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Vietnam: Statistical Appendix and Background Notes

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VIETNAM

Statistical Appendix and Background Notes

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Approved by Asia and Pacific Department

July 7, 2000

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Vietnam: Basic Data

Nominal GDP (1999): US\$28.5 billion
 Population (1999): 76.6 million
 GDP per capita (1999): US\$372
 Fund Quota: SDR 329.1 million

	1995	1996	1997	1998 Est.	1999 Est.
Real GDP (annual percentage change)	9.5	9.3	8.2	3.5	4.2
Industrial output 1/	14.5	14.2	13.8	12.5	10.4
Saving-investment balance (in percent of GDP)	-13.5	-10.5	-6.9	-4.6	3.9
Gross national saving	11.9	15.9	19.8	17.1	24.4
Gross capital formation	25.4	26.3	26.7	21.6	20.5
Inflation (annual percentage change)					
Period average	16.9	5.6	3.1	7.9	4.1
End of period	12.9	4.4	3.6	9.2	-0.2
GDP deflator	17.0	8.7	6.6	11.1	5.7
Government budget (in percent of GDP) 2/					
Total revenue	22.6	22.4	20.0	19.6	18.2
Grants	0.7	0.6	0.8	0.6	0.5
Total expenditure (excluding onlending) 3/	23.8	23.1	22.6	20.7	19.6
Of which: current expenditure	18.6	17.4	16.3	15.0	13.2
Overall fiscal balance (including grants, excluding onlending) 3/	-0.5	-0.2	-1.7	-0.5	-0.9
Money and credit (annual percentage change, end of period)					
Broad money	22.6	22.7	26.1	25.6	39.3
Credit to the economy	26.9	20.1	22.6	16.4	19.2
Interest rates (in percent, end of period)					
Three-month deposits (households)	18.2	9.1	8.1	9.7	4.0
Short-term lending (less than one year)	28.3	15.9	12.7	14.7	11.7
Current account (including official transfers)					
(in millions of U.S. dollars)	-2,648	-2,431	-1,664	-1,067	1,252
(in percent of GDP)	-12.8	-9.9	-6.2	-3.9	4.4
Exports of goods (annual percentage change, U.S. dollar terms)	28.2	41.2	24.6	2.4	23.2
Imports of goods (annual percentage change, U.S. dollar terms)	41.1	25.5	-0.2	-1.1	1.1
Foreign exchange reserves (in millions of U.S. dollars, end of period)					
Gross official reserves, including gold	1,323	1,673	1,857	1,765	2,711
(in weeks of next year's imports of goods and nonfactor services)	5.2	6.4	7.2	6.7	9.1
Net international reserves, including gold	946	1,136	1,350	1,259	2,197
External debt (in percent of GDP) 4/					
Convertible currency 5/	86.1	78.1	77.7	76.8	74.0
Nonconvertible currency	35.0	36.6	38.6	38.1	37.1
	51.1	41.5	39.1	38.8	36.9
Debt-service ratio (percent of exports of goods and nonfactor services)					
Debt due	12.1	9.8	11.1	13.2	10.7
Debt paid	6.7	5.6	7.8	8.1	...
Exchange rate (dong per U.S. dollar)					
Period average	11,038	11,033	11,706	13,297	13,944
End of period	11,015	11,150	12,292	13,896	14,028
Real effective exchange rate (annual percentage change)					
Period average	6.5	6.6	3.3	8.2	-6.2
End of period	8.9	3.7	12.6	-9.3	-3.2
Memorandum items:					
GDP (in trillions of dong at current market prices)	228.9	272.0	313.6	360.6	397.3
Per capita GDP (in U.S. dollars)	287	336	360	359	372

Sources: Data provided by the authorities; and staff estimates and projections.

1/ Annual percentage change in gross value of industrial output.

2/ Cash basis.

3/ Excludes capital costs of state-owned enterprise and banking sector reforms

4/ London Club rescheduling was concluded in early 1998.

5/ Includes the loan component of foreign direct investment and other private sector borrowing, and short-term debt.

Table 1. Vietnam: Gross Domestic Product by Expenditure Categories at Current Prices, 1993-99 1/

	1993	1994	1995	1996	1997	1998	1999
						Official estimate	
(In billions of dong)							
Consumption	116,719	148,037	187,233	225,231	250,584	283,444	301,690
Private	106,440	133,299	168,492	202,509	225,084	255,921	272,619
Government	10,279	14,738	18,741	22,722	25,500	27,523	29,071
Investment	34,020	45,483	62,131	76,450	88,754	104,875	109,017
Gross capital formation	30,635	43,325	58,187	71,597	83,734	97,551	101,658
Change in stocks	3,385	2,158	3,944	4,853	5,020	7,324	7,359
Domestic demand	150,739	193,520	249,364	301,681	339,338	388,319	410,707
Net exports	-12,296	-16,866	-20,819	-29,839	-25,526	-26,371	-8,887
Exports	40,286	60,725	75,106	111,177	135,180	161,910	190,586
Imports	52,582	77,591	95,925	141,016	160,706	188,281	199,473
Statistical discrepancy 2/	1,615	1,880	347	194	-189	-932	-1,878
GDP	140,058	178,534	228,892	272,036	313,623	361,016	399,942
(In percent of GDP)							
Consumption	83.3	82.9	81.8	82.8	79.9	78.5	75.4
Private	76.0	74.7	73.6	74.4	71.8	70.9	68.2
Government	7.3	8.3	8.2	8.4	8.1	7.6	7.3
Investment	24.3	25.5	27.1	28.1	28.3	29.0	27.3
Gross capital formation	21.9	24.3	25.4	26.3	26.7	27.0	25.4
Change in stocks	2.4	1.2	1.7	1.8	1.6	2.0	1.8
Domestic demand	107.6	108.4	108.9	110.9	108.2	107.6	102.7
Net exports	-8.8	-9.4	-9.1	-11.0	-8.1	-7.3	-2.2
Exports	28.8	34.0	32.8	40.9	43.1	44.8	47.7
Imports	37.5	43.5	41.9	51.8	51.2	52.2	49.9
Statistical discrepancy 2/	1.2	1.1	0.2	0.1	-0.1	-0.3	-0.5
(Annual percentage change)							
Consumption	22.5	26.8	26.5	20.3	11.3	13.1	6.4
Private	21.4	25.2	26.4	20.2	11.1	13.7	6.5
Government	34.3	43.4	27.2	21.2	12.2	7.9	5.6
Investment	74.5	33.7	36.6	23.0	16.1	18.2	3.9
Gross capital formation	66.4	41.4	34.3	23.0	17.0	16.5	4.2
Domestic demand	31.3	28.4	28.9	21.0	12.5	14.4	5.8
Exports	4.9	50.7	23.7	48.0	21.6	19.8	17.7
Imports	22.5	47.6	23.6	47.0	14.0	17.2	5.9
GDP	26.7	27.5	28.2	18.8	15.3	15.1	10.8
(Contribution to nominal GDP growth, in percent)							
Domestic demand	121.7	111.2	110.9	121.3	90.5	103.3	57.5
Private consumption	72.5	81.4	77.8	88.1	61.0	69.3	46.9
Fixed capital formation	41.4	33.0	29.5	31.1	29.2	29.2	10.6
Change in stocks	7.8	-3.2	3.5	2.1	0.4	4.9	0.1
Net exports	-26.4	-11.9	-7.8	-20.9	10.4	-1.8	44.9
Statistical discrepancy 2/	4.7	0.7	-3.0	-0.4	-0.9	-1.6	-2.4
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: General Statistical Office.

1/ Data are latest official revisions of historical GDP estimates.

2/ Difference between production- and expenditure-based estimates of GDP, the former of which are considered to be more accurate.

Table 2. Vietnam: Gross Domestic Product by Sector and Ownership at Current Prices, 1993-99 1/

	1993	1994	1995	1996	1997	1998	1999
	Official estimate						
(In billions of dong)							
Gross Domestic Product	140,258	178,534	228,892	272,036	313,623	361,016	399,942
State	53,592	71,623	91,977	108,634	126,970	144,406	158,747
(excluding state management) 2/	48,695	65,139	83,699	99,217	116,510	132,557	146,186
Nonstate	86,666	106,911	136,915	163,402	186,653	216,610	241,195
Agriculture	41,895	48,968	62,220	75,513	80,825	93,072	101,723
State	1,867	2,190	2,664	3,424	3,582	3,961	4,698
Nonstate	40,028	46,778	59,556	72,089	77,243	89,111	97,025
Industry and construction	40,535	51,540	65,819	80,877	100,595	117,299	137,959
State	20,995	26,240	33,097	39,228	48,282	55,508	63,996
Nonstate	19,540	25,300	32,722	41,649	52,313	61,791	73,963
Services	57,828	78,026	100,853	115,646	132,203	150,645	160,260
State	30,730	43,193	56,216	65,982	75,060	84,937	90,053
(excluding state management) 2/	25,833	36,709	47,938	56,565	64,600	73,088	77,492
Nonstate	27,098	34,833	44,637	49,664	57,143	65,708	70,207
Wholesale and retail trade	20,215	30,185	37,491	43,125	48,914	55,783	59,322
Hotels and restaurants	5,119	6,125	8,625	9,776	11,307	12,404	13,246
Transport, storage, and communications	5,692	7,154	9,117	10,390	12,418	14,076	15,305
Financial intermediation	2,318	3,450	4,604	5,148	5,444	6,274	6,768
Real estate services	7,519	9,135	12,392	13,507	15,355	17,683	17,872
State management 2/	4,897	6,484	8,278	9,417	10,460	11,849	12,561
Education and training	4,860	6,496	8,293	9,887	11,274	13,202	14,257
Health and social work	2,265	2,757	3,642	4,007	4,381	4,979	5,401
Other services	4,943	6,240	8,411	10,390	12,650	14,395	15,528
(In percent of GDP)							
State sector	38.2	40.1	40.2	39.9	40.5	40.0	39.7
(excluding state management) 2/	34.7	36.5	36.6	36.5	37.1	36.7	36.6
Nonstate sector	61.8	59.9	59.8	60.1	59.5	60.0	60.3
Agriculture	29.9	27.4	27.2	27.8	25.8	25.8	25.4
State	1.3	1.2	1.2	1.3	1.1	1.1	1.2
Nonstate	28.5	26.2	26.0	26.5	24.6	24.7	24.3
Industry and construction	28.9	28.9	28.8	29.7	32.1	32.5	34.5
State	15.0	14.7	14.5	14.4	15.4	15.4	16.0
Nonstate	13.9	14.2	14.3	15.3	16.7	17.1	18.5
Services	41.2	43.7	44.1	42.5	42.2	41.7	40.1
State	21.9	24.2	24.6	24.3	23.9	23.5	22.5
(excluding state management) 2/	18.4	20.6	20.9	20.8	20.6	20.2	19.4
Nonstate	19.3	19.5	19.5	18.3	18.2	18.2	17.6
Wholesale and retail trade	14.4	16.9	16.4	15.9	15.6	15.5	14.8
Hotels and restaurants	3.6	3.4	3.8	3.6	3.6	3.4	3.3
Transport, storage, and communications	4.1	4.0	4.0	3.8	4.0	3.9	3.8
Financial intermediation	1.7	1.9	2.0	1.9	1.7	1.7	1.7
Real estate services	5.4	5.1	5.4	5.0	4.9	4.9	4.5
State management 2/	3.5	3.6	3.6	3.5	3.3	3.3	3.1
Education and training	3.5	3.6	3.6	3.6	3.6	3.7	3.6
Health and social work	1.6	1.5	1.6	1.5	1.4	1.4	1.4
Other services	3.5	3.5	3.7	3.8	4.0	4.0	3.9

Source: General Statistical Office.

1/ Data are latest official revisions of historical GDP estimates.

2/ State management includes public administration, defense, and compulsory social security.

