...including to finance infrastructure needs.

Spending Needs to Achieve Selected SDGs

(additional total spending, in percent of GDP)

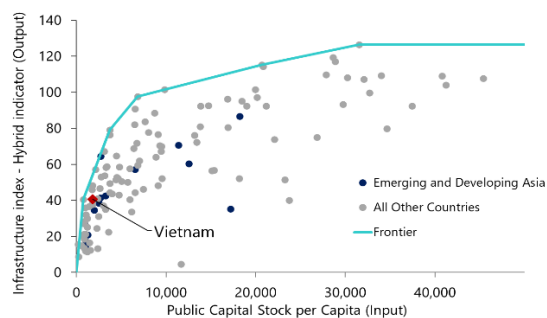


Sources: Baum (IMF WP 2020/31).

Notes: Additional spending needs are based on current budget provisions above which spending would need to increase.

Reforms are needed to improve investment efficiency ...

Public Investment Efficiency Frontier

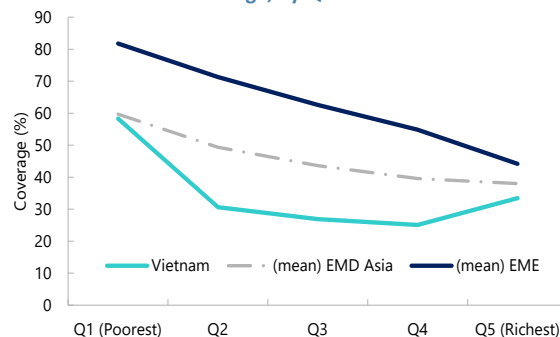


Source: IMF (2015) "Making Public Investment More Efficient".

Note: The infrastructure hybrid index combines physical and survey-based indicators into a synthetic index of the coverage and quality of infrastructure networks. The physical indicator combines data on the volume of economic and social infrastructure, while the survey-based indicator is based on the World Economic Forum's survey of business leader's impressions of the quality of key infrastructure services.

... and expand the coverage of social protection systems.

Social Protection Coverage, by Quintile



Sources: IMF FAD Social Protection & Labor - Assessment Tool (SPL-AT)

Table 1. Vietnam: Selected Economic Indicators, 2018–23 1/

	2018	2019	2020	2021	Projections	
					2022	2023
Output						
Real GDP (percent change)	7.2	7.2	2.9	2.6	6.0	7.2
Output Gap (percent of GDP)	-0.3	1.2	-0.3	-2.4	-2.1	-1.2
Prices (percent change)						
CPI (period average)	3.5	2.8	3.2	1.9	3.8	3.7
CPI (end of period)	3.0	5.2	0.2	1.8	3.9	3.5
Core inflation (end of period)	1.7	2.8	1.0	0.8	2.3	2.6
Saving and investment (in percent of GDP)						
Gross national saving	33.8	35.5	36.5	32.3	36.1	37.0
Private	30.0	31.2	34.5	29.6	35.6	36.5
Public	3.8	4.3	2.0	2.7	0.5	0.6
Gross investment	31.9	31.8	32.1	33.4	35.4	35.7
Private	26.4	26.4	25.3	27.4	29.3	29.5
Public	5.5	5.4	6.7	6.0	6.1	6.2
State budget finances (in percent of GDP) 2/						
Revenue and grants	19.5	19.6	18.5	18.6	16.7	16.8
Of which: Oil revenue	0.9	0.7	0.6	0.5	0.7	0.5
Expenditure	20.6	20.0	22.4	22.1	21.3	21.4
Expense	15.1	14.6	15.7	16.1	15.2	15.2
Net acquisition of nonfinancial assets	5.5	5.4	6.7	6.0	6.1	6.2
Net lending (+)/borrowing(-) 3/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending /borrowing including EBFs	0.4	0.3	-2.8	-2.5	-3.8	-3.9
Public and publicly guaranteed debt (end of period)	43.7	41.3	41.7	39.7	40.5	40.8
Money and credit (percent change, end of period)						
Broad money (M2)	12.4	14.8	14.5	10.7	11.3	13.0
Credit to the economy	12.7	12.8	11.6	13.5	14.6	14.3
Balance of payments (in percent of GDP, unless otherwise indicated)						
Current account balance (including official transfers)	1.9	3.7	4.4	-1.0	0.7	1.3
Exports f.o.b.	80.4	80.6	82.4	91.8	92.9	91.5
Imports f.o.b.	74.9	74.1	73.5	87.0	86.3	84.0
Capital and financial account 4/	2.8	5.8	2.5	8.4	3.2	3.2
Gross international reserves (in billions of U.S. dollars) 5/	55.3	78.5	95.2	109.4	125.5	146.6
In months of prospective GNFS imports	2.5	3.5	3.4	3.5	3.6	3.8
Total external debt (end of period)	36.5	37.3	36.4	36.1	35.3	34.8
Nominal exchange rate (dong/U.S. dollar, end of period)	23,175	23,173	23,098	22,792	...	...
Real effective exchange rate (end of period)	127.5	129.4	124.3	...	...	...
Memorandum items (current prices):						
GDP (in billions of U.S. dollars)	303.1	327.9	342.9	366.2	408.4	462.4
Per capita GDP (in U.S. dollars)	3,202	3,398	3,521	3,725	4,116	4,619

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ GDP was revised upwards by 25.4 percent on average over 2010–17 owing to better measurement and coverage of formal businesses.

2/ Follows the format of the *Government Finance Statistics Manual 2001*. Large EBFs are outside the state budget but inside the general government (revenue amounting to 6–7 percent of GDP).

3/ Excludes net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security.

4/ Incorporates a projection for negative errors and omissions going forward (i.e. unrecorded imports and short-term capital outflows).

5/ Excludes government deposits.

Table 2. Vietnam: Balance of Payments, 2017–2023

(In billions of U.S. dollars, unless otherwise indicated)

	2017	2018	2019	2020	2021	Projections	
						2022	2023
Current account balance	-1.7	5.8	12.2	15.1	-3.8	2.8	6.0
Trade balance	10.8	16.5	21.2	30.7	17.7	27.2	34.4
Of which: Oil balance	-3.7	-5.0	-3.6	-1.5	-2.1	-3.7	-3.4
Exports, f.o.b.	215.1	243.7	264.2	282.6	336.3	379.5	423.0
Imports, f.o.b.	204.3	227.2	243.0	251.9	318.6	352.3	388.6
Nonfactor services	-4.0	-3.8	-1.5	-10.3	-15.7	-17.4	-19.5
Receipts	13.1	14.8	19.9	7.6	3.7	5.2	7.8
Payments	17.1	18.6	21.4	17.9	19.4	22.6	27.3
Investment income	-17.0	-15.8	-16.8	-14.8	-16.1	-16.8	-18.6
Receipts	0.7	1.6	2.2	1.4	1.0	2.5	2.7
Payments	17.7	17.4	19.0	16.2	17.1	19.2	21.3
Transfers	8.5	8.9	9.2	9.5	10.3	9.8	9.8
Private (net)	8.0	8.3	8.7	8.9	9.6	9.2	9.3
Official (net)	0.5	0.5	0.6	0.6	0.7	0.5	0.4
Capital and financial account balance	20.0	8.5	19.0	8.5	30.6	13.2	15.0
Direct investment (net)	13.6	14.9	15.7	15.4	15.4	16.3	17.4
Of which: Foreign direct investment in Vietnam	14.1	15.5	16.1	15.8	15.7	16.6	17.8
Portfolio investment	2.1	3.0	3.0	-1.3	0.3	0.6	1.1
Medium- and long-term loans	4.4	5.2	4.9	2.4	2.8	2.3	2.4
Disbursements	13.7	13.0	13.0	11.5	15.2	15.9	16.7
Amortization	9.3	7.8	8.1	9.1	12.4	13.6	14.3
Short-term capital 1/	-0.1	-14.7	-4.6	-8.1	12.1	-5.9	-6.0
Change in net foreign assets	-6.4	-11.0	-5.2	-8.1	9.7	-6.9	-7.0
Of which: Commercial banks	-1.0	-4.7	-1.6	-5.5	10.5	-7.5	-7.6
Trade credit (net)	6.4	-3.3	0.3	0.0	2.6	1.0	1.1
Other short-term capital 1/	...	...	0.3	0.0	-0.2	-0.1	-0.1
Errors and omissions	-5.8	-8.2	-7.9	-6.9	-12.5	0.0	0.0
Memorandum items:							
Gross international reserves 2/	49.2	55.3	78.5	95.2	109.4	125.5	146.6
In months of prospective GNFS imports	2.4	2.5	3.5	3.4	3.5	3.6	3.8
Ratio to short term external debt (in %) on remaining maturity basis 2/	635	682	861	770	805	879	997
Current account balance (in percent of GDP)	-0.6	1.9	3.7	4.4	-1.0	0.7	1.3
Export value (percent change)	21.8	13.3	8.4	7.0	19.0	12.8	11.5
Export value (in percent of GDP)	77.6	80.4	80.6	82.4	91.8	92.9	91.5
Import value (percent change)	23.4	11.2	7.0	3.7	26.5	10.6	10.3
External debt	108.0	110.0	122.6	125.5	133.2	145.1	159.9
In percent of GDP 3/	39.0	36.5	37.3	36.4	36.1	35.3	34.8
GDP	277.1	303.1	327.9	342.9	366.2	408.4	462.4

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ Incorporates a projection for negative errors and omissions going forward (i.e. unrecorded imports and US dollar currency holdings by residents outside the formal financial sector).

2/ Excludes government deposits.

3/ Uses interbank exchange rate.

Table 3. Vietnam: Medium-Term Projections, 2018–2027

	2018	2019	2020	2021	Projections					
					2022	2023	2024	2025	2026	2027
Output					(Percent change)					
Real GDP	7.2	7.2	2.9	2.6	6.0	7.2	7.0	6.9	6.8	6.7
Prices										
CPI (period average)	3.5	2.8	3.2	1.9	3.8	3.7	3.5	3.5	3.5	3.5
CPI (end of period)	3.0	5.2	0.2	1.8	3.9	3.5	3.5	3.5	3.5	3.5
GDP deflator	3.4	1.9	1.6	2.8	3.8	5.4	5.3	5.0	4.6	4.1
Saving and investment					(in percent of GDP, unless otherwise indicated)					
Gross national saving	33.8	35.5	36.5	32.3	36.1	37.0	37.1	37.2	37.1	37.5
Gross investment	31.9	31.8	32.1	33.4	35.4	35.7	36.1	36.6	37.0	37.5
Private investment	26.4	26.4	25.3	27.4	29.3	29.5	30.0	30.5	30.8	31.3
Public investment	5.5	5.4	6.7	6.0	6.1	6.2	6.1	6.1	6.2	6.2
State budget finances 1/										
Revenue and grants	19.5	19.6	18.5	18.6	16.7	16.8	16.9	17.1	17.4	17.7
Expenditure	20.6	20.0	22.4	22.1	21.3	21.4	21.3	21.2	21.2	21.1
Expense	15.1	14.6	15.7	16.1	15.2	15.2	15.2	15.1	15.0	14.9
Net acquisition of nonfinancial assets	5.5	5.4	6.7	6.0	6.1	6.2	6.1	6.1	6.2	6.2
Net lending (+)/borrowing(-) 2/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7	-4.4	-4.1	-3.9	-3.4
Net lending /borrowing including EBFs	0.4	0.3	-2.8	-2.5	-3.8	-2.3	-2.4	-1.4	-0.4	0.6
Non-oil primary balance	-0.4	0.3	-3.1	-1.5	-4.2	-4.1	-3.7	-3.3	-3.0	-2.5
Public and publicly guaranteed debt (end of period)	43.7	41.3	41.7	39.7	40.5	40.8	40.9	40.9	40.8	40.6
Balance of payments										
Current account balance	1.9	3.7	4.4	-1.0	0.7	1.3	1.0	0.6	0.1	0.0
Exports f.o.b.	80.4	80.6	82.4	91.8	92.9	91.5	90.2	89.1	88.7	89.3
Imports f.o.b.	74.9	74.1	73.5	87.0	86.3	84.0	83.4	83.1	83.2	83.8
Capital and financial account (net)	2.8	5.8	2.5	8.4	3.2	3.2	3.2	3.1	3.0	3.0
Gross international official reserves (in billions of U.S. dollars)	55.3	78.5	95.2	109.4	125.5	146.6	168.3	189.3	208.7	229.0
In months of prospective GNFS imports	2.5	3.5	3.4	3.5	3.6	3.8	4.0	4.1	4.1	4.1
Total external debt (in billions U.S. dollars)	110.0	122.6	125.5	133.2	145.1	159.9	175.3	193.7	209.4	227.2
In percent of GDP	36.5	37.3	36.4	36.1	35.3	34.8	34.3	34.2	33.6	33.2
Memorandum items:										
Nominal GDP (in billions of U.S. dollars)	303.1	327.9	342.9	366.2	408.4	462.4	514.4	569.7	628.1	688.3
Per capita GDP (in U.S. dollars)	3,202	3,398	3,521	3,725	4,116	4,619	5,095	5,598	6,125	6,665

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ Follows the format of the *Government Finance Statistics Manual 2001*. Large EBFs are outside the state budget but inside the general government (revenue amounting to 6-7 percent of GDP).

2/ Excludes net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security.

Table 4a. Vietnam: Consolidated State Budgetary Operations, 2017–2023 1/
(In trillions of dong)

				Budget	Est.	Budget	Est.	Budget	Proj.	Proj.
	2017	2018	2019	2020	2020	2021	2021	2022	2022	2023
Total revenue and grants	1231	1364	1496	1465	1477	1302	1564	1381	1541	1752
Tax revenue	916	1051	1122	1193	1061	1028	1180	1087	1168	1330
Oil revenues	50	62	56	35	44	23	39	31	62	57
CIT	36	46	42	25	35	16	27	23	44	40
Natural resource tax	14	17	14	10	9	7	11	9	18	17
Non-oil tax revenues	865	988	1066	1158	1017	1005	1141	1056	1106	1274
PIT	79	94	109	129	115	108	128	118	126	143
CIT	176	211	229	265	225	231	292	241	289	327
VAT	309	352	363	376	342	331	376	352	360	404
Trade	96	64	97	108	79	85	90	93	93	101
Others	205	265	269	281	256	251	257	253	237	298
Grants	8	8	5	5	5	8	3	8	8	8
Other revenue	308	306	369	268	411	266	380	286	366	414
Expenditure	1355	1435	1527	1747	1788	1687	1855	1785	1972	2240
Expense	987	1051	1115	1287	1251	1221	1351	1232	1408	1592
Interest	98	107	107	118	107	110	203	104	105	114
Other expense	889	945	1008	1169	1143	1111	1148	1128	1303	1463
Net acquisition of non-financial assets	368	384	412	460	537	466	504	514	564	648
Net lending (+)/borrowing (-)	-124	-72	-31	-282	-311	-385	-291	-404	-431	-488
Net incurrence of liabilities	124	72	31	...	311	...	291	...	431	488
Net incurrence of financial liabilities	191	15	101	...	499	...	170	...	422	489
Domestic	141	-18	45	...	445	...	106	...	389	431
Foreign	50	33	57	...	53	...	64	...	33	59
Disbursement	80	69	85	...	94	...	91	...	139	144
Amortization	30	36	29	...	41	...	27	...	106	86
Net acquisition of financial assets	-68	56	-71	...	-187	...	121	...	9	-1
of which: Privatization receipts	60	65	54	...	45	...	4	...	20	10
Memorandum items:										
Net lending/borrowing including VSS	-41	-9	153		-217		-201		-340	-397
Net lending/borrowing including EBFs	-33	27	22	...	-226	...	-213	...	-354	-412
Public and publicly guaranteed debt	46.3	43.7	41.3	...	41.7	...	39.7	...	40.5	40.8
Primary balance	-0.4	0.5	1.0	-2.1	-2.6	-3.3	-1.1	-3.2	-3.5	-3.6
Cyclically Adjusted Primary Balance	-1.0	0.5	1.2	...	-2.6	...	-1.5	...	-3.9	-3.8
Nominal GDP (in trillions of dong)	6293.9	6977.3	7615.6	7966.1	7966.1	8398.6	8398.6	9242.6	9242.6	10451.6

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ Government Finance Statistics 2001 presentation. The baseline projections include assumptions of lower trade-related tax revenue due to international trade agreements, gradual improvements in tax collection, and current plans for SOE equitization/divestment. Figures consolidate central and provincial government accounts, but exclude net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security and other extra-budgetary funds.

Table 4b. Vietnam: Consolidated State Budgetary Operations, 2017–2023 1/
(In percent of GDP, unless otherwise indicated)

	2017	2018	2019	Budget 2020	Est. 2020	Budget 2021	Est. 2021	Budget 2022	Proj. 2022	Proj. 2023
Total revenue and grants	19.6	19.5	19.6	18.4	18.5	15.5	18.6	14.9	16.7	16.8
Tax revenue	14.5	15.1	14.7	15.0	13.3	12.2	14.1	11.8	12.6	12.7
Oil revenues	0.8	0.9	0.7	0.4	0.6	0.3	0.5	0.3	0.7	0.5
CIT	0.6	0.7	0.6	0.3	0.4	0.2	0.3	0.2	0.5	0.4
Natural resource tax	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Non-oil tax revenues	13.8	14.2	14.0	14.5	12.8	12.0	13.6	11.4	12.0	12.2
PIT	1.3	1.4	1.4	1.6	1.4	1.3	1.5	1.3	1.4	1.4
CIT	2.8	3.0	3.0	3.3	2.8	2.7	3.5	2.6	3.1	3.1
VAT	4.9	5.1	4.8	4.7	4.3	3.9	4.5	3.8	3.9	3.9
Trade	1.5	0.9	1.3	1.4	1.0	1.0	1.1	1.0	1.0	1.0
Others	3.3	3.8	3.5	3.5	3.2	3.0	3.1	2.7	2.6	2.9
Grants	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Other revenue	4.9	4.4	4.8	3.4	5.2	3.2	4.5	3.1	4.0	4.0
Expenditure	21.5	20.6	20.0	21.9	22.4	20.1	22.1	19.3	21.3	21.4
Expense	15.7	15.1	14.6	16.2	15.7	14.5	16.1	13.3	15.2	15.2
Interest	1.6	1.5	1.4	1.5	1.3	1.3	2.4	1.1	1.1	1.1
Other expense	14.1	13.5	13.2	14.7	14.4	13.2	13.7	12.2	14.1	14.0
Net acquisition of non-financial assets	5.8	5.5	5.4	5.8	6.7	5.6	6.0	5.6	6.1	6.2
Net lending (+)/borrowing (-)	-2.0	-1.0	-0.4	-3.5	-3.9	-4.6	-3.5	-4.4	-4.7	-4.7
Net incurrence of liabilities	2.0	1.0	0.4	...	3.9	...	3.5	...	4.7	5.3
Net incurrence of financial liabilities	3.0	0.2	1.3	...	6.3	...	2.0	...	4.6	5.3
Domestic	2.2	-0.3	0.6	...	5.6	...	1.3	...	4.2	4.1
Foreign	0.8	0.5	0.7	...	0.7	...	0.8	...	0.4	0.6
Disbursement	1.3	1.0	1.1	...	1.2	...	1.1	...	1.5	1.4
Amortization	0.5	0.5	0.4	...	0.5	...	0.3	...	1.1	0.8
Net acquisition of financial assets	-1.1	0.8	-0.9	...	-2.4	...	1.4	...	0.1	0.0
of which: Privatization receipts	1.0	0.9	0.7	...	0.6	...	0.0	...	0.2	0.1
Memorandum items:										
Net lending/borrowing including VSS	-0.7	-0.1	2.0	...	-2.7	...	-2.4	...	-3.7	-3.8
Net lending/borrowing including EBFs	-0.5	0.4	0.3	...	-2.8	...	-2.5	...	-3.8	-3.9
Public and publicly guaranteed debt	46.3	43.7	41.3	...	41.7	...	39.7	...	40.5	40.8
Primary balance	-0.4	0.5	1.0	-2.1	-2.6	-3.3	-1.1	-3.2	-3.5	-3.6
Cyclically Adjusted Primary Balance (% potential GDP)	-1.0	0.5	1.2	...	-2.6	...	-1.5	...	-3.9	-3.8
Nominal GDP (in trillions of dong)	6,294	6,977	7,616	7,966	7,966	8,399	8,399	9,243	9,243	10,452

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ Government Finance Statistics 2001 presentation. The baseline projections include assumptions of lower trade-related tax revenue due to international trade agreements, gradual improvements in tax collection, and current plans for SOE equitization/divestment. Figures consolidate central and provincial government accounts, but exclude net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security and other extra-budgetary funds.

Table 5. Vietnam: Monetary Survey, 2017–2023 1/
(In trillions of dong, unless otherwise indicated)

	2017	2018	2019	2020	2021	Proj.	
						2022	2023
Net foreign assets	1,264	1,540	2,131	2,642	2,737	3,227	3,917
State Bank of Vietnam (SBV)	1,097	1,263	1,813	2,199	2,536	2,862	3,374
Commercial banks	167	277	319	443	200	365	543
Net domestic assets	6,930	7,672	8,443	9,469	10,665	11,692	12,941
Domestic credit	7,102	7,852	8,583	9,647	10,860	12,709	14,780
Net claims on government	556	473	257	354	312	623	968
SBV	-10	-97	-276	-485	-551	...	...
Credit institutions	566	570	533	839	863	...	...
Credit to the economy	6,546	7,379	8,326	9,293	10,548	12,086	13,813
Claims on state-owned enterprises (SOEs)	533	473	450	465	443	...	...
Claims on other sectors	6,014	6,906	7,877	8,829	10,105	...	...
In dong	6,054	6,911	7,847	8,794	9,966	...	...
In foreign currency	492	468	480	499	583	...	...
By state-owned banks (SOCBs)	3,174	3,523	3,911	4,251	4,731	...	...
By non-SOCBs	3,372	3,856	4,415	4,816	5,569	...	...
Other items net	-172	-180	-140	-178	-195	...	...
Total liquidity (M2)	8,195	9,212	10,574	12,111	13,402	14,919	16,857
Dong liquidity	7,539	8,460	9,718	11,141	12,467	...	...
Deposits	6,561	7,375	8,520	9,803	10,947	...	...
Currency outside banks	978	1,085	1,198	1,338	1,520	...	...
Foreign currency deposits	656	752	856	969	936	...	...
Memorandum items:							
Reserve money (year-on-year percent change)	20.4	6.9	24.0	10.0	12.5	19.8	13.0
Liquidity (M2; year-on-year percent change)	15.0	12.4	14.8	14.5	10.7	11.3	13.0
Currency/deposits (in percent)	13.6	13.4	12.8	12.4	12.8	...	...
Credit/deposits (total, in percent)	90.7	90.8	88.8	86.3	88.8	...	...
Credit/deposits (dong, in percent)	92.3	93.7	92	90	91	...	...
Credit/deposits (foreign currency, in percent)	75.1	62.3	56	51	62	...	...
Credit to the economy							
Total (in percent of GDP)	104.0	105.8	109.3	116.7	125.6	130.8	132.2
Total (year-on-year percent change)	17.4	12.7	12.8	11.6	13.5	14.6	14.3
In dong (year-on-year percent change)	18.1	14.2	13.5	12.1	26.8	...	...
In FC (year-on-year percent change)	10.0	-5.0	2.5	4.0	23.0	...	...
In FC at constant exchange rate (year on year percent change)	8.3	-6.2	1.6	4.6	25.3	...	...
To SOEs (year-on-year percent change)	-28.1	-11.3	-5.0	3.3	-4.6	...	...
To other sectors (year-on-year percent change)	24.4	14.8	14.1	12.1	14.5	...	...
To SOEs (percent of total)	8.1	6.4	5.4	5.0	4.2	...	...
Nominal GDP (in trillions of dong)	6,294	6,977	7,616	7,966	8,399	9,243	10,452

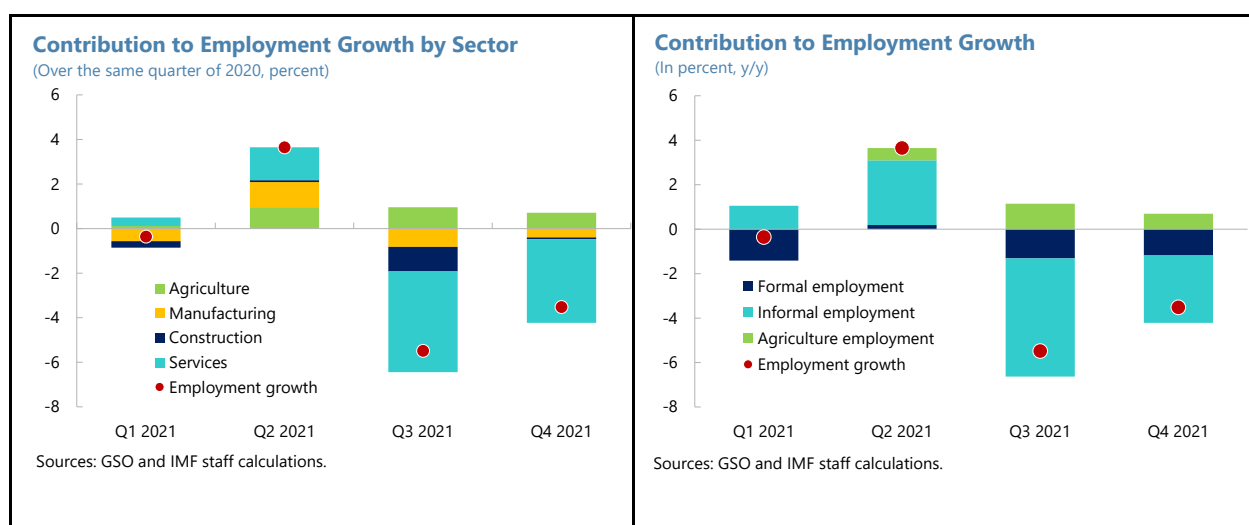
Sources: SBV; and IMF staff estimates and projections.

1/ Includes the SBV and deposit-taking credit institutions.

Annex I. COVID-19 Impact on the Labor Market¹

This annex analyzes recent developments in Vietnam's labor market, especially regional differences. While a partial recovery has been in train since October 2021, structural issues remain.

1. After signs of a partial recovery in early 2021, the labor market was severely affected by the delta wave. Despite strong employment growth in 2021Q2, the labor market recovery was still lagging, with fewer jobs, lower labor force participation rate, and higher unemployment and underemployment rates than in 2019Q2. Stringent lockdowns in 2021Q3 added to the still-soft labor market conditions, resulting in the largest employment losses in a decade. At the peak of the crisis, 28.2 million workers were affected through a combination of job losses, leave without pay, and reduced working hours and incomes. Employment shrank, driven mainly by the service sector and, to a lesser extent, manufacturing and construction. In contrast to “normal” crises, the non-farm informal sector failed to function as a shock absorber, triggering a reverse flow of workers into agriculture. In real terms, the average worker earned 12.6 percent less in 2021Q3 than a year ago, setting back the income recovery. Labor market conditions improved since 2021Q4 as the economy reopened, with average quarterly wage growth back to 2020 levels in 2022Q1.



2. Workers from certain demographic groups were hit disproportionately hard.

- **Age.** Youth employment was severely impaired, reflecting continued weak activity in contact-intensive sectors. Employment of prime age workers suffered the largest losses across all age groups during Q3 that only partly recovered in Q4. At end-2021, these two groups accounted for roughly half of total job destruction, while the elderly group experienced moderate increases in employment throughout the year.²

¹ Prepared by Federico Díez and Anh Thi Ngoc Nguyen. We thank Le Thanh Tu and Bui Anh Tuan (Vietnam Ministry of Planning and Investment) for providing data for the analysis.

² The positive employment growth for the 60+ cohort reflects a combination of a high ratio of elderly people working in agriculture and the Labor Code coming into effect in 2021, entailing a gradual increase in the retirement age.

- *Gender.* Female employment fared relatively well compared to male, mainly due to differences in the distribution of labor across genders and disparate growth rates across economic sectors.³
- *Skills.* Workers without certificates or expertise, which account for the majority of the labor force, registered the largest drop in employment. Workers with vocational training (i.e., medium-skill workers) stood out as the only skill-group with actual employment gains throughout the year. In terms of earnings, there was a drop in average wages in 2021H2, with substantial heterogeneity: high-skill workers saw an increase in the wage premium, while medium-skill workers experienced a decline.

3. Labor market disruptions were most pronounced in the industrial South. Vietnam can be broken down into 3 main economic regions: North, Central, and South. While all three are comparable in terms of the size of their labor force, the Northern and the Southern regions are the major economic centers, each accounting for around 45 percent of net sales of enterprises as of 2019.⁴ The delta wave hit the South much harder than the other regions, resulting in industrial jobs plummeting 70 percent y/y in September 2021, compared with broadly unchanged levels in the other regions. There was a strong bounce back of employment starting in October, although the speed of recovery varied by provinces.

4. Prolonged job losses triggered large-scale outflows of migrant workers. Prior to the pandemic, the Southern region had the highest labor mobility in Vietnam, accounting for 50 percent of worker flows, while the Northern and Central regions accounted for roughly 30 percent and 20 percent of flows, respectively. Most labor flows occurred within regions, with only 10 percent of labor mobility involving movement across regions. Faced with strict lockdowns and the resulting job losses, many workers, especially in the South, returned to their hometowns. By December 2021, roughly 2.2 million workers had left the cities. A majority of these were self-employed and informal workers suffering from job and income losses in face of limited access to social safety nets, and unable to meet the high urban living costs.⁵

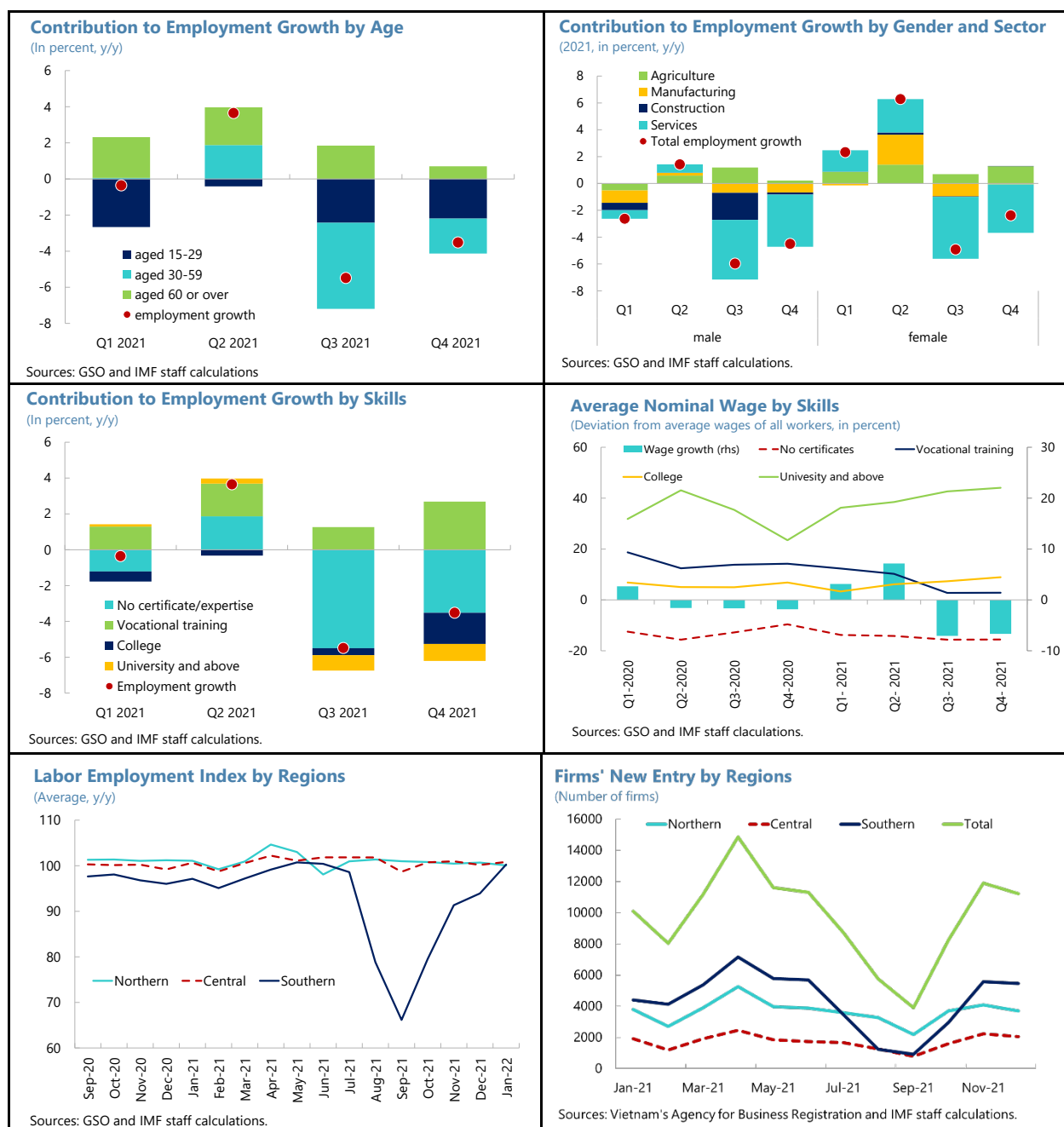
5. High business dynamism could help bring workers and employment back, but underemployment and skill mismatches remain high. After the sharp decline in firm entry in 2021Q3, business formation bounced back strongly since 2021Q4, creating momentum for a labor market recovery. Impediments preventing worker mobility such as transportation issues, difficulties (re)settling in cities, and uncertainty regarding future mobility appear to have eased significantly by 2022Q1. However, underemployment remains elevated, particularly in the service sector. In the near term, vocational training could compensate for human capital losses during unemployment and out-

³ In Q1 2020, 21.0 percent (27.4 percent) of male (female) employment worked in manufacturing, 15.1 percent (2.0 percent) in construction, and 35.5 percent (43.1 percent) in services.

⁴ The Northern region consists of Northern Midlands and Mountainous Areas, and the Red River Delta (including Hanoi); the Central consists of North Central and Central Coastal Areas, and Central Highlands; and the Southern consists of Southeast (including Ho Chi Minh City), and Mekong River Delta.

