



Vietnam

Economic Developments and Outlook

Singapore Civil Service College: 31st Foundation Course

Hanoi, April 19, 2012

Sanjay Kalra

IMF Resident Representative, Vietnam/Lao PDR

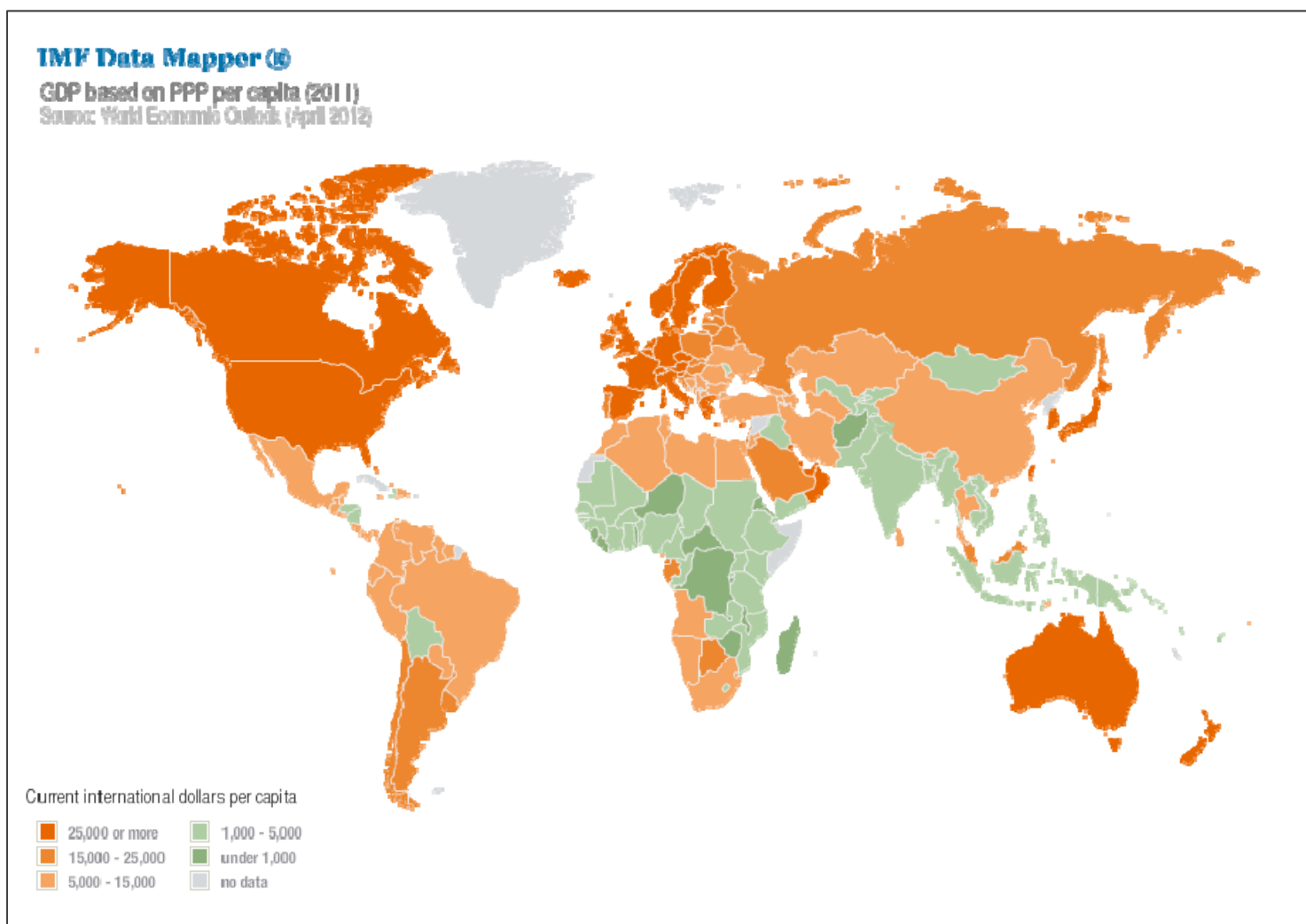


Roadmap

- ✓ Global Economy, ASEAN, and Vietnam
- ✓ Macroeconomic Developments and Policies
- ✓ Long Run Growth and Structural Reforms