Table 3. Vietnam: Gross Domestic Product by Sector at Constant Prices, 1993-99 1/

	1993	1994	1995	1996	1997	1998		1999	
						Official estimate	Staff estimate	Official estimate	Staff estimate
(In billions of dong, at 1994 constant prices)									
Agriculture, forestry, and fishery	47,373	48,968	51,319	53,577	55,895	57,866	57,544	60,892	60,554
Agriculture	40,428	41,839	43,658	45,652	47,915	49,639	...	52,370	...
Forestry	2,217	2,265	2,399	2,448	2,450	2,459	...	2,536	...
Fishery	4,728	4,864	5,262	5,477	5,530	5,768	...	5,986	...
Industry	45,454	51,540	58,550	67,016	75,473	81,764	81,420	88,047	87,676
Mining and quarrying	7,535	9,114	10,345	11,753	13,304	15,173	...	17,450	...
Manufacturing	24,353	26,624	30,231	34,339	38,743	42,694	...	45,888	...
Electricity, gas, and water supply	2,616	2,856	3,384	3,986	4,572	5,136	...	5,498	...
Construction	10,950	12,946	14,590	16,938	18,835	18,761	...	19,211	...
Services	71,198	78,026	85,698	93,240	99,895	104,966	100,393	107,330	101,297
Wholesale and retail trade	27,807	30,185	33,595	36,866	39,422	41,170	...	41,953	...
Hotels and restaurants	5,719	6,125	6,741	7,428	7,949	8,307	...	8,457	...
Transport, storage, and communications	6,708	7,154	7,851	8,429	9,178	9,536	...	9,976	...
Financial intermediation	2,820	3,450	3,940	4,388	4,578	4,843	...	5,006	...
Real estate services	8,390	9,135	9,738	10,337	11,071	11,682	...	11,644	...
State management 2/	5,839	6,484	7,063	7,558	7,860	8,174	...	8,304	...
Education and training	5,708	6,496	6,968	7,526	8,062	8,614	...	8,916	...
Health and social work	2,593	2,757	3,009	3,220	3,348	3,566	...	3,707	...
Other services	5,614	6,240	6,792	7,487	8,427	9,074	...	9,367	...
Gross Domestic Product	164,025	178,534	195,567	213,833	231,263	244,596	239,357	256,269	249,527
(Real GDP, annual percentage change)									
Agriculture, forestry, and fishery	3.3	3.4	4.8	4.4	4.3	3.5	2.9	5.2	5.2
Agriculture	3.9	3.5	4.3	4.6	5.0	3.6	...	5.5	...
Forestry	-4.6	2.2	5.9	2.0	0.1	0.4	...	3.1	...
Fishery	2.0	2.9	8.2	4.1	1.0	4.3	...	3.8	...
Industry	12.6	13.4	13.6	14.5	12.6	8.3	7.9	7.7	7.7
Mining and quarrying	...	21.0	13.5	13.6	13.2	14.1	...	15.0	...
Manufacturing	-21.6	9.3	13.5	13.6	12.8	10.2	...	7.5	...
Electricity, gas, and water supply	...	9.2	18.5	17.8	14.7	12.3	...	7.0	...
Construction	17.3	18.2	12.7	16.1	11.3	-0.5	...	2.4	...
Services	8.6	9.6	9.8	8.8	7.1	5.1	0.5	2.3	0.9
Wholesale and retail trade	6.1	8.6	11.3	9.7	6.9	4.4	...	1.9	...
Hotels and restaurants	-67.9	7.1	10.1	10.2	7.0	4.5	...	1.8	...
Transport, storage, and communications	6.6	6.6	9.7	7.4	8.9	3.9	...	4.6	...
Financial intermediation	16.7	22.3	14.2	11.4	4.3	5.8	...	3.4	...
Real estate services	...	8.9	6.6	6.1	7.1	5.5	...	-0.3	...
State management 2/	-54.3	11.0	8.9	7.0	4.0	4.0	...	1.6	...
Education and training	...	13.8	7.3	8.0	7.1	6.8	...	3.5	...
Health and social work	...	6.3	9.1	7.0	4.0	6.5	...	4.0	...
Other services	...	11.2	8.8	10.2	12.6	7.7	...	3.2	...
Gross Domestic Product	8.1	8.8	9.5	9.3	8.2	5.8	3.5	4.8	4.2
(GDP deflator, annual percentage change)									
Agriculture, forestry, and fishery	4.6	15.2	21.2	16.3	2.6	11.2	...	3.9	...
Agriculture	2.0	15.7	20.7	10.8	2.8	11.6	...	3.7	...
Forestry	17.8	7.4	18.5	61.9	2.4	9.8	...	4.9	...
Fishery	24.9	14.8	26.6	40.9	2.7	9.8	...	5.1	...
Industry	15.2	11.7	12.4	7.4	10.4	7.6	...	9.2	...
Mining and quarrying	...	...	6.4	22.2	14.3	7.3	...	22.9	...
Manufacturing	54.9	-20.1	13.5	5.9	11.0	8.7	...	5.7	...
Electricity, gas, and water supply	...	...	38.9	18.1	14.7	7.0	...	5.3	...
Construction	38.2	7.4	8.2	-3.1	3.8	2.1	...	1.9	...
Services	19.1	14.7	17.7	5.4	6.7	8.4	...	4.0	...
Wholesale and retail trade	8.3	20.7	11.6	4.8	6.1	9.2	...	4.4	...
Hotels and restaurants	328.1	-68.2	27.9	2.9	8.1	5.0	...	4.9	...
Transport, storage, and communications	21.5	7.2	16.1	6.1	9.8	9.1	...	3.9	...
Financial intermediation	26.9	21.2	16.9	0.4	1.4	8.9	...	4.4	...
Real estate services	...	...	...	2.7	6.1	9.1	...	1.4	...
State management 2/	224.1	-53.1	17.2	6.3	6.8	8.9	...	4.3	...
Education and training	...	...	...	10.4	6.4	9.6	...	4.3	...
Health and social work	...	...	...	2.8	5.2	6.7	...	4.3	...
Other services	...	...	...	12.1	8.2	5.7	...	4.5	...
Gross Domestic Product	13.4	14.0	17.0	8.7	6.6	8.8	...	5.7	...

Sources: General Statistical Office; and staff estimates.

1/ Data are latest official revisions of historical GDP estimates.

2/ State management includes public administration, defense, and compulsory social security.

Table 4. Vietnam: Consumer Price Inflation, 1995-2000 1/
(Annual average and 12-month percentage changes, unless otherwise indicated)

	Overall index	Goods	Food			Nonfood consumer goods	Services
			All food	Staples	Other food		
1995 December	12.9	13.5	19.8	20.4	19.2	6.9	9.8
Average	16.9	17.8	27.0	35.2	22.9	8.4	12.1
1996 December	4.4	3.9	4.4	0.4	6.3	3.2	8.2
Average	5.6	5.3	6.9	6.1	7.2	3.6	8.3
1997 December	3.6	2.9	1.3	-1.4	2.5	4.6	8.6
Average	3.1	2.2	0.5	-3.4	2.5	4.0	9.1

Weight (in percent)	Overall index		Food			Nonfood					
	(1995 = 100)	100.0	All food	Staples	Other food	All nonfood	Clothes, footwear	Household goods	Housing, construction	Transport, communication	Other items
			60.9	20.0 2/	80.0 2/	39.1	6.6	4.6	2.9	7.2	17.8
1998 January	112.3	4.2	2.0	2.4	1.9	7.6	2.7	4.1	6.2	9.6	9.8
February	114.8	4.5	2.9	7.7	1.7	7.0	6.0	7.8	8.9	11.9	4.8
March	113.8	4.5	4.3	15.1	1.6	4.8	3.2	2.5	3.6	7.7	5.0
April	115.6	6.7	7.2	4.8	7.8	5.9	6.1	7.2	4.6	5.0	6.1
May	117.2	8.8	11.2	24.8	7.8	5.1	3.7	3.6	5.9	6.1	5.4
June	117.2	8.7	11.7	27.7	7.7	4.0	5.2	5.2	2.7	0.4	5.0
July	116.6	8.1	10.7	27.1	6.6	4.1	2.4	3.0	1.1	4.2	5.4
August	117.9	9.1	12.4	34.4	6.9	4.0	3.8	2.5	2.6	5.1	4.2
September	119.1	9.7	13.1	35.5	7.5	4.5	3.3	3.4	2.4	8.5	3.9
October	119.4	9.6	12.8	33.6	7.6	4.7	4.1	2.2	3.1	8.1	4.5
November	119.5	9.4	12.4	27.6	8.6	4.7	4.5	3.0	3.5	7.4	4.3
December	120.5	9.2	12.3	27.1	8.6	4.4	2.3	2.5	1.7	3.0	6.7
Average	117.0	7.9	8.7	22.3	6.2	5.1	3.9	3.9	3.9	6.4	5.4
1999 January	122.5	9.1	12.3	25.7	9.0	4.0	4.1	4.7	1.4	0.7	5.6
February	124.8	8.7	11.6	28.9	7.3	4.2	4.7	3.8	-0.1	1.9	5.7
March	123.9	8.9	11.4	25.6	7.8	5.0	5.1	4.1	0.1	4.6	6.2
April	123.1	6.5	7.6	14.2	5.9	4.8	4.7	3.8	-0.1	4.9	5.9
May	122.6	4.6	4.9	0.0	6.1	4.2	3.7	3.2	-0.2	4.3	5.3
June	122.2	4.3	4.2	-2.1	5.8	4.3	4.5	3.5	1.0	4.0	5.2
July	121.7	4.4	4.3	-1.1	5.7	4.4	4.5	3.6	2.2	3.5	5.4
August	121.2	2.8	2.1	-10.3	5.2	3.9	3.8	3.9	1.9	3.2	4.5
September	120.5	1.2	0.0	-20.8	5.2	3.0	3.3	3.1	2.5	1.6	3.5
October	119.2	-0.2	-2.1	-16.9	1.6	2.8	2.8	3.5	2.2	1.6	3.3
November	119.7	0.2	-1.2	-13.4	1.8	2.4	1.7	2.8	1.4	1.2	3.1
December	120.3	-0.2	-2.1	-12.6	0.5	2.9	1.9	3.5	2.5	1.6	3.7
Average	121.8	4.1	4.3	0.7	5.2	3.9	3.7	3.6	1.2	2.8	4.8
2000 January	120.8	-1.4	-3.4	-11.2	-1.5	1.8	1.7	2.1	2.7	0.3	2.2
February	122.7	-1.7	-3.6	-12.0	-1.5	1.3	1.6	2.1	2.6	0.1	1.3
March	121.3	-2.1	-4.3	-9.7	-2.9	1.3	0.4	1.6	5.3	0.8	1.1
April	120.4	-2.2	-4.2	-10.4	-2.7	1.0	-0.1	0.4	4.9	1.2	0.8
May	119.7	-2.4	-4.8	-9.3	-3.7	1.5	0.4	1.1	5.2	1.9	1.1
June	119.1	-2.5	-5.2	-9.9	-4.0	1.6	0.1	1.7	4.8	2.3	1.3

Sources: General Statistical Office, and staff estimates.

1/ Since January 1998, the CPI index has been calculated under a new methodology and with different weights for the components.

2/ Staff estimate.

Table 5. Vietnam: Gross Value of Agricultural Production at Constant Prices, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In billions of dong, at constant 1994 prices)					
Total	79,812	83,967	89,958	93,502	100,283
Food crops	54,034	56,814	59,942	62,257	65,969
Paddy and other cereals	42,110	44,654	46,593	49,060	52,738
Vegetables and beans	4,984	5,088	5,441	5,682	5,947
Fruits	5,578	5,688	6,132	6,091	6,193
Other	1,362	1,384	1,775	1,424	1,091
Industrial crops	12,149	12,806	14,551	15,042	16,977
Animal husbandry	13,629	14,347	15,465	16,204	17,337
(In percent total production)					
Food crops	67.7	67.7	66.6	66.6	65.8
Paddy and other cereals	52.8	53.2	51.8	52.5	52.6
Vegetables and beans	6.2	6.1	6.0	6.1	5.9
Fruits	7.0	6.8	6.8	6.5	6.2
Other	1.7	1.6	2.0	1.5	1.1
Industrial crops	15.2	15.3	16.2	16.1	16.9
Animal husbandry	17.1	17.1	17.2	17.3	17.3
(Annual percentage change)					
Total	6.6	5.2	7.1	3.9	7.3
Food crops	5.0	5.1	5.5	3.9	6.0
Paddy and other cereals	4.7	6.0	4.3	5.3	7.5
Vegetables and beans	10.0	2.1	6.9	4.4	4.7
Fruits	2.7	2.0	7.8	-0.7	1.7
Other	6.1	1.6	28.3	-19.8	-23.4
Industrial crops	17.6	5.4	13.6	3.4	12.9
Animal husbandry	4.5	5.3	7.8	4.8	7.0

Source: General Statistical Office.