⁵ Roughly half the labor force works in the informal sector. See Dabla-Norris and others, 2020. "Role of Individual Characteristics and Policies in Driving Labor Informality in Vietnam. IMF Working Paper," No.20/273, International Monetary Fund.

of-the-labor-force spans, help workers build new skills, and foster better job matching with firms. Over the longer term, reducing labor skill mismatches and increasing human capital and technology access would also boost labor productivity (see [IMF CR 21/42](#)).



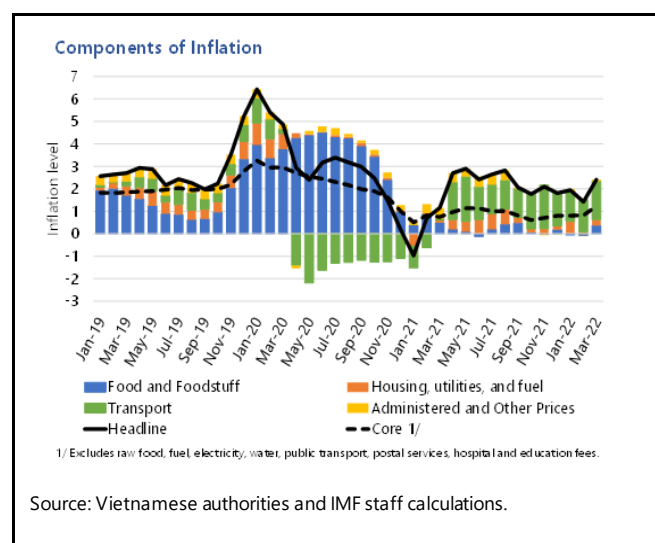
Annex II. Inflation Dynamics in Vietnam and Forecasts¹

This annex examines recent inflation dynamics in Vietnam and provides quarterly short-term forecasts. While recent upticks in PPI inflation and international commodity prices have shown only limited pass-through to CPI inflation so far, all models considered predict a moderate uptick in core inflation for 2022-23, and an acceleration of headline inflation towards the SBV's 4 percent target in the short-run, followed by a stabilization at a below-target level next year. Foreign inflation and the output gap are among the main drivers underlying such projections. The analysis also highlights the outsized role played by inertia on inflation dynamics, and the long-lasting effects of current actions and shocks.

Inflation Dynamics and Drivers

1. Inflation remained subdued through 2022Q1, reflecting economic slack and stable food and administered prices. Core and headline inflation in Vietnam remained well below the SBV's (headline) 4 percent target. We find that transport costs were the main driver of price increases in 2021, particularly towards end-year. Food and foodstuff, as well as administered prices and other components of the inflation basket, played a relatively small role.

2. There was limited pass-through from the recent uptick in producer prices to consumer inflation. Historical data shows a weak pass-through from PPI to headline CPI—even after 3 quarters, a 1 percentage point increase in industry PPI increases CPI by 0.5 percentage points. The disconnect between CPI and PPI is observed in several regional peers (Wei and Xie 2018). Further, the pass-through varies by sector, and is generally smaller for core CPI. Carrière-Swallow and others (2022) find that pass-through from rising shipping costs take about one year to peak in Asian countries.



Modeling Inflation Developments and Projections

3. A suite of models is used to analyze the drivers of inflation dynamics and to produce quarterly short-run forecasts.² These include multivariate regressions featuring an extended Phillips curve, Bayesian vector autoregressions (BVAR), and dynamic factor models (DFM), with the latter two approaches used to account for endogeneity and dynamic interactions across underlying

¹ Prepared by Valeriu Nalban (ICD), Federico Díez (APD), Giacomo Magistretti (APD), Alexandre Sollaci (RES) and Yuanyan Sophia Zhang (APD).

² While the analysis employed a suite of empirical data-driven approaches, the determinants of core and headline inflation considered match most of the channels in the semi-structural model of Epstein and others (forthcoming) developed for policy analysis and projections at the SBV as part of IMF TA.

drivers.³ The analysis considers several pull and push factors, including the output gap, credit growth, and U.S. inflation proxying for imported inflation. The nominal exchange rate (against USD) and global commodity prices (food and fuel) are also included in some models to capture exchange rate pass-through effects and spillovers from non-core inflation components. Finally, headline inflation is modeled by adding commodity, food, and fuel inflation to the projections for CPI-core.

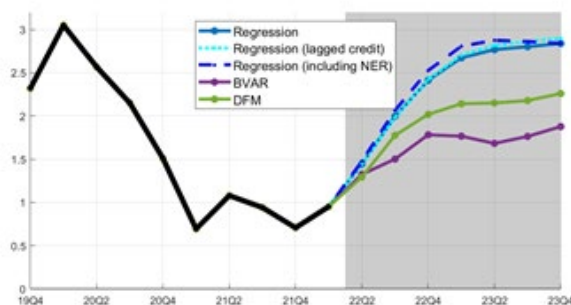
4. Core inflation is projected to gradually increase in the near term and stabilize between 1.5–2.9 percent over the medium term, and is highly persistent. As shown in the panel chart below, all models anticipate core inflation to increase in 2022 and to double, on average, by end-2022 at around 2–2.5 percent. Further, the models anticipate additional, yet milder, increases in 2023, with core inflation averaging roughly 2.5 percent by 2023Q4.⁴ Regression, BVAR, and DFM forecasts are consistent with the expected elevated dynamics of foreign inflation in the short-run and the continued recovery in the domestic economy, both of which support the upward inflation trajectory. It should be noted that core inflation in Vietnam displays significant persistence—captured in the model via the outsized role of inflation’s own lags, that incorporate the accumulated impact of past shocks and previous behavior of the structural determinants on current inflation.⁵ These dynamics can be rationalized by the presence of nominal and real rigidities, limited pass-through of input costs, and backward-looking expectations—all of which are relevant given the features of the current monetary policy framework with no explicit inflation-targeting regime, nominal exchange rate rigidity, and past history of high inflation.

³ For each model, the predictions for 2022Q2–2023Q4 are constructed as conditional forecasts, given exogenous assumptions for the determinants. BVAR models account for the endogenous interactions between inflation and its relevant determinants. Given limited sample length, the Bayesian approach helps reduce overparameterization and increase precision. The DFM approach employs a large list of indicators, and groups them into a small number of categories to obtain common factors, which are used as regressors for the inflation rate. The categories considered are foreign prices, economic activity, financial markets, and credit. For technical details see Karlsson (2013), Koop and Korobilis (2010), Litterman (1986), Timmermann (2006).

⁴ By design, the DFM incorporates the information from a larger set of determinants, which tend to downplay the inflationary role of the drivers mentioned above, thus displaying a more moderate increase in core inflation. In the case of the BVAR, the complex lag structure and dynamic interactions among the endogenous variables results in a more persistent core inflation process, with the corresponding forecast displaying a softer increase.

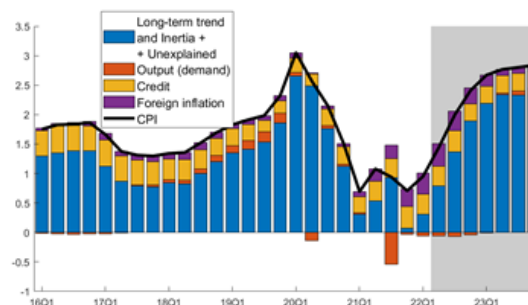
⁵ Annual price increases are generally smoother than quarter-on-quarter or month-on-month dynamics. While core inflation already eliminates some volatile items from the headline CPI, this aspect still contributes to the increased statistical inertia of the modelled series. Further, in the figure, the persistence term includes, on top of the lagged values, constant and error terms.

Core Inflation Projections



Sources: Vietnamese authorities, IMF World Economic Outlook Database, Board of Governors of the Federal Reserve System (US), U.S. Energy Information Administration and IMF staff calculations.

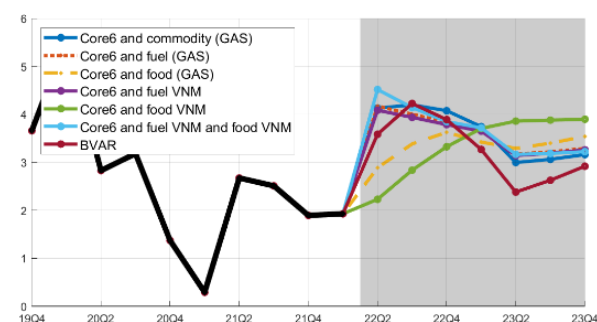
Core Inflation Breakdown



Sources: Vietnamese authorities, IMF World Economic Outlook Database, Board of Governors of the Federal Reserve System (US), U.S. Energy Information Administration and IMF staff calculations.

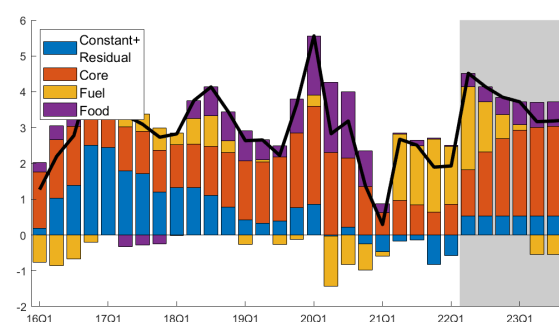
5. Headline inflation is projected to increase but remain close to the SBV's 4 percent target by end-2023, although considerable uncertainty remains on the path of food and fuel prices. The chart below presents the forecasted evolution of headline inflation under the different model alternatives considered. While there is considerable model uncertainty, the projections suggest an acceleration of headline inflation towards the SBV's 4 percent target in the short-run, followed by a stabilization within the SBV's target range by end-2023. Decomposition and conditional forecasts based on a regression model with core, fuel, and food prices as determinants suggest that accelerating core dynamics and, to a lesser extent, food prices are predicted to drive headline inflation towards 4 percent in the coming quarters. The contribution of fuel prices is expected to subside by end-2022 when energy prices are expected to decrease from current levels.

Headline Inflation Projections



Sources: Vietnamese authorities, IMF World Economic Outlook Database, Board of Governors of the Federal Reserve System (US), U.S. Energy Information Administration and IMF staff calculations.

Headline Inflation Breakdown



Sources: Vietnamese authorities, IMF World Economic Outlook Database, Board of Governors of the Federal Reserve System (US), U.S. Energy Information Administration and IMF staff calculations.

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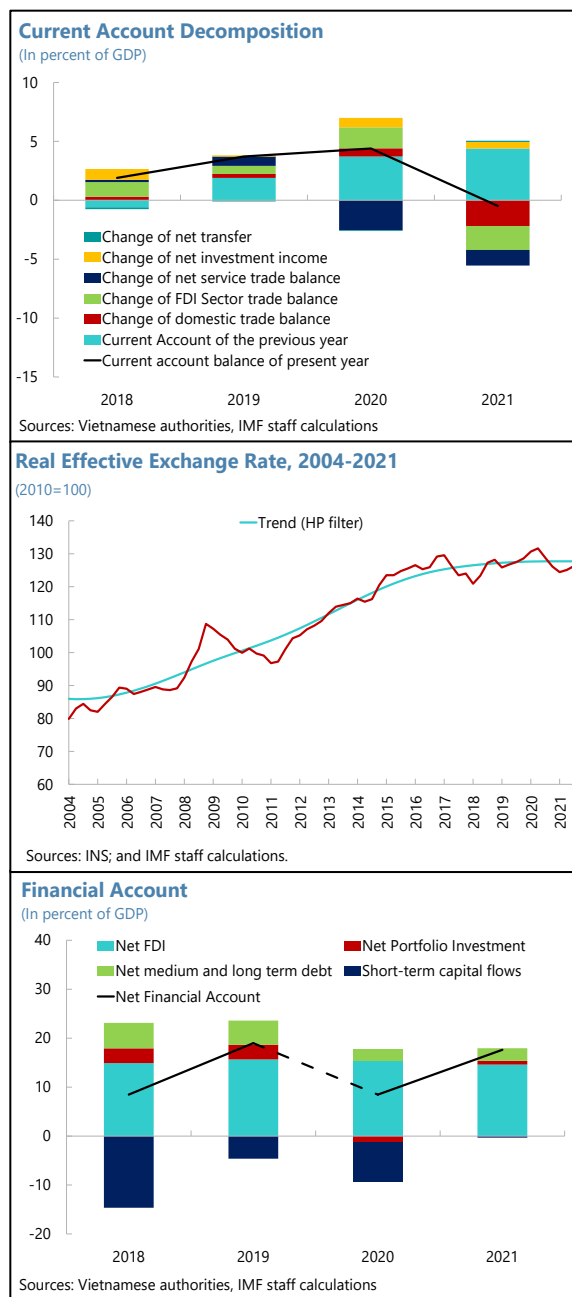
Annex III. External Sector Assessment

Vietnam's external position in 2021 is stronger than warranted by fundamentals and desirable policies. The current account gap narrowed from around 6 percent in previous years to 2.5 percent of GDP in 2021, equivalent to an exchange rate undervaluation of 4.2 percent. Narrowing imbalances reflect the large drop in private savings, as fiscal transfers failed to offset the drop in household earned income and firms drew down buffers during the pandemic.

1. The current account balance narrowed markedly in 2021, following supply chain disruptions and the protracted domestic COVID-19 outbreak. The current account-to-GDP ratio fell from 4.4 percent in 2020 to -1 percent in 2021, reflecting a narrowing trade balance and subdued tourism activities. The trade balance turned negative starting in 2021Q2, as import prices surged on account of higher commodity prices and shipping costs, and exports tanked due to factory closures during the domestic lockdown. The trade balance improved in Q4 as trade activities resumed, but global supply chain disruptions and domestic economic slack continued to weigh on imports.

2. The real effective exchange rate (REER) appreciated slightly in 2021. Following three years of appreciation, the REER depreciated by 5 percent in 2020H2, driven by a NEER depreciation while inflation differentials remained unchanged. The depreciation was partially reversed in 2021 by a mild 1. percent appreciation, as larger nominal appreciation (of about 3 percent) was offset by wider inflation differentials due to subdued domestic inflation.

3. The financial account increased in 2021. This was largely attributed to a significant increase in money deposits, external borrowing by banks, and drawdown of FX deposits from abroad, as seen in sizable short-term capital inflows. The

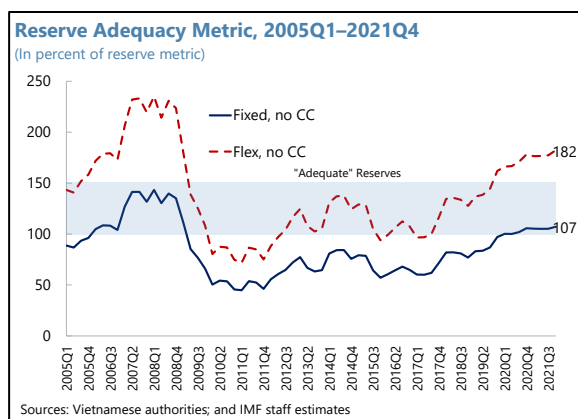


rebound in FDI in the first half of the year was partly interrupted by the 4th wave of domestic COVID-19 outbreak, but international capital flows remained broadly resilient.

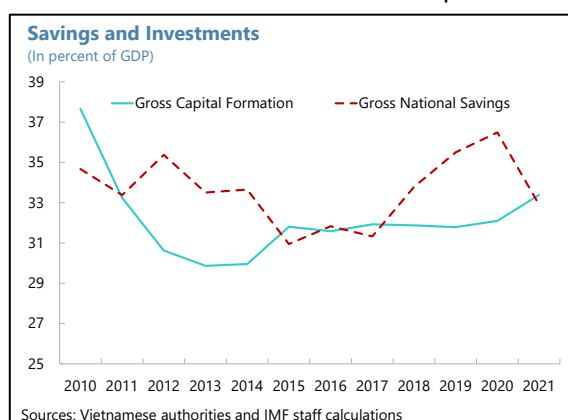
4. Reserves are broadly adequate at the current juncture. Reserve accumulation slowed slightly on account of narrowing current account balance. Gross international reserves (GIR) increased by USD 14.3 billion in 2021, including the 1.6 billion SDR allocation, compared to USD 23.3 billion and USD16.6billion in the same period of 2019 and 2020, respectively. As of December 2021, GIR are at USD 109.4 billion, equivalent to 107 percent of ARA metric. Reserve accumulation is expected to continue in 2022 on account of a higher trade surplus and stronger financial inflows.

5. Vietnam's external position in 2021 is assessed to be stronger than warranted by fundamentals and desirable policies. Based on the current account (CA) approach, the overall CA gap was 2.5 percent of GDP in 2021, equivalent to a 4.2 percent of REER undervaluation, and is smaller than in previous years. The assessment incorporates adjustments on cyclical factors¹ and the norm to reflect Vietnam's population and economic structure.² A less expansionary fiscal stance relative to other countries and the pace of reserve accumulation, albeit slower than in the past amidst greater two-way exchange rate flexibility, contributed to the misalignment. The estimated current account gap is subject to large uncertainty owing to measurement issues (see [IMF CR 21/42](#)).

6. Narrowing imbalances are mirrored by the decline in savings. Private savings rate declined from 35 to 30 percent of GDP as firms used retained earnings or drew down bank



Vietnam: Model Estimates for 2021 (in percent of GDP)		
	CA model	REER model
CA-Actual	-1.0	
Cyclical contributions (from model) (-)	-1.1	
COVID-19 adjustor (+) 1/	0.4	
Adjusted CA	0.5	
CA Norm (from model) 2/	-2.3	
Adjustments to the norm (+)	0.3	
Adjusted CA Norm	-2.0	
CA Gap	2.5	-0.3
o/w Relative policy gap	3.0	
Elasticity	-0.59	
REER Gap (in percent)	-4.2	0.5
1/ Additional cyclical adjustment to account for the temporary impact of the tourism (0.4 percent of GDP).		
2/ Cyclically adjusted, including multilateral consistency adjustments.		



¹ Import prices surged owing to rising commodity prices, shipping costs, and other inputs of raw materials and intermediate goods related to global supply chain disruptions.

² The adjustment reflects updated data on demographic variables and productivity (accounting for revised GDP) to capture Vietnam's population and economic structure. The NFA position is re-estimated to address the under-estimation of foreign assets reflected in large accumulated negative errors and omissions (-21.7 percent of GDP from 1995 to 2019). In addition, the model-based old-age dependency ratio overstates the impact on the current account gap (see [IMF CR 21/42](#)).

deposits to maintain businesses operations, and households reduced savings, including withdrawing contributions to the Vietnamese social security fund, to smooth consumption.

Annex IV. Progress Against IMF Recommendations

Policies	2020 Article IV Consultations Recommendations	Actions since 2020 Article IV Consultations
Fiscal Policy	Provide fiscal support targeted at vulnerable households and viable firms and improve execution. Reconsider tax deferrals. Fiscal support policy should play greater role in policy the mix. Increase public investment, especially in health care sector and strengthen social protection system. Strengthen revenue mobilization by improving tax policy and administration. Adopt a prudent debt anchor. Improve public financial management and fiscal data accounting and reporting.	Vietnam accelerated its vaccination rollout and extended policy support in 2021, including social protection for households, and liquidity measures for firms. There was some improvement in the implementation of support measures, and the fiscal stance remained moderately expansionary. The recent recovery program for 2022-23 envisages larger fiscal stimulus. In addition to the state budget capital allocated in the annual and medium-term Public Investment Plan, half of the capital assigned in the recovery program will be used for improving the capacity of health-care establishments, social security facilities, training centers and public investment in infrastructure, including transport, power, digital, IT and green infrastructure. The Large Taxpayer Administration Department under the General Taxation Department was upgraded to a fully operational Large Taxpayer Office in October 2021 and started to administer 125 large corporations since early January 2022. Progress has been made in implementing the 2019 Tax Administration Law, including better administration of enterprises engaging in related party transactions, e-commerce and digital businesses, and mandatory implementation of e-invoices by businesses since July 2022. A prudent debt anchor of 55 percent of GDP was prescribed in the Medium term National Financial, Public Debt and Repayment Plan for 2021-25. Fiscal accounting and reporting have continued to improve albeit at a slower-than-expected pace. A comprehensive and intensive Treasury modernization program is underway focusing on budget execution, active cash management, internal audit, re-designing of the Charter Accounts, financial reporting, and information systems.
Monetary Policy	Monetary policy should remain supportive. Enhance exchange rate flexibility. Continue to modernize the monetary framework.	Monetary policy continued to provide abundant liquidity, with interbank rates near historical lows. The introduction of forward contracts to undertake FX interventions and the appreciation of the SBV's buying rate have allowed for additional exchange rate flexibility. The modernization of the monetary policy framework is ongoing, with the SBV enhancing its analytical and forecasting capacity through IMF-supported FPAS TA.

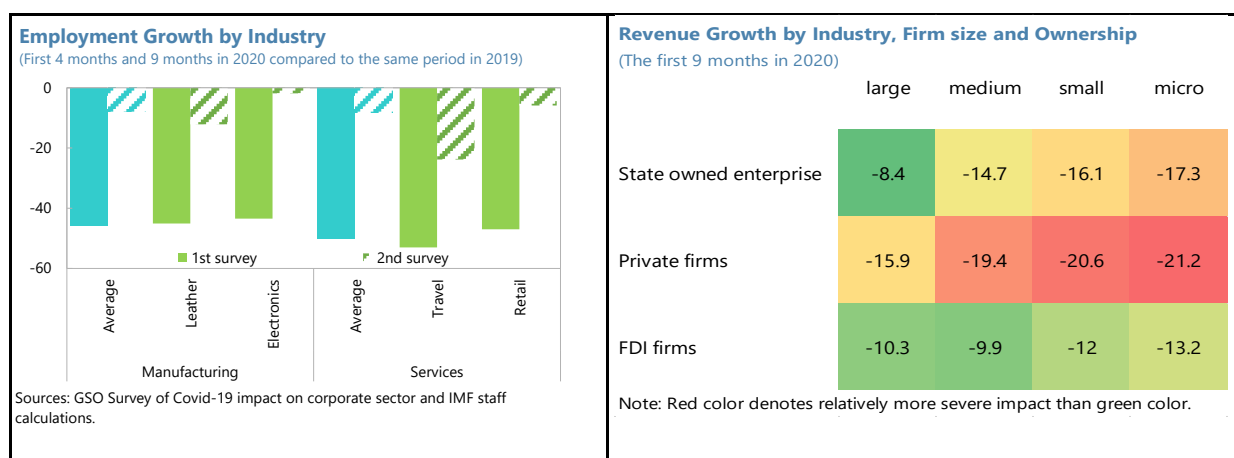
Policies	2020 Article IV Consultations Recommendations	Actions since 2020 Article IV Consultations
		FPAS Phase I on modelling capacity was successfully completed while Phase II on structured policy discussion was launched in early 2022.
Financial Sector Policies	Closely monitor risks in the banking sector, gradually normalize loan classification and provisioning rules. Enhance banking sector resilience. Strengthen the macroprudential framework. Strengthen AML mechanisms.	SBV has been closely monitoring risks in the banking sector. Normalization of regulatory forbearance has been postponed due to the resurgence of COVID-19 in 2021. Adoption of Basel II is continuing. The authorities have taken steps to help raise SOCBs' capital via retained earnings. Macroprudential measures to limit risks stemming from real estate and consumer loans and further reduce maturity mismatches were introduced. Vietnam is reviewing its AML/CFT framework to address gaps identified in the recent AML/CFT mutual evaluation published in early 2022. Assessment of highly suspected cases has been strengthened and detailed guidelines provided on international electronic transaction reporting requirements.
Structural policies	Improve further the business environment and reduce corruption. Insolvency framework should be strengthened and simplified.	A new law to revise 9 economic laws (Law on Public Investment, Law on Investment under PPP, Law on Investment, Law on Housing, Law on Bidding, Law on Electricity, Law on Enterprises, Law on Special Consumption Tax, and Law on Civil Judgment Execution) was approved in early 2022 to help remove administrative bottlenecks and enhance the business environment. The government is further promoting e-government and reducing regulations and licensing requirements, including business licenses, to simplify and improve the business environment while introducing digital public services. A decree on asset and income was approved in late 2020, the National Database project on asset and income control is expected to be approved and operationalized in 2022. Vietnam is working on updating/upgrading Resolution 42, which empowers banks in terms of debt collection procedures.

Annex V. Impact of COVID-19 on Vietnamese Firms¹

This annex uses a unique firm-level survey to examine the impact of the pandemic on formal Vietnamese firms in 2020 and evaluate the efficacy of self-coping and support measures in alleviating liquidity constraints.² The analysis suggests that the pandemic impact and effectiveness of policy support in alleviating liquidity strains has been heterogenous across firms.

Significant and Heterogenous Impact of COVID-19

1. Vietnamese firms were hit hard during the pandemic. Strict containment measures put in place in early 2020, when the first round of Vietnamese COVID-19 Enterprise Survey was conducted, significantly impacted business performance. Sales and employment dropped by close to 60 and 50 percent, respectively, in the first 4 months of 2020 compared to the same period in 2019. Economic activity picked up when a second survey was conducted in September 2020, but travel-related service industries and low-tech manufacturing industries saw a weaker rebound.

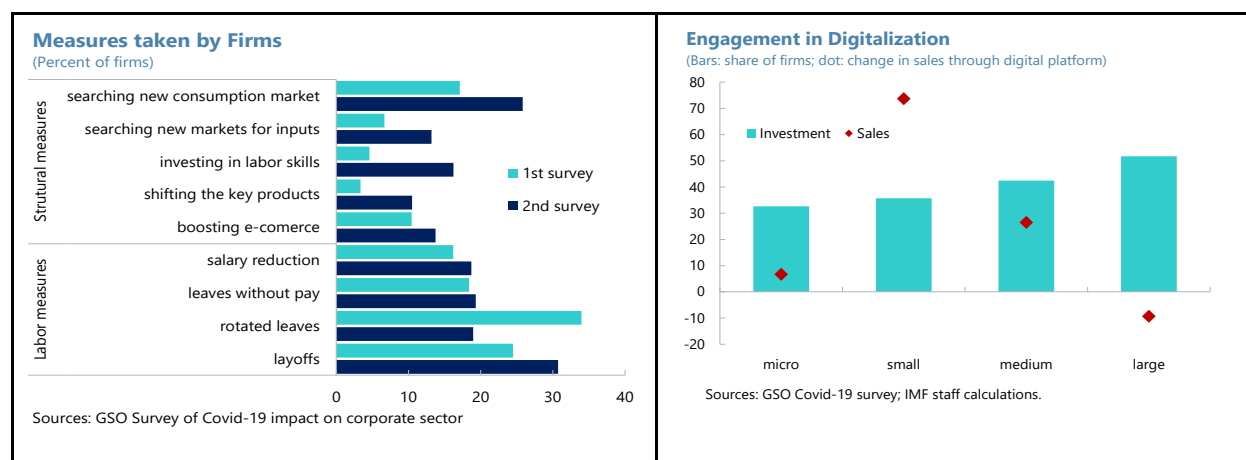


2. Firms that entered the pandemic with weaker balance sheet conditions were more severely impacted. Prior to COVID-19, contact-intensive sectors and smaller private firms had weaker balance sheet compared with large state-owned enterprises (SOEs) and FDI firms (Kroeger and others, 2020). The divide intensified during the pandemic. Revenue shortfalls for private and smaller firms in 2020 were almost twice as large as for other firms. Evidence from the World Bank Pulse surveys conducted from September to November 2021 after the most recent outbreak corroborates these findings for small firms in the services sector (World Bank, 2022).

¹ Prepared by Anh Thi Ngoc Nguyen and Yuanyan Sophia Zhang.

² The nationally-representative surveys were conducted by the Vietnamese General Statistics Office (GSO). The first survey was conducted in April 2020 and then repeated in September 2020. Over 126,000 firms and 162,000 firms participated in the survey in April and September, respectively, accounting for nearly 20 percent of total formal enterprises in the country.

3. To cope with the impact of COVID-19, firms adjusted along both the extensive and intensive margins. In addition to suspending operations, firms reacted by reducing labor costs (layoffs, reduced hours worked, rotated leave). As the economy reopened, the adjustments took the form of input and consumption market diversification and a boost in e-commerce. SMEs, mostly serving the domestic market, made greater use of e-commerce through digital platforms. Large firms, on the other hand, invested in new equipment, software, and digital solutions in response to the pandemic.



4. Take-up of policy support measures put in place in response to the pandemic was initially low. At around 17 percent (on average), take-up rates were low in 2020. As the pandemic progressed, firms seem to have used government support policies better, with more firms reporting having received some support from the government in September 2021 compared to 2020 (World Bank, 2022). Most of this support was from tax deferrals and corporate income tax and turnover tax reductions. Of the firms that did not benefit from the support policies, most were ineligible, while small firms reported cumbersome procedures and lack of information regarding support policies as key impediments.

5. Support went to the hardest-hit sectors and larger firms. A Probit regression model shows that the marginal probability of receiving policy support was generally higher for contact-intensive sectors and larger firms compared to other sectors and firms. Further, the size bias was most pronounced for credit policies, although credit to SMEs appears to have increased in 2021.³ Controlling for size and industry, the marginal probability of receiving policy support is not significantly associated with the changes in sales and employment during the COVID-19, nor to pre-pandemic productivity. These results suggest that support, while beneficial, was not necessarily targeted to the hardest hit yet viable firms.

³ According to the SBV, credit to SMEs increased by 12 percent in 2021 compared to 2020.



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Risk	Likelihood of Risk	Time Horizon	Impact if realized	Policy Response
External Risks				
Russia's invasion of Ukraine leads to escalation of sanctions and deglobalization.	High Downside: Sanctions on Russia, countersanctions by Russia, and secondary sanctions on countries and companies that continue business with Russia aggravate geopolitical tensions.	ST, MT	High Higher commodity prices, extended supply chain disruptions, tighter financial conditions, lower global demand, and less trade.	• Provide targeted policy support. • Allow greater exchange rate flexibility. • Accelerate structural reforms and improve business environment. • Diversify sourcing of intermediate goods.
Abrupt growth slowdown in China.	Medium Downside: Real estate crash and renewed COVID-19 outbreaks slow the Chinese economy.	ST	Medium Lower exports, especially of agricultural products and tourism.	• Allow greater exchange rate flexibility. • Facilitate reallocation of resources through structural reforms. • Diversify sourcing of intermediate goods.
Rising and volatile food and energy prices.	High Downside: Commodity prices are volatile and trend up amid pent-up demand and supply disruptions, wars, export restrictions, and currency depreciations.	ST/MT	High Higher inflation and lower domestic and external demand.	• Provide targeted policy support. • Allow greater exchange rate flexibility. • Accelerate structural reforms and improve business environment.
De-anchoring of inflation expectations in the U.S.	Medium Downside: Prompting Central banks to tighten abruptly, resulting sharp tightening of global financial conditions.	ST, MT	High/Medium Lower capital inflows; increase inflationary pressure, complicate monetary policies.	• Allow greater exchange rate flexibility. • Tighten monetary policy when economic situation allows.
Outbreaks of lethal and highly contagious Covid-19 variants.	High Downside: A vaccine resistant variant forces more social distancing and/or renewed lockdowns, resulting in extended supply chains disruptions.	ST, MT	High Widespread corporate distress, job losses, financial stress, health crisis, deepen economic scarring and rising poverty levels.	• Secure healthcare financing and expand fiscal support for social protection and public investment. • Maintain abundant liquidity; support viable businesses. • Facilitate reallocation of resources through structural reforms. • Facilitate banks' capital restoration plans.
Domestic Risks				
Frothiness in asset price valuations.	High Downside: Excessive risk taking in the real estate sector and corporate bonds.	ST, MT	Medium Re-alignment of valuations leads to negative wealth effects and/or financial stability risks.	• Tighten macroprudential and supervisory measures to cool ebullient real estate sector. • Strengthen supervision and regulation of bond market, encourage public issuance. • Develop land registry and strengthen title management. • Introduce differentiated stamp duties, taxes on rental income, and potentially a property tax.
Slow and inconsistent policy implementation.	Medium Downside: Coordination and capacity issues hamper implementation of the stimulus and create policy uncertainties.	ST, MT	Medium Hampers labor reallocation and fuels supply disruptions; weak stimulus implementation slows recovery.	• Enhance policy coordination and reduce regulatory and other barriers. • Clearly communicate harmonized policies and consistent application nationally.
Debt overhang and liquidity constraints.	Medium Downside: Businesses and households deplete buffers, propagating balance sheet stress.	ST, MT	Medium Slows recovery threatens financial stability.	• Target support to viable firms and vulnerable households. • Closely monitor asset quality, enhance provisioning, and rebuild capital buffers.

Risk	Likelihood of Risk	Time Horizon	Impact if realized	Policy Response
Climate change.	High Downside: Vietnam is amongst the most vulnerable yet least ready/able to adapt countries.	ST, MT	Domestic Risks High Climate change could impact more than 12 percent of the population by 2100, and reduce GDP by 10 percent by 2050.	• Address both climate mitigation and adaptation. • Lower the intensity of fossil fuels. • Provide stronger incentives through taxation of fossil fuels. • Invest in climate resilient infrastructure. • Improve capacity to adapt technological change.
<i>"L" =Low; "M" =Medium; "H" =High. The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood of risks listed is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly</i>				

Annex VII. Public and External Debt Sustainability Analysis

Vietnam's public and publicly guaranteed (PPG) debt is estimated at 39.7 percent of GDP in 2021. Under staff's baseline projections, PPG debt would increase to 40.5 percent of GDP in 2022 before stabilizing at 40.6 percent of GDP over the medium-term. Staff continues to assess the debt sustainability risk as low to moderate.