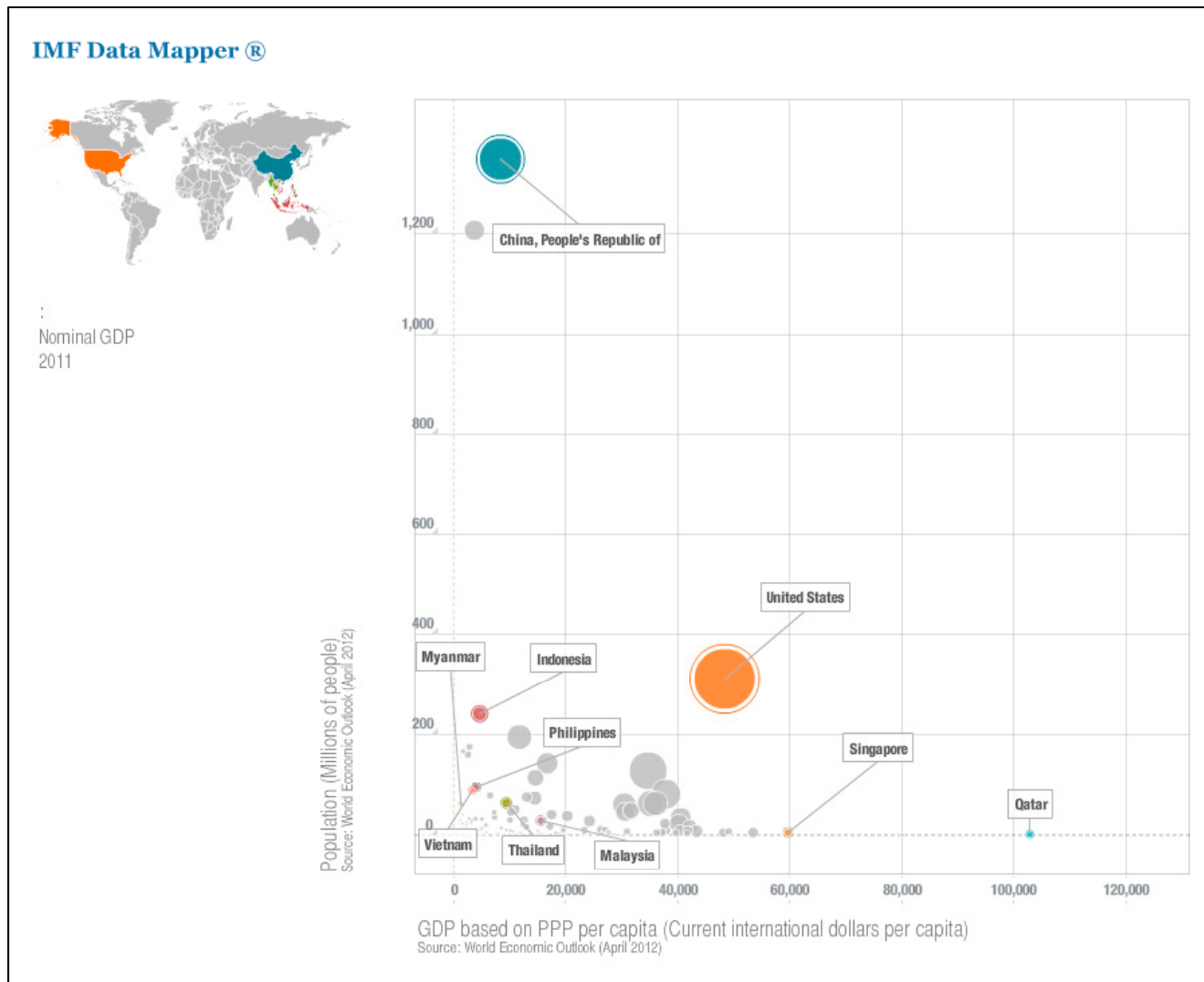


Global Economy, ASEAN, and Vietnam





Global Economy, ASEAN, and Vietnam



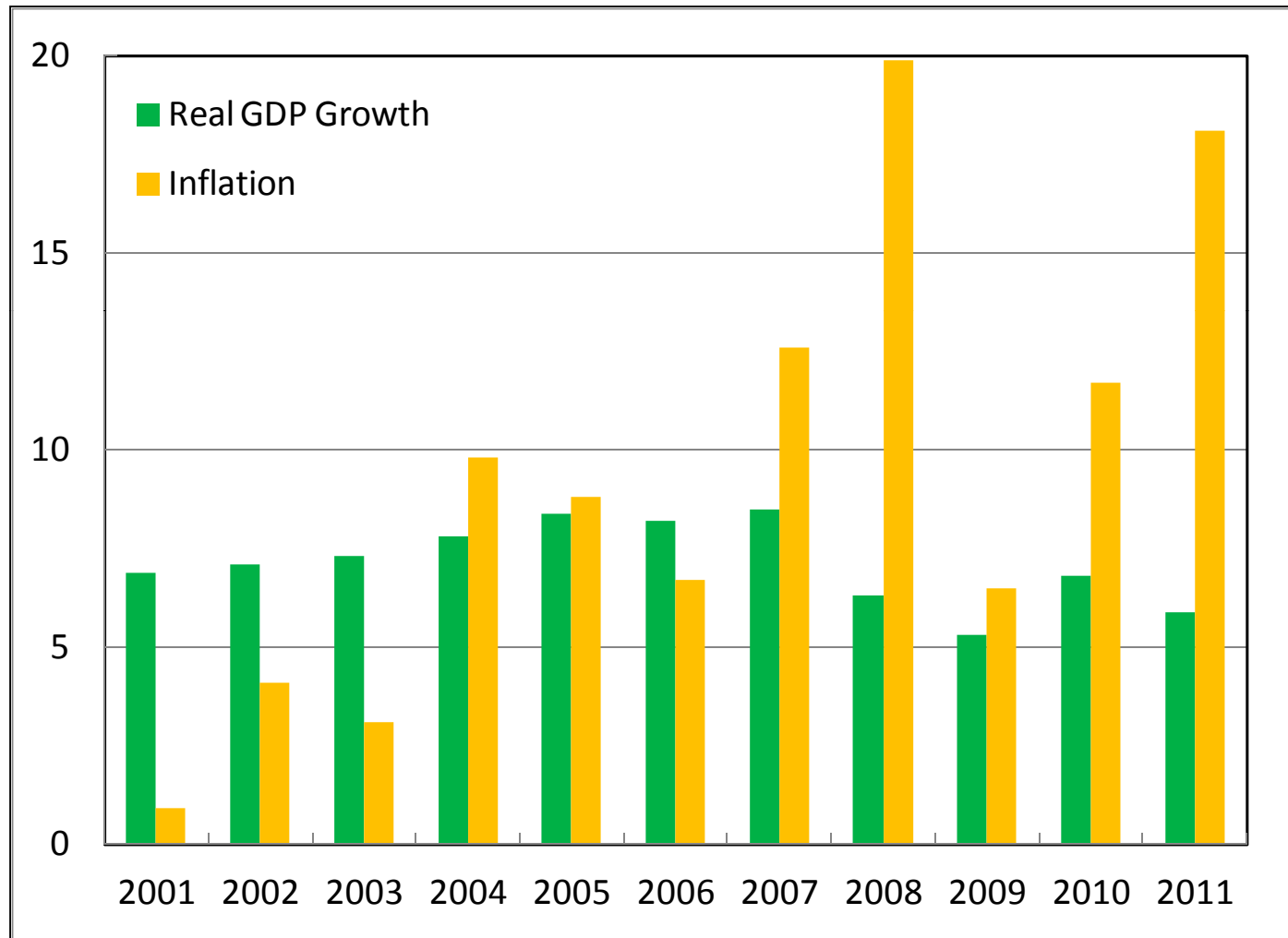


Macroeconomic Developments and Policies

- ✓ **Internal and external balance**
 - ✓ Growth and Inflation
 - ✓ Balance of payments and international reserves
- ✓ **Macroeconomic policies**
 - ✓ Monetary and exchange rate policies
 - ✓ Fiscal policy

