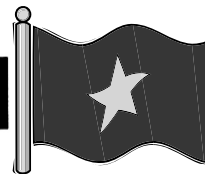




INTERNATIONAL MONETARY FUND



Office of the Resident Representative  
HANOI, VIETNAM

**PRESS STATEMENT**  
English Version

**FOR IMMEDIATE RELEASE**  
March 10, 2008

**Statement by Mr. Benedict Bingham, IMF Senior Resident  
Representative for Vietnam**

Mr. Benedict Bingham, Senior Resident Representative of the International Monetary Fund (IMF), issued the following press statement today in Hanoi:

"As part of its routine surveillance, the IMF Resident Representative Office has held discussions with government officials on the implications of global economic developments on Vietnam.

"We have indicated that the structural reform story that has made Vietnam such an attractive investment destination over the past couple of years remains compelling. Nevertheless, the signs of overheating in the domestic economy are a concern. We therefore welcome the priority that the government attaches to maintaining macroeconomic stability. This is particularly important given the increased focus of global investors on the spillover effects from the slowdown in the global economy.

"The decision of the State Bank of Vietnam to tighten monetary policy at the start of the year was appropriate given the rise in inflation and widening of the trade deficit. A sustained period of tighter monetary conditions will likely be necessary to rein in high credit growth. However, in our view, adjustments in monetary policy are best achieved through controlled increases in interest rates, rather than quantity-based measures to control liquidity, as this would better minimize disruptions to the domestic money market.

"A more flexible exchange rate policy would help make monetary policy more effective in controlling inflation, and help ease the current disequilibrium in the foreign exchange market. Monetary policy will also need some support from fiscal adjustment, especially in the state-owned enterprise (SOE) sector, whose borrowing requirement increased rapidly last year.

"Finally, we welcome the authorities' intention to press ahead with the broader economic reform agenda, including SOE equitization. This will continue to strengthen the structural reform story that has made Vietnam such an attractive investment destination."