1. **Background.** The debt sustainability analysis framework for market access countries (MAC DSA) is used to assess Vietnam's debt sustainability and other risks related to its funding and debt structure. The framework uses a risk-based approach that includes (i) an assessment of the realism of baseline assumptions and the projected fiscal adjustment; (ii) an analysis of risks associated with the debt profile; (iii) macro-fiscal risks; (iv) a stochastic debt projection considering past macro-fiscal volatility; and (v) a standardized summary of risks in a heat map.
2. **Coverage.** The DSA considers public domestic and external debt. In addition to the central and local government, the analysis covers debt guaranteed by the government for state owned enterprises (SOEs) and specialized financial institutions (SFIs). Debt guarantees were around 4 percent of GDP in 2021. Their inclusion improves the assessment of the public debt risk profile. The framework assumes almost constant debt guarantees as a ratio to GDP over the medium-term. At the same time, public debt of the Vietnam Social Security (VSS) is currently not included in the DSA. With cross-debt holdings of about 10 percent of GDP, the inclusion of VSS positions markedly improves Vietnam's debt profile in the medium-to long-term, but rapid aging would deplete VSS assets, adding rapidly to public debt in the early 2030s.
3. **Macro-fiscal assumptions** (Figure 1). Under staff's baseline, growth is projected to increase from 2.6 percent in 2021 to 6.0 percent in 2022, before stabilizing at potential (6.7 percent) over the medium term. A primary deficit of 3.5 percent is projected in 2022, which is assumed to decline to around 2.1 percent of GDP in 2027 (compared to a debt-stabilizing primary balance of 2.5 percent of GDP).
4. **Realism of baseline assumptions** (Figure 5). The median forecast errors for real GDP growth, primary balance and inflation during 2011–19 are small (around -0.4 percent), suggesting no evidence of systematic projection bias. The maximum projected 3-year adjustment in CAPB as a percent of GDP over the projection period is realistic given experiences of other MACs.
5. **Public debt sustainability.** Under the baseline scenario (Figure 1), the PPG debt-to-GDP ratio is projected to increase by around 1 percentage point to 40.5 percent of GDP in 2022, with automatic debt dynamics from the interest rate-growth differential partially compensating for the primary deficit. With Vietnam's shortest maturities of bonds at 5 years, rollover risks are limited. PPG debt is projected at about 40.6 percent of GDP by 2027, comfortably below the government's statutory ceiling of 60 percent of GDP. The share of foreign currency-denominated debt is projected to decrease from 38 percent of total debt in 2021 to about 26 percent in 2027 (Figure 2).

6. Alternative scenarios (Figure 2). The constant primary balance alternative scenario shows that if the deficit remains at its 2022 level due to a protracted COVID-19 shock or otherwise, PPG debt could increase to around 44 percent of GDP over the medium-term. The historical scenario—in which real GDP growth, the primary balance and real interest rates are set at their historical average—shows a gradual decrease of PPG debt to about 40 percent in 2027, reflecting past consolidations against this year's one-off nature of the COVID-19 pandemic. A standard contingent liability shock representing 10 percent of banking sector assets puts PPG debt at about 54 percent of GDP by 2027.

7. Macro-fiscal stress tests (Figure 3). Vietnam is more vulnerable to real interest rate and combo shocks. In an unlikely scenario of a real interest rate shock, which increases the effective interest rate by around 750 basis points in every year over the projection horizon compared to the baseline, PPG debt would increase to around 44 percent of GDP in 2027.¹ A combined macro-fiscal shock in 2022 (incorporating the largest effect of individual shocks on all relevant variables) would increase PPG debt to about 49 percent of GDP by 2027, which remains below Vietnam's public debt ceiling of 60 percent of GDP (although close to the authorities' prudent debt anchor of 55 percent of GDP).

8. Stochastic simulations. Probability distributions under an array of macroeconomic shocks show that in a negative-case scenario, PPG debt could reach about 49 percent of GDP with 10 percent likelihood by 2027. On the other spectrum a combination of positive shocks would reduce the debt-to-GDP ratio to 27 percent with a 10 percent probability in 2027 (Figure 4).

9. Heat map. The heat map shows low risk of debt distress, with debt-to-GDP and the GFN-to-GDP ratios remaining below the MAC DSA 70 and 15 percent thresholds, respectively, under both the baseline and almost all stress scenarios (Figure 4). Finally, the assessment highlights possible risks in Vietnam's debt profile, notably in terms of external financing requirements, although this largely reflects COVID-19 related pressures.

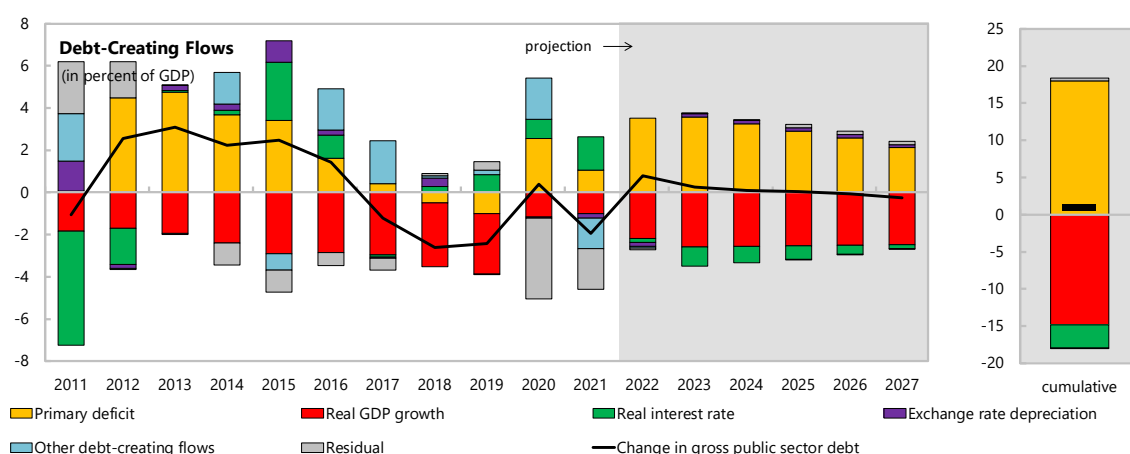
10. External debt sustainability (Figure 6 and Table 1). Vietnam's total external debt-to-GDP ratio was 36.4 percent in 2021. Under the baseline, external debt would reach 35.6 percent of GDP in 2022 before stabilizing around 33.0 percent of GDP over the medium-term. The external debt to exports ratio and gross external financing needs remains manageable at below 50 and 12 percent, respectively. Vietnam's external debt is vulnerable to real depreciation and current account shocks while growth and interest rate shocks have only limited impact on the external debt dynamics. The currency's observed long-term real appreciation trend is an upside risk.

¹ The default DSA interest rate shock is calibrated as the difference between the maximum historical interest rate and the average of the projections. Using the historical average, instead of maximum, would result in a shock of 210 bps instead of 750 bps, and a milder debt build-up.

Figure 1. Vietnam: Public Sector Debt Sustainability Analysis (DSA)—Baseline Scenario
(In percent of GDP unless otherwise indicated)

	Debt, Economic and Market Indicators ^{1/}									As of February 14, 2022		
	Actual			Projections								
	2011-2019 ^{2/}	2020	2021	2022	2023	2024	2025	2026	2027			
Nominal gross state debt	42.7	41.7	39.7	40.5	40.8	40.9	40.9	40.8	40.6	Sovereign Spreads EMBIG (bp) 3/ 5Y CDS (bp)		
Of which: guarantees	7.7	4.6	3.9	3.4	3.2	3.1	3.1	3.1	3.1			
State gross financing needs	5.6	7.0	6.5	6.9	6.4	6.8	5.6	5.1	4.9			
Real GDP growth (in percent)	6.5	2.9	2.6	6.0	7.2	7.0	6.9	6.8	6.7	Ratings	Foreign	Local
Inflation (GDP deflator, in percent)	5.3	1.6	2.8	3.8	5.4	5.3	5.0	4.6	4.1	Moody's	Ba3	Ba3
Nominal GDP growth (in percent)	12.2	4.6	5.4	10.0	13.1	12.7	12.3	11.8	11.1	S&P's	BB-	BB
Effective interest rate (in percent) ^{4/}	4.3	3.9	6.9	3.5	3.3	3.5	3.6	3.7	3.9	Fitch	BB-	BB-

	Contribution to Changes in Public Debt										
	Actual			Projections							
	2011-2019	2020	2021	2022	2023	2024	2025	2026	2027	cumulative	debt-stabilizing primary balance 10'
Change in gross state sector debt	0.5	0.4	-2.0	0.8	0.2	0.1	0.0	-0.1	-0.3	0.9	
Identified debt-creating flows	0.3	4.2	0.0	0.9	0.2	0.1	-0.1	-0.2	-0.4	0.5	
Primary deficit	1.9	2.6	1.1	3.5	3.6	3.3	2.9	2.6	2.1	18.0	-2.5
Primary (noninterest) revenue and grants	19.1	18.5	18.6	16.7	16.8	16.9	17.1	17.4	17.7	102.4	
Primary (noninterest) expenditure	20.9	21.1	19.7	20.2	20.3	20.1	20.0	20.0	19.8	120.4	
Automatic debt dynamics ^{5/}	-2.3	-0.3	0.4	-2.6	-3.3	-3.2	-3.0	-2.8	-2.5	-17.4	
Interest rate/growth differential ^{6/}	-2.7	-0.3	0.6	-2.4	-3.5	-3.3	-3.2	-2.9	-2.7	-18.0	
Of which: real interest rate	-0.2	0.9	1.6	-0.2	-0.9	-0.8	-0.6	-0.4	-0.2	-3.1	
Of which: real GDP growth	-2.5	-1.2	-1.0	-2.2	-2.6	-2.5	-2.5	-2.5	-2.5	-14.8	
Exchange rate depreciation ^{7/}	0.4	-0.1	-0.2	...	...	...	...	...	...	...	
Other identified debt-creating flows	0.8	2.0	-1.4	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	
Fiscal- Net privatization proceeds (negative)	0.2	-0.4	0.0	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.6	
Contingent liabilities ^{8/}	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Fiscal- Net acquisition of financial assets	0.6	2.4	-1.4	0.1	0.1	0.1	0.1	0.1	0.1	0.5	
Residual, including asset changes ^{9/}	0.2	-3.8	-1.9	-0.1	0.0	0.0	0.2	0.2	0.1	0.4	



Source: IMF staff.

1/ Public sector is defined as general government and includes public guarantees, defined as SOEs.

2/ Based on available data.

3/ EMBIG, latest available.

4/ Defined as interest payments divided by debt stock (excluding guarantees) at the end of previous year.

5/ Derived as $[(r - \pi(1+g) - g + ae(1+r))/(1+g+\pi+g\pi)]$ times previous period debt ratio, with r = interest rate; π = growth rate of GDP deflator; g = real GDP growth rate; a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).

6/ The real interest rate contribution is derived from the numerator in footnote 5 as $r - \pi(1+g)$ and the real growth contribution as $-g$.

7/ The exchange rate contribution is derived from the numerator in footnote 5 as $ae(1+r)$.

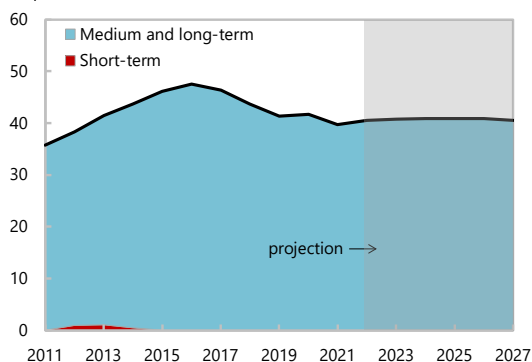
8/ Includes 0.2 percent of GDP remaining cost of recapitalizing Agribank (8.8 trillion dong), assumed to be finalized by end-2019.

9/ Includes changes in the stock of guarantees, asset changes, and interest revenues (if any).

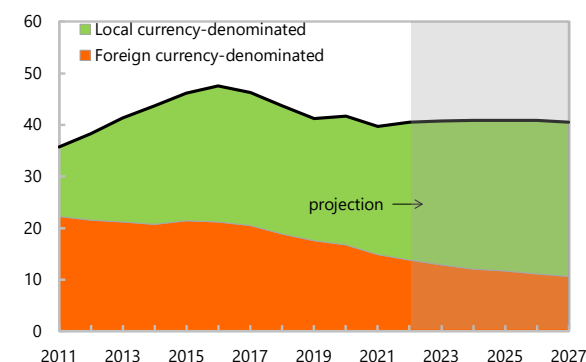
10/ Assumes that key variables (real GDP growth, real interest rate, and other identified debt-creating flows) remain at the level of the last projection year.

Figure 2. Vietnam: Public DSA—Composition of Public Debt and Alternative Scenarios**Composition of Public Debt****By Maturity**

(in percent of GDP)

**By Currency**

(in percent of GDP)

**Alternative Scenarios**

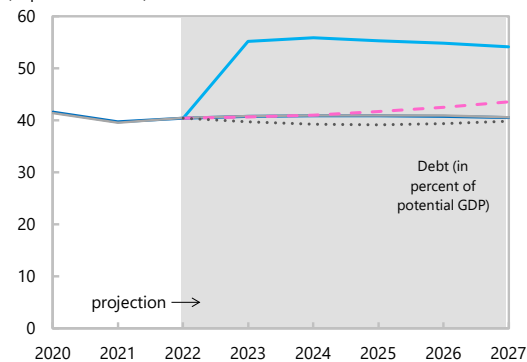
— Baseline
— Contingent Liability Shock

..... Historical

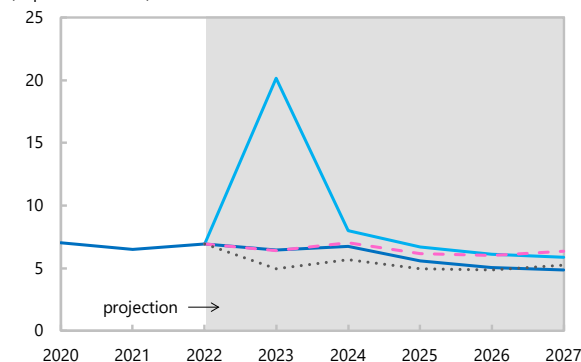
- - - Constant Primary Balance

Gross Nominal Public Debt

(in percent of GDP)

**Public Gross Financing Needs**

(in percent of GDP)

**Underlying Assumptions**

(in percent)

Baseline Scenario	2022	2023	2024	2025	2026	2027
Real GDP growth	6.0	7.2	7.0	6.9	6.8	6.7
Inflation	3.8	5.4	5.3	5.0	4.6	4.1
Primary Balance	-3.5	-3.6	-3.3	-2.9	-2.6	-2.1
Effective interest rate	3.5	3.3	3.5	3.6	3.7	3.9
Constant Primary Balance Scenario	2022	2023	2024	2025	2026	2027
Real GDP growth	6.0	7.2	7.0	6.9	6.8	6.7
Inflation	3.8	5.4	5.3	5.0	4.6	4.1
Primary Balance	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5
Effective interest rate	3.5	3.3	3.5	3.6	3.7	3.9
Historical Scenario	2022	2023	2024	2025	2026	2027
Real GDP growth	6.0	5.8	5.8	5.8	5.8	5.8
Inflation	3.8	5.4	5.3	5.0	4.6	4.1
Primary Balance	-3.5	-2.0	-2.0	-2.0	-2.0	-2.0
Effective interest rate	3.5	3.3	3.8	4.3	4.7	5.1
Contingent Liability Shock	2022	2023	2024	2025	2026	2027
Real GDP growth	6.0	5.5	5.3	6.9	6.8	6.7
Inflation	3.8	5.0	4.8	5.0	4.6	4.1
Primary Balance	-3.5	-17.1	-3.3	-2.9	-2.6	-2.1
Effective interest rate	3.5	3.8	4.9	4.9	4.9	4.9

Source: IMF staff.

Figure 3. Vietnam: Public DSA—Stress Tests



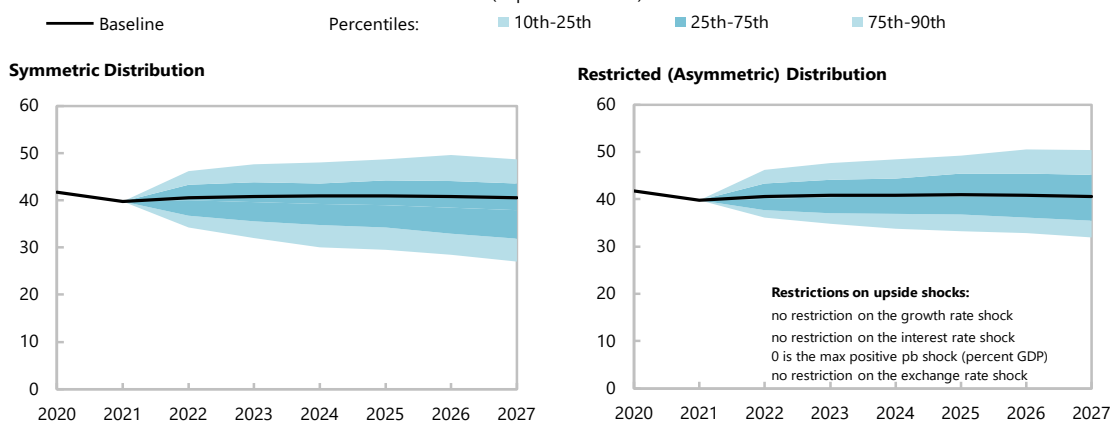
Source: IMF staff.

Figure 4. Vietnam: Public DSA—Risk Assessment**Heat Map**

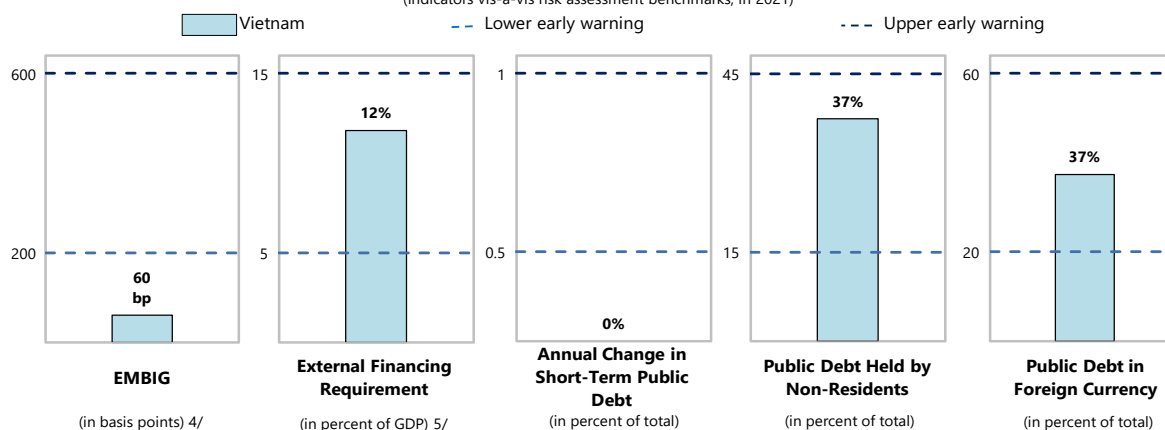
Debt level ^{1/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Gross financing needs ^{2/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile ^{3/}	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt

Evolution of Predictive Densities of Gross Nominal Public Debt

(in percent of GDP)

**Debt Profile Vulnerabilities**

(Indicators vis-à-vis risk assessment benchmarks, in 2021)



Source: IMF staff.

1/ The cell is highlighted in green if debt burden benchmark of 70% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

2/ The cell is highlighted in green if gross financing needs benchmark of 15% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

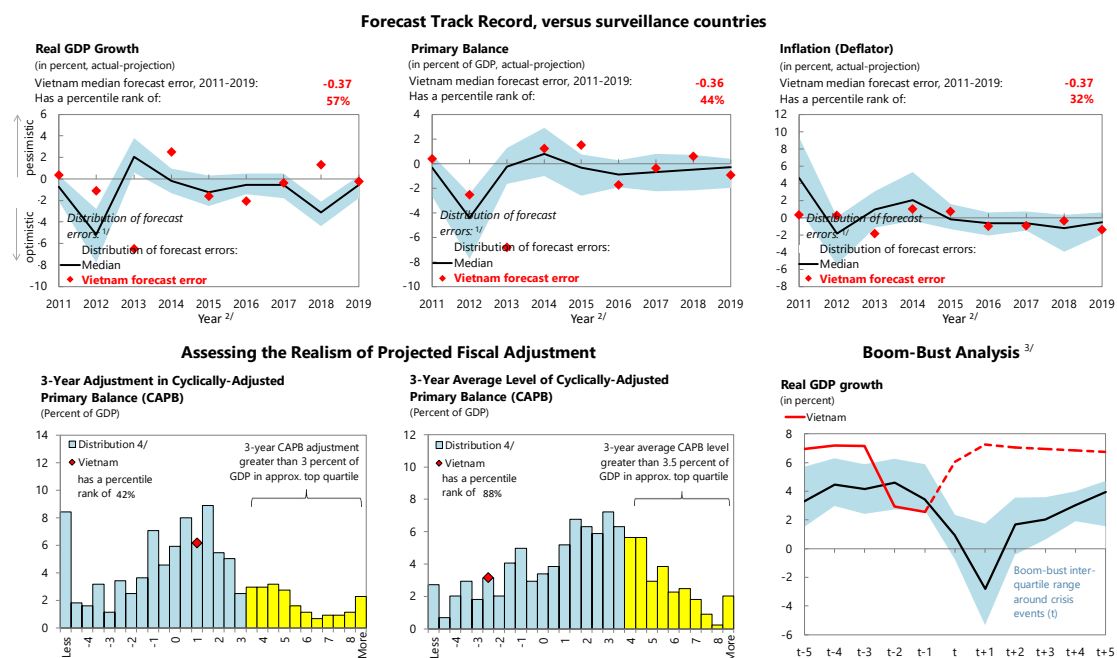
3/ The cell is highlighted in green if country value is less than the lower risk-assessment benchmark, red if country value exceeds the upper risk-assessment benchmark, yellow if country value is between the lower and upper risk-assessment benchmarks. If data are unavailable or indicator is not relevant, cell is white.

Lower and upper risk-assessment benchmarks are:

200 and 600 basis points for bond spreads; 5 and 15 percent of GDP for external financing requirement; 0.5 and 1 percent for change in the share of short-term debt; 15 and 45 percent for the public debt held by non-residents; and 20 and 60 percent for the share of foreign-currency denominated debt.

4/ EMBIG, an average over the last 3 months, 25-Jul-20 through 23-Oct-20.

5/ External financing requirement is defined as the sum of current account deficit, amortization of medium and long-term total external debt, and short-term total external debt at the end of previous period.

Figure 5. Vietnam: Public DSA—Realism of Baseline Assumptions 1/

Source: IMF Staff.

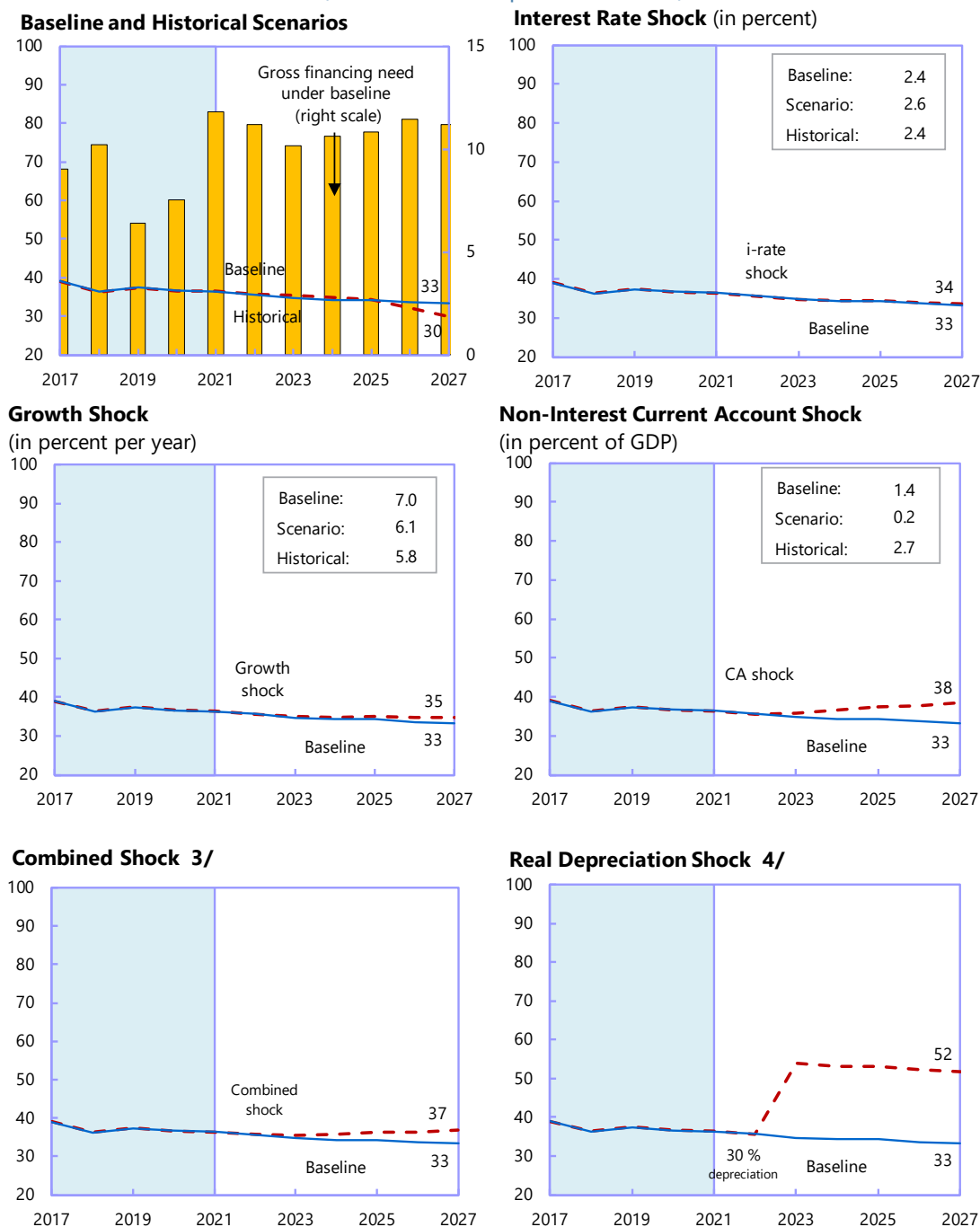
1/ Plotted distribution includes surveillance countries, percentile rank refers to all countries.

2/ Projections made in the spring WEO vintage of the preceding year.

3/ Vietnam has had a cumulative increase in private sector credit of 20 percent of GDP, 2018-2021. For Vietnam, t corresponds to 2022; for the distribution, t corresponds to the first year of the crisis.

4/ Data cover annual observations from 1990 to 2011 for advanced and emerging economies with debt greater than 60 percent of GDP. Percent of sample on vertical axis.

Figure 6. Vietnam: External Debt Sustainability: Bound Tests 1/ 2/
(External debt in percent of GDP)



Sources: International Monetary Fund, Country desk data, and staff estimates.

1/ Shaded areas represent actual data. Individual shocks are permanent one-half standard deviation shocks. Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Ten-year historical average for the variable is also shown.

2/ For historical scenarios, the historical averages are calculated over the ten-year period, and the information is used to project debt dynamics five years ahead.

3/ Permanent 1/4 standard deviation shocks applied to real interest rate, growth rate, and current account balance.

4/ One-time real depreciation of 30 percent occurs in 2022.

Table 1. Vietnam: External Debt Sustainability Framework, 2017–2027
(In percent of GDP, unless otherwise indicated)

	Actual					Projections						Debt-stabilizing non-interest current account 6/
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Baseline: External debt	39.0	36.3	37.4	36.6	36.4	35.5	34.6	34.1	34.0	33.3	33.0	-5.1
Change in external debt	3.9	-2.7	1.1	-0.8	-0.2	-0.8	-1.0	-0.5	-0.1	-0.6	-0.3	
Identified external debt-creating flows (4+8+9)	-7.5	-10.2	-11.2	-10.5	-5.5	-6.7	-7.4	-6.8	-6.1	-5.3	-5.0	
Current account deficit, excluding interest payments	-0.2	-2.9	-4.5	-5.2	0.2	-1.5	-2.1	-1.8	-1.4	-0.8	-0.8	
Deficit in balance of goods and services	-2.5	-4.2	-6.0	-6.0	-0.5	-2.4	-3.2	-3.2	-2.9	-2.3	-2.3	
Exports	82.4	85.3	86.7	84.6	92.8	94.2	93.2	92.4	91.8	91.3	91.8	
Imports	79.9	81.1	80.6	78.7	92.3	91.8	89.9	89.2	88.9	89.0	89.5	
Net non-debt creating capital inflows (negative)	-4.9	-4.9	-4.8	-4.5	-4.2	-4.0	-3.8	-3.6	-3.3	-3.2	-3.0	
Automatic debt dynamics 1/	-2.4	-2.3	-1.9	-0.8	-1.5	-1.2	-1.5	-1.4	-1.4	-1.4	-1.3	
Contribution from nominal interest rate	0.8	1.0	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	
Contribution from real GDP growth	-2.2	-2.6	-2.4	-1.1	-0.9	-2.0	-2.3	-2.2	-2.1	-2.1	-2.0	
Contribution from price and exchange rate changes 2/	-0.9	-0.8	-0.3	-0.6	-1.4	—	—	—	—	—	—	
Residual, incl. change in gross foreign assets (2-3) 3/	11.4	7.5	12.4	9.7	5.2	5.8	6.4	6.3	6.0	4.7	4.7	
External debt-to-exports ratio (in percent)	47.3	42.5	43.2	43.3	39.2	37.7	37.1	36.9	37.0	36.5	35.9	
Gross external financing need (in billions of US dollars) 4/	25.0	30.9	20.9	25.8	43.3	45.6	46.9	54.5	61.7	71.8	77.0	
in percent of GDP	9.0	10.2	6.4	7.5	11.8	11.2	10.1	10.6	10.8	11.4	11.2	
Scenario with key variables at their historical averages 5/						35.5	35.4	34.7	33.9	31.6	29.4	-5.8
Key Macroeconomic Assumptions Underlying Baseline												
						Historical Average	Standard Deviation					
Real GDP growth (in percent)	6.9	7.2	7.2	2.9	2.6	5.8	1.7	6.0	7.2	7.0	6.9	6.7
GDP deflator in US dollars (change in percent)	2.8	2.0	1.0	1.6	4.1	2.0	3.3	5.2	5.6	3.9	3.6	3.2
Nominal external interest rate (in percent)	2.4	2.9	2.4	2.3	2.3	2.4	0.3	2.4	2.4	2.4	2.4	2.5
Growth of exports G&S (US dollar terms, in percent)	20.7	13.3	9.9	2.2	17.1	12.5	5.5	13.1	12.0	10.4	10.0	9.7
Growth of imports G&S (US dollar terms, in percent)	21.4	11.0	7.6	2.0	25.3	12.2	7.2	10.9	11.0	10.3	10.4	10.3
Current account balance, excluding interest payments	0.2	2.9	4.5	5.2	-0.2	2.7	2.3	1.5	2.1	1.8	1.4	0.8
Net non-debt creating capital inflows	4.9	4.9	4.8	4.5	4.2	4.3	0.6	4.0	3.8	3.6	3.3	3.0

1/ Derived as $[r - g - r(1+g) + ea(1+r)] / (1+g+r+gr)$ times previous period debt stock, with r = nominal effective interest rate on external debt; r = change in domestic GDP deflator in US dollar terms, g = real GDP growth rate, e = nominal appreciation (increase in dollar value of domestic currency), and a = share of domestic-currency denominated debt in total external debt.

2/ The contribution from price and exchange rate changes is defined as $[-r(1+g) + ea(1+r)] / (1+g+r+gr)$ times previous period debt stock. r increases with an appreciating domestic currency ($e > 0$) and rising inflation (based on GDP deflator).

3/ For projection, line includes the impact of price and exchange rate changes.

4/ Defined as current account deficit, plus amortization on medium- and long-term debt, plus short-term debt at end of previous period.

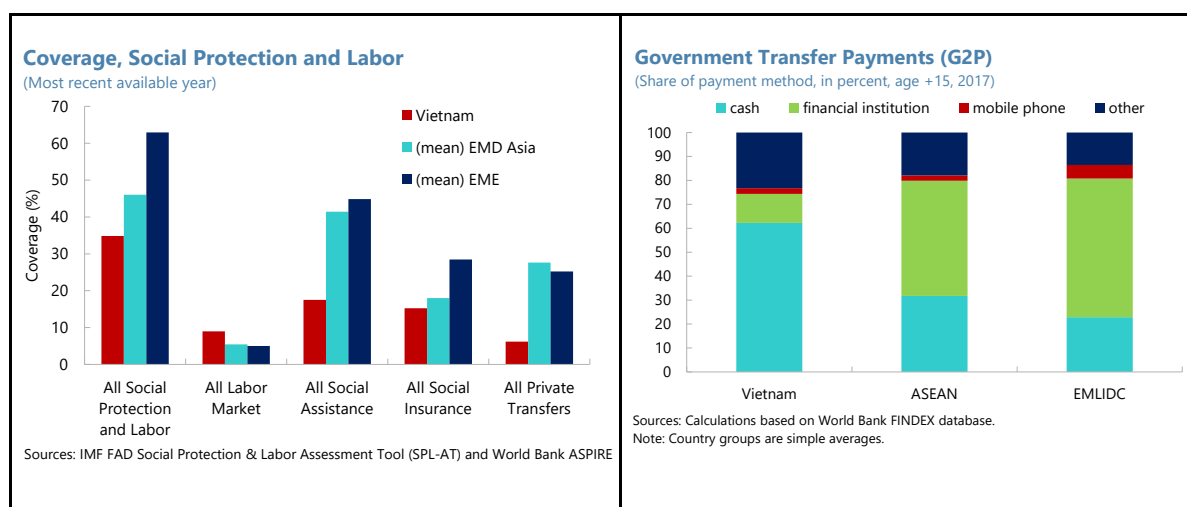
5/ The key variables include real GDP growth; nominal interest rate; dollar deflator growth; and both non-interest current account and non-debt inflows in percent of GDP.

6/ Long-run, constant balance that stabilizes the debt ratio assuming that key variables (real GDP growth, nominal interest rate, dollar deflator growth, and non-debt inflows in percent of GDP) remain at their levels of the last projection year.

Annex VIII. Digitalization and Social Protection in Vietnam¹

This annex presents evidence on the benefits of using digital technologies in social protection systems. Micro simulations, using data from the Vietnam Household Living Standard Survey, point to significant welfare gains from using digital tools for social protection during the pandemic.

1. Despite ongoing reform efforts, the coverage provided by Vietnam's social protection system is still incomplete, and delivery remains fragmented. Prior to the pandemic, coverage of social protection programs was low compared to peers, including labor market support measures, social assistance (cash transfers), and social insurance, in part related to the large informal workforce. In 2019, only 26.5 percent of the labor force was covered by social insurance.² Classification of beneficiaries was also piecemeal, and coverage particularly low in the existing emergency support programs (World Bank, 2021). Moreover, while Vietnam has well developed social programs for the extreme poor, there is relatively little assistance offered to other vulnerable groups, such as informal urban workers. The delivery system for providing support was suboptimal, relying on manual, time-consuming registration and inefficient payment procedures.