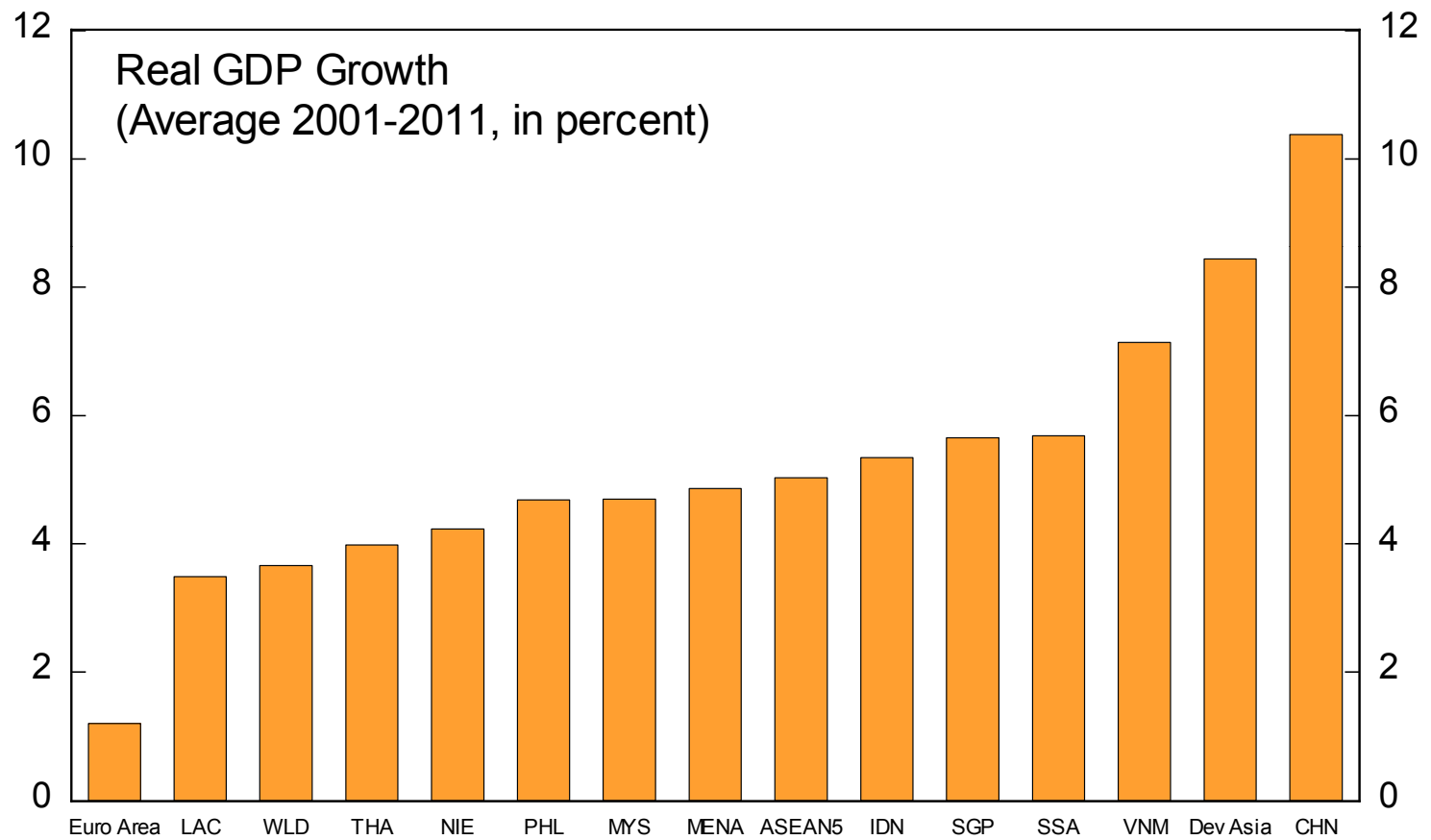


Internal balance: Growth and Inflation



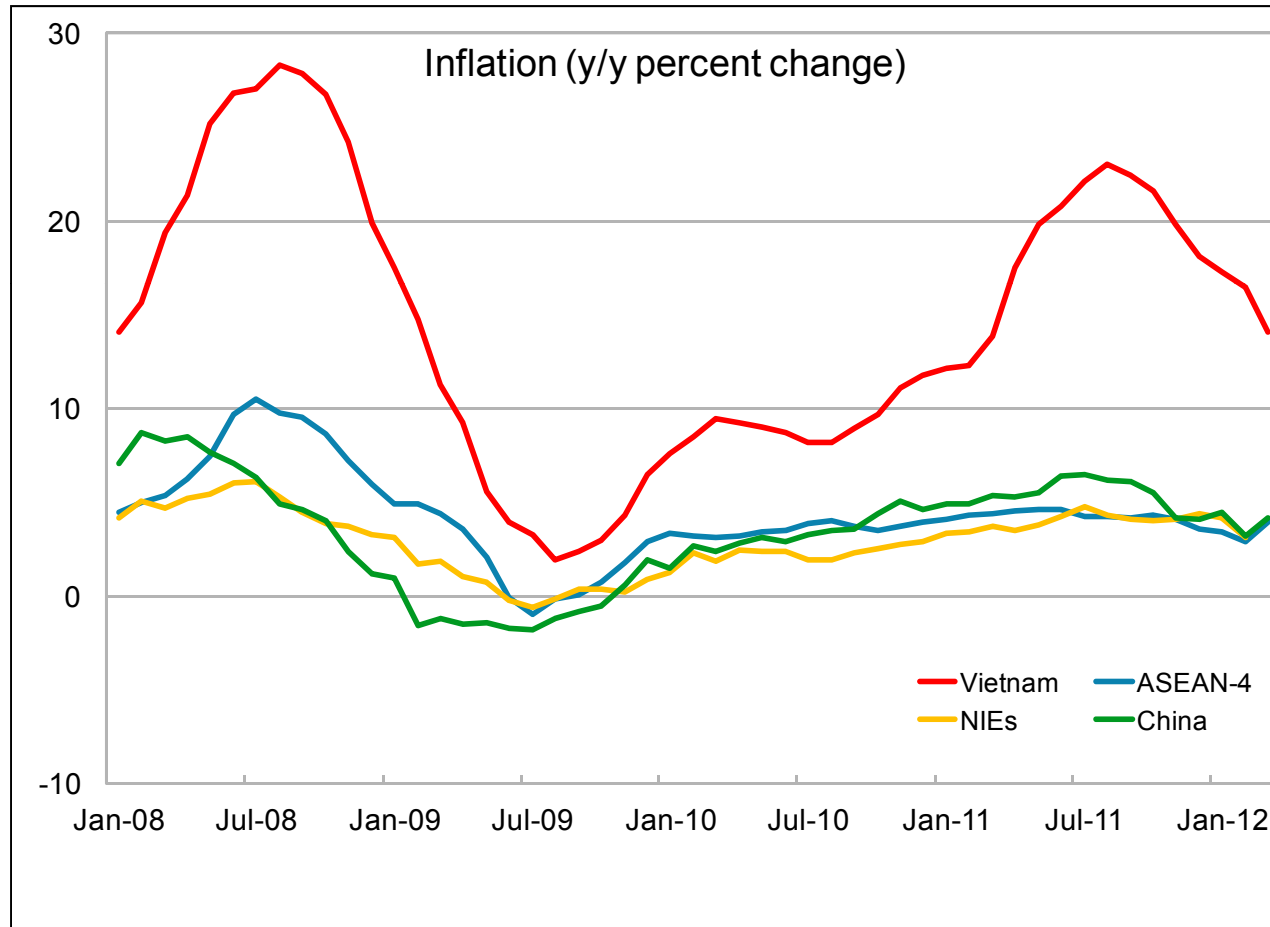


Growth



