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Vietnam is a major development success story. Since the launch of *Doi moi* (economic renovation) in the late 1980s – to move to a globally-integrated and market-oriented economy – Vietnam has improved economic outcomes through strong leadership, a reliance largely on markets to allocate resources, and active engagement with the world through trade and investment.

One of the world's poorest countries at the onset of its reforms, Viet-

nam has now reached lower middle-income status, while reaching many socio-economic milestones, for example, in secondary education and in health. Vietnam's economic growth since 2000, which has averaged over 6.5 per cent per annum, has been among the most rapid in the world, and macro-economic stabilisation has been achieved in the past four years. With strong growth and robust job creation, Vietnam has achieved an almost unprecedented reduction in poverty in recent years.

Vietnam's favourable growth prospects going forward can be strengthened through reform and policy actions that capitalise on past achievements. Maintaining macro-economic stability will be a key to future reform success and to Vietnam's ability to maximise the benefits it can derive from recent free trade agreements. This stability would be supported through continuing to move toward greater exchange rate flexibil-

ity while maintaining low inflation.

Similarly, a gradual growth-friendly fiscal consolidation that protects critical social and investment spending will be important to contain public debt and buttress macro-economic stability. More broadly, rapid and qualitatively better implementation of structural reforms would improve confidence and boost growth to provide jobs and opportunities for Vietnam's fast-growing and motivated workforce. Financial sector reform remains a top priority, as a healthy and well-managed banking system will support growth by ensuring that resources go to the most productive sectors. In addition, strengthened state-owned enterprise (SOE) reforms are needed, with a focus on improved transparency and governance, productivity-enhancing management and operational changes, and more rapid equitisation of the larger SOEs.

May the New Year bring you good health, happiness, and prosperity! ■