2. These long-standing challenges affected the timeliness and effective delivery of assistance during lockdowns. According to World Bank (2022), an estimated USD 1.9 billion in aggregate household income was lost during the lockdowns in 2021Q3. Since existing vulnerable groups and social assistance recipients were preapproved to receive COVID-19 relief top-ups, the benefits from pandemic relief were received by poor households. However, because of the strict

¹ Prepared by Amr Hosny and Alexandre Sollaci.

² Social assistance in Vietnam includes social insurance schemes (mandatory for employees with contract over 1 month and voluntary for others) and unemployment insurance (compulsory for workers with contract above 3 months); a health insurance system that fully subsidizes the premium for the poorest and children under 6, and offers partial subsidies for other categories; social assistance (cash transfer) programs (regular benefits and emergency relief); and a large number of programs targeted to specific vulnerable groups, areas and sectors.

criteria and the lack of data on the informal sector that could be verified or cross-checked against social insurance or other databases, expansion of the safety net to reach new beneficiaries was much smaller in scale. As a result, millions of workers working on an informal basis were left out of existing safety nets.

Micro Simulations of the Welfare Gains from Digital Social Protection During COVID

3. Data from the Vietnam Household Living Standards Survey (VHLSS) shows that despite pervasive informality, digital access among informal workers is fairly high.³ Around 53 percent of households have at least one member that is an informal worker, with informal jobs concentrated in the services sector (55 percent). Among these households, about 60 percent do not have access to financial services, while 28 percent are not eligible to receive any social security payments (as all adults work informally). However, most informal workers live in urban areas and have digital access: 76 percent of households with at least one informal worker have access to the internet and an even larger number to mobile phones. These numbers are encouraging for the implementation of a system of digital payments by the government.

4. In an illustrative exercise, the potential gains from expanding the coverage of social protection through digital payments during the COVID-19 pandemic is simulated. The COVID-19 recession is modeled as an exogenous income shock that primarily affects workers in the service sector, as service jobs are much more likely to be disrupted by social distancing restrictions (Hosny and Sollaci, forthcoming). In addition, informal workers are disproportionately hurt by the shock, as they do not typically have access to unemployment benefits.⁴ Under these assumptions, the income of household h can be modeled as:

$$y_h(\varepsilon) = y_h(0) \times [1 - s_h^i \varepsilon - (1 - \theta) s_h^f \varepsilon]$$

where $y_h(0)$ is household h 's initial income (pre-COVID), s_h^i is the share of adults working informally in the service sector, s_h^f is the share of adults with formal jobs in the service sector, θ is the share of income that workers receive from unemployment benefits (equal to 0.6 in Vietnam's case, following current provisions under the VSS), and ε is the size of the income shock. The size of the shock can be interpreted as either the share of income lost during the pandemic or as the amount of time (as a share of the year) during which a worker received no income. We simulate three different scenarios with $\varepsilon \in \{0.25, 0.5, 1\}$ to test for different severities of the recession.

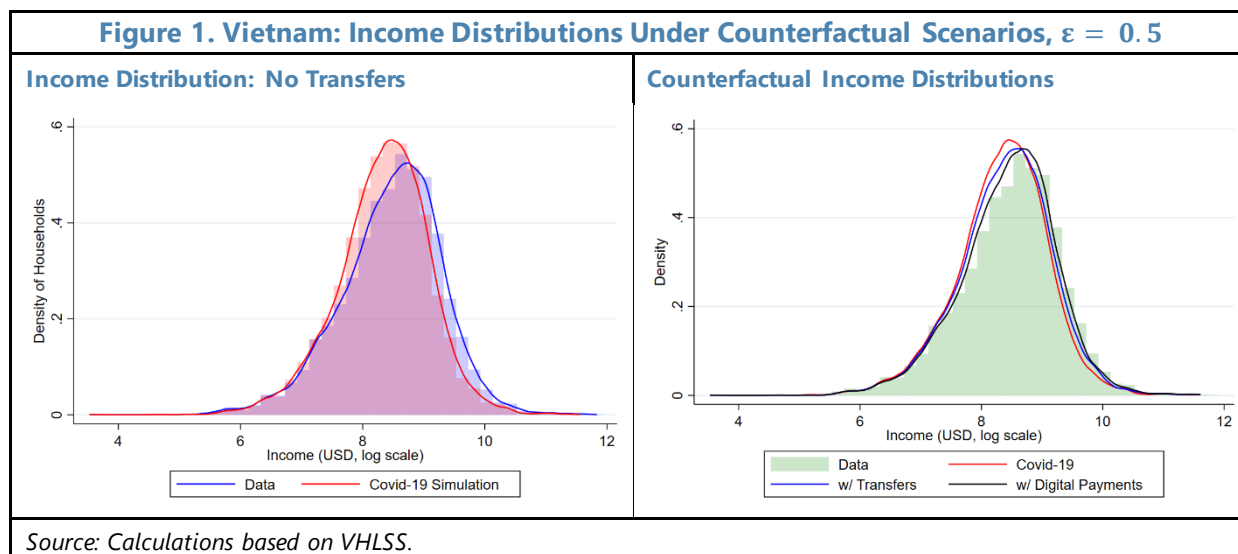
5. The illustrative simulation models income distributions under different scenarios.

Specifically, four scenarios are considered: (i) pre-COVID (data); (ii) COVID-19 shock and no transfers; (iii) COVID-19 shock and existing transfers (unemployment insurance (UI) only to formal workers); and (iv) COVID-19 shock and digital payments (payments to informal workers with digital access). Each of these cases is shown in the figure. Panel (a) below plots the first two scenarios, showcasing

³ The data is obtained from the 2018 vintage of the [VHLSS](#), a nationally representative survey of households in Vietnam.

⁴ Note that workers in other sectors were affected by COVID-19 as well. This exercise should be seen as illustrative.

the shift in the income distribution caused by the pandemic. Note that the pandemic shock affects the income of households across the entire distribution, both shifting it towards zero and raising its peak around a smaller mean. Panel (b) includes the income distribution with current UI transfers and the distribution with digital payments. In each case, the simulated income distribution moves closer to the pre-pandemic data, as more households are eligible for transfers that bring their income closer to the pre-pandemic level.



6. Baseline results suggest that implementing digital payments for social protection could have reduced the average household income loss by half. To measure the impact of the pandemic shock in each case, the average income under each of the counterfactual distributions is compared relative to the baseline (see Table 1). Under the baseline scenario ($\varepsilon = 0.5$), we find that the pandemic reduces average household income by approximately 17 percent per year. Relative to this lower base, UI benefits for formal workers increase the average income by about 6 percent, while digital payments for informal workers with digital access increase the average income by another 6 percent. As such, digital payments cut the impact of the COVID-19 shock by about half compared to current benefits. Table 1 shows that gains can be even higher under alternative income shocks.

Table 1. Vietnam: Average Income Loss (percent, relative to 2018 baseline)			
	$\varepsilon = 0.25$	$\varepsilon = 0.5$	$\varepsilon = 1$
No transfers	-6.83	-16.92	-37.09
UI transfers	-3.90	-11.05	-25.36
Digital payments	-1.07	-5.41	-14.06

Source: Calculations based on 2018 VHLSS.

Conclusion

7. Vietnam is advancing on individual pieces of the digitalization puzzle, and the next step is to put these pieces together. Several steps have already been taken towards the digitalization of social payments.⁵ The planned investments in IT and digital infrastructure under the recently approved 2022-23 Program for Recovery and Development provide another important opportunity to fundamentally improve and automatize the processing of social protection systems. Linking digital IDs with bank and/or mobile money accounts could culminate in a unified and comprehensive beneficiary database securely available to all relevant ministries and agencies that would facilitate greater financial inclusion and allow for a speedy and targeted delivery of social protection programs in case of need.

⁵ The 2015 resolution 36A/NQ-CP on e-government and the 2017 Directive 16/CT-TTg on the strengthening of the ability to access the fourth industrial revolution can be considered as the first steps towards digitalization. In an effort to contribute to building the national population database, one of the six databases mentioned in the 2015 Decision No 714/QĐ-TTg on e-gov, the Department of Public Security is issuing fully digitized foundational IDs for the entire population, to replace existing, largely paper-based, ID cards. Vietnam is also piloting a nationwide mobile money project, as part of the PM 2021 Decision 316-TTg, with transaction limits at VND 10 mn (around \$430) per month, including procedures to facilitate e-KYC, to facilitate digital payments (such as sending/receiving domestic remittances) and to better reach rural and unbanked populations.

References

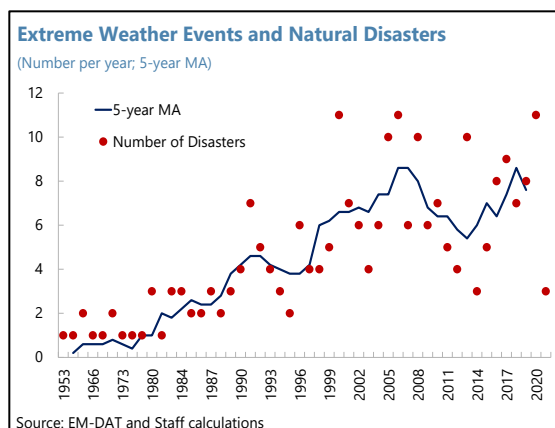
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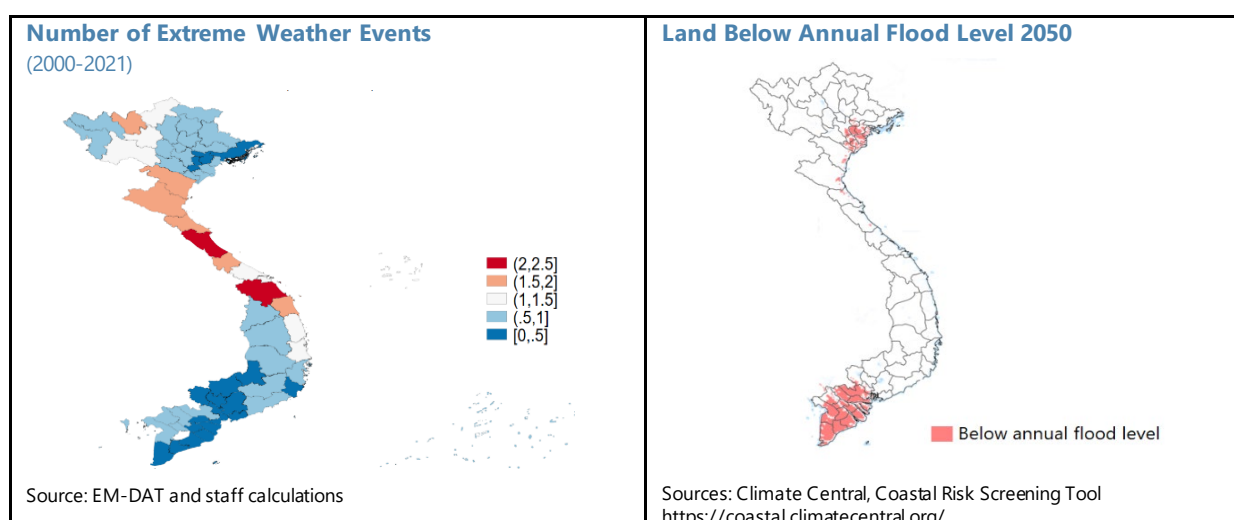
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Annex IX. Adapting to Climate Change in Vietnam¹

1. Vietnam is highly vulnerable to climate change. The impact of climate change is already being felt in the form of extreme events, more frequent and intense floods, and severe droughts—trends that could intensify over time. Long coastlines and heavily populated low-lying areas also make Vietnam one of the world's most vulnerable countries to rising sea levels: a one-meter rise in sea levels is estimated to inundate about 5 percent of the nation's territory (GFDRR, 2015). The total costs of climate hazards already exceed \$3-\$5 billion per year but can reach over \$10 billion in case of an increase in the intensity and frequency of extreme events. In the absence of appropriate policy responses, 10-15 percent of the country's GDP could be lost by 2050 (World Bank, CCDR forthcoming).



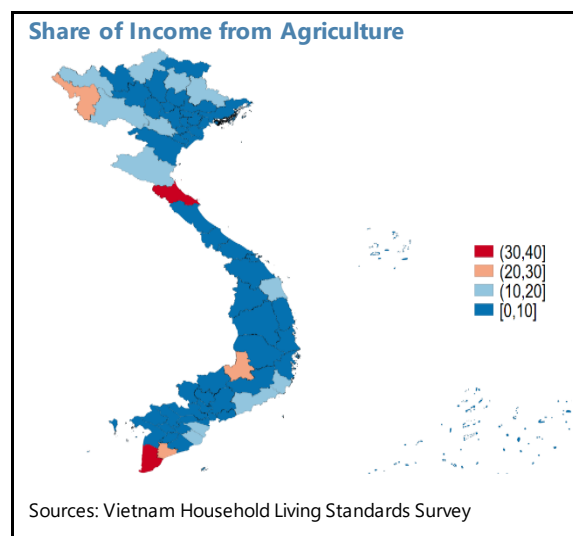
2. Exposure to climate is heterogeneous across the country. Using historical data from the EM-DAT database, we find considerable variance in the average number of extreme weather events that hit each province, with the central regions being the most affected (Figure 1). Figure 2 shows that rising sea levels put the fertile Mekong Delta and the industrial belt surrounding Ho Chi Minh city at risk. At the same time, the projected rises in temperature between 2018 and 2050 could be 50 percent higher in northern regions compared to the south, highlighting important spatial differences in different climate impacts and exposure.²



¹ Prepared by Alexandre Sollaci.

² Projected changes are calculated under RCP 4.5, considered the most likely scenario in the absence of more stringent climate policies (source: World Bank Climate Change Knowledge Portal).

3. Vulnerability to climate change also varies with geography. The most obvious source of this variation is the degree to which households' income depends on agriculture, forestry and fishery sectors, surpassing 30 percent in some provinces. Given the vulnerability of most crops—and in particular rice, a staple crop in Vietnam—to changes in temperature, precipitation, water salinity, and extreme weather, regions where agriculture represents a large share of the population's income are likely to come under significant stress.³ Additionally, places with fewer resources will have lower adaptive capacity, making them more vulnerable as high poverty rates are typically co-located with environmental risks. The same is true for sections of the population, for example women, who are overrepresented in agriculture (FAO, 2019). Left unchecked, climate change could increase within-country inequality.



4. Adapting to climate changes in Vietnam will require accounting for the heterogeneous impact of climate change on households, sectors, and regions. Measures include strengthening early warning systems, shoring-up resilience of existing infrastructure assets and services to different climate shocks and developing new infrastructure projects by considering their climate vulnerability (Dabla-Norris et al., 2021). Safety net programs should be explicitly designed to support the capacity of poor and vulnerable households. This involves enhancing post-disaster assistance, closing coverage and delivery gaps, and supporting workers transitioning out of agriculture or relocation from climate hazard prone areas

³ Urban areas are affected by climate change as well. Temperature increases could be even more pronounced in cities due to heat island effects, leading to adverse health effects, lower productivity, and other issues.

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Annex X. Integration of Capacity Development Assistance in Surveillance

Overview

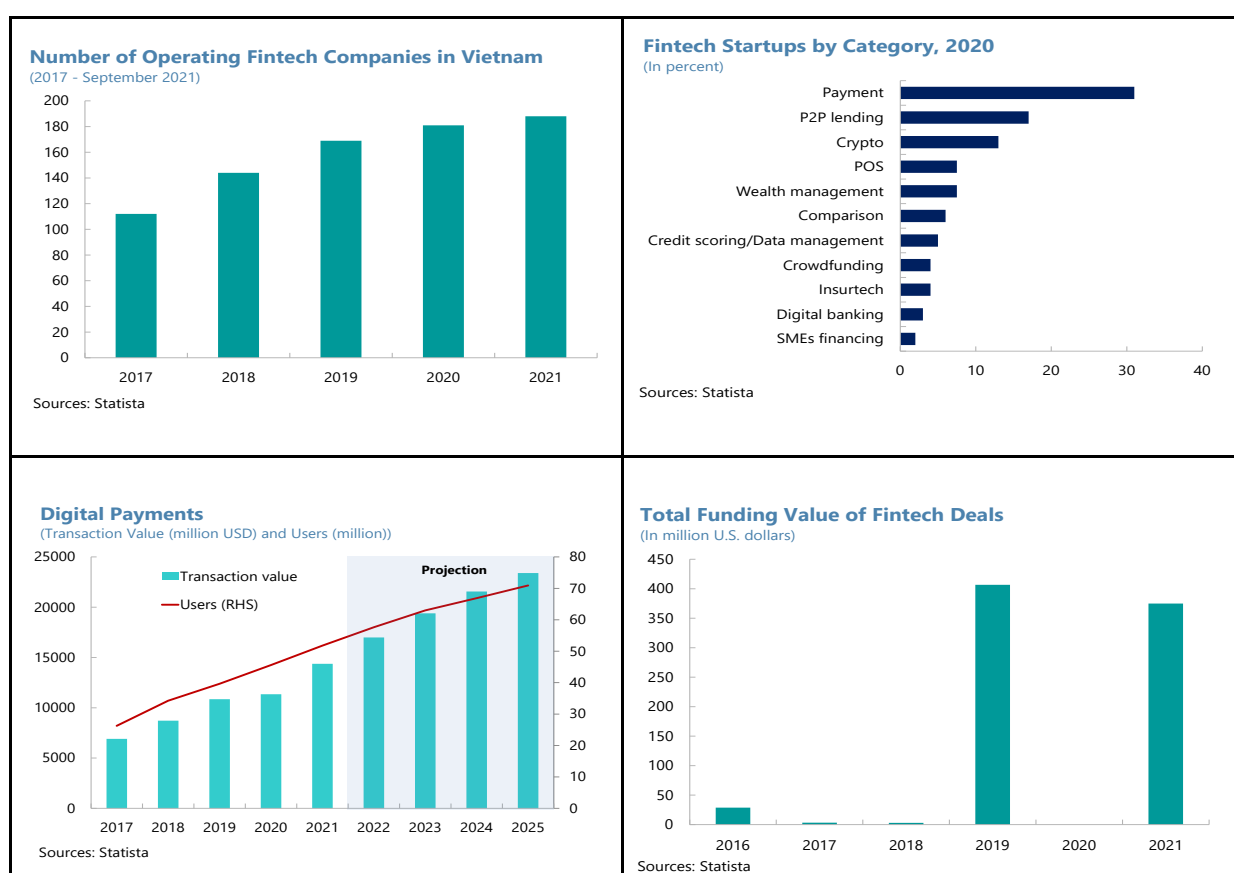
- 1. To set stage for a robust and inclusive recovery, Vietnam should continue to modernize its economic institutions.** Capacity development (CD) from a wide range of partners is being deployed to achieve this goal, including through virtual missions during the pandemic, and forthcoming hybrid and in-person missions as soon as the COVID-19 situation permits.
- 2. CD has been well integrated with IMF surveillance.** High-quality CD remains central in strengthening the effective implementation of IMF policy advice and engagement. The main surveillance priorities include modernizing policy frameworks, safeguarding fiscal sustainability, enhancing financial stability, and improving data quality and transparency to help Vietnam transit to the next phase of its development.
- 3. The Fund CD assistance focuses on Vietnam's ambitious reform agenda.** IMF CD assistance is playing a key role in Vietnam's gradual approach to modernizing its monetary policy framework via the Forecasting and Policy Analysis System (FPAS). A Financial Sector Stability Review (FSSR) is underway to help enhance financial stability. The IMF has continued supporting the authorities' efforts to strengthen treasury management, tax administration, public debt management, fiscal statistics, accounting, and reporting. IMF technical assistance (TA) will also continue to support the authorities' initiatives to improve the coverage, quality, transparency, and timeliness of statistics. Other priority areas are likely to include AML/CFT, central bank digital currency, cybersecurity, and climate policies. IMF teams will closely cooperate with the World Bank and other partners, as needed, to ensure coherence in recommendations and to avoid duplication of efforts.

Integrating Fund Surveillance and Capacity Development		
Area	Surveillance Recommendations	Capacity Development Recent Actions/Plans
Monetary policy	Continue to modernize the monetary policy framework.	Phase 1 of the FPAS TA on enhancing analytical and forecasting capacity was successfully completed, while Phase II of integration with policy discussions was launched in early 2022.
Financial Policy	Strengthen the resilience of the banking sector and modernize the macroprudential framework.	An FSSR has started, which will help identify gaps in the financial sector infrastructure, policies, including the macroprudential framework, and statistics.
Tax Administration	Strengthen revenue mobilization by improving tax administration.	After providing TA on formulating the tax administration reform strategy for 2021-2030, the Fund continues to work closely with the General Taxation Department (GTD) on the implementation of the strategy, focusing on compliance risk management (CRM).

Area	Surveillance Recommendations	Capacity Development Recent Actions/Plans
		A new three- year CD program is under discussion with the GTD, with priorities given to further support on CRM, the establishment of a risk management database, progress on international taxation, and improvement of tax collection for a robust recovery.
Treasury management	Improve public financial management and fiscal data accounting and reporting.	The Vietnam State Treasury continued receiving IMF TA advice on implementation of its Modernization Strategy for 2021-30, including internal audit, development of new Chart of Accounts, and improving cash management.
Debt management	Improve public debt management, accounting, and reporting.	IMF has helped improve public debt management and reporting by providing advice on formulation of the 5-year Financial, Public Debt and Repayment Plan for 2021-2025. The Fund will also help Vietnam to assess its legal framework regarding external debt statistics and develop a roadmap for improvement of external debt statistics by currency and residency. TA on debt management organization and operations is expected to be provided to help the MOF design a roadmap for capacity building and enhancing debt management over the medium and long term.
Fiscal risk management	Enhance fiscal risk management capacity.	IMF experts helped MOF officials enhance their fiscal risk management capacity by introducing selected fiscal risk tools developed by the Fund.
Data and statistics	Improve the coverage, quality, transparency, and timeliness of statistics.	IMF TA continues in the following areas: transitioning to Government Financial Statistics Manual 2014 (GFSM 2014) and publishing Vietnam budget data for 2003-2019, in line with GFSM 2014; improving price statistics (service producer price index and residential property price index), national accounts (rebasings and measuring the non-observed economic sectors), monetary and financial data reporting, and external sector statistics.
AML/CFT	AML/CFT framework and execution should be swiftly strengthened in line with the Financial Action Task Force standards to address key country risks.	IMF TA stands ready to help resolve gaps identified in the APG mutual assessment.

Annex XI. Development of the Fintech and Crypto Sectors¹

1. Vietnam is experiencing a rapid digital transformation and the Fintech ecosystem has surged in recent years.² The number of Fintech companies has grown by 67 percent in the past 4 years. The leading fintech segments in Vietnam are digital payments, peer-to-peer (P2P) lending, as well as the crypto asset sector. Digital payments (digital commerce payments, digital remittances, and mobile POS payments), in particular, have been on an increasing trend both in terms of total transactions value and number of users. In 2020, Vietnam's e-commerce market value reached almost USD 12 billion—2.5 percent of GDP (World Bank, 2021). Further, the value of transactions in the sectors of digital payments, personal finance, alternative financing, and alternative lending combined increased from USD 12 billion in 2019 to 18 billion in 2021.³



¹ Prepared by Antoine Arnoud.

² The term Fintech includes companies that develop innovative technological solutions in financial sectors such as online and mobile payment, financial data, financial management, alternative finance, and crypto assets.

³ Data provided by Statista from United Overseas Bank; PwC; Singapore FinTech Association; Tracxn Technologies; Statista surveys.

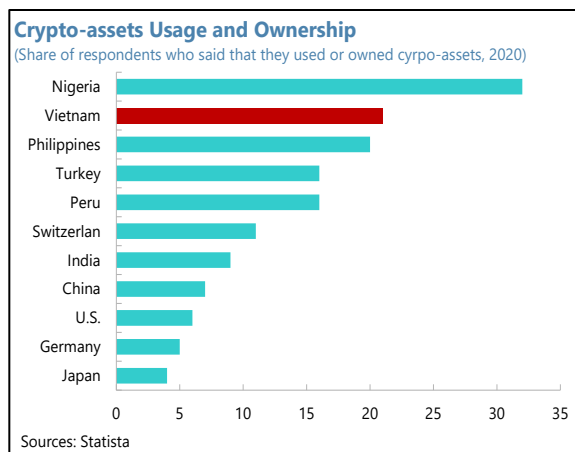
2. The country has characteristics suitable to the rapid development of the fintech sector.

Vietnam has a young population, with 37 percent of the population 24-year-old or younger. At 80 percent of the adult population, the country also has one of the region's highest mobile phone penetration rates. Internet connectivity also appears extremely competitive in terms of cost, as access to the internet is cheaper than in most of its peers. However, financial inclusion was one of the lowest in the world: only 30 percent of the population had access to bank services in 2017, the second lowest rate globally, and the ratio of bank branches per capita (4 per 100,000 adults in 2020) was also relatively low (World Bank, 2021; IMF, 2020). This combination makes it appealing for companies willing to tap the market of unbanked individuals with financial mobile services.

Vietnamese authorities have also shown support for fintech development in recent years, with the introduction of a regulatory sandbox and granting e-wallet licenses. The lack of legacy infrastructure such as credit card payment networks, coupled with an efficient IT network, has also helped increase the speed of adoption of new fintech technologies through leapfrogging.⁴

3. According to some sources, the usage or ownership of crypto assets in Vietnam is one of the highest in the world.

As of 2020, Vietnam ranked second in an online survey examining the rate of adoption of crypto assets, with 21 percent of respondents stating that they used or owned crypto assets in 2020. Although the survey might be biased towards households with internet connections (two thirds of households), who are more likely to hold crypto assets, it indicates that Vietnam lies in the higher range of the distribution. The lack of clear legislation on crypto asset ownership and trading is therefore an issue that needs to be addressed by the authorities.



4. The COVID-19 crisis has propelled the country to move even further towards the adoption of fintech solutions, especially online payments. Historically a country with high use of cash, Vietnam has seen a significant growth of e-commerce and e-wallet payments during the pandemic (see also Annex IV). Lockdowns have convinced many previously reticent store owners to reach customers through the internet and to adopt mobile wallets for online payments. It is estimated that 53 percent of the population has shopped online using social networking platforms, such as Facebook and Zalo, or e-commerce platforms, such as Lazada, Shopee, and Tiki.

5. The SBV is encouraging credit institutions and the banking sector to enhance its understanding of digitalization, associated advantages and risks, and to enhance cybersecurity. In its directive 02/2022, the SBV called for greater cooperation between the private

⁴ The government's mobile money pilot scheme, launched by Decision 316 in March 2021, should also help consolidate this trend by targeting Vietnam's large population of unbanked customers.

sector, SBV-related entities, and ministries to promulgate the access to databases that can be used for enhanced Know Your Customer verification, and the use of technologies such as cloud computing, big data analysis, machine learning, and biometric authentication for new banking products and for risk management. The directive encouraged SBV-related entities to upgrade the interbank payment, credit information, and clearing systems. Credit institutions are required to report incidents, cybersecurity threats, or suspicious transactions to the authorities. Finally, the SBV is examining existing legislation to propose a regulatory sandbox for fintech solutions in the banking sector.

6. Although fintech solutions provide opportunities to improve financial inclusion, their rapid development presents risks. These especially pertain to consumer protection, with risks of fraud on decentralized finance platforms, AML/CFT issues, and financial integrity. Although online payments are already regulated as Intermediate Payment Services, other Fintech activities, especially crypto activities and P2P lending activities, still lack a clear and comprehensive legislation.

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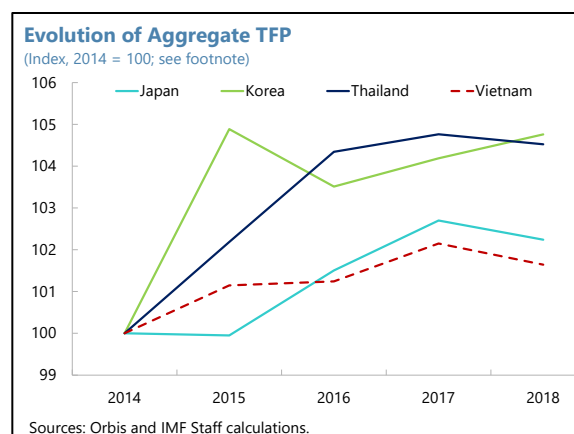
World Bank (2021), *Taking Stock, Digital Vietnam: The Path to Tomorrow*, Washington DC

Annex XII. Innovation and Productivity in Vietnam¹

Vietnam's economy has grown at a rapid pace over the last decade, but productivity growth has played a limited role in this expansion. Increasing productivity requires more innovation, including through greater digitalization of production processes, investments in human capital and worker skills, removal of barriers to firm growth, and reduction of resource misallocation.

1. Despite rapid and sustained economic growth in recent years, total factor productivity (TFP) in Vietnam has lagged.

Prior to the pandemic, Vietnam's GDP grew by an average of 6.5 percent each year. However, this expansion was driven primarily by low-cost and labor-intensive manufacturing, with TFP growth playing a small role in the country's economic success (World Bank, 2020). Average firm-level TFP grew by less than 2 percent between 2014 and 2018 (panel chart), below the levels seen in selected Asian countries.²

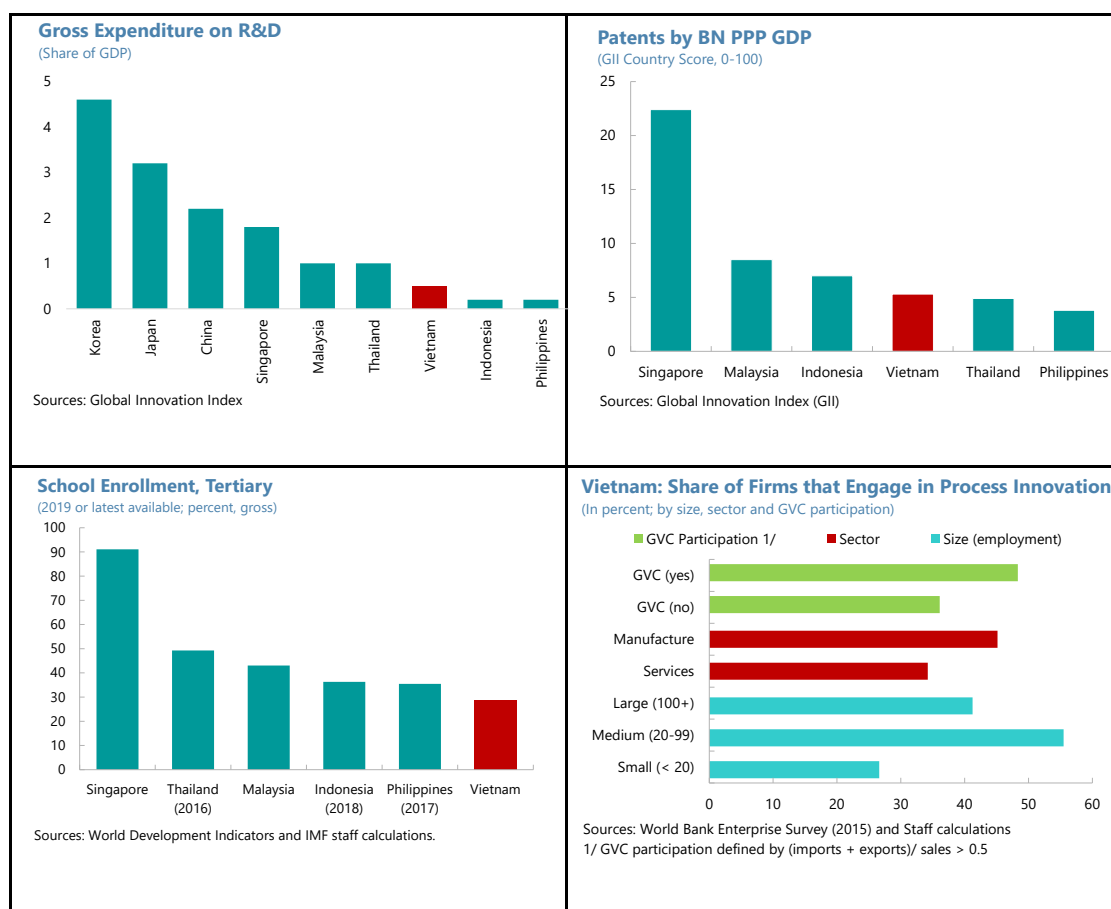


2. Improving TFP growth requires more innovation, broadly understood.

Expenditure on R&D as a share of GDP and patent applications per person are broadly in line with Vietnam's level of development. However, small business participation in the digital economy, and digital skills acquisition among the general population remains low compared to peers. Only 40 percent of businesses report adequate information and communications technology (ICT) skills to use and maintain their digital systems; R&D is mostly conducted by government institutions, which suffer from low quality and relevance (World Bank, 2020). Low human capital and skill mismatches in the labor market remain a concern (IMF, 2020). Despite greater integration with global value chains (GVCs), data from the Firm-level Adoption of Technology survey of Vietnamese firms also shows that most firms are at a significant distance from the technological frontier (Cirera et al., 2020), reflecting weak technology diffusion. Finally, the extent of process innovation is considerably weaker in small firms, compared to medium or large companies and in domestic firms.

¹ Prepared by Alexandre Sollaci.

² TFP is calculated using a firm-level panel from the Orbis dataset. It is estimated following the method proposed by Akerberg, Caves, and Frazer (2015), and implemented at the country-by-sector (NACE-4) level (sectors with less than 300 observations removed to improve statistical accuracy). The TFP index is constructed in the following way: let $\ln(TFP_{cst})$ be the average log-TFP in each country-sector-year; then $\text{Index}(TFP_{ct}) = (1/N_s) \sum_s 100 \times \ln(TFP_{cst}) / \ln(TFP_{cst})|_{t=2014}$. That is, the TFP index is the cross-sectoral average of the normalized $\ln(TFP_{cst})$, where the normalization is done at the sector level to account for differences in the sectoral composition of countries' economies.