Table 6. Vietnam: Production of Food Staples, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In thousands of tons)					
Total production	27,571	29,218	30,618	31,854	34,254
By product					
Rice paddy	24,964	26,397	27,524	29,146	31,394
Spring crop	10,737	12,210	13,310	13,560	14,104
Autumn crop	6,501	6,879	6,638	7,523	8,757
Winter crop	7,726	7,309	7,576	8,063	8,533
Other staples (rice equivalent units)	2,607	2,821	3,094	2,708	2,860
Other staples (gross output)	5,334	5,301	5,745	4,911	5,304
Maize	1,177	1,537	1,651	1,612	1,752
Sweet potato	1,686	1,697	1,691	1,526	1,745
Cassava	2,212	2,067	2,403	1,773	1,807
Potatoes	260	...	...	...	...
By region					
North	10,576	10,927	12,015	12,093	13,170
South	16,995	18,291	18,603	19,761	21,084
(Annual percentage change)					
Total production	5.2	6.0	4.8	4.0	7.5
Rice paddy	6.1	5.7	4.3	5.9	7.7
Spring crop	2.2	13.7	9.0	1.9	4.0
Autumn crop	15.5	5.8	-3.5	13.3	16.4
Winter crop	4.5	-5.4	3.7	6.4	5.8
Other staples (rice equivalent units)	-2.4	8.2	9.7	-12.5	5.6
Maize	2.9	30.5	7.4	-2.4	8.7
Sweet potato	-11.5	0.7	-0.4	-9.8	14.4
Cassava	-6.2	-6.5	16.2	-26.2	1.9
Potatoes	0.2	...	...	...	...
(In thousands of hectares)					
Total area cultivated	7,973	8,217	8,330	8,587	8,868
By product					
Rice paddy	6,766	7,004	7,100	7,363	7,648
Spring crop	2,421	2,541	2,683	2,783	2,890
Autumn crop	1,742	1,984	1,885	2,141	2,335
Winter crop	2,602	2,479	2,532	2,439	2,423
Other staples	1,207	1,213	1,230	1,224	1,220
Maize	557	615	663	650	687
Sweet potato	305	303	267	254	265
Cassava	278	276	254	236	267
Other	68	20	46	84	1
By region					
North	3,333	3,304	3,365	3,346	3,379
South	4,640	4,913	4,965	5,241	5,489
(In metric tons per hectare)					
Yield					
By product					
Rice paddy	3.7	3.8	3.9	4.0	4.1
Spring crop	4.4	4.8	5.0	4.9	4.9
Autumn crop	3.7	3.5	3.5	3.5	3.8
Winter crop	3.0	2.9	3.0	3.3	3.5
Maize	2.1	2.5	2.5	2.5	2.6
Sweet potato	5.5	5.6	6.3	6.0	6.6
Cassava	8.0	7.5	9.5	7.5	6.8
By region					
North	3.2	3.3	3.6	3.6	3.9
South	3.7	3.7	3.7	3.8	3.8
Per capita production					
Total staples (in metric tons per capita)	0.382	0.398	0.411	0.422	0.449
Rice	0.346	0.360	0.370	0.386	0.411
Other staples	0.036	0.038	0.042	0.036	0.037
(in percent of total staples production)	9.5	9.7	10.1	8.5	8.3
Total staples (1994 = 100)	103.5	108.0	111.5	114.3	121.7
Rice	104.4	108.7	111.6	116.5	124.2
Other staples	96.0	102.3	110.6	95.4	99.7
Total staples (annual percentage change)	3.5	4.3	3.2	2.5	6.5
Rice	4.4	4.1	2.7	4.4	6.6
Other staples	-4.0	6.5	8.0	-13.7	4.6

Sources: Ministry of Agriculture and Forestry and General Statistical Office; and staff estimates.

Table 7. Vietnam: Industrial Crop Production and Livestock, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In thousands of metric tons)					
Production of annual crops					
Cotton	12.8	11.2	14.1	22.0	21.4
Jute	14.8	15.0	22.3	14.6	9.1
Rush	75.6	55.0	80.9	69.9	58.8
Sugarcane	10,711	11,372	11,921	13,844	17,840
Peanuts	334	358	351	386	319
Soybeans	126	114	113	147	145
Tobacco	27.7	23.5	27.2	33.3	35.3
Production of perennial crops					
Tea	40.2	46.8	52.2	56.6	64.7
Coffee	218	320	421	409	487
Rubber	125	143	187	194	215
Coconut	1,165	1,318	1,318	1,106	1,134
Pepper	9.3	10.5	13.0	15.9	17.8
(Annual percentage change)					
Cotton	47.1	-12.5	25.9	56.0	-2.7
Jute	15.6	1.4	4.3	-34.5	-37.7
Rush	9.4	-27.2	4.3	-13.6	-15.9
Sugarcane	41.9	6.7	4.3	16.1	28.9
Peanuts	13.6	7.0	-0.2	9.9	-17.4
Soybeans	0.8	-9.3	-0.9	29.8	-1.4
Tobacco	27.6	-15.2	12.5	22.4	6.0
Tea	-4.3	16.4	10.6	8.4	14.3
Coffee	21.1	46.8	31.6	-2.7	18.9
Rubber	-3.2	14.3	30.8	14.4	14.4
(In thousands of hectares)					
Area cultivated of annual crops					
Cotton	692	666	681	755	797
Jute	18	15	15	24	22
Rush	8	8	12	7	4
Rush	10	9	11	10	9
Sugarcane	225	237	257	283	351
Peanuts	260	263	254	269	248
Soybeans	121	110	106	129	129
Tobacco	28	24	26	32	33
Area cultivated of perennial crops					
Tea	704	811	936	993	1,044
Tea	67	75	79	77	85
Coffee	186	254	340	371	397
Rubber	278	303	348	382	394
Coconut	173	180	170	163	168
Pepper	7.0	7.5	9.8	12.8	15.0
(In output per hectare, in metric tons)					
Cotton	0.7	0.7	0.9	0.9	1.0
Jute	2.0	1.9	1.9	2.2	2.2
Rush	7.3	6.0	7.3	7.1	6.3
Sugarcane	47.6	48.0	46.4	48.9	50.9
Peanut	1.3	1.4	1.4	1.4	1.3
Soybeans	1.0	1.0	1.1	1.1	1.1
Tobacco	1.0	1.0	1.0	1.0	1.1
Tea	0.6	0.6	0.7	0.7	0.8
Coffee	1.2	1.3	1.2	1.1	1.2
Rubber	0.4	0.5	0.5	0.5	0.5
(In millions of heads)					
Livestock					
Buffalo	3.0	3.0	2.9	3.0	3.0
Cattle	3.6	3.8	3.9	4.0	4.1
Pigs (over two months old)	16.3	16.9	17.6	18.1	18.9
Poultry	142.1	151.4	160.6	166.4	179.3

Sources: Ministry of Agriculture and Forestry and General Statistical Office.

Table 8. Vietnam: Gross Value of Industrial Production at Constant Prices, 1995-1999 1/

	1995	1996	1997	1998	1999 Estimate
(In trillions of dong, at constant 1994 prices)					
Mining	13.9	16.0	18.3	21.1	24.1
Coal	1.7	1.9	2.2	2.1	1.7
Oil and gas	10.8	12.5	14.2	16.9	20.1
Metal ores	0.2	0.3	0.2	0.2	0.2
Stone and other mining	1.2	1.3	1.7	1.9	2.1
Manufacturing	83.2	94.8	107.6	120.7	132.6
Food and beverages	27.0	30.9	34.0	36.5	39.4
Cigarettes and tobacco	4.0	4.2	4.4	4.9	5.0
Textiles and garments	9.1	9.8	11.6	13.0	14.3
Textile	6.2	6.4	7.3	8.4	9.3
Garments	2.9	3.4	4.3	4.6	5.0
Leather tanning and processing	3.6	4.5	6.6	7.1	7.9
Wood and paper products	5.2	5.5	5.8	6.2	6.3
Wood products	3.3	3.2	3.2	3.0	2.8
Paper	1.9	2.3	2.6	3.2	3.5
Printing, copying, publishing	1.5	1.5	1.6	1.9	2.0
Chemical and petroleum products	5.4	6.5	7.3	8.2	9.1
Coke and petroleum	0.3	0.2	0.1	0.1	0.1
Chemicals	5.1	6.3	7.2	8.1	9.0
Rubber and plastics	2.3	2.8	3.5	4.4	5.3
Nonmetallic products	9.2	10.1	12.2	13.7	15.3
Metal products	5.7	7.0	7.6	8.3	9.2
Metallic products	3.4	4.1	4.0	4.1	4.4
Products made of metal	2.3	2.9	3.6	4.2	4.8
Machinery and equipment	1.4	1.6	1.7	2.2	2.7
Computer and office equipment	0.0	0.0	0.0	0.2	0.3
Other machinery and equipment	1.4	1.6	1.7	2.0	2.4
Electric and electronic products	3.4	4.7	5.2	6.2	7.1
Radio, TV, telecom. equipment	2.1	3.1	3.3	3.5	3.6
Medical instruments	0.2	0.3	0.0	0.4	0.6
Other electric and electronic products	1.1	1.3	1.7	2.3	2.9
Vehicles and transport equipment	3.4	3.4	3.4	5.1	5.7
Assembling and repairing of motor vehicles	1.5	1.4	1.6	1.7	1.8
Transport equipment	1.9	2.0	1.8	3.4	3.9
Furniture and other	2.0	2.3	2.7	3.0	3.3
Furniture	1.9	2.2	2.6	2.8	3.1
Other	0.1	0.1	0.1	0.2	0.2
Electricity, gas, and water	6.2	7.3	8.5	9.4	10.3
Electricity and gas	5.4	6.5	7.6	8.5	9.3
Water supply	0.8	0.8	0.9	0.9	1.0
Total	103.3	118.1	134.4	151.2	167.0
(Annual percentage change)					
Mining	13.5	14.7	14.7	15.3	14.0
Oil and gas	13.2	15.7	13.6	19.0	18.9
Manufacturing	13.5	13.9	13.5	12.2	9.9
Food and beverages	12.9	14.4	10.0	7.4	7.9
Textiles and garments	46.4	7.7	18.4	12.1	10.0
Metal products	...	22.8	8.6	9.2	10.8
Electric and electronic products	...	38.2	10.6	19.2	14.5
Vehicles and transport equipment	...	0.0	0.0	50.0	11.8
Electricity, gas, and water	18.5	18.5	15.0	11.8	9.6
Total	14.5	14.2	13.8	12.5	10.4

Source: General Statistical Office.

1/ Due to reclassification of industrial activities, previously published industrial sector data are not comparable with the data in this table.

Table 9. Vietnam: Industrial Production by Sector of Ownership at Constant Prices, 1995-99 1/

	1995	1996	1997	1998	1999 Estimate
(In billions of dong, at constant 1994 prices)					
Total industrial production	103,375	118,097	134,420	151,223	166,965
State sector	51,991	58,166	64,474	69,462	72,604
(excluding oil and gas)	41,146	45,699	50,235	52,593	52,538
Central	33,920	38,411	42,215	45,677	47,986
(excluding oil and gas)	23,075	25,944	27,976	28,808	27,920
Local	18,071	19,755	22,259	23,785	24,618
Nonstate sector	25,451	28,368	31,068	33,403	36,342
Cooperatives	650	684	751	859	...
Private	2,277	2,792	3,224	3,383	...
Household	18,191	18,977	19,704	20,827	...
Mixed	4,333	5,915	7,389	8,334	...
Foreign invested sector	25,933	31,562	38,878	48,358	58,019
(In percent of total industrial production)					
State sector	50.3	49.3	48.0	45.9	43.5
(excluding oil and gas)	39.8	38.7	37.4	34.8	31.5
Central	22.3	22.0	20.8	19.1	16.7
(excluding oil and gas)	17.5	16.7	16.6	15.7	14.7
Local	24.6	24.0	23.1	22.1	21.8
Nonstate sector	24.6	24.0	23.1	22.1	21.8
Cooperatives	0.6	0.6	0.6	0.6	...
Private	2.2	2.4	2.4	2.2	...
Household	17.6	16.1	14.7	13.8	...
Mixed	4.2	5.0	5.5	5.5	...
Foreign invested sector	25.1	26.7	28.9	32.0	34.7
(Annual percentage change)					
Total industrial production	14.5	14.2	13.8	12.5	10.4
State sector	13.6	11.9	10.8	7.7	4.5
(excluding oil and gas)	13.8	11.1	9.9	4.7	-0.1
Central	14.0	13.2	9.9	8.2	5.1
(excluding oil and gas)	14.4	12.4	7.8	3.0	-3.1
Local	12.6	9.3	12.7	6.9	3.5
Nonstate sector 2/	18.5	11.5	9.5	7.5	8.8
Cooperatives	...	5.2	9.8	14.4	...
Private	...	22.6	15.5	4.9	...
Household	...	4.3	3.8	5.7	...
Mixed	...	36.5	24.9	12.8	...
Foreign invested sector	...	21.7	23.2	24.4	20.0

Sources: General Statistical Office; and staff estimates.

1/ Due to reclassification of industrial activities, previously published industrial sector data are not comparable with the data in this table.

2/ Growth rate for 1995 covers both nonstate and foreign invested sectors.