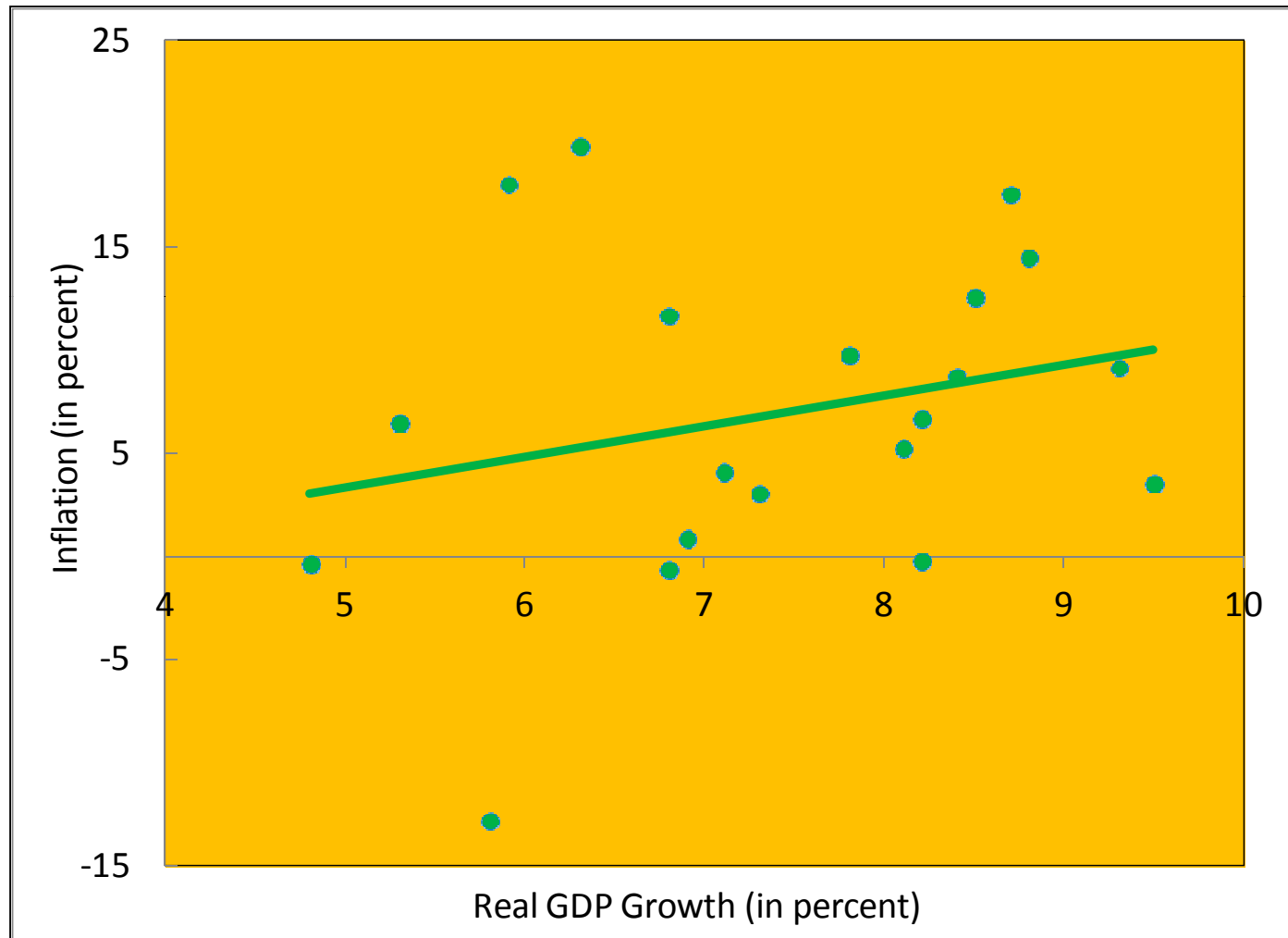


Inflation



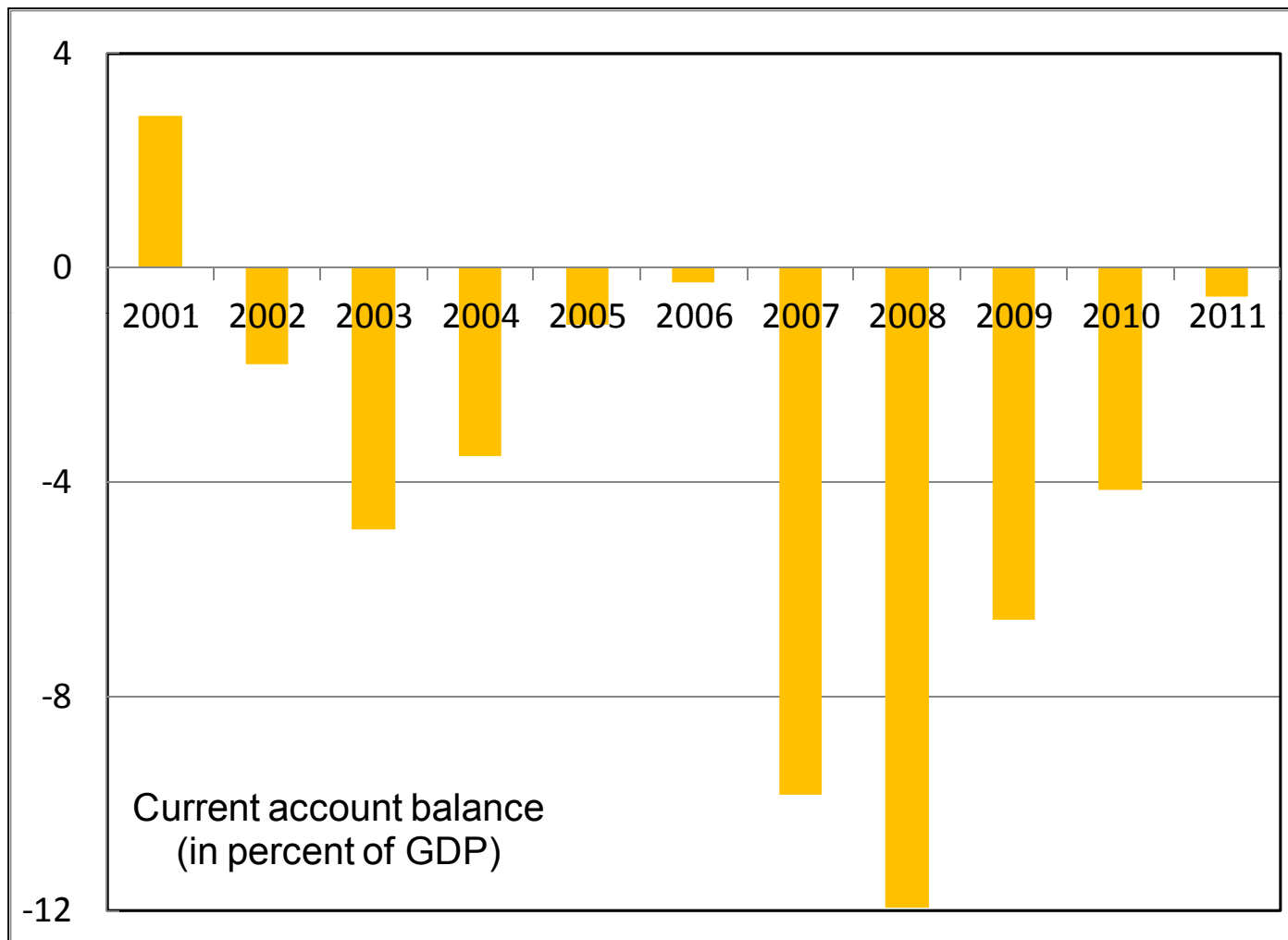


Internal balance: Growth and Inflation