3. While innovation can foster productivity growth for frontier firms, econometric analysis suggests that exposure to external markets and digitalization could help close productivity gaps. The drivers of TFP growth for frontier and non-frontier firms in Vietnam and a broader sample of Asian countries are empirically estimated using data from Orbis and Zephyr (see also IMF, forthcoming). Our results (Table 1) point to positive spillovers from the TFP growth of frontier firms,³ as well as an initially positive (but non-linear, and eventually negative) effect of the TFP gap, measured by a firm's distance to the frontier. External exposure through exports and FDI also increase productivity growth, with non-frontier firms benefitting more in Vietnam than in other Asian countries. Higher digitalization, proxied by the ratio of intangible to tangible capital, increases firm-level productivity growth in the full sample.⁴ These results indicate that greater access to digital services in Vietnam is important for upgrading participation

³ Defined as those on the top 10 percent of their sectoral distribution.

⁴ Including firms in Australia, China, Japan, Korea, Malaysia, New Zealand, Philippines, Thailand, and Vietnam.

in GVCs and domestic connections to high-tech industries. Developing stronger linkages between exporting firms and domestic suppliers could also help close productivity gaps.

4. Productivity dispersion across firms drags down productivity growth, pointing to an important role for structural policies to narrow gaps. The estimates reported in Table 1 suggest that productivity dispersion, measured by the standard deviation of log-productivity within sectors—an indicator of resource misallocation—has a large and negative impact on firm-level productivity growth. This correlation implies that firms in sectors with higher misallocation grow more slowly, as resources are locked in potentially unproductive firms. It also reflects the presence of distortions in the Vietnamese economy that create barriers to entry for new (and productive) firms, and hamper expansion of SMEs. Distortions include longstanding challenges of unequal access to land and finance and weaknesses in the business environment. Removing barriers to growth and reducing resource misallocation are thus key to fostering innovation and productivity.

Table 1. Vietnam: Regression of Change in Firm-level TFP Growth on Firm and Sector Characteristics

Dependent Variable: Change in Firm TFP growth	Group	(1) Asia	(2) Asia	(3) Asia	(4) VNM	(5) VNM	(6) VNM
Δ Frontier ln(TFP)	Top	0.4345*** (0.0112)	0.4346*** (0.0112)	0.1476*** (0.0115)	0.4663*** (0.0306)	0.4665*** (0.0306)	0.1644*** (0.0284)
	Middle	0.4177*** (0.0101)	0.4176*** (0.0101)	0.1253*** (0.0099)	0.4472*** (0.0306)	0.4472*** (0.0307)	0.1385*** (0.0293)
	Bottom	0.4176*** (0.0119)	0.4183*** (0.0119)	0.1162*** (0.0100)	0.4888*** (0.0330)	0.4888*** (0.0330)	0.1634*** (0.0314)
ln(TFP) Gap	Top	0.8224*** (0.0237)	0.8246*** (0.0236)	0.9685*** (0.0112)	0.8519*** (0.0699)	0.8521*** (0.0699)	0.9891*** (0.0271)
	Middle	0.8708*** (0.0204)	0.8725*** (0.0204)	0.9811*** (0.0124)	0.8877*** (0.0533)	0.8877*** (0.0532)	0.9752*** (0.0298)
	Bottom	0.8937*** (0.0193)	0.8952*** (0.0193)	1.0639*** (0.0177)	0.9059*** (0.0435)	0.9058*** (0.0434)	1.0961*** (0.0259)
[ln(TFP) Gap] ²	Top	-0.0117 (0.0124)	-0.0119 (0.0124)	-0.0063 (0.0062)	-0.0230 (0.0365)	-0.0230 (0.0364)	-0.0361 (0.0240)
	Middle	-0.0244** (0.0099)	-0.0243** (0.0099)	-0.0105* (0.0058)	-0.0259 (0.0216)	-0.0259 (0.0215)	-0.0295** (0.0140)
	Bottom	-0.0204** (0.0093)	-0.0203** (0.0093)	-0.0129** (0.0061)	-0.0169 (0.0149)	-0.0169 (0.0149)	-0.0305** (0.0118)
International Exposure	Top		0.0074** (0.0033)	0.0072** (0.0033)		0.0149 (0.0238)	0.0003 (0.0179)
	Middle		0.0033 (0.0024)	0.0020 (0.0020)		0.0415 (0.0488)	0.0416 (0.0332)
	Bottom		-0.0037 (0.0024)	-0.0033 (0.0022)		0.6465*** (0.0060)	0.6559*** (0.0025)
ihs(intangible K ratio)	Top		0.0028** (0.0011)	0.0047*** (0.0011)		-0.0002 (0.0031)	0.0010 (0.0030)
	Middle		0.0038*** (0.0013)	0.0046*** (0.0013)		0.0018 (0.0050)	0.0031 (0.0048)
	Bottom		0.0052** (0.0023)	0.0065*** (0.0021)		0.0074 (0.0075)	0.0116 (0.0080)
Std Dev[ln(TFP)]	Top			-2.5610*** (0.0772)			-2.5039*** (0.1477)
	Middle			-2.5639*** (0.0686)			-2.4572*** (0.1599)
	Bottom			-2.7786*** (0.0663)			-2.7739*** (0.1598)
Observations		2497294	2491854	2489591	407405	407405	406894
Within R-squared		0.3346	0.3350	0.3651	0.3319	0.3319	0.3522
Firms are divided into three groups depending on their position in the TFP distribution of their sector: top firms (60-90 percentiles), middle firms (30-60 percentiles), and bottom firms (below 30 percentile). All specifications include a firm fixed effect and a country-by-year fixed effect. Standard errors are shown in parenthesis and clustered at the country-sector (4-digit) level. *, ** and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Note: <i>ihs</i> represents the inverse hyperbolic sine function, $ihs(x) = \ln(x + \sqrt{1 + x^2})$.							

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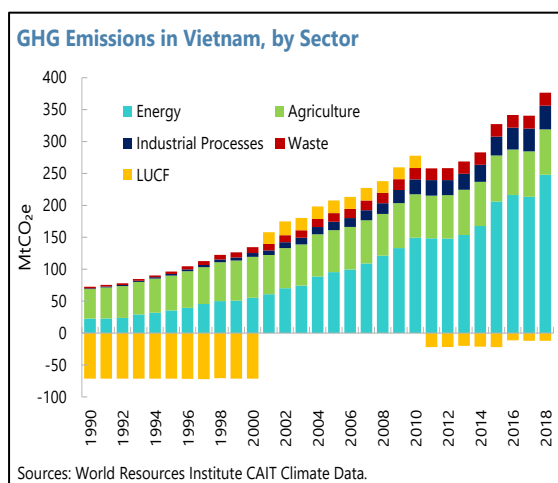
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Annex XIII. Evaluating Options for Climate Mitigation in Vietnam¹

This annex takes stock of Vietnam's climate mitigation targets and discusses the implications of using an emissions trading system (ETS) and other complementary policies to reach these targets.

1. Vietnam's rapid economic growth, urbanization, and industrialization over the last three decades has created significant greenhouse gas (GHG) emissions.

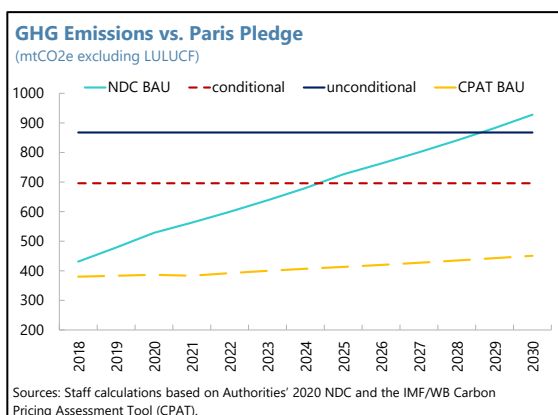
GHG emissions have been steadily increasing, with the coal-dependent energy sector representing the bulk of total emissions, followed by agriculture and industrial processes (Figure 1). Vietnam's GHG emissions represent 0.7 percent of global emissions and are relatively low on a per capita basis by regional standards. Nevertheless, carbon intensity, as measured by the ratio of emissions to GDP, is relatively high given the importance of energy-intensive manufacturing in the country's development strategy.



2. Vietnam has committed to ambitious carbon reduction goals. At the 2021 UN Climate Change Conference (COP26), the Prime Minister [announced](#) the intention to achieve net-zero emissions by 2050. Vietnam also committed to end all investment in new coal power generation, scale up deployment of clean power generation, phase out coal power by the 2040s, and increase deployment of green technologies.

3. Climate mitigation targets have been recently updated, but are based on outdated assumptions, and will likely be overachieved without any significant climate action. Vietnam submitted an updated Nationally Determined Contribution (NDC) in 2020.

- The updated [2020 NDC](#) targets the reduction of GHG emissions compared to the business as usual (BAU) scenario by 2030—in the energy, agriculture, land use, land-use change and forestry, waste and industrial processes sectors—by 9 percent unconditionally (with domestic resources) and 27 percent conditionally (with international support).



¹ Prepared by Amr Hosny.

- The NDC targets are based on outdated assumptions and will likely require no additional effort compared to an updated BAU. Specifically, the 2020 BAU scenario and the associated unconditional and conditional targets use 2014 as base year and project the 2014-2030 path using a bottom-up sectoral approach that uses overly optimistic growth assumptions. This produces an inflated NDC BAU path (blue line; Figure 2), and consequently inflated unconditional and conditional 2030 targets.
- Staff estimates using the IMF/WB Carbon Pricing Assessment Tool (CPAT) of an updated and more realistic baseline, using (i) 2018 actual GHG emissions as starting point (instead of 2014) and (ii) updated growth projections (incorporating the impact of COVID-19 in 2020-21), suggest a more dampened BAU scenario with more realistic GHG emissions (yellow line; Figure 2).² The NDC targets are thus expected to be vastly overachieved without any climate action. This result is consistent with other international estimates, including the Climate Action Tracker ([CAT](#)), which suggests that a Paris Agreement fair share target of 350 MtCO₂e by 2030 would ensure real progress in climate action for Vietnam.

4. Vietnam envisages introducing an ETS to achieve its emissions targets alongside providing incentives for renewables. The 2020 revised Law on Environmental Protection establishes a mandate for the ministries of environment and finance to design a domestic ETS and a crediting mechanism that encompass a cap, a method of allowance allocation, and domestic and international offsets. A pilot ETS is expected to start by 2025 and to become fully operational by 2027.

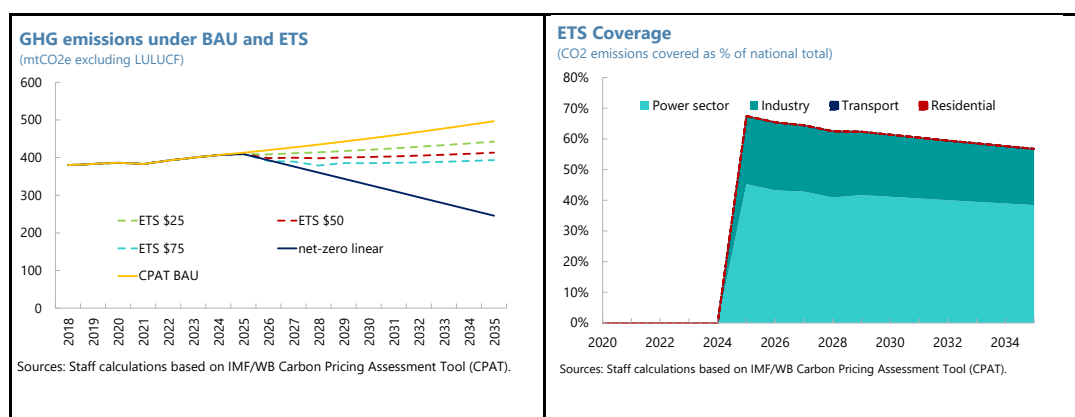
Illustrative Scenario of an ETS for Vietnam

5. The CPAT tool is used to study how an ETS can help Vietnam achieve its mitigation targets. The impact of carbon pricing (in this case, an ETS) on fuel use and emissions is assessed by examining its proportionate impact on future fuel prices and consumption in different sectors. Carbon revenues from the ETS are generated based on the carbon price and carbon emissions per fuel type, adjusted for the ETS coverage. These revenues in turn can be recycled into tax reductions or current/capital spending or transfers, with different proportionate impacts on future GDP and emissions.

6. Illustrative simulations show that an ETS can reduce emissions relative to a BAU baseline. We assume an ETS is introduced in 2025 (consistent with the intended pilot timeline) with a starting price of \$5/tCO₂ that is gradually increased thereafter. An ETS with a carbon price that gradually reaches \$25, \$50, and \$75/tCO₂ emissions in 2030 can reduce emissions in Vietnam by 7, 11, and 15 percent below the model-based BAU levels in 2030 (Figure 3). A comprehensive package of reforms, including sectoral policies and a larger carbon price, would obviously be needed to achieve the announced net-zero emissions target by 2050. The ETS is assumed to cover around 70 percent of the country's total CO₂ emissions (Figure 4) by targeting the power and industry sectors only (consistent

² The CPAT is a reduced form energy-macro model that projects emissions and macro-fiscal outcomes under different carbon pricing options. It uses a suite of inputs and assumptions to project GHG emissions under a BAU baseline and alternative carbon pricing options.

with observed cross-country experiences). In addition, with current lack of market pricing for many fossil fuels, some end-user prices will not be affected by carbon pricing measures without additional reforms.



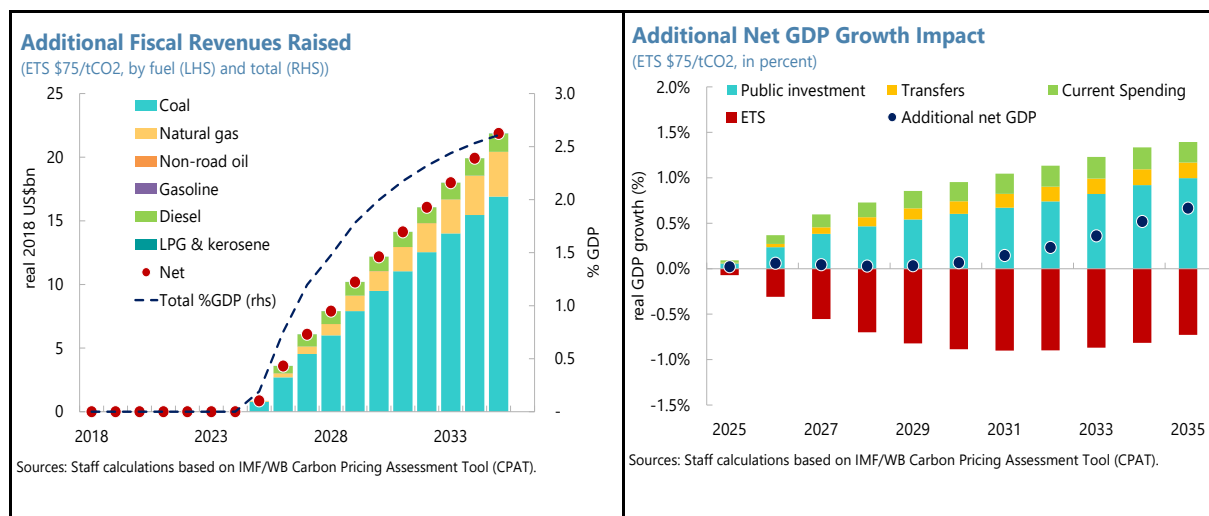
7. A carbon tax could have a slightly larger impact on emissions.³ Instead of an ETS, illustrative scenarios (not shown) using a carbon tax starting at \$5/tCO₂ and gradually increasing to \$25, \$50, and \$75/tCO₂ emissions would reduce emissions in Vietnam by 8, 13, and 17 percent below the model-based BAU levels in 2030. This is due to the assumed broader coverage of emissions under a carbon tax.

8. Simulations suggest an ETS can generate significant fiscal revenues if allowances are set appropriately, which could be recycled to raise medium-term GDP.

- **Revenues:** An ETS with a carbon price that gradually reaches \$25, \$50, and \$75/tCO₂ emissions in 2030 would raise significant revenues of 1.1, 1.7, and 2.2 percent of GDP in 2030 (Figure 5). This revenue can then be usefully recycled for growth and distributional purposes. In this simulation, we assume revenues are fully recycled, whereby half goes to new public investments, a quarter to current spending and a quarter to cash transfers.
- **Growth:** Carbon pricing could have an initial short-term negative impact on GDP, as higher input prices initially disrupt economic activity. The negative effect on growth can be more than compensated depending on how carbon revenues are used. Simulations suggest net GDP growth gains of about 0.33 percentage points above the BAU baseline in 2035, mostly coming from increased public investments due to their higher assumed multiplier effect (Figure 5). Given the initial costs, the introduction of the ETS should be carefully timed to avoid undermining the post-pandemic recovery.
- **Emissions:** Higher medium-term GDP growth (from recycled revenues) also implies higher emissions. In the case of this simulation exercise for Vietnam, the additional change in emissions is

³ A carbon tax is a tax on the supply of fossil fuels in proportion to their carbon content. In general, carbon taxes are more comprehensive in their coverage, provide greater price stability, can generate more revenues, and are easier to administer than an ETS.

minimal given the slight net gain in growth. Still, balancing this trade-off may be an important decision for policymakers.



9. The simulations suggest that an ETS alone may not be sufficient to produce a path towards net-zero by 2050, and additional sectoral policies are needed. Vietnam has issued several sectoral strategies, including development strategies on renewable energy, deforestation, transport, and construction material. Relevant legislation also include the law on energy efficiency and the law on environment protection. However, a translation of these strategies into actions with annual budgetary implications is currently missing. Proposed new investments in green technologies will take time to produce tangible results, as the demand for energy and transportation by other sectors—including some highly-carbon intensive industrial sectors—and electricity demand will continue to increase rapidly in the next two decades (World Bank, forthcoming CCDR), and the dependance on fossil fuels will remain high at least up to 2030. Potential acceptability constraints on carbon pricing also suggest that sectoral instruments, such as renewable energy and transport decarbonization initiatives, have an important role to play.



VIETNAM

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

May 16, 2022

Prepared By

Asia and Pacific Department
(In consultation with other departments)

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FUND RELATIONS

(As of March 31, 2022)

Membership Status

Joined: September 21, 1956; Article VIII

General Resources Account

	SDR Million	Percent of Quota
Quota	1,153.10	100.00
Fund holdings of currency	1,153.10	100.00
Reserve position in Fund	0.01	0.00

SDR Department

	SDR Million	Percent Allocation
Net cumulative allocation	1,419.99	100.00
Holdings	1,382.43	97.35

Outstanding Purchases and Loans: None

Latest Financial Arrangements

Type	Date of Arrangement	Expiration Date	Amount Approved	Amount Drawn
ECF ¹	04/13/2001	04/12/2004	290.00	124.20
ECF ¹	11/11/1994	11/10/1997	362.40	241.60
Stand-By	10/06/1993	11/11/1994	145.00	108.80

¹ Formally PRGF.

Projected Payments to Fund

In millions of SDRs (based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2022	2023	2024	2025	2026
Principal					
Charges/interest	0.11	0.14	0.14	0.14	0.14
Total	0.11	0.14	0.14	0.14	0.14

Exchange Arrangement

The exchange rate de facto arrangement is classified as crawl-like. The de jure arrangement is managed floating. The State Bank of Vietnam (SBV) is gradually increasing exchange-rate flexibility. In August 2015 it widened the VND/USD trading band to +/-3 percent from +/-1 percent while devaluing the central parity by one percent. In January 2016, it announced the VND/USD rate would be adjusted daily based on (i) the previous day's weighted average dong/USD exchange rate; (ii) a weighted average of movements in dong exchange rates vis-à-vis seven other important trading partners' currencies; and (iii) domestic macroeconomic conditions.

Vietnam maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions, except for those exchange restrictions imposed for security reasons of which Vietnam has notified the IMF pursuant to Executive Board Decision No.

144- (52/51), 8/14/52.

Article IV Consultations

Vietnam is on a 12-month consultation cycle. The previous Article IV consultation was held virtually during October 19–November 6, 2020, and was concluded by the Executive Board on February 5, 2021.

Technical Assistance (TA)

In recent years, Vietnam has received TA in the areas of statistics (government finance, external sector, prices, Financial Soundness Indicators (FSIs), and national accounts), reserve management, debt management, tax administration, fiscal risks, liberalization of capital controls on external debt, foreign exchange management, forecasting and policy analysis system (FPAS), and Financial Sector Stability Review (FSSR). The IMF-World Bank Financial Sector Assessment Program was undertaken during 2012–13.

In 2019, ICD started a multi-year training on FPAS. In late 2021, Phase I of FPAS training on modelling capacity was successfully completed and Phase II on structured policy discussion has started in mid- April 2022.

In 2021, FAD and the Capacity Development Center of Thailand (CDOT) provided TA on tax administration and compliance risk management, strengthening Vietnam's Treasury cash management and modernization of financial systems, Treasury internal audit, charter of account, and fiscal risks. A webinar was delivered on the advantages of enhanced customs-tax cooperation. STA provided TA on Government Finance Statistics (with CDOT), National Accounts, Service Producer Price Index, Property Price Index and e-GDDS. CDOT provided TA on external sector statistics in coordination with STA.

A scoping mission for a Financial Sector Stability Review (FSSR) took place in 2021, with a full FSSR started in late March 2022.

Resident Representative

Mr. François Painchaud is the Resident Representative for Vietnam and Lao P.D.R., based in Hanoi, since June 2019.

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

World Bank: <http://www.worldbank.org/en/country/vietnam>

Asian Development Bank: <https://www.adb.org/countries/vietnam/main>

MAIN WEBSITES OF DATA

State Bank of Vietnam (www.sbv.gov.vn)

Exchange rates

Interest rates

Balance of payments

Credit to the economy

Financial Soundness Indicators

Money Market Operation

Ministry of Finance (www.mof.gov.vn)

Government budget

Customs data

Public Debt Bulletin

General Statistics Office of Vietnam (www.gso.gov.vn)

Consumer Price Index

National accounts

Population and Employment

Investment and Construction

Socio-economic information

STATISTICAL ISSUES

(As of April 26, 2022)

Assessment of Data Adequacy for Surveillance

General: Data provision has some shortcomings but is broadly adequate for surveillance. Most affected areas are financial sector, national accounts, government finance, and external sector statistics.

National accounts: The General Statistics Office (GSO) provides quarterly (cumulative) and annual data on GDP by type of economic activity and by expenditure, both in current and constant prices, quarterly data on labor market, and monthly and annual data on external trade, industrial output, retail sales, and prices. These data support the ongoing development of a monthly indicator for economic activity with STA's technical assistance. Improving the quality of Quarterly National Accounts (QNA) estimates should be accorded priority, in particular to compile discrete and independent quarterly GDP, using consistent data sources and methods. Currently, the GSO produces cumulative QNA estimates for the first three quarters of the year and the fourth quarter estimate is a residual. The compilation of national and provincial estimates is centralized at GSO in line with staff recommendations. The National Accounts base year is 2010. Vietnam plans to use 2020 (a year impacted by COVID 19) as the new benchmark year and employ chain-linking volume measures which will help to preserve the structure of national accounts components for each year of the new GDP series. STA has provided TA for the benchmarking exercise, with a focus on better incorporation of non-observed activities as well as the development of supply and use tables (SUTs) and input-output tables (IOTs).

Prices statistics: The CPI methodology is broadly in line with international standards. Monthly CPIs are released on a very timely basis by the end of the reference month. The current weight reference period of 2019. New residential property price indexes are currently being developed, though limited availability of administrative source data has delayed progress. Indexes based on data obtained through surveys of property buyers and web scraping were compiled in 2021. Monthly producer and trade price indices are published quarterly. STA TA to support sampling and data collection improvements for services producer price indexes was also conducted.

Government finance statistics: Government operations data reflect the consolidated operations of the state budget, which cover all four levels of government (central, provincial, district, and commune). However, data exclude quasi fiscal activities of the central bank, state-owned enterprises (SOEs), Public Service Delivery Units (PSDUs), and extra-budgetary funds (including Vietnam Social Security Fund, Enterprise Restructuring Fund, Development Assistance Fund, Export Support Fund, the Sinking Fund, etc), for which data are not compiled/disseminated on a regular basis. Compilation is on a cash basis for final annual data but varies for provisional data depending on their source. As a result, government financing data, in particular government cash and domestic financing cannot be reconciled as reported in the fiscal accounts. Moreover, the process of producing final budget accounts takes up to 18 months, and typically large revisions in the budget outcomes between the 1st/ 2nd budget estimate and final accounts have complicated policy making and timely assessments of the true fiscal policy stance.

The World Bank and the IMF have recommended improving the coverage of fiscal data and aligning definitions with the *GFSM 2014*. The authorities will provide GFSM 2014 consistent data starting in 2022 supported by CDOT.

Monetary and financial statistics: SBV reports monetary data for the central bank, monetary survey and other depository corporations to the IMF's Statistics Department (STA) with monthly periodicity, using old report forms with limited information. STA has encouraged the SBV to develop a reporting scheme providing a comprehensive breakdown of data by counterparties and by currency of transaction, which would facilitate the migration to the standardized report forms (SRFs). In October 2018, the SBV informed STA of its action plan to complete the migration to the SRFs by end-May 2019 which is still in progress. The SBV reports data on some key series and indicators of the Financial Access Survey (FAS), including the two indicators of the U.N. Sustainable Development Goals. Vietnam reports 10 of the 12 core financial soundness indicators (FSIs), 7 of the 13 additional FSIs for deposit takers, and one FSI for real estate markets—on a semi-annual basis—for posting on the IMF's FSI website with a 12-month lag. Vietnam has informed STA that it continues to provide FSIs in old format although the new IMF compilation method was introduced with relevant sectoral financial statements (consolidated balance sheet and income statement data) and additional underlying series for the compilation of the new FSIs.

External sector statistics: Starting from 2013 data, the authorities are reporting balance of payments in BPM6 format. Weaknesses persist in the compilation of external sector position statistics—international investment position (IIP) statistics, external debt statistics, and Coordinated Direct Investment Survey (CDIS). While more comprehensive data on external debt flows and positions have become available with recent improvements, capacity constraints prevent the compilation of an overall measure of Vietnam's gross external debt position. The annual foreign direct investment survey was last undertaken for 2015 reference year and has been discontinued thereafter. New administrative data sources have been explored to compile direct investment positions. CDOT is helping Vietnam improve the compilation and dissemination of the IIP as well as the compilation of comprehensive external debt statistics, the Coordinated Direct Investment Survey (CDIS), and the reserves data template.

Data Standards and Quality

Vietnam participates in the enhanced General Data Dissemination System (e-GDDS) and launched a National Summary Data Page (NSDP) in July 2019. No data ROSC are available.

Table 1. Vietnam: Common Indicators Required for Surveillance
(As of April 26, 2022)

	Date of Latest Observation	Date Received	Frequency of Data ¹	Frequency of Reporting ¹	Frequency of Publication ¹
Exchange Rates	April 2022	04/25/2022	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ²	Feb 2022	04/14/2022	M	M	N/A
Reserve/Base Money	Feb 2022	04/25/2022	M	M	N/A
Broad Money	Feb 2022	04/25/2022	M	M	N/A
Central Bank Balance Sheet	Feb 2022	04/25/2022	M	M	N/A
Consolidated Balance Sheet of the Banking System	Feb 2022	04/25/2022	M	M	N/A
Interest Rates ³	April 2022	04/25/2022	M	M	M
Consumer Price Index	Mar 2022	3/29/2022	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ⁴ —General Government ⁵	Q1 2022	Apr 2022	Q	Q	Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	Q4 2021	Mar 2022	A	A	Semi-Annual
External Current Account Balance	Q3 2021	12/09/2021	Q	Q	Q
Exports and Imports of Goods and Services ⁷	Mar 2022	Mar 2022	M	M	M
GDP/GNP	Q1 2022	Mar 2022	Q	Q	Q
Gross External Debt	Q4 2021	Mar 2022	A	A	A
International Investment Position ⁸	...	...	N/A	N/A	N/A

¹Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); and Not Available (N/A).

²Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency, but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

³Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

⁴Foreign, domestic bank, and domestic nonbank financing.

⁵The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments.

⁶Including currency and maturity composition.

⁷Services data available on an annual basis.

⁸Includes external gross financial asset and liability positions vis-à-vis nonresidents.

Statement by Rosemary Lim, Executive Director for Vietnam, Firman Mochtar, Alternate Executive Director for Vietnam, and Son Thanh Nghiem, Senior Advisor to the Executive Director
June 6, 2022

Introduction

1. On behalf of the Vietnamese authorities, we would like to thank the IMF mission team led by Ms. Era Dabla-Norris for the candid and constructive policy dialogues during the 2022 Article IV consultation. The authorities appreciate and greatly value staff's continuous engagement and policy advice.
2. Our authorities broadly concur with staff's assessment and policy recommendations. They underscore the importance of effective implementation of support measures to entrench the recovery and promote sustainable and inclusive growth. In conjunction, policy priorities are focused on ensuring macroeconomic stability, containing inflationary pressures, and enhancing social security and safety net. Fiscal policy and monetary policy would accordingly remain proactive and agile in response to macroeconomic developments.

Recent Macroeconomic Developments and Outlook

3. Vietnam weathered well first waves of the Covid-19 pandemic owing to the authorities' proactive and swift containment measures, and was among the highest-performing economies in the region in 2020. The economy continued to grow at 2.58 percent in 2021, in spite of the impact of the Delta variant that had necessitated more stringent containment measures. Inflation remained low at 1.84 percent, well under the authorities' target of 4 percent. The external sector continued to be strong and financial sector resilient with NPLs staying low at 1.53 percent in Q1 2022. However, labor market was severely affected by the pandemic with unemployment rate at 3.22 percent, and the underemployment rate was 3.1 percent in Q4 2021. The authorities expect that the economic recovery and ongoing structural reforms would lower unemployment and strengthen the labor market structure.
4. The authorities continued taking swift and bold response to mitigate risk from pandemic and preserve the recovery. A remarkably swift vaccination campaign¹ allowed the authorities to successfully transition from a zero-Covid strategy towards living with the virus. Since mid-March 2022, the economy was fully opened and pre-departure Covid tests no longer required for travelers to Vietnam from May 15, 2022. The authorities have also continued the

¹ Nearly 100 percent of population aged 18 and above received one vaccine shot, 80.4 percent two doses, and 59.3 percent with boosters as of May 18, 2022.

accommodative while prudent fiscal and monetary policy mix to support firms and households to quickly restore production and businesses.

5. The authorities forecast the economy to grow at 6-6.5 percent in 2022 and inflation to remain below the 4 percent target. Economic growth reached 5.03 percent in Q1 2022, with inflation contained at 1.92 percent. To further promote robust economic recovery, the authorities provided another generous support package valued at VND 347 trillion (around USD 15 billion or 4% of GDP) under *the Program for Socio-economic Recovery and Development (PRD)*² for 2022-23. The PRD includes five groups of support measures to ramp up investments in health care and disease prevention, physical and digital infrastructure, and to provide credit support for the recovery of enterprises and household businesses among other financial support for structural reforms.
6. The authorities would remain vigilant to challenges that have been surfacing, which could cloud the economic outlook. Geopolitical tensions could adversely affect domestic production and demand for exports. Price pressures originating from global supply chain disruptions, higher fuel prices and advanced countries' tightening of monetary policy could complicate the conduct of monetary policy. Authorities expect the effective implementation of the PRD along with continued strong FDI inflows to be positive factors contributing to the outlook. Further, diversification of trade through the implementation of several free trade agreements (FTAs) with bilateral and multilateral partners (i.e., CPTPP, RCEP, EVFTA, UKVFTA etc.) as envisaged in *the Strategy for Imports and Exports of Goods until 2030* could provide the upside.

Fiscal Policy

7. Fiscal position remained strong in 2021, supported by encouraging revenue performance. Expenditure was also geared to the authorities' long-term strategy, with budget disbursement for public investment projects reaching 94.94 percent of the plan assigned by the Prime Minister. Fiscal deficit remained prudent at 3.41 percent, under the 4 percent target. The public debt level is sound at about 43.1 percent of GDP and the country's external debt expected to be 38.4 percent of GDP. Government-guarantee loans continued to decrease from 10.3 percent of GDP in 2016 to 3.8 percent of GDP in 2021.
8. In 2022, fiscal policy stance remains supportive to boost the economic recovery, through the implementation of the PRD with *fiscal package* around USD 12 billion (accounting for 83 percent of total PRD package). On the revenue side, priorities focus on implementing policy

² Pursuant to Resolution 43/2022/QH15 of the National Assembly dated January 11, 2022 on fiscal and monetary support measures, the Government issued Resolution No. 11/NQ-CP dated January 30, 2022 on the Program for Socio-economic Recovery and Development.

measures such as *exemption, reduction, payment extension of taxes, fees, and land rent*. On the expenditure side, the authorities prioritize spending for Covid-19 prevention and control, social security and safety net, and infrastructure investment. The authorities intend to increase budget deficit to 4.7 percent of GDP to implement the PRD for 2022-23, while maintaining public debt at about 45-46 percent of GDP, and external debt at about 40-41 percent of GDP.

9. The medium-term fiscal framework³ would ensure fiscal sustainability. Revenue mobilization would be strengthened to reach around 16 percent of GDP, in which the proportion of revenue from taxes and fees is expected to account for about 13-14 percent of GDP by 2025. Management of budget expenditures would also be enhanced. The authorities continue to restructure budget expenditure towards sustainability, prioritizing spending on development investment, securing resources for debt repayment, building up national reserves, and ramping up spending on human development and social safety net. To this end, the authorities would reduce the proportion of recurrent expenditure to about 62-63 percent of the total budget expenditure, and increase the proportion of human and infrastructure development investment expenditure to about 28 percent by 2025.
10. The medium-term public investment framework⁴ has been introduced to improve the efficiency of public investment. Under the framework, total investment fund was envisaged at about 32-34 percent of GDP in 2021-2025, with the average disbursement rate of public investment funds reaching over 90% of the plan assigned by the National Assembly. Public investment would be targeted to key sectors, large and important national projects, regional and inter-regional connection projects, hence creating strong growth momentum.