Table 10. Vietnam: Population and Employment, 1995-99

	1995	1996	1997	1998	1999 Estimate
(in thousands of persons, unless otherwise indicated)					
Total population 1/	72,235	73,366	74,469	75,561	76,585
(annual percentage change)	1.7	1.6	1.5	1.5	1.4
Urban 2/	14,928	15,547	16,323	17,197	18,165
(annual percentage change)	3.7	4.1	5.0	5.3	5.6
Rural 2/	57,306	57,819	58,146	58,365	58,420
(annual percentage change)	1.1	0.9	0.6	0.4	0.1
Female	37,103	37,591	38,059	38,511	38,908
Male	35,132	35,775	36,410	37,051	37,677
Age under 15	...	...	...	...	23,340
Age 15-59	...	...	...	...	46,302
Age 60 and over	...	...	...	...	6,943
Total employment	34,590	35,792	36,994	37,877	38,546
Unemployment rate 3/	5.8	5.9	6.0	6.9	7.4
(In percent of total population)					
Urban 2/	20.7	21.2	21.9	22.8	23.7
Rural 2/	79.3	78.8	78.1	77.2	76.3
Female	51.4	51.2	51.1	51.0	50.8
Male	48.6	48.8	48.9	49.0	49.2
Age under 15	...	...	...	...	30.5
Age 15-59	...	...	...	...	60.5
Age 60 and over	...	...	...	...	9.1
Total employment	47.9	48.8	49.7	50.1	50.5
(In thousands of persons)					
Total employment	34,590	35,792	36,994	37,877	38,546
Nonstate sector	31,537	32,654	33,727	34,494	35,176
State sector	3,053	3,138	3,267	3,383	3,370
Government	1,258	1,278	...	...	...
Central	261	201	...	...	...
Local	997	1,077	...	...	...
State enterprises	1,795	1,860	...	...	...
Central	1,001	1,084	...	...	...
Local	794	776	...	...	...
(In percent of total employment)					
Nonstate sector	91.2	91.2	91.2	91.1	91.3
State sector	8.8	8.8	8.8	8.9	8.7
Government	3.6	3.6	...	...	...
Central	0.8	0.6	...	...	...
Local	2.9	3.0	...	...	...
State enterprises	5.2	5.2	...	...	...
Central	2.9	3.0	...	...	...
Local	2.3	2.2	...	...	...
(Annual percentage change)					
Total employment	2.7	3.5	3.4	2.4	1.8
Nonstate sector	2.6	3.5	3.3	2.3	2.0
State sector	4.3	2.8	4.1	3.6	-0.4
Government	6.8	1.6	...	...	...
Central	1.6	-23.0	...	...	...
Local	8.3	8.0	...	...	...
State enterprises	2.6	3.6	...	...	...
Central	1.4	8.3	...	...	...
Local	4.0	-2.3	...	...	...

Sources: General Statistical Office; and staff estimates.

- 1/ Annual official estimates adjusted on the basis of the 1989 and 1999 census.
 2/ Armed forces and some other special groups are excluded from urban/rural categories.
 3/ For labor force comprising males 15 to 60 years old and females 15-55 years old.

Table 11. Vietnam: Total and Nonstate Employment by Sector, 1995-99

	1995	1996	1997	1998	1999
				Staff estimate 1/	
1. State and nonstate employment					
(In thousands of persons)					
Total employment	34,590	35,792	36,994	37,877	38,546
Agriculture, fisheries, and forestry	24,122	24,775	25,443	26,070	26,591
Industry and construction	4,582	4,629	4,633	4,636	4,656
Industry 2/	3,587	3,653	3,656	3,656	3,674
Construction	996	975	977	980	982
Trade, transport, and communications	2,451	2,734	3,190	...	...
Trade	1,888	2,159	2,672	...	...
Transport and communications	563	575	519	...	...
Education, health, science, and arts	1,385	1,422	1,432	...	...
Other 3/	2,050	2,232	2,296	...	...
(Annual percentage change)					
Total employment	2.7	3.5	3.4	2.4	1.8
Agriculture, fisheries, and forestry	0.0	2.7	2.7	2.5	2.0
Industry and construction	5.3	1.0	0.1	0.1	0.4
Trade, transport, and communications	2.9	11.5	16.7	...	...
Education, health, science, and arts	-0.7	2.7	0.7	...	...
Other 3/	45.9	8.9	2.9	...	...
(In percent of total employment)					
Agriculture, fisheries, and forestry	69.7	69.2	68.8	68.8	69.0
Industry and construction	13.2	12.9	12.5	12.2	12.1
Trade, transport, and communications	7.1	7.6	8.6	...	...
Education, health, science, and arts	4.0	4.0	3.9	...	...
Other 3/	5.9	6.2	6.2	...	...
(In thousands of dong at 1994 prices)					
Total output per worker	5,654	5,974	6,251	6,458	6,648
Agriculture, fisheries, and forestry	2,128	2,163	2,197	2,220	2,290
Industry and construction	12,777	14,479	16,292	17,637	18,910
Trade, transport, and communications	16,913	16,570	15,234	...	...
Other 3/	12,883	13,119	13,759	...	...
(Annual percentage change)					
Total output per worker	6.6	5.7	4.6	3.3	3.0
Agriculture, fisheries, and forestry	4.8	1.6	1.6	1.0	3.2
Industry and construction	7.9	13.3	12.5	8.3	7.2
Trade, transport, and communications	7.9	-2.0	-8.1	...	...
2. Nonstate employment 4/					
(In thousands of persons)					
Total nonstate employment	31,537	32,654	33,727	34,494	35,176
Agriculture, fisheries, and forestry	23,840	24,527	25,186	25,827	26,359
Industry and construction	3,532	3,547	3,487	3,426	3,453
Industry 2/	2,833	2,866	2,849	2,814	2,831
Construction	699	681	638	612	622
Trade, transport, and communications	2,057	2,317	2,788	...	...
Trade	1,689	1,951	2,467	...	...
Transport and communications	368	366	322	...	...
Education, health, science, and arts	452	450	416	...	...
Other 3/	1,656	1,814	1,850	...	...
(Annual percentage change)					
Total nonstate employment	2.6	3.5	3.3	2.3	2.0
Agriculture, fisheries, and forestry	0.0	2.9	2.7	2.5	2.1
Industry and construction	5.1	0.4	-1.7	-1.7	0.8
Trade, transport, and communications	3.2	12.6	20.4	...	...
Education, health, science, and arts	-10.2	-0.6	-7.4	...	...
Other 3/	59.6	9.5	2.0	...	...
(In percent of total nonstate employment)					
Agriculture, fisheries, and forestry	68.9	68.5	68.1	68.2	68.4
Industry and construction	10.2	9.9	9.4	9.0	9.0
Trade, transport, and communications	5.9	6.5	7.5	...	...
Education, health, science, and arts	1.3	1.3	1.1	...	...
Other 3/	4.8	5.1	5.0	...	...

Sources: General Statistical Office and Central Institute for Economic Management (CIEM); and staff estimates.

1/ Based on estimates of total employment in *National Accounting Framework and a Macroeconomic Model for Vietnam (2000)*, CIEM.

2/ Includes mining and quarrying and electricity, gas, and water supply.

3/ Includes unclassified workers.

4/ Employment outside central and local government and state-owned enterprises.

Table 12. Vietnam: Employment in the State Sector, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In thousands of persons)					
Total employment	3,053	3,138	3,267	3,383	3,370
Agriculture and forestry	282	248	257	243	232
Industry and construction	1,051	1,082	1,146	1,210	1,203
Industry	754	787	807	842	843
Construction	297	294	338	368	360
Trade, transport, and communications	393	417	402	400	391
Trade	198	208	205	201	192
Transport and communications	195	210	197	199	199
Education, health, science, and arts	933	973	1,016	1,070	1,080
Education	711	741	777	818	829
Science	27	32	32	37	34
Culture, arts, and sport	32	32	33	35	34
Public health	163	168	173	180	183
Other	394	418	447	460	464
(In percent of total state sector employment)					
Agriculture and forestry	9.2	7.9	7.9	7.2	6.9
Industry and construction	34.4	34.5	35.1	35.8	35.7
Trade, transport, and communications	12.9	13.3	12.3	11.8	11.6
Education, health, science, and arts	30.5	31.0	31.1	31.6	32.0
Other	12.9	13.3	13.7	13.6	13.8
(Annual percentage change)					
Total employment	4.3	2.8	4.1	3.6	-0.4
Agriculture and forestry	-2.3	-12.1	3.6	-5.4	-4.5
Industry and construction	6.0	2.9	5.9	5.6	-0.6
Trade, transport, and communications	1.0	6.0	-3.6	-0.5	-2.3
Education, health, science, and arts	4.7	4.3	4.4	5.4	0.9
Other	7.2	6.2	6.8	3.0	0.9
(In thousands of dong per month)					
Average nominal wage 1/	478	543	642	697	698
Industry	754	708	841	898	889
Construction	499	573	738	807	787
Agriculture	366	422	480	514	493
Transportation	879	1,018	1,132	1,304	1,322
Trade	490	582	688	742	701
Education	310	329	405	451	488
Science	361	505	555	673	543
Culture, arts, and sports	347	400	453	540	495
Public health	327	363	440	480	516
State management	357	380	435	449	463
Financial intermediation	807	940	...	...	...
Average real wage growth 2/	4.8	7.6	14.7	0.6	-3.8
Industry	12.0	-11.0	15.2	-1.0	-4.9
Construction	2.3	8.6	25.1	1.3	-6.3
Agriculture	9.3	9.0	10.4	-0.7	-7.9
Transportation	35.7	9.7	7.8	6.8	-2.6
Trade	4.0	12.4	14.7	0.0	-9.3
Education	-9.8	0.5	19.6	3.2	3.9
Science	-11.6	32.4	6.5	12.5	-22.5
Culture, arts, and sports	-4.4	9.1	9.9	10.4	-12.0
Public health	-6.7	5.1	17.5	1.2	3.2
State management	-6.9	0.8	11.2	-4.4	-1.0
Financial intermediation	1.3	10.3	...	...	...
Consumer price inflation	16.9	5.6	3.1	7.9	4.1

Sources: General Statistical Office; and staff estimates.

1/ Cash income, including payments in kind, bonus payments, and social security contributions.

2/ Nominal wage growth deflated by consumer price inflation.

Table 13. Vietnam: Summary of General Government Budgetary Operations, 1995-2000 1/

	1995	1996	1997	1998	1999		2000 Budget 2/
					Budget	Staff est.	
(In trillions of dong)							
Revenue and grants	53.4	62.4	65.4	73.0	69.5	74.2	74.5
Revenue	51.8	60.8	62.8	70.8	67.6	72.3	72.6
Tax revenue	42.4	51.8	53.1	59.0	58.7	61.8	62.0
Nontax revenue	9.4	9.1	9.7	11.9	8.9	10.5	10.6
Grants	1.6	1.5	2.6	2.1	1.9	1.9	1.9
Total expenditure (including onlending)	55.1	64.3	77.6	80.2	84.4	83.5	94.7
(excluding onlending)	54.6	62.9	70.7	74.8	73.6	77.8	86.7
Current expenditure	42.5	47.3	51.3	54.2	50.0	52.3	58.8
Current non-interest expenditures	39.6	44.6	49.4	52.2	47.5	49.8	55.3
Interest payments (paid)	2.9	2.7	1.9	2.1	2.5	2.5	3.5
(scheduled)	4.1	4.1	3.9	2.1	2.5	2.5	3.5
Capital expenditure and onlending	12.6	17.1	26.4	25.9	31.9	31.2	33.7
of which: onlending	0.5	1.4	6.9	5.4	10.9	5.7	8.0
Contingency	0.0	0.0	0.0	0.0	2.6	0.0	2.2
Overall fiscal balance (excluding onlending)	-1.2	-0.5	-5.4	-1.8	-4.1	-3.6	-12.2
(including onlending)	-1.7	-1.9	-12.3	-7.2	-14.9	-9.3	-20.2
Financing	1.7	1.9	12.3	7.2	14.9	9.3	20.2
Domestic (net)	2.7	0.6	5.2	-0.2	-0.2	-1.2	7.6
Banking system 3/	-0.2	-0.3	0.0	1.6	0.0	-5.4	0.0
Nonbanks 4/	2.9	0.8	5.2	-1.8	-0.2	4.2	7.6
Foreign (net)	-1.0	1.4	7.1	7.4	15.1	10.6	12.6
Disbursements	2.0	3.8	10.2	10.2	18.1	13.5	15.0
Amortization paid (-)	3.0	2.5	3.2	2.8	3.0	3.0	2.4
(In percent of GDP)							
Revenue and grants	23.3	22.9	20.8	20.2	17.5	18.7	17.5
Revenue	22.6	22.4	20.0	19.6	17.0	18.2	17.1
Tax revenue	18.5	19.0	16.9	16.3	14.8	15.5	14.6
Nontax revenue	4.1	3.3	3.1	3.3	2.3	2.6	2.5
Grants	0.7	0.6	0.8	0.6	0.5	0.5	0.4
Total expenditure (including onlending)	24.1	23.6	24.8	22.2	21.3	21.0	22.3
(excluding onlending)	23.8	23.1	22.6	20.7	18.5	19.6	20.4
Current expenditure	18.6	17.4	16.3	15.0	12.6	13.2	13.8
Current non-interest expenditure	17.3	16.4	15.7	14.5	12.0	12.5	13.0
Interest payments (paid)	1.3	1.0	0.6	0.6	0.6	0.6	0.8
Capital expenditure and onlending	5.5	6.3	8.4	7.2	8.0	7.9	7.9
Contingency	0.0	0.0	0.0	0.0	0.7	0.0	0.5
Overall fiscal balance (excluding onlending)	-0.5	-0.2	-1.7	-0.5	-1.0	-0.9	-2.9
(including onlending)	-0.8	-0.7	-3.9	-2.0	-3.8	-2.3	-4.7
Financing	0.8	0.7	3.9	2.0	3.8	2.3	4.7
Domestic (net)	1.2	0.2	1.7	-0.1	0.0	0.0	1.8
Banking system 3/	-0.1	-0.1	0.0	0.4	0.0	-1.4	0.0
Nonbanks 4/	1.3	0.3	1.7	-0.5	0.0	1.3	1.8
Foreign (net)	-0.4	0.5	2.3	2.1	3.8	2.4	3.0
(In trillions of dong, unless otherwise indicated)							
Memorandum items:							
Augmented balance 5/ (in percent of GDP)	-1.7 -0.8	-1.9 -0.7	-12.3 -3.9	-9.6 -2.7	-14.9 -3.8	-9.3 -2.3	-20.2 -4.7
Expenditures managed at units 6/ (in percent of GDP)	...	...	...	3.6	6.6	5.0	6.3
Wage and salary bill (in percent of GDP)	14.5	16.2	18.9	19.6	21.9	21.9	27.3
Social spending (in percent of GDP)	6.3	6.0	6.0	5.4	5.5	5.5	6.4
	8.0	7.5	7.6	6.8	6.2	6.4	6.3