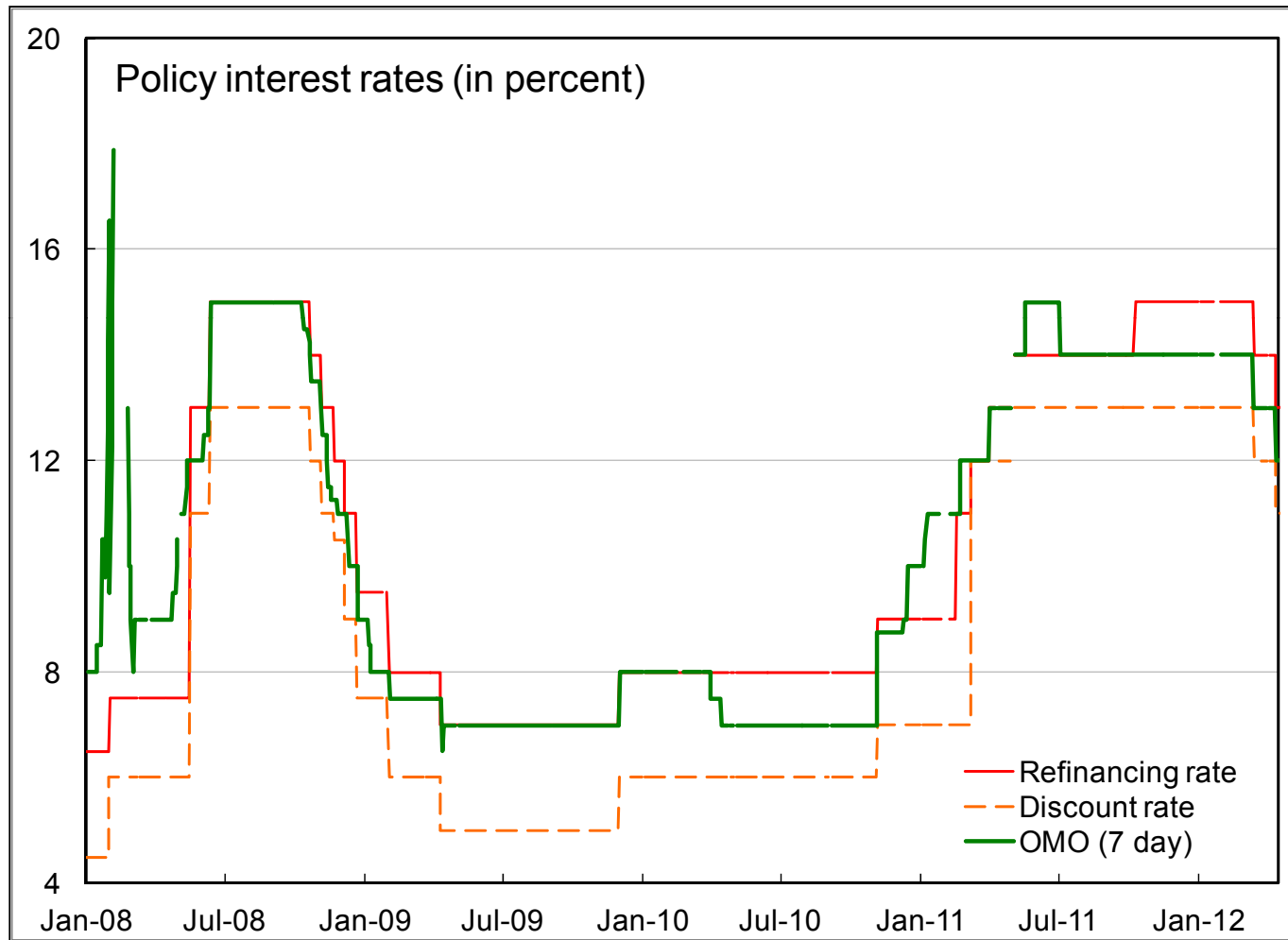


External balance: Balance of payments



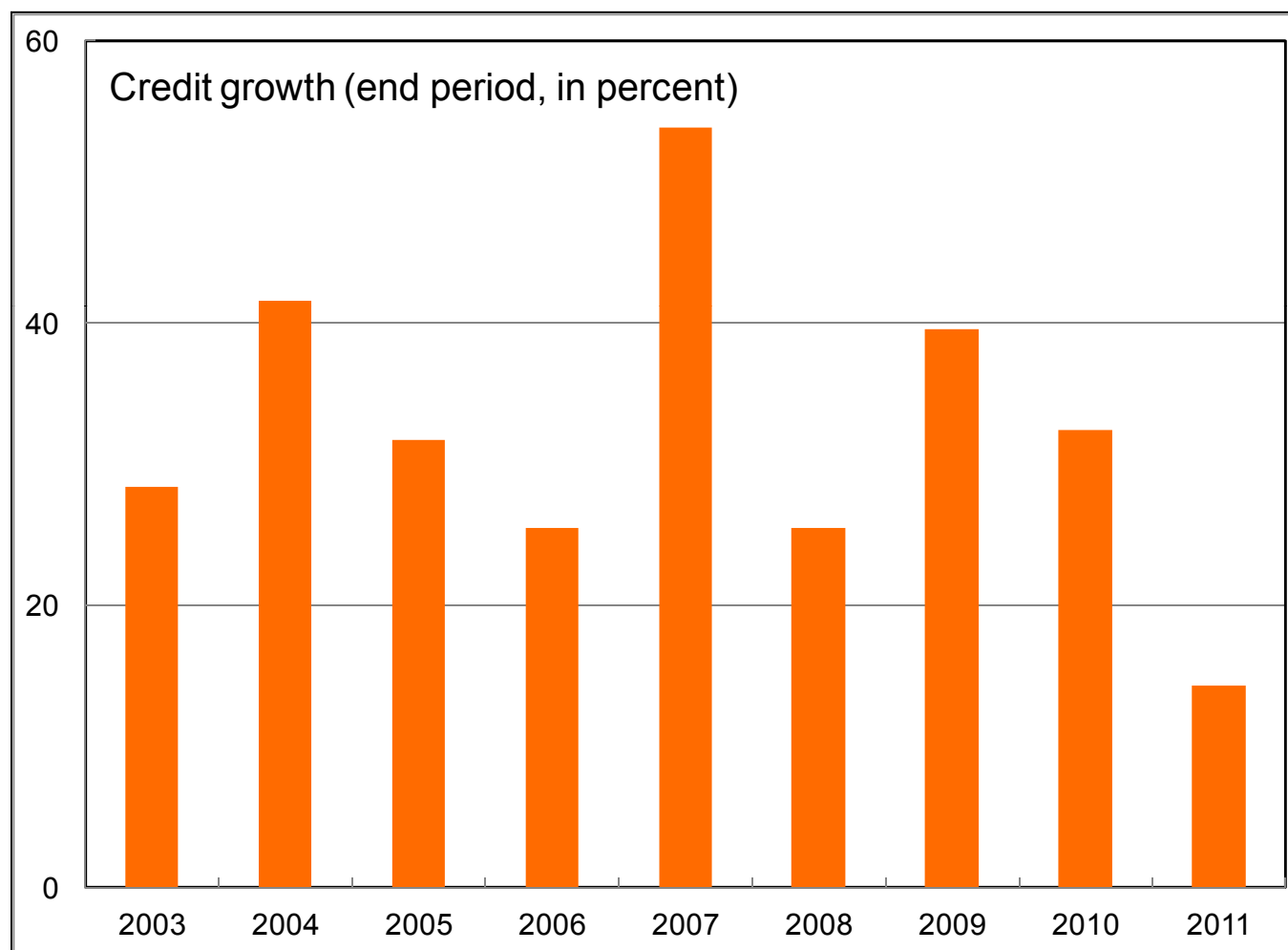


Macroeconomic policies