Monetary and Exchange Rate Policies

11. Monetary policy has remained accommodative in 2021-22. After sharply cutting the policy rate three times in 2020, the State Bank of Vietnam (SBV) continued to keep the policy rate at low level in 2021. To enhance the stance, the SBV has smoothly tapped its monetary policy toolkits to ensure money market stability, and provided ample liquidity to the banking system. Further, as a *credit support measure* under the PRD for 2022-23, interest rate subsidy policy⁵ has been introduced to support firms, cooperatives, and household businesses to reduce their borrowing costs by 2 percent (around USD 1.8 billion).
12. The SBV continues to implement measures to keep credit growth at appropriate level pertaining to the economy's absorptive capacity, while being mindful of inflationary

³ The Prime Minister signed the Decision No. 368/QĐ-TTg dated March 21, 2022, approving the Fiscal Strategy to 2030.

⁴ The medium-term public investment plan for the period of 2021-2025 was approved by the National Assembly on July 28, 2021 (Resolution No. 29/2021/QH15).

⁵ Government Decree No. 31/2022/ND-CP and the SBV Circular No. 03/2022/TT-NHNN dated May 20, 2022, on Interest rate subsidy from state budget for firms, cooperatives and household businesses for 2022-23.

pressures. Credit extension grew at 13.61 percent or 125 percent of GDP in 2021 while capital market remains encouraging with capitalization equivalent to 122.8 percent of GDP. Along with the reform of the country's growth model, maintaining credit growth ceiling has helped promote macroeconomic stability, curb inflation, and support inclusive growth. The authorities would cease the use of this administrative credit measure as soon as economic conditions allow.

13. The SBV has managed the exchange rate in line with the monetary policy framework, aimed at achieving the consistent, cross-cutting objectives of controlling inflation and stabilizing the macro-economy, not creating an unfair competitive advantage in international trade. As a small economy with large openness, Vietnam is prone to external shocks and the VND subject to speculative activities. Exchange rate operations as a tool has been used insofar as to achieve monetary policy objectives, including the promotion of the smooth functioning of the foreign exchange market, and limiting excessive fluctuations of VND. The SBV has gradually improved the two-way exchange rate flexibility, coupled with the introduction of derivatives transactions such as forward contracts for FXI, in line with the development of the foreign exchange market and the modernization of the monetary policy framework.
14. With the policy strategy, external sector remains resilient. Gross foreign reserves were equivalent to 3.6 months of imports in 2021, lower than the 6-month imports standard. It is expected that in 2022, foreign exchange reserves would fluctuate around the balance of foreign exchange reserves at end 2021.

Financial Sector Policies

15. To maintain financial stability against the complex Covid-19 pandemic backdrop, the authorities have continued to implement policy on *debt payment rescheduling, exemption and reduction of interest and fees, and debt category retention*. These are intended to support bank customers to restructure their debts, help reduce pressure on customers to repay bank loans and create conditions for continued borrowing to restore production and business. As part of its supervisory processes, the SBV keeps close watch on banks' practices to avoid moral hazard and ensure full compliance of the policy, including provisioning requirement.
16. To further enhance banking system resilience in the medium term, the SBV has prepared the *Plan on restructuring of the banking system associated with NPLs resolution* in the 2021-25 period after completion of the Plan for 2016-20 period. The SBV also closely monitored banks' plans for Basel II adoption to promote reporting and provisioning of NPLs aligned with international standards.
17. The authorities closely monitor the potential for risk build-up in the system, including arising from real estate sector and corporate bond market developments. The SBV has strictly

controlled credit extension to the real estate sector through prudential regulations and inspection. Credit growth to the real estate sector has been on a downward trend, decreasing from 26.76 percent in 2018 to 15.37 percent in 2021. Total loans to the real estate businesses, including developers, accounted for 6.9 percent of total outstanding loans as of end 2021. The SBV has also strictly controlled banks' exposure to corporate bonds. Policies to regulate banks' investment in the corporate bonds market are in place. As of Q1 2022, banks' total balance of investment in corporate bonds accounted for 2.95 percent of total outstanding loans.

18. The SBV continues to improve the legal and regulatory framework as well as macroprudential policies and toolkit to mitigate systemic risks, enhance the macroprudential analysis framework, and concurrently improve the quality of the reporting system on monitoring and warning of systemic risks. In this regard, the authorities greatly value the Fund TA on Financial Sector Stability Review (FSSR) to identify and address macro-financial vulnerabilities and evaluate gaps and weakness in the financial stability framework.
19. The authorities have made remarkable progress in promoting digital transformation and financial inclusion. The SBV has issued action plans and programs to accelerate cashless payments, including building up resilient financial market infrastructure and sound legal and regulatory framework. The proportion of adults owning at least one bank account estimated to reach nearly 70 percent of population as of end 2021. Since the introduction of e-KYC solution⁶ allowing online bank account opening in March 2021, nearly 3.5 million accounts were opened using the e-KYC method at end 2021. Further, the SBV has licensed 46 e-wallet providers, and the total number of activated e-wallets is about 35.45 million wallets at end 2021. Mobile money (MM) service was also introduced in Vietnam on pilot basis for two years since 2021. The MM service is expected to fill the gaps in promoting financial inclusion further, targeting customers living in rural, mountainous, remote, border and island areas. Vietnam's banking sector was assessed to be the fastest growing in providing digital banking services⁷ in the region.

Structural Reform

20. Our authorities are expediting efforts to mitigate climate change risk. To operationalize *the Law on Environment Protection 2020, National Green Growth Strategy for the period 2021-2030, to 2050, and commitments made at COP26*, the authorities have been drafting the *National Action Plan on green growth for the period 2021-2030, and National Strategy on Climate Change to 2050*. The draft provides an overarching goal including to reduce greenhouse gas emissions to “net zero” by 2050. On green finance, outstanding loans for

⁶ Customers can withdraw money from ATMs deployed state-of-the art face recognition technology using their ID chip cards.

⁷ McKinsey's Personal Financial Services (PFS) Survey, Asia-Pacific, September 2021.

green sector have an average annual growth rate of more than 25 percent in the period 2017-21. According to the National Progress Report by the Sustainable Banking and Finance Network (SBFN), Vietnam ranked in the second group of countries with significant progress in sustainable development in 2020-21.

21. Other structural reforms continue at good pace. In AML/CFT, authorities made progress in the collection, handling, and transfer of suspicious transaction information. Vietnam's Multilateral Assessment Report was approved with 4 upgraded contents at the APG Special Plenary Conference in 2021. The authorities are now in process of revising the AML Law⁸ which is expected to be submitted to the National Assembly for approval in October 2022.
22. Implementation of the digital transformation strategy is also one of the key priorities in the reform agenda. In line with the *National Digital Transformation Program to 2025, with orientation to 2030*⁹, the authorities have thus far supported more than 16,000 firms to transform their businesses for the digital environment. The authorities have also officially operated the unique citizen ID database system since July 01, 2021, and integrated this database with other large databases such as health care and social insurance systems¹⁰ to enhance efficiency and provide better services to people.

Conclusion

23. Our authorities remain committed to strengthening macroeconomic policy to support economic recovery while enhancing economic resilience. In the short term, they would stay vigilant to the rising inflationary risks, and respond in an agile manner to contain inflation and ensure macroeconomic stability. They are committed to medium-term fiscal targets and calibrate the fiscal policy in sync with macroeconomic developments. Our authorities would also continue to closely monitor and supervise the financial sector to mitigate macro-financial risks, including from selected market segments such as real estate and corporate bonds. Structural reforms would be accelerated to meet higher development need of the economy.

⁸ The AML Law was approved by the National Assembly on June 18, 2012, effective since 2013.

⁹ The Prime Minister issued Decision No. 749/QĐ-TTg dated June 3, 2020 approving the "National Digital Transformation Program to 2025 with orientation to 2030".

¹⁰ The Report "e-Conomy SEA 2021" jointly published by Google, Bain (USA) and Temasek (Singapore) assessed Vietnam's digital economy valued 21 billion USD in 2021, accounting for more than 5 percent of GDP, and is expected to reach 57 billion USD in 2025, ranking second in Southeast Asia.

Exhibit 202

STATE BANK OF VIETNAM

No: 30/2011/TT-NHNN

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom – Happiness

Hanoi, September 28, 2011

CIRCULAR

**PROVIDING FOR THE MAXIMUM INTEREST RATE APPLICABLE TO DEPOSITS IN
VIETNAMESE DONG OF ORGANIZATIONS, INDIVIDUALS AT CREDIT
INSTITUTIONS, FOREIGN BANK'S BRANCHES**

- Pursuant to the Law on the State Bank of Vietnam No. 46/2010/QH12 dated 16 June 2010;
- Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated 16 June 2010;
- Pursuant to the Decree No. 96/2008/ND-CP dated 26 August 2008 of the Government providing for the functions, duties, authorities and organizational structure of the State Bank of Vietnam;
- With a view to implementing the Resolution No.11/NQ-CP dated 24 February 2011 of the Government on key solutions for inflation control, macro-economic stabilization and ensuring social security;

The State Bank of Vietnam hereby provides for the maximum interest rate applicable to deposits in Vietnamese dong of organizations, individuals at credit institutions, foreign bank's branches (hereinafter collectively referred to as credit institutions) as follows:

Article 1. Credit institutions shall fix their interest rate applicable to deposits in Vietnamese dong of organizations (excluding credit institutions) and individuals, including payments for sale promotion in any form as follows:

1. For maximum interest rate applicable to demand deposits and deposits with term of less than one month: to be of 6% per annum.
2. For maximum interest rate applicable to deposits with term of one month and more: to be of 14% per annum; for local People's credit funds alone, they shall fix their maximum interest rate applicable to deposits with term of one month and more to be of 14.5% per annum.
3. Deposits shall include demand deposits, term deposits, savings deposits, deposit certificates, bills of exchange, bills, bonds and other forms of deposits of organizations (excluding credit institutions), individuals in accordance with provisions in Paragraph 13 Article 4 of the Law on Credit Institutions.

Article 2. The maximum interest rate applicable to deposits as provided for in Article 1 of this Circular shall be applicable to the method under which the interest is paid at the maturity and other methods of interest payment that are converted under the method of interest payment on maturity.

Article 3. Credit institutions shall post in public the interest rate applicable to deposits in Vietnamese dong at premises of receiving deposits in accordance with provisions of the State Bank of Vietnam. Credit institutions shall be strictly prohibited from providing sale promotion in receiving deposits in any form (in cash, interest rate or other forms) that are not in conformity with provisions of applicable laws and this Circular.

Article 4. Implementation organization

1. This Circular shall be effective from 01 October 2011 and replace the Circular No.02/2011/TT-NHNN dated 03 March 2011 of the Governor of the State Bank providing for the maximum interest rate applicable to VND deposits.
2. For interest rates applicable to term deposits in Vietnamese dong mobilized from organizations, individuals at credit institutions arising prior to the effective date of this Circular shall be implemented until their expiry; in the event where at the ending of the agreed period, the organizations, individuals do not come to draw their deposits, then the credit institutions shall fix the interest rate applicable to those deposits in line with provisions of this Circular.
3. Banking Inspection and Supervision Department and State Bank's branches in provinces, cities under the central Government's management shall carry out the inspection, supervision over the implementation of provisions on the interest rates applicable to USD capital mobilization; apply the measures within their authorities to deal with credit institutions which violate this Circular.
4. The Director of the Administrative Department, Director of the Monetary Policy Department and Heads of units of the State Bank of Vietnam, General Managers of the State Bank's branches in provinces and cities under the central Government's management; Chairman of Board of Directors, Board of Members and General Directors (Directors) of credit institutions, and related organizations, individuals shall be responsible for the implementation of this Circular.

**FOR THE GOVERNOR
DEPUTY GOVERNOR**

Nguyen Dong Tien

**NGÂN HÀNG NHÀ NƯỚC
VIỆT NAM**

**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc**

Số: 30/2011/TT-NHNN

Hà Nội, ngày 28 tháng 09 năm 2011

THÔNG TƯ

QUY ĐỊNH LÃI SUẤT TỐI ĐA ĐỐI VỚI TIỀN GỬI BẰNG ĐỒNG VIỆT NAM CỦA TỔ CHỨC, CÁ NHÂN TẠI TỔ CHỨC TÍN DỤNG, CHI NHÁNH NGÂN HÀNG NHÀ NƯỚC NGOÀI

Căn cứ Luật Ngân hàng Nhà nước Việt Nam số 46/2010/QH12 ngày 16 tháng 6 năm 2010;

Căn cứ Luật Các tổ chức tín dụng số 47/2010/QH12 ngày 16 tháng 6 năm 2010;

Căn cứ Nghị định số 96/2008/NĐ-CP ngày 26 tháng 8 năm 2008 của Chính phủ quy định chức năng, nhiệm vụ, quyền hạn và cơ cấu tổ chức của Ngân hàng Nhà nước Việt Nam;

Thực hiện Nghị quyết số 11/NQ-CP ngày 24 tháng 02 năm 2011 của Chính phủ về những giải pháp chủ yếu tập trung kiểm chế lạm phát, ổn định kinh tế vĩ mô, bảo đảm an sinh xã hội;

Ngân hàng Nhà nước Việt Nam quy định lãi suất tối đa đối với tiền gửi bằng đồng Việt Nam của tổ chức, cá nhân tại tổ chức tín dụng, chi nhánh ngân hàng nước ngoài (sau đây gọi là tổ chức tín dụng như sau:

Điều 1. Tổ chức tín dụng ấn định lãi suất tiền gửi bằng đồng Việt Nam của các tổ chức (trừ tổ chức tín dụng) và cá nhân bao gồm cả khoản chi khuyến mại dưới mọi hình thức như sau:

1. Lãi suất tối đa áp dụng đối với tiền gửi không kỳ hạn và có kỳ hạn dưới 1 tháng là 6%/năm.

2. Lãi suất tối đa áp dụng đối với tiền gửi có kỳ hạn từ 1 tháng trở lên là 14%/năm; riêng Quỹ tín dụng nhân dân cơ sở ấn định mức lãi suất tối đa đối với tiền gửi kỳ hạn từ 1 tháng trở lên là 14,5%/năm.

3. Tiền gửi bao gồm các hình thức tiền gửi không kỳ hạn, tiền gửi có kỳ hạn, tiền gửi tiết kiệm, chứng chỉ tiền gửi, kỳ phiếu, tín phiếu, trái phiếu và các hình thức nhận tiền gửi khác của tổ chức (trừ tổ chức tín dụng), cá nhân theo quy định tại khoản 13 Điều 4 Luật Các tổ chức tín dụng.

Điều 2. Mức lãi suất tối đa đối với tiền gửi quy định tại Điều 1 Thông tư này áp dụng đối với phương thức trả lãi cuối kỳ và các phương thức trả lãi khác được quy đổi theo phương thức trả lãi cuối kỳ.

Điều 3. Tổ chức tín dụng niêm yết công khai lãi suất tiền gửi bằng đồng Việt Nam tại các địa điểm nhận tiền gửi theo quy định của Ngân hàng Nhà nước Việt Nam. Nghiêm cấm tổ chức tín

dụng khi nhận tiền gửi thực hiện khuyến mại dưới mọi hình thức (bằng tiền, lãi suất và các hình thức khác) không đúng với quy định của pháp luật và Thông tư này.

Điều 4. Tổ chức thực hiện

1. Thông tư này có hiệu lực thi hành kể từ ngày 01 tháng 10 năm 2011 và thay thế Thông tư số 02/2011/TT-NHNN ngày 03 tháng 03 năm 2011 của Thống đốc Ngân hàng Nhà nước quy định mức lãi suất huy động vốn tối đa bằng đồng Việt Nam.
2. Đối với lãi suất tiền gửi bằng đồng Việt Nam có kỳ hạn của tổ chức, cá nhân tại tổ chức tín dụng phát sinh trước ngày Thông tư này có hiệu lực thi hành, được thực hiện cho đến hết thời hạn; trường hợp hết thời hạn đã thỏa thuận, tổ chức, cá nhân không đến lĩnh tiền gửi, thì tổ chức tín dụng ấn định lãi suất đối với tiền gửi theo quy định tại Thông tư này.
3. Cơ quan Thanh tra, giám sát ngân hàng và Ngân hàng Nhà nước chi nhánh tỉnh, thành phố trực thuộc Trung ương tiến hành kiểm tra, thanh tra, giám sát việc thực hiện quy định về mức lãi suất tiền gửi bằng đồng Việt Nam; áp dụng các biện pháp theo thẩm quyền để xử lý đối với tổ chức tín dụng vi phạm quy định tại Thông tư này.
4. Chánh Văn phòng, Vụ trưởng Vụ Chính sách tiền tệ và Thủ trưởng các đơn vị thuộc Ngân hàng Nhà nước Việt Nam, Giám đốc Ngân hàng Nhà nước chi nhánh các tỉnh, thành phố trực thuộc Trung ương; Chủ tịch Hội đồng quản trị, Hội đồng thành viên và Tổng giám đốc (Giám đốc) các tổ chức tín dụng và tổ chức, cá nhân có liên quan chịu trách nhiệm thi hành Thông tư này./.

**KT. THỐNG ĐỐC
PHÓ THỐNG ĐỐC**

Nơi nhận:

- Như khoản 4 Điều 4;
- Thủ tướng Chính phủ và các Phó Thủ tướng (để báo cáo);
- Ban Lãnh đạo NHNN;
- Văn phòng Chính phủ;
- Bộ Tư pháp (để kiểm tra);
- Công báo;
- Lưu: VP, Vụ CSTT, PC.

Nguyễn Đồng Tiến

Exhibit 203

No. 08/2013/TT-NHNN

Hanoi, March 25, 2013

CIRCULAR

**ON THE MAXIMUM INTEREST RATES OF THE VND DEPOSITS OF ORGANIZATIONS
AND INDIVIDUALS AT CREDIT INSTITUTIONS AND BRANCHES OF FOREIGN
BANKS**

Pursuant to the Law on the State bank of Vietnam No. 46/2010/QH12 dated June 16th 2010;

Pursuant to the Law on credit institutions No. 47/2010/QH12 dated June 16th 2010;

Pursuant to the Government's Decree No. 96/2008/ND-CP on August 26th 2008, defining the functions, tasks, powers and organizational structure of the State bank of Vietnam;

At the proposal of the Director of the Monetary Policy Department;

The Governor of the State bank of Vietnam promulgates the Circular providing on the maximum interest rates of the VND deposits of organizations and individuals at credit institutions and branches of foreign banks,

Article 1. The credit institution and branches of foreign banks shall fix the interest rates of the VND deposits of organizations (except for credit institutions and branches of foreign banks) and individuals, including the expenditure on promotion in any form as follows:

1. The maximum interest rate of demand deposits and deposits with term of less than one month is 2% per annum.
2. The maximum interest rate of deposits with term of between one month and less than 12 months is 7.5% per year; people's credit funds and microfinance organizations may fix the maximum interest rate applicable to deposits with term of between one month and less than 12 months to be of 8% per annum.
3. Credit institutions and branches of foreign banks shall fix the interest rates of the deposits with terms of 12 months or more on the basis of market capital demand and supply.
4. Deposits includes demand deposits, term deposits, saving deposits, certificates of deposit, exchange bills, treasury bills, bonds, and other form of deposit receipt performed by organizations (except for credit institutions and branches of foreign banks) and individuals shall comply with Clause 13 Article 4 of the Law on credit institutions.

Article 2. The maximum interest rate applicable to deposits as provided for in Article 1 of this Circular shall be applicable to the method under which the interest is paid at the maturity and other methods of interest payment that are converted under the method of interest payment on maturity.

Article 3. Credit institutions shall post in public the interest rates applicable to deposits in Vietnamese dong at premises of receiving deposits in accordance with provisions of the State Bank of Vietnam. Credit institutions and branches of foreign banks shall be strictly prohibited

from providing sale promotion in receiving deposits in any form (in cash, interest rate or other forms) that are not in conformity with provisions of applicable laws and this Circular.

Article 4. Implementation organization

1. This Circular shall be effective from March 26, 2013 and replace the Circular No. 32/2012/TT-NHNN dated 21 December 2012 of the Governor of the State Bank of Vietnam providing for the maximum interest rate applicable to VND deposits of organizations, individuals at credit institutions, branches of foreign banks.
2. For interest rates applicable to term deposits in Vietnamese dong mobilized from organizations, individuals at credit institutions, branches of foreign banks arising prior to the effective date of this Circular shall be implemented until their expiry; in the event where at the ending of the agreed period, the organizations, individuals do not come to draw their deposits, then the credit institutions, branches of foreign banks shall fix the interest rate applicable to those deposits in line with provisions of this Circular.
3. Banking Inspection and Supervision Department and State Bank's branches in provinces, cities under the central Government's management shall carry out the inspection, supervision over the implementation of provisions on the interest rates of VND deposits; apply the measures within their authorities to deal with credit institutions, branches of foreign banks which violate this Circular.
4. The Chief of office, Director of the Monetary Policy Department and Heads of units of the State Bank of Vietnam, General Managers of the State Bank's branches in provinces and cities under the central Government's management; Chairman of Board of Directors, Board of Members and General Directors (Directors) of credit institutions, branches of foreign banks and related organizations, individuals shall be responsible for the implementation of this Circular.

**FOR THE GOVERNOR OF THE
STATE BANK OF VIETNAM
DEPUTY GOVERNOR**

Nguyen Dong Tien

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NGÂN HÀNG NHÀ NƯỚC
VIỆT NAM

CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập – Tự do – Hạnh phúc

Số: 08/2013/TT-NHNN

Hà Nội, ngày 25 tháng 03 năm 2013

THÔNG TƯ

QUY ĐỊNH LÃI SUẤT TỐI ĐA ĐỐI VỚI TIỀN GỬI BẰNG ĐỒNG VIỆT NAM CỦA TỔ CHỨC, CÁ NHÂN TẠI TỔ CHỨC TÍN DỤNG, CHI NHÁNH NGÂN HÀNG NHÀ NƯỚC NGOÀI

Căn cứ Luật Ngân hàng Nhà nước Việt Nam số 46/2010/QH12 ngày 16 tháng 6 năm 2010;

Căn cứ Luật Các tổ chức tín dụng số 47/2010/QH12 ngày 16 tháng 6 năm 2010;

Căn cứ Nghị định số 96/2008/NĐ-CP ngày 26 tháng 8 năm 2008 của Chính phủ quy định chức năng, nhiệm vụ, quyền hạn và cơ cấu tổ chức của Ngân hàng Nhà nước Việt Nam;

Theo đề nghị của Vụ trưởng Vụ Chính sách tiền tệ;

Thống đốc Ngân hàng Nhà nước Việt Nam ban hành Thông tư quy định lãi suất tối đa đối với tiền gửi bằng đồng Việt Nam của tổ chức, cá nhân tại tổ chức tín dụng, chi nhánh ngân hàng nước ngoài,

Điều 1. Tổ chức tín dụng, chi nhánh ngân hàng nước ngoài ấn định lãi suất tiền gửi bằng đồng Việt Nam của tổ chức (trừ tổ chức tín dụng, chi nhánh ngân hàng nước ngoài) và cá nhân bao gồm cả khoản chi khuyến mại dưới mọi hình thức như sau:

1. Lãi suất tối đa áp dụng đối với tiền gửi không kỳ hạn và có kỳ hạn dưới 1 tháng là 2%/năm.
2. Lãi suất tối đa áp dụng đối với tiền gửi có kỳ hạn từ 1 tháng đến dưới 12 tháng là 7,5%/năm: riêng Quỹ tín dụng nhân dân và Tổ chức tài chính vi mô ấn định mức lãi suất tối đa đối với tiền gửi kỳ hạn từ 1 tháng đến dưới 12 tháng là 8%/năm.
3. Lãi suất tiền gửi có kỳ hạn từ 12 tháng trở lên do tổ chức tín dụng, chi nhánh ngân hàng nước ngoài ấn định trên cơ sở cung - cầu vốn thị trường.
4. Tiền gửi bao gồm các hình thức tiền gửi không kỳ hạn, tiền gửi có kỳ hạn, tiền gửi tiết kiệm, chứng chỉ tiền gửi, kỳ phiếu, tín phiếu, trái phiếu và các hình thức nhận tiền gửi khác của tổ chức (trừ tổ chức tín dụng, chi nhánh ngân hàng nước ngoài), cá nhân theo quy định tại khoản 13 Điều 4 Luật Các tổ chức tín dụng.

Điều 2. Mức lãi suất tối đa đối với tiền gửi quy định tại Điều 1 Thông tư này áp dụng đối với phương thức trả lãi cuối kỳ và các phương thức trả lãi khác được quy đổi theo phương thức trả lãi cuối kỳ.

Điều 3. Tổ chức tín dụng, chi nhánh ngân hàng nước ngoài niêm yết công khai lãi suất tiền gửi bằng đồng Việt Nam tại các địa điểm nhận tiền gửi theo quy định của Ngân hàng Nhà nước Việt Nam. Nghiêm cấm tổ chức tín dụng, chi nhánh ngân hàng nước ngoài khi nhận tiền gửi thực hiện khuyến mại dưới mọi hình thức (bằng tiền, lãi suất và các hình thức khác) không đúng với quy định của pháp luật và Thông tư này.

Điều 4. Tổ chức thực hiện

1. Thông tư này có hiệu lực thi hành kể từ ngày 26 tháng 3 năm 2013 và thay thế Thông tư số 32/2012/TT-NHNN ngày 21 tháng 12 năm 2012 của Thông đốc Ngân hàng Nhà nước Việt Nam quy định lãi suất tối đa đối với tiền gửi bằng đồng Việt Nam của tổ chức, cá nhân tại tổ chức tín dụng, chi nhánh ngân hàng nước ngoài.

2. Đối với lãi suất tiền gửi bằng đồng Việt Nam có kỳ hạn của tổ chức, cá nhân tại tổ chức tín dụng, chi nhánh ngân hàng nước ngoài phát sinh trước ngày Thông tư này có hiệu lực thi hành, được thực hiện cho đến hết thời hạn; trường hợp hết thời hạn đã thỏa thuận, tổ chức, cá nhân không đến lĩnh tiền gửi, thì tổ chức tín dụng, chi nhánh ngân hàng nước ngoài ấn định lãi suất đối với tiền gửi theo quy định tại Thông tư này.

3. Cơ quan Thanh tra, giám sát ngân hàng và Ngân hàng Nhà nước chi nhánh tỉnh, thành phố trực thuộc Trung ương tiến hành kiểm tra, thanh tra, giám sát việc thực hiện quy định về mức lãi suất tiền gửi bằng đồng Việt Nam; áp dụng các biện pháp theo thẩm quyền để xử lý đối với tổ chức tín dụng, chi nhánh ngân hàng nước ngoài vi phạm quy định tại Thông tư này.

4. Chánh Văn phòng, Vụ trưởng Vụ Chính sách tiền tệ và Thủ trưởng các đơn vị thuộc Ngân hàng Nhà nước Việt Nam. Giám đốc Ngân hàng Nhà nước chi nhánh các tỉnh, thành phố trực thuộc Trung ương; Chủ tịch Hội đồng quản trị, Hội đồng thành viên và Tổng giám đốc (Giám đốc) các tổ chức tín dụng, Chi nhánh ngân hàng nước ngoài và tổ chức, cá nhân có liên quan chịu trách nhiệm thi hành Thông tư này./.

**KT. THÔNG ĐỐC
PHÓ THÔNG ĐỐC**

Nơi nhận:

- Như khoản 4 Điều 4;
- Thủ tướng Chính phủ và các Phó Thủ tướng Chính phủ (để báo cáo);
- Ban Lãnh đạo NHNN;
- Văn phòng Chính phủ;
- Bộ Tư pháp (để kiểm tra);
- Công báo;
- Lưu: VP, Vụ CSTT, PC.

Nguyễn Đồng Tiến

Exhibit 204

**THE STATE BANK OF
VIETNAM**

No. 15/2013/TT-NHNN

**SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

Hanoi, June 27, 2013

CIRCULAR

**PROVIDING FOR THE MAXIMUM INTEREST RATES OF VND DEPOSIT OF
ORGANIZATIONS AND INDIVIDUALS AT CREDIT INSTITUTIONS AND BRANCHES
OF FOREIGN BANKS**

Pursuant to the Law on State Bank of Vietnam No. 46/2010/QH12 dated June 16, 2010;

Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010;

Pursuant to the Government's Decree No.96/2008/ND-CP dated August 26, 2008 regulating functions, tasks, powers and organizational structure of the State Bank of Vietnam;

At the proposal of the Director of the Monetary policy department;

The Governor of the State bank of Vietnam promulgates the Circular providing for maximum interest rate of VND deposit of organizations and individuals at the credit institutions, foreign banks' branches,

Article 1. Credit institutions and foreign banks' branches may define interest rates of VND deposit for organizations (except for credit institutions and foreign banks' branches) and individuals including promotion payments under all forms as follows:

1. The maximum interest rate of demand deposit and deposit with term of less than one month is 1.2% per annum.
2. The maximum interest rate of deposit with term of between 1 month and less than 6 months is 7.0% per year; people's credit funds and microfinance organizations may fix the maximum interest rate applicable to deposits with term of between 1 month and less than 6 months to be of 7.5 % per annum.
3. Credit institutions and foreign banks' branches shall fix the interest rates of the deposit with terms of 6 months or more on the basis of market capital demand and supply.
4. Deposits include forms of demand deposits, term deposits, saving deposits, deposit certificates, promissory notes, treasury bills, bills and other forms of deposit receipt of organizations (except for credit institutions and foreign banks' branches), individuals as prescribed in clause 13 Article 4 of Law on credit institutions.

Article 2. Maximum interest rates of deposit specified in Article 1 of this apply to the mode of interest payment on maturity and other modes of interest payment that are converted into the mode of interest payment on maturity.

Article 3. Credit institutions and foreign banks' branches shall publically post interest rates applicable to VND deposit at locations of deposit receipt in accordance with provisions of the State Bank of Vietnam. It is strictly prohibited for credit institutions and foreign banks' branches to carry out the promotion in all forms (in cash, interest rate and other forms) inconsistently with provisions of applicable laws and the provisions in this Circular.

Article 4. Organization for implementation

1. This Circular takes effect on June 28, 2013 and replaces the Circular No. 08/2013/TT-NHNN dated March 25, 2013 of the Governor of the State bank of Vietnam providing for maximum interest rate of VND deposit of organizations and individuals at the credit institutions and foreign banks' branches.

2. For interest rates applicable to term VND deposit mobilized from organizations, individuals at credit institutions and foreign banks' branches arising prior to the effective date of this Circular shall be carried out until the term is expired; in case where the agreed term is expired, organizations and individuals fail to come for receipt of deposit, credit institutions and foreign banks' branches shall define interest rates of deposit as prescribed in this Circular.

3. Banking Inspection and Supervision agencies and State Bank's branches in central-affiliated cities and provinces shall carry out the inspection, supervision over the implementation of provisions on the interest rates applicable to VND deposit; apply the measures within their authorities to deal with credit institutions and foreign banks' branches which violate this Circular.

4. The Director of the Administrative Department, Director of the Monetary Policy Department and Heads of units of the State Bank of Vietnam, Directors of the State Bank's branches in provinces and cities under the central Government's management; Chairmans of Board of Directors and Members' Councils and General Directors (Directors) of credit institutions, foreign banks' branches and related organizations, individuals shall be responsible for the implementation of this Circular.

**THE GOVERNOR OF THE STATE BANK
OF VIETNAM**

Nguyen Van Binh

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Exhibit 205

THE LATEST!

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Electronic price

table

Portfolio

17:40 **MG RX5 constantly drops in price: The smoothest version is reduced by 180 million, the size is the same as the Tucson but close to the standard Creta**

17:35 **Renovating old apartments: Removing bottlenecks**

17:35 **The border province bordering China is owned by a series of well-known enterprises, the land price is only 9 million VND/m2**

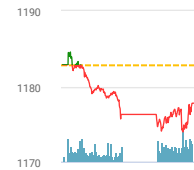
17:34 **HCMC: Switch work control facility shows signs of violation**

VNI: 1177.5 -5.36 -0.45%

HNX: 229.26 -0.51 -0.22%

GTGD: 15,114.513 tỷ VNĐ

GTGD: 1,124.41 tỷ VNĐ



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How did Governor Le Minh Hung respond to the proposal to remove the deposit interest ceiling?

01-11-2018 - 09:44 AM | Finance - banking

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The Governor said that currently, in the context of restructuring the credit institution system, maintaining interest rates is to support and stabilize the market. This is necessary in the current period, but when the system is better, safer and healthier, the SBV will consider removing unnecessary measures.

This morning (1/11), the National Assembly continued its Question and Answer Session within the framework of the 6th exam, the XIV National Assembly.

SBV Governor Le Minh Hung answered 2 questions posed by delegate Pham Dinh Cuc of Ba Ria Vung Tau Corps in the afternoon of October 31 on non-cash payment and employment, the SBV is maintaining administrative measures, ceiling valuation, mobilizing public opinion that this measure is no longer effective and non-market.

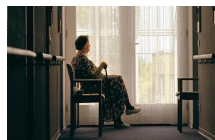
Regarding non-cash payment, the Governor said that, firstly, in terms of legal basis, the SBV has completed and issued 10 circulars to strengthen non-cash payment applications and ensure security and safety in payment activities. And especially recently, the SBV has banned domestic chip card standards for ATM cards as well as issued QR code specifications in the field of payment in Vietnam to meet the requirements of promoting non-cash payment as well as strengthening safety measures.

NEW CREDITS



9 million VND

The once-high-end smartphone king suddenly discovered the bottom at the dealership, the unboxing price is only from



In old age, parents lack these 3 things, children and grandchildren will suffer a hundred dimensions, rich at least blessed



3rd Ring Road Project - HCMC: No control

The second is about infrastructure and non-cash payment technology, which continues to receive advanced investment attention in recent years, by the end of August 2018, the number of POS machines increased by 23.6% compared to the end of 2016.

Thirdly, the e-banking link system was operated smoothly, stably and safely, the number and value of transactions in the first 8 months of 2018 increased by 28.3% and 30.1% respectively over the same period in 2017.

Fourth, transactions made under new payment methods grew very strongly. In the first 8 months of 2018, Internet payments increased by 48% in volume and 27.7% in value over the same period in 2017. Mobile payments increased by about 40% and 147%, respectively, in number and value. Transactions on POS also increased sharply.

On Wednesday, cashless payments in the public sector are also constantly being provided. The SBV has presented and been approved by the Prime Minister for the scheme on Strong supply of bank payment for public services. By the end of August 2018, the electronic payment banking system has been connected to the tax system at 63 provincial/city treasury.