Sources: Ministry of Finance, and staff estimates and projections.

1/ Cash basis.

2/ Excludes current and capital costs of state-owned enterprise and banking sector reforms.

3/ The difference between bank financing and net claims on government in the monetary survey for 1998 is due to bank recapitalization operations.

4/ Domestic nonbank financing is derived as a residual and includes statistical discrepancy.

5/ Includes capital costs of bank restructuring estimated at D 2.4 trillion (0.7 percent of GDP) in 1998.

6/ Self-financed expenditure undertaken by administrative units of the central and local governments, which are excluded from the above budget presentation.

Table 14. Vietnam: Government Revenues, 1995-2000

	1995	1996	1997	1998	1999		2000 Budget
					Budget	Staff estimate	
(In trillions of dong)							
Total revenue and grants	53.4	62.4	65.4	73.0	69.5	74.2	74.5
Tax revenue	42.4	51.8	53.1	59.0	58.7	61.8	62.0
Corporate income tax 1/	7.4	9.6	11.6	13.1	12.3	14.0	15.2
Individual income tax	0.5	1.4	1.5	1.8	1.5	1.9	1.6
Capital user charge	1.3	1.5	1.5	1.7	1.3	1.5	1.4
Land and housing tax	0.3	0.4	0.3	0.3	0.3	0.3	0.3
License tax	0.2	0.2	0.4	0.3	0.4	0.4	0.4
Tax on the transfer of properties	...	...	1.0	1.0	1.0	1.0	0.8
Tax on land use right	...	...	0.3	0.4	0.3	0.3	0.2
Value added tax (VAT) 2/	7.8	10.1	11.8	11.8	14.0	15.0	15.4
Excises	2.5	3.2	4.6	5.6	4.4	4.5	4.5
Slaughter tax	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Natural resources tax	2.4	3.0	3.4	3.3	3.7	4.3	4.8
Agricultural tax	1.6	1.9	1.7	2.0	1.8	2.0	1.7
Taxes on trade	13.3	15.1	13.5	14.9	15.5	14.5	15.0
Petroleum surcharge	0.0	0.0	0.0	1.5	1.5	1.0	0.2
Other taxes	4.9	5.3	1.4	1.4	0.5	1.2	0.5
Nontax revenue	9.4	9.1	9.7	11.9	8.9	10.5	10.6
Fees and charges	...	...	3.9	4.1	4.0	3.9	4.0
Rental of land	...	...	0.5	0.5	0.5	0.6	0.5
Net profit after tax	...	...	2.4	2.1	2.5	2.9	4.2
Capital revenues	...	...	0.8	0.8	0.5	0.8	0.4
Other	...	...	2.1	4.3	1.4	2.4	1.6
Grants	1.6	1.5	2.6	2.1	1.9	1.9	1.9
(In percent of GDP)							
Total revenue and grants	23.3	22.9	20.8	20.2	17.5	18.7	17.5
Tax revenue	18.5	19.0	16.9	16.3	14.8	15.5	14.6
Corporate income tax 1/	3.3	3.5	3.7	3.6	3.1	3.5	3.6
Individual income tax	0.2	0.5	0.5	0.5	0.4	0.5	0.4
Capital user charge	0.6	0.6	0.5	0.5	0.3	0.4	0.3
Land and housing tax	0.1	0.1	0.1	0.1	0.1	0.1	0.1
License tax	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Tax on the transfer of properties	...	...	0.3	0.3	0.3	0.3	0.2
Tax on land use right	...	...	0.1	0.1	0.1	0.1	0.1
VAT 2/	3.4	3.7	3.8	3.3	3.5	3.8	3.6
Excises	1.1	1.2	1.5	1.5	1.1	1.1	1.1
Slaughter tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Natural resources tax	1.0	1.1	1.1	0.9	0.9	1.1	1.1
Agricultural tax	0.7	0.7	0.5	0.5	0.5	0.5	0.4
Taxes on trade	5.8	5.6	4.3	4.1	3.9	3.6	3.5
Petroleum surcharge	0.0	0.0	0.0	0.4	0.4	0.2	0.0
Other taxes	2.1	1.9	0.4	0.4	0.1	0.3	0.1
Nontax revenue	4.1	3.3	3.1	3.3	2.3	2.6	2.5
Fees and charges	...	...	1.2	1.1	1.0	1.0	0.9
Rental of land	...	...	0.1	0.2	0.1	0.1	0.1
Net profit after tax	...	...	0.8	0.6	0.6	0.7	1.0
Capital revenues	...	...	0.3	0.2	0.1	0.2	0.1
Other	...	...	0.7	1.2	0.4	0.6	0.4
Grants	0.7	0.6	0.8	0.6	0.5	0.5	0.4

Sources: Ministry of Finance, Budget Department; and staff estimates.

1/ Profit tax prior to 1999.

2/ Turnover tax prior to 1999.

Table 15. Vietnam: Government Expenditures, 1995-2000

	1995	1996	1997	1998	1999		2000 Budget 1/
					Budget	Staff estimate	
(In trillions of dong)							
Total expenditure (cash basis)	55.1	64.3	77.6	80.2	84.4	83.5	94.7
Total current expenditure (cash basis)	42.5	47.3	51.3	54.2	50.0	52.3	58.8
General administrative services	5.7	6.4	7.1	6.7	4.8	5.8	5.2
Economic services	4.0	4.2	4.5	4.8	4.8	5.2	5.1
Social services	18.2	20.3	23.7	24.4	24.7	25.4	26.7
Education	4.7	5.5	7.2	7.7	7.9	8.0	8.8
Health	2.4	2.8	3.0	3.1	2.9	3.1	3.3
Social subsidies	7.4	8.2	9.2	8.7	8.9	9.1	8.8
Other	3.8	3.9	4.3	5.0	5.0	5.2	5.7
Other noninterest expenditure 2/	11.7	13.7	14.0	16.2	13.2	13.5	18.2
Interest payments (paid)	4.1	4.1	3.9	2.1	2.5	2.5	3.5
Foreign	2.6	2.6	2.9	0.9	...	...	...
Domestic	1.5	1.5	1.0	1.2	...	...	...
Capital expenditure and onlending	12.6	17.1	26.4	25.9	31.9	31.2	33.7
Capital expenditure	12.1	15.6	19.5	20.5	21.0	25.5	25.7
Onlending	0.5	1.4	6.9	5.4	10.9	5.7	8.0
Contingency	0.0	0.0	0.0	0.0	2.6	0.0	2.2
(In percent of GDP)							
Total expenditure (cash basis)	24.1	23.6	24.8	22.2	21.3	21.0	22.3
Total current expenditure (cash basis)	18.6	17.4	16.3	15.0	12.6	13.2	13.8
General administrative services	2.5	2.3	2.3	1.9	1.2	1.5	1.2
Economic services	1.7	1.5	1.4	1.3	1.2	1.3	1.2
Social services	8.0	7.5	7.6	6.8	6.2	6.4	6.3
Education	2.1	2.0	2.3	2.1	2.0	2.0	2.1
Health	1.0	1.0	1.0	0.8	0.7	0.8	0.8
Social subsidies	3.2	3.0	2.9	2.4	2.2	2.3	2.1
Other	1.6	1.4	1.4	1.4	1.3	1.3	1.4
Other noninterest expenditure 2/	5.1	5.0	4.5	4.5	3.3	3.4	4.3
Interest payments (paid)	1.8	1.5	1.2	0.6	0.6	0.6	0.8
Foreign	1.1	1.0	0.9	0.2	...	...	...
Domestic	0.7	0.6	0.3	0.3	...	...	...
Capital expenditure and onlending	5.5	6.3	8.4	7.2	8.0	7.9	7.9
Capital expenditure	5.3	5.7	6.2	5.7	5.3	6.4	6.1
Onlending	0.2	0.5	2.2	1.5	2.7	1.4	1.9
Contingency	0.0	0.0	0.0	0.0	0.7	0.0	0.5

Sources: Ministry of Finance, Budget Department, and staff estimates.

1/ Excludes current and capital costs of state-owned enterprise and banking sector reforms.

2/ Includes defense expenditures.

Table 16. Vietnam: Treasury Bill and Bond Issues, 1996-2000 1/
(In billions of dong, unless otherwise indicated)

Auction date	Treasury Bills (one-year)			Treasury Bonds (two-year)			Treasury Bonds (five-year)	
	Amount sold	Average yield	End-month outstanding stock	Amount sold	Average yield	End-month outstanding stock	Amount sold	End-month outstanding stock
1996 December	0	...	824	92	12.0	1,260	...	...
1997 January	0	...	824	0	...	1,260	...	...
February	60	11.3	884	322	14.0	1,582	...	...
March	118	11.7	1,002	554	14.0	2,136	...	...
April	1	12.0	1,003	460	14.0	2,596	...	...
May	200	12.0	1,203	212	14.0	2,808	...	...
June	340	11.8	1,443	179	14.0	2,987	...	...
July	548	11.2	1,872	388	14.0	3,375	...	...
August	253	10.9	1,825	469	14.0	3,844	...	...
September	521	10.3	2,225	345	12.0	4,189	...	...
October	671	9.5	2,729	316	12.0	4,504	...	...
November	202	9.3	2,915	200	12.0	4,704	...	...
December	3	9.0	2,918	132	12.0	4,836	...	...
1998 January	0	...	2,918	0	...	4,836	...	...
February	25	11.3	2,882	0	...	4,836	...	...
March	33	12.0	2,797	185	12.0	5,021	...	...
April	184	11.7	2,980	172	13.0	5,193	...	...
May	378	11.8	3,158	232	13.0	5,424	...	...
June	370	11.5	3,187	142	13.0	5,566	...	...
July	529	11.7	3,168	147	13.0	5,713	...	...
August	688	11.7	3,603	109	13.0	5,822	...	...
September	396	11.7	3,478	615	14.0	5,896	...	...
October	550	11.6	3,357	559	14.0	5,996	...	...
November	200	11.6	3,355	410	14.0	6,238	...	...
December	369	11.6	3,721	272	13.0	6,418	...	...
1999 January	66	11.5	3,787	0	...	6,418	...	...
February	69	11.5	3,831	587	13.0	6,683	...	...
March	255	11.0	4,053	1,366	13.0	7,495	...	...
April	278	10.2	4,147	874	13.0	7,909	...	...
May	201	9.9	3,970	341	13.0	8,037	1,507	1,507
June	380	9.6	3,980	0	...	7,858	1,958	3,465
July	324	9.4	3,775	0	...	7,470	1,031	4,496
August	297	9.0	3,384	0	...	7,002	0	4,496
September	410	7.9	3,398	0	...	6,657	0	4,496
October	400	6.5	3,248	0	...	6,341	0	4,496
November	333	4.9	3,381	0	...	6,141	0	4,496
December	0	0.0	3,012	0	...	6,009	0	4,496
2000 January	325	6.0	3,271	0	...	6,009	0	4,496
February	350	6.0	3,552	0	...	6,009	0	4,496
March	977	5.7	4,274	0	...	5,824	0	4,496
Memorandum items:				<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000 2/</u>
Total stock of debt (in trillions of dong, end of period)				2,084	7,754	10,139	13,517	14,595
(in percent of GDP)				0.8	2.5	2.8	3.4	3.4

Sources: State Bank of Vietnam and Ministry of Finance; and staff estimates.

