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Statement by the Hon. **NGUYEN TAN DUNG**,
Governor of the Fund for **VIETNAM**,
at the Joint Annual Discussion

**ADDRESS OF HIS EXCELLENCY NGUYEN TAN DUNG
DEPUTY PRIME MINISTER OF THE GOVERNMENT OF
THE SOCIALIST REPUBLIC OF VIETNAM
GOVERNOR OF THE STATE BANK OF VIETNAM**

**at the 53 World Bank/International Monetary Fund Annual Meeting 1998
(Washington D.C. - U.S.A.)**

Mr. Chairman,

Ladies and Gentlemen:;

Today I am very pleased to represent the Government of the Socialist Republic of Vietnam and the State Bank of Vietnam in addressing this meeting of the Board of Governors of the World Bank and the International Monetary Fund.

First of all, I would like to convey the warmest greetings of the Government of the Socialist Republic of Vietnam to the Chairman, His Excellency Michel Camdessus, His Excellency James Wolfensohn, Governors and all delegates of member countries and the appreciation of our Government for your contributions to the development of these two most important international financial institutions and your assistance to Vietnam's economic reform and development.

We are meeting here against the background of the increasingly complicated financial crisis in many Asian countries as it spreaded geographically and threatens to prolong. And the global credit exhaustion is disrupting the stable development of many countries in and outside the region, forcing the world financial community and countries to face the biggest challenge in recent decades.

Over the last year, despite the tremendous efforts of the governments of the countries facing crisis and the strong support of the World Bank and the International Monetary Fund, there are no clear signs of improvement in major economic indicators of those countries. This situation makes the role of the Bank and the Fund larger and their responsibilities heavier.

I hope that this meeting will devise additional appropriate solutions on the basis of a global coordination of efforts to help countries in crisis improve their situation, prevent recession, quickly recover and grow. There must be in place effective solutions to assist other countries contain the risk posed by the contagious affects of the crisis for common benefit of the international community.

As a country in Southeast Asia, Vietnam has been and continues to suffer from the heavy impact of the regional crisis. In addition, Vietnam is also enduring the serious consequences of natural calamities. In 1998, GDP growth is about 6%, the lowest level in the last seven years; exports failed to increase substantially; foreign direct investment only reached 60% of the 1997 level; unemployment rose; balance of payment difficulties were encountered. The Government of Vietnam is watching closely the evolution of the crisis and is drawing valuable lessons from the crisis countries. We believe that given the trend towards interdependence prevailing in the global economy today, a sound macroeconomic policy that maximizes realization of the potential of the domestic economy, in conjunction with taking full advantage of capital flows, is fundamental condition of sustainable development.

Since 1997, despite many difficulties, the Government of Vietnam has consistently continued to: accelerate the process of reform with orientation towards a market economy, open the economy for integration into the region and the globe; adjust investment structure; restructure state-owned enterprises and the fields of public finance, banking, trade and taxation; closely combine economic and administrative reform to increase the efficiency and competitiveness of the economy. At the same time, we attach special importance to the implementation of programs for the development of agriculture and rural areas, malnutrition elimination, poverty alleviation, and social equality.

However, being a poor and least developed country, what we have achieved using the resources of our domestic economy and the limited assistance of donors and foreign investors has not been sufficient to prevent the decline in economic growth and the increase in difficulties created by the adverse impact of the regional crisis on Vietnam's economy.

The Government of Vietnam is committed to accelerate the reform process at an appropriate pace coupled with structural economic adjustment so that all domestic resources can be maximized, the impact of the crisis can be minimized and socio-economic stability and development can be maintained. At the same time, we realize that the assistance of the Governments of other countries and international financial institutions, especially the World Bank and the International Monetary Fund, will be critical in supplementing our own resources.

We request the Fund and the Bank to increase concessionary funding and to provide technical assistance to Vietnam in a more timely and more practical fashion in implementing economic reform and structural adjustment. And the first thing is reaching agreement on a SAC and an ESAF program as soon as possible.

Ladies and Gentlemen,

Given the trend of regionalization and globalization of the economy, the effort of each country is the decisive factor but they are not sufficient to prevent or limit the negative impact of the external crisis, especially for countries at low levels of development. There must be in place a coordination of global efforts to restructure and make the international financial system safer and more effective, decrease the risk of speculative attacks on currencies, establish an early-crisis-warning system and fast and effective crisis resolution mechanism.

One lesson of the current crisis is that the liberalization of trade and investment must be consistent with the level of socio-economic development of each country and its capability to manage its financial system. Therefore, I believe that external advice and assistance must take into account the positive impact of globalization while minimizing the negative effects for the economy of each country.

Finally, I would like to mention the enhancement of the financial resources of the Bank and the Fund to meet the urgent needs of programs relating to crisis resolution, structural adjustments, and assistance to poor countries. Therefore, we need to urgently complete the 11th quota review and the IDA fund contributions, as well as allocate additional SDR to the Fund. I appeal to industrialized countries to continue their strong support for the increase in the financial resources of the Bank and the Fund while cooperating, while co-ordinating closely with IMF and WB to help countries overcome the crisis, stabilise and develop.

Thank you for your attention.