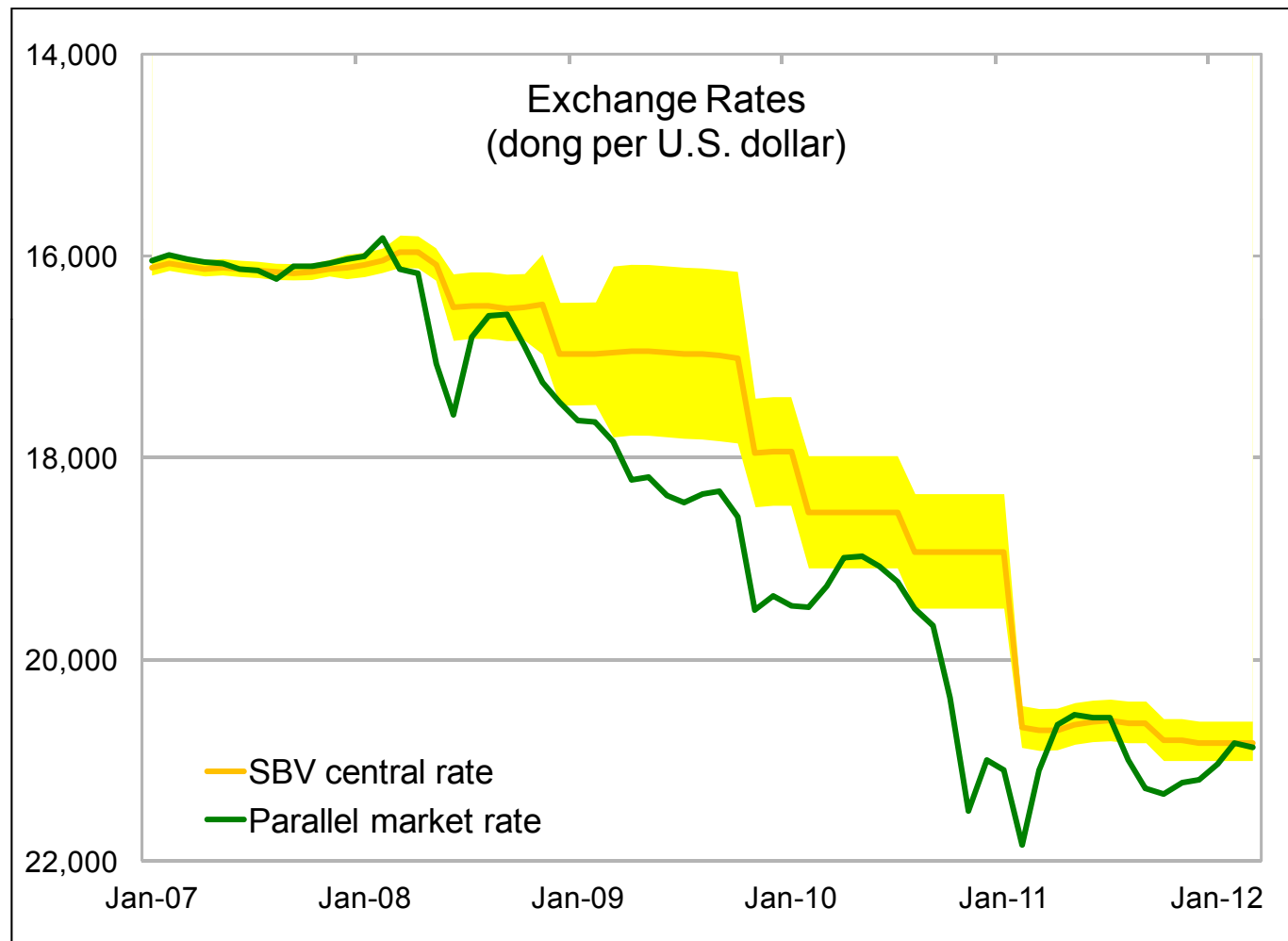


Macroeconomic policies



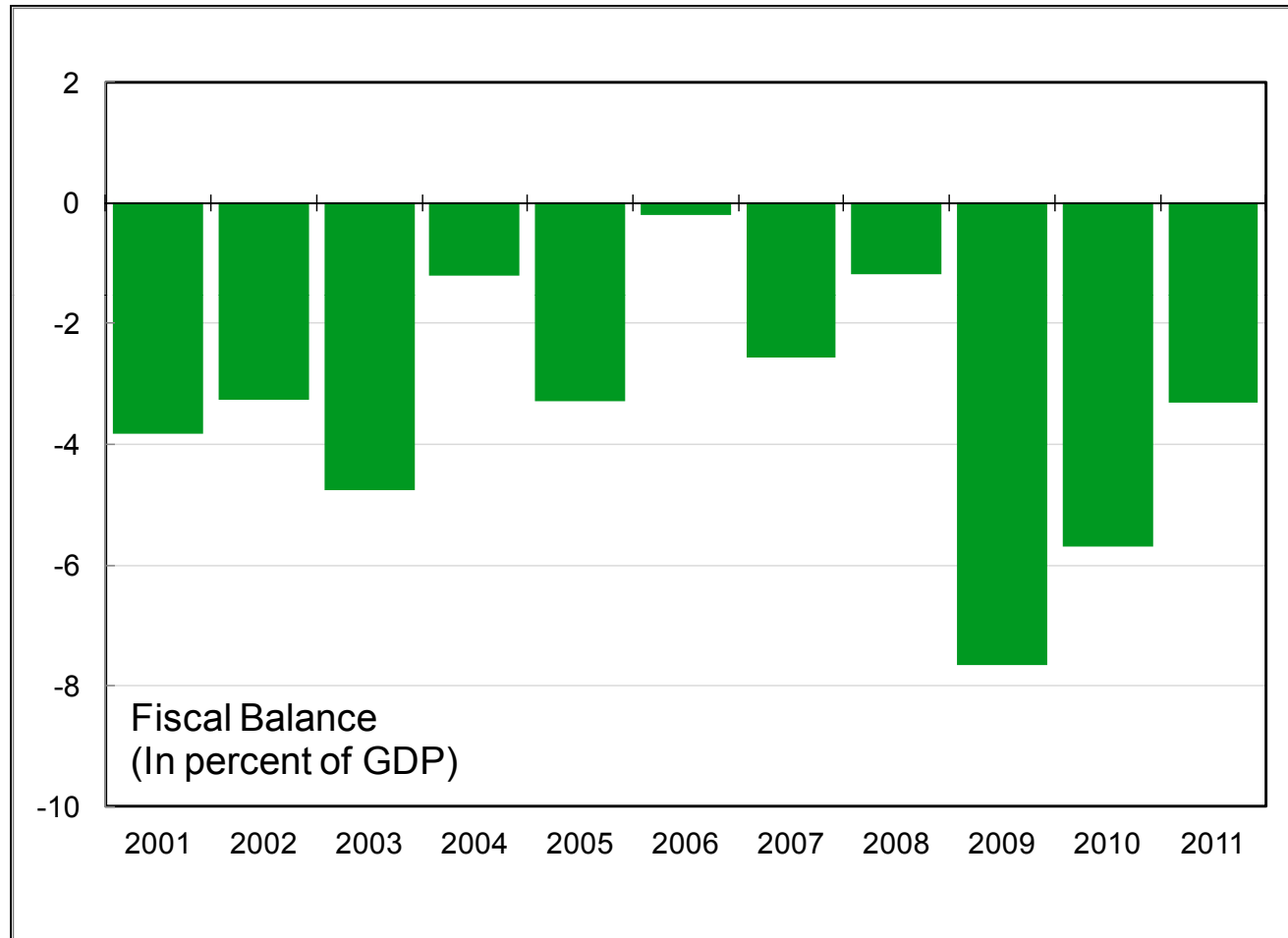


Macroeconomic policies





Macroeconomic policies





Long Run Growth and Structural Reforms

Table 1.1. Overview of the World Economic Outlook Projections

(Percent change unless noted otherwise)