1/ In addition to these amounts, D 246 billion in shorter-term maturity bills were auctioned during 1995-96. Treasury bills of varying maturities have also been placed directly with the public through the Ministry of Finance's retail network.

2/ As of end-March 2000.

Table 17. Vietnam: Monetary Survey, 1995-2000 1/

	1995	1996	1997	1998	1999				2000 March
					March	June	Sept.	Dec.	
(In trillions of dong, end of period)									
Net foreign assets	10.9	14.3	21.0	31.2	36.6	42.7	49.8	61.6	72.6
Foreign assets	24.7	31.2	37.9	47.0	51.3	55.8	62.7	74.7	85.9
Foreign liabilities	-13.9	-17.0	-16.9	-15.8	-14.7	-13.1	-12.9	-13.0	-13.3
Net domestic assets	41.9	50.4	60.6	71.2	71.0	70.3	71.2	81.0	84.1
Domestic credit (net)	47.1	55.3	66.8	81.0	82.7	82.5	83.3	89.6	93.3
Net claims on government 2/	4.7	4.4	4.4	8.4	6.8	4.6	4.1	2.9	-1.7
Credit to the economy	42.4	50.9	62.4	72.7	75.9	77.9	79.2	86.6	94.9
Claims on state enterprises	24.1	26.8	31.0	38.1	39.6	39.8	38.4	41.8	45.3
Claims on other sectors	18.3	24.1	31.4	34.6	36.3	38.2	40.8	44.9	49.7
Other items, net	-5.2	-4.9	-6.2	-9.8	-11.7	-12.3	-12.0	-8.5	-9.2
Broad money	52.7	64.7	81.6	102.4	107.6	112.9	121.0	142.6	156.7
of which: total deposits	33.5	42.0	56.5	75.5	81.1	87.2	94.0	101.1	113.8
Dong liquidity	41.6	51.5	62.9	78.3	80.4	83.1	88.7	105.4	114.4
Currency outside banks	19.2	22.6	25.1	27.0	26.5	25.7	27.0	41.5	42.9
Deposits	22.5	28.9	37.8	51.4	53.9	57.4	61.7	63.9	71.5
Demand deposits	7.4	10.8	14.9	20.2	19.1	20.1	22.8	25.6	27.1
Other deposits	15.1	18.1	22.9	31.1	34.8	37.3	38.9	38.3	44.4
Foreign currency deposits	11.1	13.2	18.7	24.1	27.2	29.9	32.3	37.2	42.3
(in millions of U.S. dollars)	1,004	1,180	1,520	1,733	1,959	2,142	2,307	2,652	3,011
(in percent of total liquidity)	21.0	20.3	22.9	23.5	25.3	26.4	26.7	26.1	27.0
(Annual percentage change)									
Credit to the economy	26.9	20.1	22.6	16.4	17.8	18.6	14.9	19.2	25.1
Claims on enterprises	17.7	11.3	15.6	22.9	23.0	19.2	7.1	9.7	14.4
Claims on other sectors	41.4	31.7	30.5	10.0	12.6	17.9	23.4	29.8	36.7
Broad money (M2)	22.6	22.7	26.1	25.6	28.0	29.5	29.3	39.3	45.6
of which: total deposits	37.6	25.3	34.3	33.6	37.9	37.8	37.1	34.0	40.3
Dong liquidity	24.4	23.7	22.0	24.6	24.8	26.3	28.7	34.6	42.3
Currency outside banks	2.9	18.1	10.9	7.4	4.8	7.6	7.9	54.1	61.8
Deposits	51.3	28.5	30.8	36.0	37.8	37.0	40.5	24.4	32.7
Foreign currency deposits	16.1	19.0	42.0	28.8	38.2	39.1	31.0	54.5	55.5
(Change in percent of beginning of year broad money)									
Net foreign assets	9.1	6.5	10.4	12.5	16.8	20.6	23.6	29.7	33.4
Net domestic assets	13.5	16.3	15.7	13.1	11.1	8.9	5.7	9.6	12.2
Net claims on government	0.3	-0.5	0.0	4.9	3.6	1.2	0.1	-5.3	-7.9
Credit to the economy	20.9	16.2	17.8	12.6	13.6	14.0	11.0	13.6	17.7
Velocity 3/	4.3	4.2	3.8	3.5	3.4	3.4	3.2	2.8	2.6
Money multiplier 4/	2.0	2.0	2.3	2.6	2.7	2.9	2.8	3.3	2.7
Currency to dong deposits (in percent)	85.3	78.4	66.5	52.5	49.2	44.9	43.7	65.0	60.0
Currency to total deposits (in percent)	57.2	53.9	44.5	35.7	32.7	29.5	28.7	41.1	37.7

Sources: State Bank of Vietnam; and staff estimates.

1/ Comprising four state-owned commercial banks and 24 nonstate-owned banks.

2/ Includes D 2.4 trillion recapitalization of state-owned commercial banks (SOCBs) in October 1998, under which frozen loans of SOCBs were written off on behalf of the government and swapped for government equity in SOCBs.

3/ Velocity is measured as the ratio of GDP to end-of-period broad money (M2).

4/ Money multiplier is measured as the ratio of broad money (M2) to reserve money.

Table 18. Vietnam: Balance Sheet of the State Bank of Vietnam, 1995-2000

	1995	1996	1997	1998	1999				2000 March
					March	June	Sept.	Dec.	
(In trillions of dong, end of period)									
Net foreign assets	11.0	14.0	19.4	22.1	24.1	27.7	33.9	40.8	44.7
Foreign assets	15.2	20.0	25.6	29.1	31.2	34.7	41.1	48.0	51.8
Foreign liabilities	-4.2	-6.0	-6.2	-7.0	-7.1	-7.0	-7.3	-7.2	-7.1
Net domestic assets	15.8	18.2	16.4	16.6	15.1	10.9	9.4	17.4	13.6
Net domestic credit	9.9	13.0	11.0	12.8	11.8	7.4	6.1	10.5	5.3
Net claims on government	3.0	5.2	4.0	6.3	5.0	0.3	-1.1	0.2	-5.9
Claims on banks	6.8	7.7	6.8	6.5	6.7	7.1	7.2	10.3	11.1
Claims on enterprises and nonbank financial institutions	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Other items, net	6.0	5.2	5.4	3.7	3.3	3.5	3.3	6.9	8.3
Reserve money	26.8	32.2	35.8	38.7	39.2	38.6	43.3	58.2	58.3
Currency in circulation	20.0	23.8	26.3	28.3	28.2	27.4	28.7	44.9	44.8
Bank deposits	6.3	7.8	9.3	10.4	11.0	11.2	14.6	13.3	13.5
Vault cash	0.8	1.2	1.2	1.3	1.7	1.7	1.7	1.8	1.8
Required reserves 1/	3.2	4.0	5.4	7.2	5.4	4.1	4.5	4.6	4.6
Excess reserves 1/	3.6	4.2	2.9	1.4	4.4	5.7	9.1	8.4	8.4
Other deposits	0.5	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0
(Annual percentage change)									
Net foreign assets	67.7	27.6	38.1	14.1	25.9	39.6	53.1	69.1	85.4
Net domestic assets	-8.5	14.8	-9.8	1.0	-8.9	-27.2	-43.2	15.6	-9.8
Net domestic credit	-16.2	31.8	-15.6	17.1	9.8	-22.5	-52.4	-10.6	-55.3
Net claims on government	-24.7	72.1	-22.3	56.6	16.4	-91.3	-116.9	-96.0	-216.5
Claims on banks	-12.6	13.5	-11.9	-3.8	7.0	20.6	10.1	53.6	65.9
Reserve money	12.5	20.0	11.1	8.1	9.7	10.8	11.9	48.5	48.8
Currency in circulation	3.2	18.9	10.3	7.6	4.7	7.7	1.5	59.4	59.1
Bank deposits	43.3	23.8	19.2	11.6	26.6	19.6	40.2	20.6	22.5
(Change in percent of beginning of year reserve money)									
Net foreign assets	18.6	11.3	16.6	7.6	13.9	23.8	41.1	60.5	6.8
Net domestic assets	-6.1	8.7	-5.5	0.5	-4.1	-15.8	-20.0	2.4	-6.6
Net domestic credit	-8.0	11.7	-6.3	5.2	2.9	-9.2	-12.9	-0.6	-9.0
Of which: Net claims on government	-4.2	8.1	-3.6	6.4	2.0	-11.2	-15.1	-11.6	-10.4
Memorandum item:									
Gross official reserves (in millions of U.S. dollars) 2/	1,323	1,673	1,857	1,765	1,903	1,989	2,246	2,711	2,816
(in weeks of next year's imports) 3/	5.2	6.4	7.2	6.7	6.4	6.7	7.6	9.1	8.3

Sources: State Bank of Vietnam; and staff estimates.

1/ Staff estimate.

2/ Excludes foreign currency counterpart of government foreign currency deposits at the State Bank of Vietnam.

3/ Imports of goods and nonfactor services.

Table 19. Vietnam: Consolidated Balance Sheet of Deposit Money Banks, 1995-2000 1/

	1995	1996	1997	1998	1999				2000 March
					March	June	Sept.	Dec.	
(In trillions of dong, end of period)									
Net foreign assets	-0.1	0.2	1.6	9.1	12.5	15.0	15.9	20.8	27.9
Foreign assets	9.6	11.2	12.3	17.8	20.1	21.1	21.6	26.7	34.1
Foreign liabilities	-9.7	-11.0	-10.7	-8.7	-7.6	-6.2	-5.7	-5.8	-6.2
Net domestic assets	33.2	41.2	54.7	66.4	68.6	72.2	78.1	80.3	86.0
Net domestic credit from the commercial banks	43.8	50.0	62.6	74.7	77.7	82.2	84.3	89.4	99.1
Net credit to government	1.5	-0.8	0.4	2.1	1.8	4.3	5.1	2.7	4.2
Credit to the economy	42.3	50.8	62.3	72.7	75.9	77.9	79.2	86.6	94.9
State enterprises	24.1	26.8	31.0	38.1	39.6	39.8	38.4	41.8	45.3
Other sectors	18.2	24.0	31.3	34.6	36.3	38.2	40.8	44.9	49.7
<i>Of which: claims on nonbank financial institutions</i>	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Banks' reserves	7.6	9.3	9.5	9.9	11.4	11.6	15.3	15.6	14.3
Credit from State Bank of Vietnam	-5.8	-6.1	-5.6	-4.2	-4.4	-5.0	-6.4	-10.6	-11.1
Capital and reserves	-5.3	-6.2	-8.2	-11.6	-11.3	-11.4	-11.5	-11.6	-11.7
Other items, net	-7.1	-5.7	-3.7	-2.4	-4.9	-5.2	-3.5	-2.4	-4.7
Deposits	33.0	41.5	56.3	75.4	81.1	87.2	94.0	101.1	113.8
Dong deposits	22.0	28.3	37.6	51.4	53.9	57.4	61.7	63.9	71.5
Demand deposits	6.9	10.2	14.7	20.2	19.1	20.1	22.8	25.6	27.1
Time deposits	15.1	18.1	22.9	31.1	34.8	37.3	38.9	38.3	44.4
Foreign currency deposits	11.1	13.2	18.7	24.1	27.2	29.9	32.3	37.2	42.3
Demand deposits	8.9	11.0	15.6	21.2	24.2	27.2	29.5	34.6	40.0
Import/restricted deposits	2.1	2.1	3.1	2.8	3.1	2.6	2.7	2.6	2.3
(Annual percentage change)									
Credit to the economy	26.8	20.0	22.6	16.7	18.0	18.6	14.9	19.2	25.1
State enterprises	17.7	11.3	15.6	22.9	23.0	19.2	7.1	9.7	14.4
Other sectors	41.3	31.5	30.4	10.6	13.0	17.9	23.4	29.8	36.7
Credit from State Bank of Vietnam	29.1	14.3	25.2	19.3	21.7	25.4	22.3	19.6	27.6
Total deposits	35.8	25.4	35.7	34.1	38.2	37.8	37.1	34.0	40.3
Dong deposits	48.6	28.7	32.8	36.7	38.1	37.1	40.6	24.4	32.7
Demand deposits	37.3	48.6	43.8	37.9	30.3	40.7	45.0	26.5	41.7
Time deposits	54.3	19.6	26.6	36.0	42.9	35.2	38.1	23.0	27.7
Foreign currency deposits	16.1	19.0	42.0	28.8	38.2	39.1	31.0	54.5	55.5
Demand deposits	20.8	23.7	41.4	36.1	43.4	44.5	33.3	62.7	65.6
Import/restricted deposits	-0.1	-0.9	45.5	-8.1	7.4	0.8	10.2	-6.8	-23.7
Memorandum items:									
Foreign currency deposits (in millions of U.S. dollars)	1,004	1,180	1,521	1,733	1,959	2,143	2,306	2,652	3,011
(annual percentage change) 2/	16.4	17.5	28.8	14.0	29.0	29.7	30.2	53.0	53.7
(in percent of total deposits)	33.5	31.7	33.2	31.9	33.6	34.2	34.3	36.8	37.2
(change in millions of U.S. dollars) 3/	142	176	340	213	225	409	572	918	360
<i>of which: demand deposits</i>	142	178	281	223	208	423	579	932	380

Sources: State Bank of Vietnam; and staff estimates.

