

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **LE DUC THUY**,  
Governor of the Fund for **VIETNAM**,  
at the Joint Annual Discussion

**Statement by Hon. Le Duc Thuy  
Alternate Governor of Vietnam  
At the 1997 World Bank/IMF Annual Meetings  
Hong Kong, September 23-25, 1997**

His Excellency Mr. Chairman,  
His Excellency Michael Camdessus, Managing Director of the IMF  
His Excellency James Wolfensohn, President of the World Bank  
Distinguished Governors, Ladies, and Gentlemen,

First of all, allow me on behalf of the Vietnamese delegation to extend our warmest greetings and best wishes to H.E. Mr. Chairman, H.E. Mr. Managing Director, H.E. Mr. President, Distinguished Governors and all other participants present here today. I would like to take this forum to express Vietnam's high appreciation of the efforts exerted by the IMF Managing Director and the World Bank President in promoting activities of these two institutions.

I would like to share my view with other Governors in commenting that the world economic growth has continued at a satisfactory pace, supported in particular by buoyant growth in some industrial countries and in many emerging market countries. Another positive factor is the generally low inflation rate with the likelihood of continuing to be subdued. This trend and tight fiscal policy will help maintain interest rate at low levels. It is interesting to note that capital flows to emerging market countries have been generally well sustained at high rate, especially private capital. Some of the poorest countries in Africa, have achieved progressive economic growth thanks to the strong structural adjustment efforts. Meanwhile, an event drawing much attention recently is the currency turmoil in some Southeast Asian economies, which have grown fast for many years. This event highlights the need to strengthen policy consultation and economic and financial

cooperation in the region. Furthermore, economic and financial developments during the last few years may call for the review of some policies, facilities and other cooperation arrangements between the Fund and the Bank and member countries as well as those among member countries themselves.

Since the normalization of their relation with Vietnam in October 1993, the Fund and the Bank have continued to provide vigorous support and assistance to Vietnam in terms of policy advice, financing medium-term economic programs, infrastructure and socio-economic projects and providing a range of technical assistance. This support has played an important role in helping Vietnam maintain high economic growth and control inflation in the past years. With the assistance of IMF, Vietnam has implemented successfully the first and the second ESAF annual arrangements. About US\$360 million has been disbursed from this program. The World Bank also continues to provide Vietnam with strong support in FY97. Up to now the Bank has approved 13 loans for projects and a structural adjustment credit for Vietnam with total commitment of almost US\$1.6 billion.

In continuing economic reform policy, during the past year we have improved significantly the legal framework for the market-oriented economy with promulgation of key legislation, which will form a basis for sound and efficient development of banking and financial sector in Vietnam. For time being, the Vietnamese Government will concentrate its effort on formulation and implementation of key structural reforms, creating a new impetus for further economic development. The structural reforms are focusing on three main sectors: financial, trade and State own enterprise (SOE).

Vietnam's economic developments in 1997 have been favorable. Projected real GDP growth rate is over 9%, inflation will be contained at 5-6%. Exports growth for the first half of the year was 27% and net increase in international reserves surpassed the target. Monetary policy continues to be carried out in a cautious manner. Inflation remains low and exchange rate is being adjusted flexibly and becomes more market-based. At the same time, Vietnam is accelerating its economic integration into the world economy. In addition to existing commitments under the AFTA, application for membership APEC and WTO as well as efforts to finalize bilateral trade agreement with the United State of America shows Vietnam's determination in building an open and internationally competitive economy. Recent developments in the region help to enhance Vietnam's awareness of importance of accelerating the reform process, thus improving efficiency in use of resources, raising domestic savings and investment rates and reducing vulnerability to external shock.

Though still facing major challenges, we are confident that with efforts of the entire nation in combination with valuable support from friends throughout the world, including two large international financial institutions, the IMF and the World Bank, Vietnam will succeed in achieving goals set for industrialization and modernization of the country.

Thank you for your attention.