	Year over Year					
	2010	2011	Projections		Difference from January 2012 WEO Projections	
			2012	2013	2012	2013
World Output¹	5.3	3.9	3.5	4.1	0.2	0.1
Advanced Economies	3.2	1.6	1.4	2.0	0.2	0.1
United States	3.0	1.7	2.1	2.4	0.3	0.2
Euro Area	1.9	1.4	-0.3	0.9	0.2	0.1
Germany	3.6	3.1	0.6	1.5	0.3	0.0
France	1.4	1.7	0.5	1.0	0.3	0.0
Italy	1.8	0.4	-1.9	-0.3	0.2	0.3
Spain	-0.1	0.7	-1.8	0.1	-0.2	0.4
Japan	4.4	-0.7	2.0	1.7	0.4	0.1
United Kingdom	2.1	0.7	0.8	2.0	0.2	0.0
Canada	3.2	2.5	2.1	2.2	0.3	0.2
Other Advanced Economies ²	5.8	3.2	2.6	3.5	0.0	0.1
Newly Industrialized Asian Economies	8.5	4.0	3.4	4.2	0.1	0.1
Emerging and Developing Economies³	7.5	6.2	5.7	6.0	0.2	0.1
Central and Eastern Europe	4.5	5.3	1.9	2.9	0.8	0.5
Commonwealth of Independent States	4.8	4.9	4.2	4.1	0.5	0.3
Russia	4.3	4.3	4.0	3.9	0.7	0.4
Excluding Russia	6.0	6.2	4.6	4.6	0.2	-0.1
Developing Asia	9.7	7.8	7.3	7.9	0.0	0.1
China	10.4	9.2	8.2	8.8	0.1	0.0
India	10.6	7.2	6.9	7.3	-0.1	0.0
ASEAN-5 ⁴	7.0	4.5	5.4	6.2	0.2	0.6
Latin America and the Caribbean	6.2	4.5	3.7	4.1	0.2	0.1
Brazil	7.5	2.7	3.0	4.1	0.1	0.1
Mexico	5.5	4.0	3.6	3.7	0.1	0.2
Middle East and North Africa (MENA)	4.9	3.5	4.2	3.7	0.6	-0.2
Sub-Saharan Africa	5.3	5.1	5.4	5.3	-0.1	0.0
South Africa	2.9	3.1	2.7	3.4	0.1	0.0

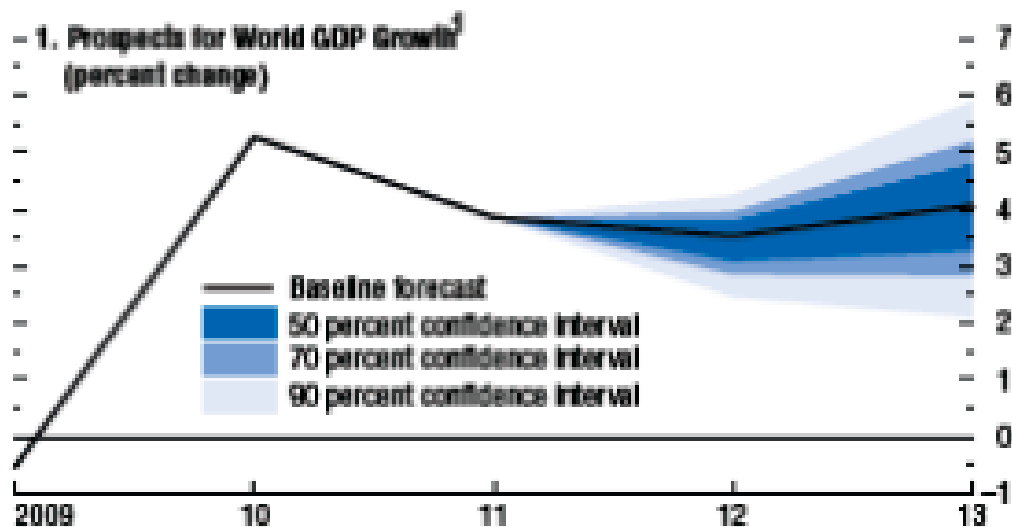
Source: IMF World Economic Outlook, April 2012.



Long Run Growth and Structural Reforms

Figure 1.12. Risks to the Global Outlook

Risks around the WEO projections have diminished, consistent with market indicators, but they remain large and tilted to the downside. The various indicators do not point in a consistent direction. Inflation and oil price indicators suggest downside risks to growth. The term spread and S&P 500 options prices, however, point to upside risks.



Source: IMF World Economic Outlook, April 2012.



Long Run Growth and Structural Reforms

Sources of long-run growth

- ✓ Factor accumulation
 - ✓ Labor
 - ✓ Capital
 - ✓ Human—Education/Health
 - ✓ Investment—Domestic/FDI
- ✓ Total factor productivity (TFP)
 - ✓ Trade and Openness—Free trade agreements
 - ✓ Regional supply and value-added chains
 - ✓ Efficiency and Governance



Long Run Growth and Structural Reforms

Total factor productivity

- ✓ **Banking sector**
 - ✓ State of the banking sector
 - ✓ Legal framework and regulation
 - ✓ Bank supervision and enforcement
 - ✓ Corporate governance, transparency, and efficiency
- ✓ **State-owned enterprises**
 - ✓ Role of the state and market principles
 - ✓ Corporate governance and accountability
- ✓ **Public investment**
 - ✓ Quantity and quality
 - ✓ Financing