"We have also provided communication work, recently the SBV coordinated with VTV to develop the program "Wise money" and "Wise children" to improve the community formula of key financial services," the Governor added, adding that in the near future attention will still be paid to the above issues.

Regarding the basis of delegates to apply the current interest rate ceiling, the head of the banking industry said that in spirit, the SBV completely agreed with delegates on the direction of a market economy to limit correct defense solutions, which is completely valid. Especially determine the interest rate of the school. However, since 2011, when the market had unfavorable forums affecting the macroeconomic situation and operation of the banking system, the SBV has applied a ceiling on deposit interest rates for tenors and gradually the operation of the school is also smoother. Just enough, the SBV has removed these regulations, currently only applying the interest rate ceiling for deposits for a term of less than 6 months. Apply interest rates to enforcement facilities.

Firstly, the financial market structure and market mechanism of our country have not been completed, in the context that although the capital market has just developed, it has not met the capital needs of the economy and the banking system is still the main capital supply channel for the economy. Therefore, the selective use of dosages, the time of appropriate administrative measures is still necessary to ensure the safety of money market operations.

Secondly, the number of credit institutions in our country is still relatively large, the quality is uneven, so the deposit interest rate ceiling of less than 6 months is maintained and fixed at a reasonable level closely following market supply and demand, stable impact on the money market and maintaining psychology, anchoring inflation expectations.

Third, it is still in the context of restructuring the system's credit institutions, so maintaining interest rates is also to support and stabilize the money market. With the implementation situation and operating results of the grassroots credit institutions, the application of interest rates is necessary in the current period.

"But when the credit institution system works better, safer and healthier, the SBV will consider removing unnecessary measures," the governor said.

>> In the morning of November 1, the SBV's Governor will answer questions related to the deposit interest rate ceiling regulation

Ye Chen
Young intellectuals

Exhibit 206

Niên giám thống kê

**Statistical Yearbook
of Viet Nam**

2018

Biên mục trên xuất bản phẩm của Thư viện Quốc gia Việt Nam

Niên giám thống kê Việt Nam năm 2018 = Statistical yearbook of Vietnam
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ĐTTS ghi: Tổng cục Thống kê

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TỔNG CỤC THỐNG KÊ
GENERAL STATISTICS OFFICE

Niên giám thống kê

**Statistical Yearbook
of Viet Nam**

2018

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STATISTICAL PUBLISHING HOUSE

LỜI NÓI ĐẦU

Niên giám Thống kê quốc gia là ấn phẩm được Tổng cục Thống kê xuất bản hàng năm, bao gồm những số liệu thống kê cơ bản phản ánh khái quát động thái và thực trạng kinh tế - xã hội của cả nước, của các vùng và các địa phương. Ngoài ra, nội dung Niên giám còn có số liệu thống kê chủ yếu của các nước và vùng lãnh thổ trên thế giới nhằm cung cấp thêm tư liệu tham khảo phục vụ yêu cầu nghiên cứu và so sánh quốc tế.

Bên cạnh các biểu số liệu và phần giải thích thuật ngữ, nội dung, phương pháp tính một số chỉ tiêu thống kê chủ yếu, niên giám còn bao gồm nội dung đánh giá khái quát những nét chính về tình hình kinh tế - xã hội cả nước và một số ngành, lĩnh vực năm 2018.

Tổng cục Thống kê trân trọng cảm ơn ý kiến đóng góp và sự giúp đỡ của các cơ quan, đơn vị, cá nhân về nội dung cũng như hình thức đối với ấn phẩm. Chúng tôi mong tiếp tục nhận được nhiều ý kiến góp ý để Niên giám Thống kê quốc gia ngày càng hoàn thiện và đáp ứng tốt hơn yêu cầu của các đối tượng sử dụng thông tin thống kê trong nước và quốc tế.

TỔNG CỤC THỐNG KÊ

FOREWORD

The Statistical Yearbook, an annual publication by General Statistics Office, comprises basic data reflecting the general socio-economic dynamic and situation of the whole country, regions and provinces. In addition, in this publication, there are also selected statistics of countries and territories in the world to provide reference information for studies and international comparison.

Beside data tables, explanations of terminologies, contents and methodologies of some key statistical indicators, statistical yearbook 2018 also assesses overview of socio-economic situation in 2018 and main features for some sectors.

General Statistics Office would like to express its great gratitude to all agencies, organizations and individuals for your comments as well as contributions to the content and form of this publication. We look forward to receiving further comments to perfect Viet Nam Statistical Yearbooks to better satisfy the demands of domestic and foreign data users.

GENERAL STATISTICS OFFICE

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TỔNG QUAN KINH TẾ - XÃ HỘI VIỆT NAM NĂM 2018

BỐI CẢNH KINH TẾ THẾ GIỚI VÀ TRONG NƯỚC

Kinh tế - xã hội nước ta năm 2018 diễn ra trong bối cảnh kinh tế thế giới tăng trưởng chậm lại và tiềm ẩn yếu tố khó lường. Thương mại toàn cầu tăng chậm hơn dự báo do những thay đổi trong chính sách thương mại của Mỹ, chiến tranh thương mại Mỹ - Trung ngày càng diễn biến phức tạp. Lạm phát toàn cầu những tháng đầu năm có xu hướng tăng cao hơn năm 2017 do giá năng lượng, đặc biệt giá dầu bình quân tăng mạnh. Bên cạnh đó, căng thẳng thương mại giữa các nước lớn cùng với xu hướng gia tăng chủ nghĩa bảo hộ mậu dịch có tác động đến sản xuất, xuất khẩu của Việt Nam và các nước trong khu vực. Ở trong nước, bên cạnh những thuận lợi từ kết quả tích cực trong năm 2017, nền kinh tế nước ta cũng đối mặt tình hình thời tiết diễn biến phức tạp, tác động đến giá lương thực, thực phẩm, ảnh hưởng tới mục tiêu kiểm soát lạm phát; giải ngân vốn đầu tư công đạt thấp.

Với phương châm hành động “Kỷ cương, liên chính, hành động, sáng tạo, hiệu quả”, Chính phủ, Thủ tướng Chính phủ đã lãnh đạo, chỉ đạo quyết liệt các bộ, ngành và địa phương tập trung thực hiện đồng bộ, hiệu quả các mục tiêu, nhiệm vụ, giải pháp tại các Nghị quyết của Đảng, Quốc hội, Chính phủ. Nhờ đó, tình hình kinh tế - xã hội quý IV và cả năm 2018 tiếp tục chuyển biến tích cực, đạt nhiều kết quả nổi bật như sau:

I. KẾT QUẢ KINH TẾ - XÃ HỘI NĂM 2018

Kinh tế Việt Nam năm 2018 khởi sắc trên cả ba khu vực sản xuất, cung - cầu của nền kinh tế cùng song hành phát triển. Tăng trưởng kinh tế năm 2018 đạt 7,08% so với năm 2017 - mức tăng cao nhất 11 năm qua. Chất lượng tăng trưởng và môi trường đầu tư kinh doanh được cải thiện, doanh nghiệp thành lập mới tăng mạnh. Nền tảng kinh tế vĩ mô được củng cố và từng bước được tăng cường. Tỷ lệ thất nghiệp, thiếu việc làm có xu hướng giảm dần. An sinh xã hội được quan tâm thực hiện.

1. Tăng trưởng kinh tế và các cân đối vĩ mô

Tổng sản phẩm trong nước (GDP) quý IV năm 2018 ước tính tăng 7,31% so với cùng kỳ năm trước, trong đó khu vực nông, lâm nghiệp và thủy sản tăng

3,90%; khu vực công nghiệp và xây dựng tăng 8,65% và khu vực dịch vụ tăng 7,61%. Tăng trưởng quý IV/2018 thấp hơn tăng trưởng quý IV/2017 nhưng cao hơn tăng trưởng quý IV các năm 2011-2016. Trên góc độ sử dụng GDP quý IV năm 2018, tiêu dùng cuối cùng tăng 7,51% so với cùng kỳ năm trước; tích lũy tài sản tăng 9,06%; xuất khẩu hàng hóa và dịch vụ tăng 10,69%; nhập khẩu hàng hóa và dịch vụ tăng 9,50%.

GDP cả năm 2018 tăng 7,08%, là mức tăng cao nhất kể từ năm 2008 trở về đây. Mức tăng trưởng năm nay vượt mục tiêu 6,7% đặt ra. Đây là kết quả sự điều hành quyết liệt của Chính phủ, Thủ tướng Chính phủ và nỗ lực của các cấp, các ngành, địa phương, cộng đồng doanh nghiệp và nhân dân cả nước. Trong mức tăng trưởng của toàn nền kinh tế năm 2018, khu vực nông, lâm nghiệp và thủy sản tăng 3,76%, đóng góp 8,7% vào mức tăng trưởng chung; khu vực công nghiệp và xây dựng tăng 8,85%, đóng góp 48,6%; khu vực dịch vụ tăng 7,03%, đóng góp 42,7%. Xét về góc độ sử dụng GDP năm 2018, tiêu dùng cuối cùng tăng 7,17% so với năm 2017; tích lũy tài sản tăng 8,22%; xuất khẩu hàng hóa và dịch vụ tăng 14,27%; nhập khẩu hàng hóa và dịch vụ tăng 12,81%.

Khu vực nông, lâm nghiệp và thủy sản đạt mức tăng trưởng cao nhất trong 7 năm qua, khẳng định chuyển đổi cơ cấu ngành đã phát huy hiệu quả, đặc biệt trong lĩnh vực nông nghiệp và nuôi trồng thủy sản. Cơ cấu cây trồng được chuyển dịch theo hướng tích cực, giống lúa mới chất lượng cao đang dần thay thế giống lúa truyền thống, phát triển mô hình theo tiêu chuẩn VietGap cho giá trị kinh tế cao. Mặc dù diện tích gieo trồng lúa trên cả nước năm nay giảm nhưng năng suất tăng cao nên sản lượng lúa cả năm 2018 ước tính đạt 43,98 triệu tấn, tăng 1,2 triệu tấn so với năm 2017. Nuôi trồng thủy sản tăng khá, sản lượng thủy sản nuôi trồng ước tính cả năm đạt 4,2 triệu tấn, tăng 6,9%.

Trong khu vực công nghiệp và xây dựng, ngành công nghiệp chế biến, chế tạo tiếp tục là điểm sáng đóng góp chính cho tăng trưởng kinh tế với mức tăng cao 12,98%, tuy thấp hơn mức tăng của năm 2017 nhưng cao hơn nhiều so với mức tăng các năm 2012-2016, đóng góp 2,55 điểm phần trăm vào mức tăng trưởng chung. Kết quả tăng trưởng cho thấy nền kinh tế đã thoát khỏi sự phụ thuộc vào khai thác khoáng sản và tài nguyên khi năm 2018 là năm thứ ba liên tiếp công nghiệp khai khoáng tăng trưởng âm (giảm 3,11%), làm giảm 0,23 điểm phần trăm mức tăng tổng giá trị tăng thêm của toàn nền kinh tế.

Khu vực dịch vụ năm 2018 tăng 7,03%, cao hơn mức tăng các năm giai đoạn 2012-2016, trong đó các ngành dịch vụ thị trường có tỷ trọng đóng góp lớn vào tăng trưởng GDP như bán buôn, bán lẻ; hoạt động tài chính, ngân hàng và bảo hiểm; dịch vụ lưu trú và ăn uống; vận tải, kho bãi... đều đạt mức tăng trưởng khá. Hoạt động thương mại dịch vụ năm 2018 có mức tăng trưởng khá,

sức mua tiêu dùng tăng cao, tổng mức bán lẻ hàng hóa và doanh thu dịch vụ tiêu dùng năm nay đạt 4.416,6 nghìn tỷ đồng, tăng 11,6% so với năm 2017.

Chất lượng tăng trưởng và hiệu quả kinh tế được cải thiện rõ nét:

- Tăng trưởng kinh tế dần chuyển dịch theo chiều sâu, tỷ lệ đóng góp của năng suất các nhân tố tổng hợp (TFP) trong tăng trưởng GDP năm 2018 đạt 45,2%, bình quân giai đoạn 2016-2018 đạt 43,9%, cao hơn nhiều so với mức bình quân 33,6% của giai đoạn 2011-2015. Tỷ lệ vốn đầu tư toàn xã hội thực hiện/GDP năm 2018 đạt 33,5%, đảm bảo mục tiêu Quốc hội đề ra từ 33-34%.

- Năng suất lao động của Việt Nam thời gian qua có sự cải thiện đáng kể theo hướng tăng đều qua các năm và là quốc gia có tốc độ tăng NSLĐ cao trong khu vực ASEAN. NSLĐ toàn nền kinh tế theo giá hiện hành năm 2018 ước tính đạt 102,2 triệu đồng/lao động (tương đương 4.521 USD), tăng 355 USD so với năm 2017. Tính theo giá so sánh, NSLĐ năm 2018 tăng 6,0% so với năm 2017, bình quân giai đoạn 2016-2018 tăng 5,77%/năm, cao hơn mức tăng 4,35%/năm của giai đoạn 2011-2015.

- Hiệu quả sử dụng vốn đầu tư thể hiện qua chỉ số ICOR đang dần được cải thiện, từ mức 6,42 năm 2016 giảm xuống còn 6,11 năm 2017 và ước tính năm 2018 là 5,97, bình quân giai đoạn 2016-2018 hệ số ICOR ở mức 6,17, thấp hơn mức 6,25 của giai đoạn 2011-2015.

- Độ mở của nền kinh tế ngày càng lớn, năm 2018 tổng kim ngạch xuất nhập khẩu hàng hóa và dịch vụ so với GDP đạt 208,3%, điều này chứng tỏ Việt Nam khai thác được thế mạnh của kinh tế trong nước đồng thời tranh thủ được thị trường thế giới.

- Quy mô nền kinh tế ngày càng được mở rộng nhờ duy trì tốc độ tăng trưởng khá. GDP theo giá hiện hành năm 2018 đạt 5.542,3 nghìn tỷ đồng, gấp 2 lần quy mô GDP năm 2011. GDP bình quân đầu người năm 2018 ước tính đạt 58,5 triệu đồng, tương đương 2.590 USD, tăng 201 USD so với năm 2017.

- Cơ cấu kinh tế của Việt Nam tiếp tục chuyển dịch tích cực theo xu hướng giảm tỷ trọng nông, lâm nghiệp và thủy sản; tăng tỷ trọng ngành công nghiệp, xây dựng và ngành dịch vụ. Năm 2018, khu vực nông, lâm nghiệp và thủy sản chiếm tỷ trọng 14,68% GDP; khu vực công nghiệp và xây dựng chiếm 34,23%; khu vực dịch vụ chiếm 41,12%; thuế sản phẩm trừ trợ cấp sản phẩm chiếm 9,97%.

Bên cạnh đó, một số chỉ tiêu kinh tế khác đã cho thấy dấu hiệu tích cực của nền kinh tế: Theo báo cáo của Nikkei, tâm lý kinh doanh vẫn rất lạc quan

khi chỉ số nhà quản trị mua hàng (PMI) luôn ở mức mở rộng. Chỉ số này tăng từ mức 51,6 điểm trong tháng 3, tăng cao 55,7 điểm trong tháng 6, đạt đỉnh 56,5 điểm trong tháng 11. Kết quả này báo hiệu sự cải thiện mạnh mẽ sức khỏe của lĩnh vực sản xuất và các điều kiện kinh doanh của các nhà sản xuất Việt Nam và từ đó tạo đà cho một năm 2019 phát triển tích cực.

2. Xuất, nhập khẩu hàng hóa

Kim ngạch hàng hóa xuất khẩu năm 2018 ước tính đạt 243,7 tỷ USD, tăng 13,3% so với năm 2017 (vượt mục tiêu Quốc hội đề ra là tăng 7%-8% và Nghị quyết 01 của Chính phủ là tăng 8%-10%), trong đó khu vực kinh tế trong nước đạt 69,7 tỷ USD, tăng 15,8% so với năm 2017, chiếm 28,6% tổng kim ngạch xuất khẩu của cả nước; khu vực có vốn đầu tư nước ngoài (kể cả dầu thô) đạt 174 tỷ USD, tăng 12,3%, chiếm 71,4% (giảm 0,6 điểm phần trăm so với năm 2017). Năm 2018, khu vực kinh tế trong nước chuyển biến tích cực khi đạt tốc độ tăng trưởng kim ngạch xuất khẩu cao hơn khu vực có vốn đầu tư nước ngoài với tỷ trọng trong tổng kim ngạch xuất khẩu tăng lên so với năm 2017¹. Trong năm 2018 có 29 mặt hàng đạt kim ngạch xuất khẩu trên 1 tỷ USD, chiếm tới 91,7% tổng kim ngạch xuất khẩu của cả nước, trong đó có 5 mặt hàng đạt trên 10 tỷ USD, chiếm 58,2%.

Kim ngạch hàng hoá nhập khẩu năm 2018 ước tính đạt 237,2 tỷ USD, tăng 11,2% so với năm trước, trong đó có 37 mặt hàng ước tính kim ngạch nhập khẩu đạt trên 1 tỷ USD, chiếm 90,4% tổng kim ngạch, trong đó có 4 mặt hàng trên 10 tỷ USD, chiếm 44,2%.

Ước tính cả năm 2018, tổng kim ngạch xuất nhập khẩu hàng hóa thiết lập mức kỷ lục mới với 480,9 tỷ USD. Cán cân thương mại hàng hóa xuất siêu 6,5 tỷ USD, là năm có giá trị xuất siêu lớn nhất từ trước đến nay, cao hơn rất nhiều mức xuất siêu 1,9 tỷ USD của năm 2017, vượt xa mục tiêu Quốc hội đề ra là tỷ lệ nhập siêu dưới 3%.

3. Lạm phát được kiểm soát

Chỉ số giá tiêu dùng (CPI) tháng 12/2018 giảm 0,25% so với tháng trước; CPI bình quân năm 2018 tăng 3,54% so với năm 2017, dưới mục tiêu Quốc hội đề ra; CPI tháng 12/2018 tăng 2,98% so với tháng 12/2017.

Lạm phát cơ bản tháng 12/2018 tăng 0,09% so với tháng trước và tăng 1,7% so với cùng kỳ năm trước. Lạm phát cơ bản bình quân năm 2018 tăng 1,48% so với bình quân năm 2017.

¹ Năm 2017, kim ngạch xuất khẩu của khu vực kinh tế trong nước tăng 19,6% so với năm trước, chiếm 28% tổng kim ngạch xuất khẩu; khu vực có vốn đầu tư nước ngoài (kể cả dầu thô) tăng 22,7%, chiếm 72%.

4. Tình hình đăng ký doanh nghiệp

Trong năm 2018, cả nước có 131,3 nghìn doanh nghiệp đăng ký thành lập mới với tổng vốn đăng ký là 1.478,1 nghìn tỷ đồng, tăng 3,5% về số doanh nghiệp và tăng 14,1% về số vốn đăng ký so với năm 2017; vốn đăng ký bình quân một doanh nghiệp thành lập mới đạt 11,3 tỷ đồng, tăng 10,2%. Nếu tính cả 2.408,8 nghìn tỷ đồng vốn đăng ký tăng thêm của các doanh nghiệp thay đổi tăng vốn thì tổng số vốn đăng ký bổ sung thêm vào nền kinh tế trong năm nay là 3.886,9 nghìn tỷ đồng. Bên cạnh đó, còn có hơn 34 nghìn doanh nghiệp quay trở lại hoạt động, tăng 28,6% so với năm trước, nâng tổng số doanh nghiệp đăng ký thành lập mới và doanh nghiệp quay trở lại hoạt động trong năm 2018 lên gần 165,3 nghìn doanh nghiệp. Tổng số lao động đăng ký của các doanh nghiệp thành lập mới trong năm là 1.107,1 nghìn người, giảm 4,7% so với năm trước. Trong năm nay, số doanh nghiệp tạm ngừng hoạt động là 90.651 doanh nghiệp, tăng 49,7% so với năm trước, bao gồm 27.126 doanh nghiệp đăng ký tạm ngừng kinh doanh có thời hạn, tăng 25,1% và 63.525 doanh nghiệp tạm ngừng hoạt động không đăng ký hoặc chờ giải thể, tăng 63,4%²; số doanh nghiệp hoàn tất thủ tục giải thể là 16.314 doanh nghiệp, tăng 34,7%.

5. Thu hút đầu tư nước ngoài

Đầu tư trực tiếp của nước ngoài từ đầu năm đến thời điểm 31/12/2018 thu hút 3.147 dự án cấp phép mới với số vốn đăng ký đạt 18,5 tỷ USD, tăng 14,8% về số dự án và giảm 16,5% về vốn đăng ký so với năm 2017. Bên cạnh đó, có 1.195 lượt dự án đã cấp phép từ các năm trước đăng ký điều chỉnh vốn đầu tư với số vốn tăng thêm đạt 7,8 tỷ USD, giảm 10% so với năm trước. Như vậy, tổng số vốn đăng ký cấp mới và vốn tăng thêm trong năm 2018 đạt 26,3 tỷ USD, giảm 14,7% so với năm 2017. Vốn đầu tư trực tiếp nước ngoài thực hiện năm 2018 ước tính đạt 19,1 tỷ USD, tăng 9,1% so với năm 2017.

6. Hoạt động ngân hàng, bảo hiểm

Tính đến cuối năm 2018, tổng phương tiện thanh toán tăng 12,44% so với cuối năm 2017 (cuối năm 2017 tăng 14,97%); huy động vốn của các tổ chức tín dụng tăng 12,82% (cuối năm 2017 tăng 14,04%); tăng trưởng tín dụng của nền kinh tế đạt 13,93% (cuối năm 2017 tăng 18,24%).

² Số doanh nghiệp tạm ngừng hoạt động không đăng ký hoặc chờ giải thể tăng cao trong đó có nguyên nhân từ tháng 4/2018 các phòng đăng ký kinh doanh trên cả nước đang rà soát, chuẩn hóa dữ liệu, loại bỏ các doanh nghiệp không còn hoạt động trong thời gian dài.

Thị trường bảo hiểm năm 2018 tiếp tục đạt mức tăng trưởng cao, doanh thu phí bảo hiểm toàn thị trường ước tính đạt 131,9 nghìn tỷ đồng, tăng 22,36% so với năm trước, trong đó bảo hiểm nhân thọ đạt 86,2 nghìn tỷ đồng, tăng 30,2% và bảo hiểm phi nhân thọ đạt 45,7 nghìn tỷ đồng, tăng 9,9%.

7. Khách quốc tế đến Việt Nam

Hoạt động du lịch trong năm 2018 đạt được kết quả ấn tượng với số khách quốc tế đến nước ta đạt mức kỷ lục 15,5 triệu lượt người, tăng 19,9% so với năm 2017 (tăng hơn 2,6 triệu lượt khách). Khách từ châu Á đạt 12.075,5 nghìn lượt người, tăng 23,7% so với năm trước; khách đến từ châu Âu đạt 2.037,9 nghìn lượt người, tăng 8,1%; khách đến từ châu Mỹ đạt 903,8 nghìn lượt người, tăng 10,6%; khách đến từ châu Úc đạt 437,8 nghìn lượt người, tăng 4%; khách đến từ châu Phi đạt 42,8 nghìn lượt người, tăng 19,2%.

8. Một số nét về tình hình xã hội

Đời sống dân cư năm 2018 nhìn chung được cải thiện. Chỉ số phát triển con người (HDI) đạt mức khá với 0,706. Công tác an sinh xã hội tiếp tục được quan tâm thực hiện. Theo báo cáo sơ bộ, tổng kinh phí dành cho hoạt động an sinh xã hội và giảm nghèo trong năm 2018 là 4.977 tỷ đồng, bao gồm 2.792 tỷ đồng quà thăm hỏi và hỗ trợ các đối tượng chính sách; 1.487 tỷ đồng hỗ trợ các hộ nghèo và 698 tỷ đồng cứu đói, cứu trợ xã hội khác. Bên cạnh đó, đã có gần 23,6 triệu thẻ bảo hiểm y tế, sổ/thẻ khám chữa bệnh miễn phí được phát tặng cho các đối tượng chính sách trên địa bàn cả nước.

Năm 2018, thu nhập bình quân một người một tháng ước tính đạt 3,88 triệu đồng (tăng 778 nghìn đồng so với năm 2016), tăng 25,1% so với năm 2016 (bình quân giai đoạn 2016-2018 tăng 11,9%/năm), trong đó khu vực thành thị đạt 5,62 triệu đồng, tăng 23,5%; khu vực nông thôn đạt 2,99 triệu đồng, tăng 23,4%. Thu nhập bình quân 1 người 1 tháng năm 2018 theo giá hiện hành của các vùng trên cả nước đều tăng so với năm 2016, trong đó vùng Đồng bằng sông Cửu Long là vùng có tốc độ tăng thu nhập cao nhất với 29,1%, tiếp đó là vùng Bắc Trung Bộ và duyên hải miền Trung 27,9%; vùng Trung du và miền núi phía Bắc tăng 25,1%; vùng Đồng bằng sông Hồng tăng 24,5%; vùng Đông Nam Bộ tăng 22,5% và vùng Tây Nguyên tăng 22,4%. Tuy nhiên, thu nhập giữa các vùng có sự chênh lệch, vùng Đông Nam Bộ có thu nhập bình quân đầu người cao nhất (đạt 5,71 triệu đồng), gấp 2,3 lần so với vùng có thu nhập bình quân đầu người thấp nhất là Trung du và miền núi phía Bắc (2,45 triệu đồng). Thu nhập bình quân 1 người 1 tháng của nhóm 20% số hộ có thu nhập bình quân đầu người cao nhất đạt 9,32 triệu đồng, tăng 23,5% so với năm 2016 và

gấp 10 lần nhóm 20% số hộ có thu nhập bình quân đầu người thấp nhất đạt 932 nghìn đồng, tăng 20,9%. Chênh lệch thu nhập và phân hoá giàu nghèo trong dân cư còn được thể hiện qua Hệ số bất bình đẳng trong phân phối thu nhập (hệ số GINI)³. Hệ số GINI về thu nhập tính chung cả nước năm 2018 là 0,424; trong đó khu vực nông thôn là 0,407 có sự chênh lệch nhiều hơn so với 0,372 của khu vực thành thị. Chênh lệch thu nhập và phân hoá giàu nghèo trong dân cư năm 2018 đã có sự cải thiện, giảm từ 0,431 năm 2016 xuống còn 0,424, trong đó khoảng cách này được thu hẹp nhiều hơn ở khu vực thành thị từ 0,391 xuống còn 0,372; nông thôn ít thay đổi từ 0,408 xuống 0,407.

Về chi tiêu, tính chung cả nước, chi tiêu theo giá hiện hành bình quân 1 người 1 tháng năm 2018 đạt 2,55 triệu đồng, tăng 18% so với năm 2016, bình quân giai đoạn 2016-2018 tăng 8,6%/năm, trong đó chi tiêu bình quân đầu người 1 tháng ở khu vực nông thôn đạt 2,1 triệu đồng, tăng 19,3%; khu vực thành thị đạt 3,5 triệu đồng, tăng 14,3%. Cơ cấu chi tiêu theo chi đời sống và chi khác không có sự thay đổi đáng kể so với những năm trước. Tỷ trọng chi tiêu cho đời sống trong chi tiêu bình quân đầu người một tháng năm 2018 chiếm 93%, chi tiêu khác chiếm 7% (Hai tỷ trọng tương ứng của năm 2014 là 93,4% và 6,6%, 2016 là 93,5% và 6,5%).

Tỷ lệ hộ nghèo theo tiếp cận đa chiều năm 2018 ước tính là 6,8%, giảm 1,1 điểm phần trăm so với năm 2017, trong đó khu vực thành thị 1,5%, giảm 1,2 điểm phần trăm và nông thôn 9,6%, giảm 1,2 điểm phần trăm. Trong các vùng miền, Trung du và miền núi phía Bắc có tỷ lệ hộ nghèo tiếp cận đa chiều cao nhất (18,4%) và vùng Đông Nam Bộ có tỷ lệ hộ nghèo tiếp cận đa chiều thấp nhất cả nước (0,6%).

Dân số trung bình năm 2018 của cả nước ước tính 94,7 triệu người, tăng 988,4 nghìn người, tương đương tăng 1,06% so với năm 2017, bao gồm dân số thành thị 33,8 triệu người, chiếm 35,7%; dân số nông thôn 60,9 triệu người, chiếm 64,3%; dân số nam 46,8 triệu người, chiếm 49,4%; dân số nữ 47,9 triệu người, chiếm 50,6%.

Lực lượng lao động từ 15 tuổi trở lên năm 2018 là 55,4 triệu người, tăng 530,5 nghìn người so với năm trước, trong đó tốc độ tăng ở khu vực thành thị cao hơn so với khu vực nông thôn 2,1 điểm phần trăm. Lao động 15 tuổi trở lên

³ Hệ số GINI có giá trị từ 0 đến 1. Giá trị của hệ số GINI bằng 0 thể hiện sự bình đẳng tuyệt đối và ngược lại nếu hệ số GINI bằng 1 thể hiện sự bất bình đẳng tuyệt đối. Theo đó thì giá trị của hệ số GINI càng lớn thì sự bất bình đẳng càng cao.

đang làm việc trong các ngành kinh tế năm 2018 ước tính 54,2 triệu người, tăng 546,1 nghìn người so với năm trước và tăng mạnh ở khu vực thành thị.

Tỷ lệ thất nghiệp của lực lượng lao động trong độ tuổi năm 2018 là 2,19%, trong đó khu vực thành thị là 3,10%; khu vực nông thôn là 1,73%. Tỷ lệ thiếu việc làm của lao động trong độ tuổi ước tính là 1,40%, trong đó tỷ lệ thiếu việc làm khu vực thành thị là 0,65%; tỷ lệ thiếu việc làm khu vực nông thôn là 1,78%.

II. MỘT SỐ THÁCH THỨC, KHÓ KHĂN VÀ ĐỘNG LỰC CHO NĂM 2019

Với độ mở lớn cùng tiến trình hội nhập kinh tế quốc tế ngày càng sâu rộng, kinh tế Việt Nam sẽ chịu tác động đan xen nhiều mặt bởi các diễn biến kinh tế quốc tế ngày càng phức tạp, khó lường. Đồng thời, với quy mô kinh tế nhỏ, việc ứng phó với các biến động trong tương lai của Việt Nam có thể sẽ gặp khó khăn hơn bởi dư địa tài chính, tiền tệ hạn hẹp.

Kinh tế thế giới đang tiếp tục xu hướng tăng trưởng chậm lại với các yếu tố rủi ro, thách thức gia tăng. WB; IMF và OECD đã hạ dự báo tăng trưởng kinh tế thế giới xuống 3,7% năm 2018 và 3,5% năm 2019. Tăng trưởng kinh tế của các nền kinh tế chủ chốt không còn diễn ra đồng đều trên diện rộng như năm 2017 và đầu năm 2018, động lực của các nền kinh tế lớn suy giảm, hầu hết các nền kinh tế đang nổi tăng trưởng chậm lại. Cạnh tranh chiến lược tiếp tục gia tăng quyết liệt hơn thông qua liên kết kinh tế, đồng thời bất đồng giữa các nước lớn về định hình hệ thống thương mại toàn cầu ngày càng sâu sắc. Xu hướng tăng lãi suất, biến động khó lường trên thị trường tài chính - tiền tệ quốc tế và giá dầu tiếp tục diễn biến phức tạp tác động đến tăng trưởng tín dụng, tâm lý và kỳ vọng thị trường. Kinh tế Mỹ đang quá “nóng” do đó Mỹ sẽ tiếp tục tăng lãi suất khiến đồng USD tăng giá tạo áp lực không nhỏ lên điều hành chính sách tiền tệ và tỷ giá của nước ta.

Bên cạnh yếu tố về thương mại toàn cầu suy giảm, cạnh tranh chiến lược diễn biến phức tạp, xu hướng gia tăng của chủ nghĩa dân túy, chủ nghĩa bảo hộ sản xuất, bảo hộ mậu dịch cùng những thay đổi về địa chính trị cũng là thách thức đối với kinh tế thế giới và gây ảnh hưởng tới kinh tế Việt Nam.

Trong Báo cáo năng lực cạnh tranh toàn cầu năm 2018, Diễn đàn Kinh tế thế giới đánh giá Việt Nam đứng thứ 77/140 nền kinh tế với số điểm và thứ hạng tương đối cao về ổn định kinh tế vĩ mô; Y tế sức khỏe; quy mô thị trường đạt 71/100 điểm (xếp thứ 29/140 - là chỉ số Việt Nam có thứ hạng cao nhất). Tuy vậy, các chỉ số đóng vai trò quyết định đến năng lực cạnh tranh của nền kinh tế trong bối cảnh Cách mạng công nghiệp 4.0 của Việt Nam đạt thấp: năng

lực đổi mới sáng tạo đạt 33/100 điểm; thị trường lao động đạt 56/100 điểm; thể chế đạt 50/100 điểm; khả năng tiếp cận công nghệ đạt 43/100 điểm; kỹ năng lao động đạt 54/100 điểm; cơ sở hạ tầng đạt 65/100 điểm; hệ thống tài chính đạt 62/100 điểm; năng động của doanh nghiệp đạt 54/100 điểm; thị trường sản phẩm đạt 52/100 điểm.

Bên cạnh những thách thức, năm 2018 nền kinh tế Việt Nam đã tạo dựng các động lực có tính nền tảng cho tăng trưởng kinh tế năm 2019 và các năm tiếp theo.

(1) Hội nhập kinh tế quốc tế của Việt Nam chuyển sang giai đoạn mới, gắn kết chặt chẽ với nền kinh tế khu vực và toàn cầu, đánh dấu thời điểm nước ta hoàn thành lộ trình cam kết gia nhập Tổ chức Thương mại Thế giới và cắt giảm thuế quan theo Hiệp định Thương mại hàng hóa ASEAN, bắt đầu thực thi các cam kết FTA với mức độ cắt giảm sâu rộng. Việt Nam đã ký kết và chuẩn bị triển khai các FTA thế hệ mới như Hiệp định Đối tác Toàn diện và Tiến bộ xuyên Thái Bình Dương (CPTPP), Hiệp định thương mại tự do Việt Nam - EU (EVFTA) với những cam kết sâu rộng, tiêu chuẩn cao và mở rộng trên nhiều lĩnh vực. Những thỏa thuận FTA này tạo động lực cho tăng trưởng kinh tế nước ta với độ mở cao của nền kinh tế, đồng thời tăng cường cơ hội thu hút và tận dụng dòng vốn FDI trong năm 2019 và những năm tiếp theo.