1/ Comprising four state-owned and 24 nonstate-owned commercial banks.

2/ Twelve-month percentage changes.

3/ Change since the beginning of the year.

Table 20. Vietnam: Distribution of Credit, 1995-99

	1995	1996	1997	1997	1998	1999 1/
(In billions of dong, end of period)						
Total credit to the economy 2/	42,277	50,751	56,926	62,201	72,597	86,626
To state enterprises	24,079	26,810	28,964	31,222	38,076	41,753
To other sectors	18,198	23,941	27,962	30,979	34,521	44,873
Credit extended by state-owned commercial banks	33,647	38,320	43,742	48,042	59,087	70,698
To state enterprises	20,855	22,030	23,973	26,625	34,218	...
To other sectors	12,792	16,290	19,769	21,417	24,869	...
Credit extended by other banks 3/	8,630	12,431	13,184	14,159	13,510	15,928
To state enterprises	3,224	4,780	4,991	4,597	3,858	...
To other sectors	5,406	7,651	8,193	9,562	9,652	...
Total dong loans 2/	25,927	32,187	38,190	42,801	53,641	68,510
To state enterprises	11,604	12,735	15,562	17,875	24,410	...
To other sectors	14,323	19,452	22,628	24,926	29,231	...
Credit extended by state-owned commercial banks	22,741	27,056	32,759	36,876	41,363	57,086
To state enterprises	10,969	11,537	14,241	16,593	22,884	...
To other sectors	11,772	15,519	18,518	20,283	18,479	...
Credit extended by other banks 3/	3,186	5,131	5,431	5,925	9,136	10,440
To state enterprises	635	1,198	1,321	1,282	1,526	...
To other sectors	2,551	3,933	4,110	4,643	7,610	...
Total foreign currency loans 2/	16,350	18,564	18,736	19,400	18,956	18,116
To state enterprises	12,475	14,075	13,402	13,347	13,666	...
To other sectors	3,875	4,489	5,334	6,053	5,290	...
Credit extended by state-owned commercial banks	10,906	11,264	10,983	11,166	17,724	13,611
To state enterprises	9,886	10,493	9,732	10,032	11,334	...
To other sectors	1,020	771	1,251	1,134	6,390	...
Credit extended by other banks 3/	5,444	7,300	7,753	8,234	4,374	5,488
To state enterprises	2,589	3,582	3,670	3,315	2,332	...
To other sectors	2,855	3,718	4,083	4,919	2,042	...
(In percent of total credit to the economy)						
Total credit to the economy 2/	100.0	100.0	100.0	100.0	100.0	100.0
To state enterprises	57.0	52.8	50.9	50.2	52.4	48.2
To other sectors	43.0	47.2	49.1	49.8	47.6	51.8
Credit extended by state-owned commercial banks	79.6	75.5	76.8	77.2	81.4	81.6
To state enterprises	49.3	43.4	42.1	42.8	47.1	...
To other sectors	30.3	32.1	34.7	34.4	34.3	...
Credit extended by other banks 3/	20.4	24.5	23.2	22.8	18.6	18.4
To state enterprises	7.6	9.4	8.8	7.4	5.3	...
To other sectors	12.8	15.1	14.4	15.4	13.3	...
Total dong loans	61.3	63.4	67.1	68.8	73.9	79.1
Credit extended by state-owned commercial banks	53.8	53.3	57.5	59.3	57.0	65.9
Credit extended by other banks 3/	7.5	10.1	9.5	9.5	12.6	12.1
Total foreign currency loans	38.7	36.6	32.9	31.2	26.1	20.9
Credit extended by state-owned commercial banks	25.8	22.2	19.3	18.0	24.4	15.7
Credit extended by other banks 3/	12.9	14.4	13.6	13.2	6.0	6.3
(In billions of dong, end of period)						
Total credit to the economy by sector						
Agriculture, fisheries, and forestry	...	...	...	...	...	24,255
Industry and construction	...	...	...	...	...	32,917
Industry	...	...	...	...	...	21,656
Construction	...	...	...	...	...	11,261
Trade, transportation, and communications	...	...	...	...	...	24,288
Trade	...	...	...	...	...	19,790
Transport, storage, and communications	...	...	...	...	...	4,498
Other services	...	...	...	...	...	5,165
(In percent of total credit to the economy)						
Agriculture, fisheries, and forestry	...	...	...	...	...	28.0
Industry and construction	...	...	...	...	...	38.0
Trade, transportation, and communications	...	...	...	...	...	28.0
Other services	...	...	...	...	...	6.0

Source: State Bank of Vietnam; and staff estimates.

1/ Beginning in 1999, credit to the economy by sector of ownership are estimated rather than actual data.

2/ Excludes net credit to the government.

3/ Includes 24 joint-stock banks, joint-venture banks, and branches of foreign banks.

Table 21. Vietnam: Overdue Loans of Deposit Money Banks, 1995-2000 1/ 2/

	1995	1996	1997	1998	1999				2000 March
					March	June	Sept.	Dec.	
(In billions of dong, end of period)									
Deposit money banks	3,337	4,726	7,682	8,697	9,078	10,374	11,333	11,470	12,479
State-owned commercial banks	3,052	4,209	5,769	6,471	6,616	6,993	7,810	7,813	8,827
Nonstate-owned banks	285	517	1,914	2,227	2,462	3,381	3,523	3,657	3,652
(In percent of total loans)									
Deposit money banks	7.9	9.3	12.4	12.0	12.0	13.3	14.3	13.2	13.1
State-owned commercial banks	9.1	11.0	12.0	11.0	10.6	11.0	12.1	11.1	11.0
Nonstate-owned banks	3.3	4.2	13.5	16.4	18.0	23.3	23.7	23.0	24.4
(In percent of total bank assets)									
Deposit money banks	4.8	5.5	7.4	6.8	6.7	7.2	7.4	7.2	7.1
State-owned commercial banks	5.2	6.4	7.1	6.2	5.9	5.8	6.0	5.8	5.9
Nonstate-owned banks	2.9	2.6	8.5	9.8	10.6	14.6	15.2	15.1	14.1
(In percent of total overdues)									
State-owned enterprises	49.7	44.2	34.8	34.7	35.2	...	...	...	...
Cooperatives	2.1	1.7	1.3	1.0	0.9	...	...	...	...
Joint-stock companies	5.3	11.8	45.7	46.7	46.4	...	...	...	...
Joint ventures	0.2	0.6	0.6	1.1	0.7	...	...	...	...
Private sector	42.7	41.7	17.5	16.6	16.8	...	...	...	...
(In percent of total loans to the sector)									
State-owned enterprises	6.9	7.8	8.6	7.9	8.1	...	...	...	...
Cooperatives	26.3	29.7	40.2	35.1	33.6	...	...	...	...
Joint-stock companies	3.7	7.4	34.3	36.7	36.0	...	...	...	...
Joint ventures	0.4	1.0	1.2	2.0	1.5	...	...	...	...
Private sector	12.7	14.9	8.1	7.7	7.7	...	...	...	...

Sources: State Bank of Vietnam; and staff estimates.

1/ Based on nonstandard classification of nonperforming loans of four state-owned commercial banks and 24 nonstate-owned banks, which tends to underestimate the actual amount of bad loans.

2/ Beginning June 1999, data on credit to the economy (including overdues) by sector of ownership not compiled by the State Bank of Vietnam in consolidated balance sheet of deposit money banks.

Table 22. Vietnam: Nominal and Real Interest Rates, 1995-2000
(In percent per year, end of period)

	1995	1996	1997				1998				1999				2000			
			Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
Nominal interest rates																		
Deposit rates 1/																		
Demand deposits, enterprises	8.7	6.2	6.5	6.2	4.6	4.6	5.4	5.5	5.5	5.5	5.1	5.2	3.0	1.7	1.7	1.8	1.7	1.7
Savings deposits (three-month), households	18.2	9.1	10.4	9.9	7.8	8.1	9.4	9.9	9.7	9.7	9.4	9.1	5.1	4.0	3.7	3.7	3.7	3.6
Foreign currency demand deposits	...	...	...	...	...	...	2.7	2.7	2.4	2.4	2.6	2.3	2.3	2.3	1.6	1.6	1.5	1.5
Foreign currency deposits (six-month)	...	...	...	...	...	...	5.1	5.1	5.1	4.9	4.9	4.7	4.8	4.5	3.7	3.8	3.8	4.0
Lending rates 2/																		
Working capital (short term)	28.3	15.9	15.4	15.2	12.7	12.7	15.2	15.0	14.7	14.7	13.9	13.7	12.7	11.7	11.4	11.4	10.8	10.2
Fixed capital (medium term)	22.4	17.3	16.9	16.9	14.0	14.0	15.7	15.9	15.4	15.2	14.7	14.0	12.7	11.7	11.7	11.7	11.4	10.5
Foreign currency loans	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	7.5	7.5	7.1	7.0	7.2	6.5	7.1	7.2	7.0	6.9
Real interest rates 3/																		
Deposit rates																		
Demand deposits, enterprises	...	2.4	3.0	4.4	1.0	0.8	0.6	-2.6	-3.0	-3.5	-3.5	0.1	0.1	1.6	2.1	2.9	3.5	3.8
Savings deposits (three-month), households	3.5	5.2	6.7	8.0	4.1	4.1	4.4	1.4	0.8	0.4	0.5	3.8	2.0	3.9	4.1	4.8	5.5	5.7
Foreign currency demand deposits	...	...	...	...	...	...	16.7	5.7	11.8	3.6	-6.1	-2.1	0.7	3.8	3.4	4.1	4.5	4.6
Foreign currency deposits (six-month)	...	...	...	...	...	...	19.3	8.2	14.5	6.0	-4.1	0.1	2.9	5.2	5.6	6.3	7.0	3.0
Lending rates																		
Working capital (short term)	12.4	11.8	11.6	13.3	8.9	8.6	10.0	6.2	5.4	4.9	4.6	8.2	9.4	11.7	11.8	12.6	12.7	12.4
Fixed capital (medium term)	7.3	13.2	13.1	15.0	10.2	9.9	10.5	7.0	6.0	5.4	5.3	8.4	9.4	11.7	12.1	12.9	13.4	12.8
Foreign currency loans	-4.9	8.1	14.2	22.2	6.0	19.8	23.3	11.7	17.3	8.7	-2.0	2.4	5.5	8.1	9.0	9.8	10.2	10.2
Memorandum items																		
Interest rate spread 4/	10.2	6.8	5.0	5.3	4.9	4.6	5.8	5.2	5.0	5.0	4.5	4.6	7.6	7.7	7.7	7.7	7.1	6.6
Inflation 5/	14.1	3.7	3.4	1.7	3.5	3.8	4.7	8.3	8.8	9.3	8.9	5.1	3.0	0.0	-0.4	-1.1	-1.7	-2.0
Exchange rate (+ depreciation) 6/	-0.9	2.4	7.8	13.5	1.1	14.6	19.0	11.5	18.8	10.6	-0.3	0.6	1.4	1.5	1.4	1.4	1.1	1.0

Sources: State Bank of Vietnam; and staff estimates.

1/ Mandated deposit rates through 1995; average of four state-owned commercial banks thereafter.

2/ Maximum lending rates through 1995; average of four state-owned commercial banks thereafter.

3/ Measured with respect to nominal interest rates at the end of each quarter and average monthly inflation during that quarter using the exact Fisher formula. Real interest rates on foreign currency deposits and loan exchange rate depreciation using the same formula.

4/ Difference between interest rates on working capital and households' three-month savings deposits.

5/ Average monthly inflation during preceding quarter; not seasonally adjusted.

6/ Average depreciation during preceding quarter, annualized.