(2) Kinh tế tư nhân phát triển mạnh mẽ sẽ là nền tảng quan trọng đóng góp rất lớn cho kinh tế Việt Nam. Thời gian qua, môi trường kinh doanh của nước ta đã có những cải thiện rõ rệt, cộng đồng doanh nghiệp được thụ hưởng nhiều kết quả về cải cách thông qua việc cắt giảm điều kiện đầu tư kinh doanh, đơn giản hóa thủ tục hành chính và các chính sách hỗ trợ doanh nghiệp phát triển. Làn sóng khởi nghiệp hình thành đã huy động được nguồn vốn cho nền kinh tế: Năm 2016 có hơn 110 nghìn doanh nghiệp thành lập mới; năm 2017 có gần 127 nghìn doanh nghiệp; năm 2018 có hơn 131 nghìn doanh nghiệp thành lập mới, nếu tính chung cả vốn đăng ký mới và vốn đăng ký tăng thêm thì năm 2018 ước tính các doanh nghiệp bổ sung cho nền kinh tế gần 3,9 triệu tỷ đồng.

(3) Chuyển đổi cơ cấu kinh tế không chỉ diễn ra giữa các ngành kinh tế mà còn có xu hướng chuyển đổi tích cực trong nội bộ ngành sẽ góp phần thúc đẩy tăng trưởng kinh tế cả về tốc độ và chất lượng trong thời gian tới. Lĩnh vực sản xuất nông nghiệp đang chuyển đổi cơ cấu cây trồng từ loại cây có giá trị thấp sang loại cây có giá trị cao; nuôi trồng thủy sản tập trung chuyển sang các loài trọng điểm dùng làm nguyên liệu chế biến xuất khẩu, đặc biệt là nuôi tôm nước lợ. Chuyển đổi đất sản xuất nông nghiệp sang nuôi trồng thủy sản nâng cao giá trị sản xuất gấp 2,3 lần, trong đó riêng chuyển đổi 1 ha đất canh tác lúa

sang nuôi tôm nước lợ sẽ nâng cao giá trị gấp khoảng 5 lần. Lĩnh vực công nghiệp chuyển dịch theo hướng phát triển các ngành công nghiệp có giá trị gia tăng cao và giá trị xuất khẩu lớn, trong đó công nghiệp chế biến, chế tạo sẽ tiếp tục là động lực quan trọng cho tăng trưởng năm 2019 với sự hỗ trợ tích cực của khu vực doanh nghiệp FDI, đặc biệt là từ các tập đoàn kinh tế lớn, có chuỗi giá trị toàn cầu như Samsung, LG, Formosa, Toyota...

(4) Nhiều năng lực sản xuất mới được bổ sung vào nền kinh tế trong năm 2019. Dự kiến năm 2019, bên cạnh hơn 3 triệu m² sàn xây dựng nhà ở và trung tâm thương mại, nhiều dự án, công trình lớn sẽ đi vào sản xuất kinh doanh như: Tổ hợp Nhà máy Vinfast tại Hải Phòng với công suất 250 nghìn xe/năm; dự án đầu tư công trình Nhà máy điện sông Hậu tỉnh Hậu Giang có công suất 1200 MW; dự án BOT Bắc Giang - Lạng Sơn với chiều dài 63,9 km; công trình đường cao tốc La Sơn - Túy Loan tại Thừa Thiên - Huế với chiều dài 78 km... Bên cạnh đó, nhiều nhà máy chế biến thực phẩm dự kiến đi vào hoạt động trong năm 2019 và hàng loạt công trình, dự án khác sẽ là động lực quan trọng thúc đẩy tăng trưởng kinh tế và bảo đảm an sinh xã hội trong năm 2019.

(5) Với quy mô dân số trên 95 triệu dân Việt Nam và số lượng khách quốc tế đến nước ta ngày càng tăng cao là thị trường tiềm năng tạo động lực cho khu vực sản xuất, dịch vụ và tăng trưởng năm 2019, đặc biệt trong bối cảnh Việt Nam hiện nằm trong top 10 điểm phát triển du lịch nhanh nhất thế giới với số lượng khách quốc tế dự kiến tiếp tục tăng cao trong năm 2019.

OVERVIEW ON SOCIO-ECONOMIC SITUATION IN VIET NAM IN 2018

INTERNATIONAL AND NATIONAL ECONOMIC BACKGROUND

The Vietnamese socio-economy in 2018 performed in the context of sluggish growth and hidden unpredictable factors of the world economy. The global trade increased more slowly than it was expected due to changes in the US trade policy and the increasingly complicated US-China trade war. The global inflation in the early months of the year tended to rise higher than that in 2017 because of an acceleration of the energy prices, especially the average oil price. Besides, the trade tension among powerful countries and the rising trend of trade protectionism exerted influence on production and export of Viet Nam and other countries in the region. In the country, in addition to the advantages from positive results achieved in 2017, the Vietnamese economy encountered complicated weather conditions, which affected food prices and the control of target inflation; the disbursement of public investment was low.

With the motto of “Discipline, integrity, action, creativity and efficiency”, the Government and the Prime Minister drastically led and directed the ministries, agencies, and localities to focus on synchronous and effective implementation of goals, tasks, and solutions set out in the Resolutions of the Party, the National Assembly and the Government. As a result, the socio-economic performances in the fourth quarter and the whole year of 2018 continued to change positively and achieved outstanding results as follows:

I. SOCIO-ECONOMIC ACHIEVEMENTS IN 2018

The Vietnamese economy in 2018 flourished in all three production sectors, and the supply and demand of the economy kept abreast of the development. The economic growth rate in 2018 reached 7.08% compared to that in 2017 - the highest increase in the last 11 years. The quality of growth and the environment for investment and business were improved. The number of newly established enterprises increased sharply. The macroeconomic conditions were strengthened and gradually enhanced. The unemployment and underemployment rates tended to decrease. Attention was also paid to the social security.

1. Economic growth and macro-economic balances

Gross domestic product (GDP) in the fourth quarter of 2018 was estimated to increase by 7.31% over the same period of the previous year, of which the increase of the agriculture, forestry and fishing; the industry and construction; and the service sector were 3.90%, 8.65%, and 7.61%, respectively. Although the growth rate in the fourth quarter of 2018 was lower than the same period in 2017, it was higher than that in the fourth quarter of the years from 2011 to 2016. From the expenditure approach of GDP, in the fourth quarter of 2018, the final consumption increased by 7.51% over the same period of the previous year; the gross capital formation increased by 9.06%; the export of goods and services rose by 10.69%; and the import of goods and services surged by 9.50%.

The GDP growth rate reached 7.08% in 2018, the highest recorded since 2008 onwards. This year's growth rate exceeded the target of 6.7%. This was the result of drastic directions of the Government, the Prime Minister, and the efforts of all authority levels, localities, enterprise community, and people through out the country. In the overall growth rate of the whole economy, the growth rates of the agriculture, forestry and fishing; the industry and construction; and the service sector were 3.76%, 8.85%, and 7.03%, respectively and their corresponding shares were 8.7%, 48.6%, and 42.7%. From the expenditure approach of GDP, in 2018, the final consumption increased by 7.17% compared to that in 2017; the gross capital formation rose by 8.22%; the export of goods and services expanded by 14.27%; and the import of goods and services rose by 12.81%.

The agriculture, forestry and fishing achieved the highest growth rate in the last 7 years, affirming the effectiveness of changing economic activities' structure, especially in agriculture and aquaculture. The conversion of crops pattern followed positive direction by gradually replacing the traditional paddy with the new quality one and the development of VietGAP-standard production model of high economic value. Although the planted area of paddy in the whole country decreased, the paddy production in 2018 was estimated at 43.98 million tons, a rise of 1.2 million tons compared with that in 2017 thanks to the increased yield. The aquaculture increased substantially, of which the aquaculture production was estimated to reach 4.2 million tons in 2018, an increase of 6.9%.

In the industry and construction sector, the manufacturing continued to be the main contributor to the economic growth, with a drastic increase of 12.98%, lower than the figure of the same period in 2017 but much higher than the

growth rates in the years from 2012 to 2016, contributing 2.55 percentage points to the overall growth. The above-mentioned results showed that the economy escaped from its dependence on the mineral and resource exploitation as mining and quarrying endured a negative growth for the third consecutive years in 2018 (a decline of 3.11%), reducing 0.23 percentage points of the economy's total added value.

The service sector increased by 7.03% in 2018, higher than that in the period of 2012-2016, of which market service activities contributing a large proportion to the GDP growth were wholesale and retail trade; financial, banking and insurance activities; accommodation and food service activities; and transportation and storage, etc; all achieved an impressive growth rate. Trade and service activities in 2018 saw a considerable growth with high consumption. The gross retail sales of goods and services reached 4,416.6 trillion VND in 2018, an increase of 11.6% over 2017.

The quality of growth and economic efficiency improved markedly:

- The economic growth was more deepening. The contribution of total factor productivity (TFP) to GDP growth in 2018 reached 45.2%. This figure in the period 2016-2018 reached 43.9% on average, much higher than the average of 33.6% in the period 2011-2015. The ratio of total implemented investment to GDP reached 33.5% in 2018, ensuring the target of 33% to 34% set by the National Assembly.

- Viet Nam's labor productivity improved remarkably over the years and enjoyed a high growth rate in the ASEAN region. The labor productivity at current prices of the whole economy in 2018 was estimated at 102.2 million VND per employee (equivalent to 4,521 USD), an increase of 355 USD compared to that in 2017. In terms of constant prices, the labor productivity rose by 6.0% in 2018 compared to that in 2017. The annual growth rate of the labor productivity was 5.77% in the period 2016-2018, higher than that of the period 2011-2015 (4.35%).

- Investment efficiency, reflected in ICOR, improved gradually from 6.42 in 2016 to 6.11 in 2017, and estimated to be 5.97 in 2018. The average ICOR was 6.17 in the period 2016-2018, lower than the figure of 6.25 in the period 2011-2015.

- The openness of the economy grew considerably. The total export-import turnover of goods and services was 208.3% in 2018, which showed that Viet Nam both exploited the strength of its domestic economy and took advantages of the world market.

- The increasingly expanded size of the economy was attributed to maintaining a relatively good growth rate. GDP at current prices reached 5,542.3 trillion VND in 2018, doubling this figure in 2011. GDP per capita was estimated at 58.5 million VND in 2018, equivalent to 2,590 USD, an increase of 201 USD compared to that in 2017.

- The economic structure of Viet Nam continued to shift positively in the trend of reducing the share of the agriculture, forestry and fishing sector, and increasing the proportion of the industry, construction and service sectors. In 2018, the agriculture, forestry and fishing sector accounted for 14.68% of GDP; the industry and construction sector made up 34.23%; the service sector comprised 41.12%; and the taxes less subsidies on production represented 9.97%.

Further more, some other economic indicators showed positive signs of the economy. According to the Nikkei report, the optimistic business sentiment still remained high when the purchasing managers index (PMI) was always at expansion level. This index increased significantly from 51.6 in March to 55.7 in June, and peaked at 56.5 in November. The result signaled a remarkable improvement in the health of the production sectors as well as business conditions of the Vietnamese manufacturers, and thereby created drivers for positive development in 2019.

2. Export and import of goods

The export turnover of goods was estimated at 243.7 billion USD in 2018, an increase of 13.3% compared to that in 2017 (exceeding the target of 7% - 8% set by the National Assembly and 8% - 10% in the Government Resolution 01), of which the domestic economic sector reached 69.7 billion USD, going up by 15.8% compared to that 2017, accounting for 28.6% of the total export turnover of the country; and the FDI sector (including crude oil) gained 174 billion USD, rising by 12.3%, sharing 71.4% (a decline of 0.6 percentage points over 2017). In 2018, the domestic economic sector changed positively and reached a higher export turnover growth rate than the FDI sector, with an increased proportion of the total export turnover compared to that in 2017¹. 29 products had an export turnover of over 1 billion USD, accounting for 91.7% of the total export turnover of the whole country, of which 5 products reached over 10 billion USD, sharing 58.2%.

¹ In 2017 the export turnover of domestic economic sector rised by 19.6% compared to previous year, accounting for 28% of the total export turnover; the FDI sector (including crude oil) increased by 22.7%, accounting for 72%.

The import turnover of goods in 2018 was estimated at 237.2 billion USD, jumping up by 11.2% over the previous year, of which 37 products possessed an estimated import turnover of over 1 billion USD, contributing 90.4% to the total turnover, including 4 products with a turnover of over 10 billion USD, accounting for 44.2%.

Estimated for the whole year 2018, the total export-import turnover set a new record of 480.9 billion USD. The trade balance of goods witnessed a surplus of 6.5 billion USD, the largest figure ever, much higher than that of 1.9 billion USD in 2017 and far exceeded the target of below 3% deficit of the National Assembly.

3. Inflation control

Consumer price index (CPI) decreased by 0.25% in December 2018 against the previous month. The average CPI in 2018 grew by 3.54% over 2017, lower than the target set by the National Assembly. CPI in December 2018 increased by 2.98% against December 2017.

The core inflation in December 2018 increased by 0.09% over the previous month and grew by 1.7% over the same period of 2017. The average core inflation in 2018 increased by 1.48% compared to that of 2017.

4. Enterprise registration

In 2018, there were 131.3 thousand newly registered enterprises nation wide, with a total registered capital of 1,478.1 trillion VND, an increase of 3.5% in the number of enterprises and 14.1% in the registered capital compared to those in 2017. The average registered capital of a newly established enterprise reached 11.3 billion VND, rising by 10.2%. If including 2,408.8 trillion VND of additional registered capital of enterprises with upward adjustment, the total additional registered capital in the economy was 3,886.9 trillion VND in 2018. Besides, there were 34 thousand re-operated enterprises, increasing by 28.6% compared to that in the previous year, leveraging the total number of newly registered enterprises and re-operated enterprises in 2018 to nearly 165.3 thousand enterprises. The total number of registered employees of newly established enterprises in the year were 1,107.1 thousand persons, a drop of 4.7% compared to that in the previous year. In 2018, the number of temporarily ceased enterprises was 90,651 enterprises, an increase of 49.7% compared to that in the previous year, including 27,126 enterprises ceased for a certain period of time, growing by 25.1% and 63,525 enterprises temporarily

ceased without registration or awaited dissolution, rising by 63.4%²; 16,314 enterprises completed dissolution procedures, a growth of 34.7%.

5. Attraction of foreign investment

As of 31st December 2018, the foreign directed investment attracted 3,147 newly licensed projects, with a total registered capital of 18.5 billion USD, an increase of 14.8% in the number of projects but a decline of 16.5% in the total registered capital over 2017. In addition, 1,195 turns of projects which had been licensed in the previous years registered to adjust investment with an additional capital of 7.8 billion USD, a reduction of 10% over 2017. Thus, the total registered capital of new projects and additional capital was 26.3 billion USD in 2018, declining by 14.7% over 2017. The implementation capital was estimated at 19.1 billion USD in 2018, an increase of 9.1% over 2017.

6. Banking and insurance activities

As of the end of 2018, the broad money (M2) increased by 12.44% compared to that at the end of 2017 (a rise of 14.97% at the end of 2017); the capital mobilization of credit institutions increased by 12.86% (a growth of 14.04% at the end of 2017); and the credit growth of the economy reached 13.93% (an increase of 18.24% at the end of 2017).

The insurance market continued to achieve a high growth rate in 2018. The premium revenue of the entire market was estimated at 131.9 trillion VND, an acceleration of 22.36% over 2017, of which life insurance reached 86.2 trillion VND, a rise of 30.2%, and non-life insurance reached 45.7 trillion VND, an increase of 9.9%.

7. Foreign visitors to Viet Nam

Tourism services in 2018 achieved impressive results with a record number of 15.5 million foreign visitors to the country, a growth of 19.9% compared to that in 2017 (an increase of more than 2.6 million visitors). Visitors from Asia reached 12,075.5 thousand, increasing by 23.7% over 2017; European visitors were 2,037.9 thousand persons, a rise of 8.1%; visitors from the America gained 903.8 thousand persons, a rise of 10.6%; visitors from the Oceania reached 437.8 thousand persons, a growth of 4%; and visitors from Africa gained 42.8 thousand persons, a jump of 19.2%.

² The number of enterprises temporarily ceased without registration or awaited dissolution grew up because in April 2018, the business registration offices in the whole country reviewed and standardized data to eliminate the enterprises which were inactive for a long time.

8. Social performances

The living standards generally witnessed an improvement in 2018. Human Development Index (HDI) reached a quite high level of 0.706 in 2018. Attention was continued to be paid to the social security. According to the preliminary report, the total funding for the social security and poverty reduction in 2018 was 4,977 billion VND, including 2,792 billion VND of gifts and assistances for policy beneficiaries; 1,487 billion VND to support poor households, and 698 billion VND for hunger-relief and other social reliefs. Besides, 23.6 million health insurance cards and free health care books/cards were donated to policy beneficiaries in the whole country.

In 2018, the national income per capita per month at current prices was estimated at 3.88 million VND (an increase of 778 thousand VND compared to that in 2016); on average, there was an annual increase of 11.9% in the period 2016-2018, of which urban area reached 5.62 million VND, an increase of 23.5%; rural area reached 2.99 million VND, up 23.4%. Average monthly income per person in 2018 at current prices of regions across the country increased in comparison to 2016, of which the Mekong River Delta has the highest growth rate of income with 29.1% followed by the North Central and Central Coast 27.9%; the Northern midland and mountainous areas went up by 25.1%; the Red River Delta increased by 24.5%; the South East jumped up by 22.5% and the Central Highlands raised by 22.4%. However, there is a disparity in income among regions, the South East has the highest per capita income (reaching 5.71 million VND), 2.3 times higher than the region with the lowest per capita income of the Northern Midlands and Mountains (2.45 million VND). Monthly average income per person of the group of 20% of households with the highest per capita income reached 9.32 million VND, up 23.5% compared to 2016, 10 times higher than the group of 20% of households with the lowest average per capita income reaching 932 thousand VND, up 20.9%.

The income gap and the rich-poor differentiation among population are also reflected in the inequality in income distribution (GINI coefficient)³. The GINI coefficient on the national income in 2018 was 0.424; of which the rural area was 0.407 which is more different from the figure of 0.372 in the urban area. The gap between income and poverty in population in 2018 has

³ The value of GINI is from 0 to 1. When GINI is 0, representing an absolute parity, and vice versa if GINI is 1, showing an absolute disparity. Accordingly, the greater GINI, the higher the disparity.

improved, down from 0.431 in 2016 to 0.424, of which the gap in urban area was more narrowed from 0.391 to 0.372; rural area have changed little from 0.408 to 0.407.

In terms of expenditure, on the whole country, monthly spending at current price per person in 2018 reached 2.55 million VND, up 18% compared to 2016, on average, the annual increase during the period of 2016-2018 jumped by 8.6%, of which the average per capita expenditure in rural area reached 2.1 million VND, up 19.3%; urban area reached VND 3.5 million, raised 14.3%. The expenditure structure for living and other expenditures has not changed significantly compared to previous years. The proportion of spending on life in monthly expenditure per capita in 2018 accounted for 93%, other expenditures made up 7% (Two corresponding proportions of 2014 were 93.4% and 6.6% and of 2016 were 93.5% and 6.5%).

The multi-dimensional poverty percentage of households in 2018 was estimated at 6.8%, down 1.1 percentage points compared to 2017, of which urban area was 1.5%, down by 1.2 percentage points and rural area was 9.6%, down by 1.2 percentage points. Among regions, the Northern Midlands and Mountains had the highest multi-dimensional poverty percentage (18.4%) and the South East region had the lowest ones (0, 6%).

The national average population was estimated at 94.7 million persons in 2018, an increase of 988.4 thousand persons, equivalent to an increase of 1.06% against 2017, of which the urban population was 33.8 million persons, accounting for 35.7%; and the rural population was 60.9 million persons, making up 64.3%. By gender, the male and female population was 46.8 million persons and 47.9 million persons, respectively with the corresponding shares of 49.4% and 50.6%.

In 2018, the labor force aged 15 years and above of the whole country reached 55.4 million persons, a year-on-year increase of 530.5 thousand persons, of which the growth rate in urban areas was 2.1 percentage points higher than that in rural areas. The employed population aged 15 years and above working in economic activities was estimated at 54.2 million persons in 2018, an increase of 546.1 thousand persons, and recorded a sharp increase in urban areas.

In 2018, the unemployment rate of the labor force at working age was 2.19%, of which these rates of urban and rural areas were 3.10% and 1.73%,

respectively. The underemployment rate of the labor force at working age was estimated at 1.40% in 2018, of which the corresponding figures of urban and rural areas were 0.65% and 1.78%, respectively.

II. CHALLENGES, DIFFICULTIES AND DRIVING-FORCES IN 2019

With the greater openness and the intensive progress of international economic integration, Viet Nam's economy will be impacted by the increasingly complicated and unpredictable international economic changes. At the same time, due to its relatively small economic size, Viet Nam's response to future fluctuations might be more difficult because of limited financial and monetary space.

The world economy's growth continued to slow down with the expansion of risks and challenges. International organizations such as the World Bank, International Monetary Fund, and Organization for Economic Co-operation and Development lowered their forecast of global growth by 3.7% in 2018 and 3.5% in 2019. The economic growth among key economies was no longer evenly and broadly spread as it was in 2017 and early 2018, with the declining growth momentum in major economies and slow down in most emerging economies. The strategic competition continued to increase more drastically due to globally economic linkages, and the disagreement among major countries on shaping the global trade system was increasingly deepened. The trend of increasing interest rates, unpredictable fluctuations in international financial and monetary markets, and complicated changes of oil prices affected credit growth, market sentiment and expectations. The "overheated" growth rate of the US economy leading to the rise of interest rates and appreciation of US dollar put a great pressure on Viet Nam's monetary policy and exchange rate.

In addition to the decline of the global trade and the complicated happening of the strategic competition, the increasing trend of populism, and production and trade protection, and geopolitical changes were also challenges to the world economy and strongly influenced Viet Nam's economy.

In the 2018 Global Competitiveness Report, the World Economic Forum ranked Viet Nam 77th out of 140 economies with relatively high scores and rankings on macroeconomic stability and health. Market size reached 71 out of 100 points (ranked 29th out of 140 - the highest ranking of Viet Nam). However, indicators playing a decisive role in the competitiveness of the Vietnamese economy in the context of the Industrial Revolution 4.0 were quite low, specifically: innovation capacity reached 33/100 points; labor market gained

56/100 points; institutions achieved 50/100 points; technological readiness hit 43/100 points; labor skills reached 54/100 points; infrastructure hit 65/100 points; financial system achieved 62/100 points; business dynamism reached 54/100 points; and product market gained 52/100 points.

Along with challenges, in 2018, the Vietnamese economy established fundamental drivers for economic growth in 2019 and the following years.

(1) Viet Nam's international economic integration moved to a new phase, closely linked to the regional and global economy, marking an important milestone when Viet Nam completed roadmap to join the World Trade Organization, cut tariff under the ASEAN Trade in Goods Agreement, and began to implement FTA commitments with a deep and broad tariff reduction. Viet Nam signed and prepared to carry out new generation of FTAs, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the European Union - Vietnam Free Trade Agreement (EVFTA) with deep, high standard, and open-ended commitments. These FTA agreements motivated economic growth with high degree openness of the economy, at the same time, enhanced opportunities to attract and utilize FDI inflows in 2019 and the subsequent years.

(2) The strong development of the private sector was an important foundation for a great contribution to the Vietnamese economy. Recently, the business environment in Viet Nam improved markedly, so that the business community benefited from there through cutting conditions of business investment, streamlining administrative procedures, and developing policies to support development of enterprises. The rising startup wave mobilized capital for the economy: the number of newly established enterprises in 2016, 2017, and 2018 was more than 110 thousand enterprises, nearly 127 thousand enterprises, and more than 131 thousand enterprises, respectively. Taking into account both newly and additionally registered capital, it was estimated that enterprises added nearly 3.9 quadrillion VND to the economy in 2018.

(3) The economic structural transformation not only took place between economic activities but also tended to shift positively within an economic activity, which contributed to economic growth in both rate and quality in the coming years. In agricultural production, crops structure was transforming from low-value to high-value crops; aquaculture focused on key species used as processing materials for export, especially brackish-water shrimp farming. The conversion of agricultural land to aquaculture increased production value by 2.3

times, of which the conversion of 1 hectare of paddy planted area to brackish-water shrimp farming rose the value about 5 times. The industrial sector shifted towards developing activities with high value-added and great export value, of which manufacturing activities continued to be an important driving force for growth in 2019 with positive support of FDI enterprises, especially from large-scaled economic groups with global value chains, such as Samsung, LG, Formosa, and Toyota, etc.

(4) Various new production capacities were added to the economy in 2019. It was expected that in 2019, besides more than 3 million m² of floor area of residential buildings and commercial centers, a lot of large projects and works came into production and business, such as Vinfast Complex in Hai Phong with a total capacity of 250,000 vehicles per year; the investment project of Song Hau Power Plant in Hau Giang Province with a total capacity of 1200 MW; the BOT Bac Giang - Lang Son project with a total length of 63.9 km; and the La Son - Tuy Loan highway project in Thua Thien - Hue Province with a length of 78 km, etc. In addition, numerous food processing factories were expected to come into operation in 2019, and a series of works and other projects were an important driving force to promote economic growth and ensure social security in 2019.

(5) With the population of over 95 million people and an increasing number of foreign visitors to Viet Nam, there was a potential market to motivate production, services, and growth in 2019, especially in the context that Viet Nam was among the top 10 fastest-growing tourist destinations in the world, with the increasing number of foreign visitors in 2019.

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Đơn vị Hành chính, Đất đai và Khí hậu

Administrative Unit, Land and Climate

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GIẢI THÍCH THUẬT NGỮ, NỘI DUNG VÀ PHƯƠNG PHÁP TÍNH MỘT SỐ CHỈ TIÊU THỐNG KÊ ĐẤT ĐAI, KHÍ HẬU

ĐẤT ĐAI

Tổng diện tích đất của đơn vị hành chính được xác định gồm toàn bộ diện tích các loại đất trong phạm vi đường địa giới của từng đơn vị hành chính đã được xác định theo quy định của pháp luật.

Đất sản xuất nông nghiệp là đất đang dùng vào sản xuất nông nghiệp, bao gồm đất trồng cây hàng năm và đất trồng cây lâu năm.

Đất lâm nghiệp là đất đang có rừng (gồm rừng tự nhiên và rừng trồng) đạt tiêu chuẩn rừng theo quy định của pháp luật về bảo vệ và phát triển rừng và đất mới được trồng rừng hoặc trồng kết hợp khoanh nuôi tự nhiên.

Đất chuyên dùng bao gồm đất trụ sở cơ quan nhà nước; đất xây dựng công trình sự nghiệp; đất quốc phòng; đất an ninh; đất sản xuất, kinh doanh phi nông nghiệp; đất sử dụng vào mục đích công cộng.

Đất ở là đất để xây dựng nhà ở, xây dựng các công trình phục vụ cho đời sống; đất vườn, ao gắn liền với nhà ở trong cùng một thửa đất thuộc khu dân cư (kể cả trường hợp vườn, ao gắn liền với nhà ở riêng lẻ) đã được công nhận là đất ở. Đất ở bao gồm đất ở tại nông thôn, đất ở tại đô thị.

Nhóm đất chưa sử dụng gồm các loại đất chưa xác định mục đích sử dụng, bao gồm đất bằng chưa sử dụng; đất đồi núi chưa sử dụng; núi đá không có rừng cây.

KHÍ HẬU

Nhiệt độ không khí trung bình các tháng là số bình quân của nhiệt độ không khí trung bình của các ngày trong tháng.

Nhiệt độ không khí trung bình năm là số bình quân của nhiệt độ không khí trung bình các ngày trong năm.

• *Nhiệt độ không khí* được đo bằng nhiệt kế thường, nhiệt kế tối cao (thủy ngân), nhiệt kế tối thấp (rượu) và nhiệt ký (bộ phận cảm ứng là một tấm lưỡng kim) đặt trong lồng khí tượng ở độ cao 2m cách mặt đất nơi không có trực xạ của bức xạ mặt trời.

- *Nhiệt độ không khí trung bình ngày* được tính theo phương pháp bình quân số học giản đơn từ kết quả của 4 lần quan trắc chính trong ngày tại thời điểm 1 giờ, 7 giờ, 13 giờ và 19 giờ, hoặc được tính từ kết quả của 24 lần quan trắc tại các thời điểm 1 giờ, 2 giờ, 3 giờ,... và 24 giờ của nhiệt kế.

Số giờ nắng trong các tháng là tổng số giờ nắng các ngày trong tháng cộng lại. *Số giờ nắng* là số giờ có cường độ bức xạ mặt trời trực tiếp với giá trị bằng hay lớn hơn $0,1 \text{ kw/m}^2$ ($\geq 0,2 \text{ calo/cm}^2$ phút). Thời gian nắng được đo bằng nhật quang ký.

Tổng số giờ nắng trong năm là tổng số giờ nắng các ngày trong năm.

Lượng mưa trong tháng là tổng lượng mưa của các ngày trong tháng. *Lượng mưa* là độ dày tính bằng milimét của lớp nước nổi do mưa tạo nên trên một bề mặt phẳng tại một địa điểm được đo bằng vũ kế và vũ ký.

Tổng lượng mưa trong năm là tổng lượng mưa của các ngày trong năm.

Độ ẩm không khí trung bình các tháng trong năm là số bình quân của độ ẩm không khí tương đối trung bình của các ngày trong tháng.

- *Độ ẩm không khí tương đối* là tỷ số giữa sức trương hơi nước có trong không khí và sức trương hơi nước bão hòa (tối đa) ở cùng một nhiệt độ. Nó được thể hiện bằng tỷ lệ phần trăm (%). Độ ẩm không khí được đo bằng ẩm kế và ẩm ký.

- *Độ ẩm không khí tương đối trung bình ngày* được tính theo phương pháp bình quân số học giản đơn từ kết quả của 4 lần quan trắc chính trong ngày tại thời điểm 1 giờ, 7 giờ, 13 giờ và 19 giờ, hoặc được tính từ kết quả của 24 lần quan trắc tại các thời điểm 1 giờ, 2 giờ, 3 giờ,... và 24 giờ của ẩm ký.

Độ ẩm không khí trung bình năm là số bình quân của độ ẩm không khí tương đối trung bình của các ngày trong năm.

Mực nước là độ cao của mặt nước nơi quan sát so với mặt nước biển, được tính theo centimét (cm). Để quan trắc mực nước người ta thường dùng hệ thống cọc, thước và máy tự ghi.

Lưu lượng nước là lượng nước chảy qua mặt cắt ngang sông trong một đơn vị thời gian, đơn vị tính lưu lượng nước thường là m^3/s . Lưu lượng trung bình tháng là trị số bình quân của lưu lượng các ngày trong tháng. Dụng cụ đo lưu lượng nước là máy lưu tốc kế, phao trôi hoặc máy chuyên dụng ADCP.

EXPLANATION OF TERMINOLOGY, CONTENT AND METHODOLOGY OF SOME STATISTICAL INDICATORS ON LAND, CLIMATE

LAND

Total land area of an administration unit is the aggregate area of all types of land within the boundary line of each administration unit which is determined in accordance with the provisions of law.

Agriculture production land refers to the land used in agricultural production, including annual crop land and perennial crop land.

Forestry land refers to the land with forests (including planted forests and natural forests) that meet the forest standards prescribed by the legislation on forest protection and development, and newly planted land or plantation forest in combination with natural farming.

Specially used land includes land used by the government offices; public services construction facilities; security and national defence land; land for non-agricultural production and business, and public land.

Homestead land refers to land used for house and other works construction for living activities; garden and pond attached to house in a parcel of land in residential area (including garden and pond attached to detached house) which is recognized as homestead land. It includes land in urban and rural areas.

Unused land includes all categories of land of which the purposes of use have not been yet determined, including unused plain land; unused hilly land; rocky mountains without forests.

CLIMATE

Average air temperature in months is the average of average air temperature of days in the month.

Average air temperature in year is the average of average air temperature of days in the year.

- *Air temperature* is measured by normal thermometer, maximum thermometer (mercury), minimum thermometer (alcohol liquid) and thermo graph (sensor is a bi-metal plate) exposed to the air in a meteor bust at altitude 2m away from the ground, sheltered from direct solar radiation.

- *Daily average air temperature* is calculated using the simple arithmetic mean from the results of 4 main observations in the day at 1 a.m., 7 a.m., 13 p.m., 19 p.m. or from the results of 24 observations at the time of 1 a.m., 2 a.m., 3 a.m.,... 24 p.m. of the thermometer.

Number of sunshine hours in months is the sum of sunshine hours of days in the month. Number of sunshine hours are hours with direct solar radiation equaled or exceeded 0.1 kw/m^2 ($\geq 0.2 \text{ calo/cm}^2 \text{ min.}$). Sunshine duration is measured by heliograph.

Total number of sunshine hours in the year is the total number of sunshine hours of the days in the year.

Rainfall in months is the total rainfall of the days in the month. *Rainfall* is the thickness measured in millimeters (mm) of the floating water layer made by rain on a flat surface at a site, which measured by rain-gauge/ pluviometer.

Total rainfall in year is the total rainfall of the days in the year.

Average humidity in months is the average of average relative humidity of the days in the month.

- *Relative humidity* is the ratio between the vapor in the air and saturation vapor (maximum) at the same temperature. It is indicated in percentage (%). Humidity is measured by hygrometer and hygrograph.

- *Daily average relative humidity* is calculated by the simple arithmetic mean from the results of 4 main observations in the day at: 1 a.m., 7 a.m., 13 p.m., 19 p.m. or from the results of 24 observations at the time of 1 a.m., 2 a.m., 3 a.m.,... 24 p.m. of the hygrograph.

Average humidity in year is the average of average relative humidity of all days in the year.

The water level is elevation of the water surface at the observation place in relation to the sea surface, measured in centimeters (cm). A system of piles, rulers and self-recording machines are used to monitor the water level.

Water flow is the amount of water flowing through a cross section of the river in a unit of time, measured in m^3/s . Monthly average flow is the average value of flow of the days in the month. Water flow is measured by flowmeters, drifting buoys or ADCP machines.