Table 23. Vietnam: Exchange Rate Developments, 1995-2000

	1995	1996	1997	1998	1999	2000
	(Twelve-month average; 1990 = 100)					
Effective exchange rates 1/						
Nominal	42.2	43.9	45.1	46.7	42.3	38.4 1/
Real	122.9	131.1	135.4	146.5	137.4	134.9 1/
	(Annual percentage change; - depreciation)					
Nominal	-5.6	4.0	2.8	3.7	-9.5	-6.2 1/
Real	6.5	6.6	3.3	8.2	-6.2	-5.8 1/
	(In units indicated)					
Dong per U.S. dollar, end of period	11,015	11,150	12,292	13,896	14,028	14,085 2/
Dong per U.S. dollar, 12-month average	11,038	11,033	11,706	13,297	13,944	14,026
Dong per SDR, end of period	16,372	15,889	16,585	19,566	19,254	18,786 2/
Dong per SDR, 12-month average	16,739	16,017	15,631	18,038	19,066	...
	(Annual percentage change, - depreciation)					
Dong per U.S. dollar, end of period	0.3	-1.2	-10.2	-13.0	-0.9	-1.1 2/
Dong per U.S. dollar, 12-month average	-0.6	0.0	-6.1	-13.6	-4.9	-1.5
Dong per SDR, end of period	-1.5	2.9	-4.4	-18.0	1.6	-0.9 2/
Dong per SDR, 12-month average	-6.7	4.3	2.4	-15.4	-5.7	...

Sources: Vietnamese authorities; and IMF, *Information Notice System*, and staff estimates.

1/ For 12-month period ending April 2000.

2/ For 12-month period ending June 2000.

Table 24. Vietnam: Balance of Payments, 1995-1999
(In millions of U.S. dollars, unless otherwise indicated)

	1995	1996	1997	1998	1999 Estimate
Current account balance					
Excluding official transfers	-2,648	-2,431	-1,664	-1,067	1,252
	-2,801	-2,581	-1,839	-1,239	1,121
Trade balance					
Exports, f.o.b.	-3,155	-3,143	-1,315	-981	1,080
Imports, f.o.b.	5,198	7,337	9,145	9,365	11,540
	8,353	10,480	10,460	10,346	10,460
Non-factor services (net)	159	-61	-623	-539	-597
Receipts	2,409	2,709	2,530	2,604	2,668
Payments	2,250	2,770	3,153	3,143	3,265
Investment income (net)	-279	-427	-611	-669	-412
Receipts	96	140	136	133	160
Payments	375	567	747	802	572
Transfers (net)	627	1,200	885	1,122	1,181
Private	474	1,050	710	950	1,050
Official	153	150	175	172	131
Capital account balance	2,326	2,079	1,662	216	-334
Gross foreign direct investment (FDI) inflows					
Equity	2,276	1,813	2,074	800	700
Loan disbursements	1,287	891	1,002	240	301
FDI loan repayments	989	921	1,072	560	399
	8	55	174	372	603
Medium and long-term loans (net)					
Disbursements	-253	98	375	432	605
ODA loans	443	772	1,007	1,121	1,036
Commercial loans	189	336	550	796	970
Scheduled amortization	254	436	457	326	66
	696	674	632	690	431
Short term capital (net)	311	224	-612	-644	-1,036
Errors and omissions	299	71	-2	327	-150
Overall balance	-23	-281	-4	-524	768
Financing	23	281	4	524	-768
Change in net foreign assets of the State Bank of Vietnam (-, increase)	-405	-260	-319	-15	-1,316
Of which: Change in net international reserves	-390	-190	-214	90	-937
Use of Fund credit (net)	92	178	-54	-78	-32
Other NIR	-497	-438	-160	168	-905
Arrears and rescheduling 1/	428	541	323	126	548
Debt relief 1/	0	0	0	413	0
Memorandum Items:					
Gross official reserves, including gold	1,323	1,673	1,858	1,765	2,711
In weeks of next year's imports	5.2	6.4	7.2	6.7	9.1
Ratio to short term external debt (in percent) 2/	204.1	284.2	269.4	409.6	447.5
Ratio to broad money (in percent, end of period)	28.8	31.0	28.0	23.9	27.6
Current account deficit (in percent of GDP)	-12.8	-9.9	-6.2	-3.9	4.4
Excluding official transfers	-13.5	-10.5	-6.9	-4.6	3.9
Export value growth (annual percentage change)	28.2	41.1	24.6	2.4	23.2
Import value growth (annual percentage change)	41.1	25.5	-0.2	-1.1	1.1

Sources: Data provided by the Vietnamese authorities; and staff estimates and projections.

1/ London Club rescheduling was concluded in early 1998.

2/ Short-term debt by remaining maturity refers to non-equity claims falling due over the next period.

Table 25. Vietnam: Merchandise Exports by Commodity, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In millions of U.S. dollars, unless otherwise indicated)					
Total exports, f.o.b.	5,198	7,337	9,145	9,365	11,540
(annual percentage change)	28.2	41.1	24.6	2.4	23.2
(Excluding oil)	4,174	5,991	7,726	8,132	9,448
(annual percentage change)	30.9	43.5	29.0	5.3	16.2
Crude oil	1,024	1,346	1,419	1,232	2,092
Volume ('000 tons)	7,593	8,705	9,614	12,145	14,882
Unit value (US\$/ton)	135	154	148	101	141
Coal	90	155	111	102	96
Volume ('000 tons)	2,620	3,647	3,449	3,162	3,260
Unit value (US\$/ton)	34	32	32	32	29
Rubber	159	163	191	128	147
Volume ('000 tons)	132	122	195	191	265
Unit value (US\$/ton)	1,208	1,336	981	981	554
Rice	496	855	870	1,024	1,025
Volume ('000 tons)	1,922	3,003	3,553	3,749	4,508
Unit value (US\$/ton)	258	285	245	273	227
Coffee	565	337	491	594	585
Volume ('000 tons)	241	239	389	382	482
Unit value (US\$/ton)	2,348	1,410	1,261	1,555	1,213
Marine products (including frozen items)	431	651	781	818	951
Garments	431	1,150	1,349	1,351	1,747
Footwear	200	531	965	1,001	1,392
Handicrafts	70	79	121	111	168
Other	1,732	2,071	2,847	3,004	3,337
(In percent of value of total exports)					
Crude oil	19.7	18.3	15.5	13.2	18.1
Coal	1.7	2.1	1.2	1.1	0.8
Rubber	3.1	2.2	2.1	1.4	1.3
Rice	9.5	11.7	9.5	10.9	8.9
Coffee	10.9	4.6	5.4	6.3	5.1
Marine products	8.3	8.9	8.5	8.7	8.2
Garments	8.3	15.7	14.8	14.4	15.1
Footwear	3.8	7.2	10.6	10.7	12.1
Handicrafts	1.3	1.1	1.3	1.2	1.5
Other	33.3	28.2	31.1	32.1	28.9
(In percentage points of growth in the value of exports)					
Crude oil	3.9	6.2	1.0	-2.0	9.2
Coal	0.4	1.2	-0.6	-0.1	-0.1
Rubber	0.6	0.1	0.4	-0.7	0.2
Rice	1.7	6.9	0.2	1.7	0.0
Coffee	5.8	-4.4	2.1	1.1	-0.1
Marine products	-3.0	4.2	1.8	0.4	1.4
Garments	-1.1	13.8	2.7	0.0	4.2
Footwear	1.9	6.4	5.9	0.4	4.2
Handicrafts	1.7	0.2	0.6	-0.1	0.6
Other	16.1	6.5	10.6	1.7	3.6

Sources: Ministry of Trade and Customs Office; and staff estimates.

Table 26. Vietnam: Merchandise Imports by Commodity, 1995-99

	1995	1996	1997	1998	1999 Estimate
(In millions of U.S. dollars, unless otherwise indicated)					
Total imports, c.i.f.	8,381	11,644	11,592	11,527	11,623
(annual percentage change)	43.8	38.9	-0.5	-0.6	0.8
Petroleum products (gasoline, diesel, etc.)	724	1,079	1,094	827	1,054
Volume ('000 tons)	4,391	5,803	5,947	6,830	7,403
Unit value (US\$/ton)	165	186	184	121	142
Fertilizer	554	628	425	475	464
Volume ('000 tons)	2,508	2,832	2,458	3,454	3,782
Unit value (US\$/ton)	221	222	173	137	123
Insecticide	66	89	114	126	133
Volume ('000 tons)	30	60	22	33	34
Unit value (US\$/ton)	2,213	1,484	5,168	3,793	3,880
Steel and iron	389	529	484	524	587
Volume ('000 tons)	1,126	1,549	1,320	1,735	2,264
Unit value (US\$/ton)	345	342	367	302	259
Cement	84	81	52	2	1
Volume ('000 tons)	1,459	1,302	878	50	10
Unit value (US\$/ton)	57	62	59	42	51
Motorcycles	423	434	243	351	399
Volume ('000 units)	404	472	220	384	414
Unit value (US\$/unit)	1,048	919	1,104	915	964
Motor cars and trucks	148	155	136	130	89
Volume ('000 units)	24.5	19.1	14.0	17.2	10.7
Unit value (US\$/unit)	6,054	8,131	9,721	7,575	8,263
Wheat flour	65	90	48	62	29
Volume ('000 tons)	233	296	167	271	143
Unit value (US\$/ton)	279	303	287	227	200
Textile yarn (fibers)	134	158	159	175	194
Volume ('000 tons)	52	74	77	130	160
Unit value (US\$/ton)	2,592	2,128	2,070	1,350	1,216
Cotton	91	66	110	92	91
Leather and garment material	305	531	897	821	1,096
Cigarette material (including tobacco)	83	78	83	111	88
Machinery and equipment (including aircraft) 2/	2,097	3,800	1,777	2,052	2,005
Other	3,219	3,926	5,972	5,779	5,394
(In percent of value of total imports)					
Petroleum products	8.6	9.3	9.4	7.2	9.1
Fertilizer	6.6	5.4	3.7	4.1	4.0
Insecticide	0.8	0.8	1.0	1.1	1.1
Steel and iron	4.6	4.5	4.2	4.5	5.0
Cement	1.0	0.7	0.4	0.0	0.0
Motorcycles	5.0	3.7	2.1	3.0	3.4
Motor cars and trucks	1.8	1.3	1.2	1.1	0.8
Wheat flour	0.8	0.8	0.4	0.5	0.2
Textile yarn	1.6	1.4	1.4	1.5	1.7
Cotton	1.1	0.6	0.9	0.8	0.8
Leather and garment material	3.6	4.6	7.7	7.1	9.4
Cigarette material	1.0	0.7	0.7	1.0	0.8
Machinery and equipment	25.0	32.6	15.3	17.8	17.3
Other	38.4	33.7	51.5	50.1	46.4

Sources: Ministry of Trade and Customs Office; and staff estimates.

Table 27. Vietnam: Direction of Trade, 1995-99 1/
(In percent of total exports or imports)

	1995	1996	1997	1998	1999
Exports					
Industrial countries or regions	66.0	68.4	67.2	73.1	73.4
Japan	26.8	21.3	18.2	18.0	17.6
Hong Kong SAR	4.7	4.3	4.7	2.4	1.8
Korea	4.3	7.7	4.5	1.9	1.7
Singapore	12.7	17.8	13.2	4.4	4.7
France	3.1	2.0	2.6	5.8	5.1
Germany	4.0	3.1	4.5	9.2	9.0
Italy	1.0	0.7	1.3	2.8	2.7
Netherlands	1.5	2.0	2.9	2.5	2.3
Switzerland	1.1	2.1	3.6	0.6	0.6
United Kingdom	1.4	1.7	2.9	4.2	4.4
Other Europe (industrialized) 2/	0.9	1.4	2.2	8.1	7.8
United States	3.1	2.8	3.2	6.2	5.8
Canada	0.3	0.4	0.7	1.4	1.3
Australia	1.0	0.9	2.5	5.4	8.4
New Zealand	0.0	0.1	0.2	0.3	0.2
Developing countries	34.0	31.6	32.8	26.9	26.6
China (mainland)	6.6	4.7	5.2	2.2	3.0
Indonesia	1.0	0.6	0.5	0.6	0.5
Malaysia	4.3	7.7	4.5	1.9	1.7
Philippines	0.8	1.8	2.6	4.2	3.8
Russia	1.5	1.2	1.4	0.6	0.2
Taiwan POC	8.1	7.4	8.9	3.5	3.2
Thailand	1.9	1.5	2.6	2.4	2.2
Other	9.9	6.7	7.1	11.4	12.0
Imports					
Industrial countries or regions	61.5	67.8	66.7	58.1	58.4
Japan	11.2	11.3	13.0	11.8	14.1
Hong Kong SAR	5.1	7.1	5.2	4.5	3.9
Korea	15.4	16.0	13.5	12.1	12.4
Singapore	17.5	18.2	18.4	13.4	12.9
France	3.4	3.7	4.8	2.7	2.7
Germany	2.2	2.6	2.4	3.2	2.2
Italy	0.7	1.0	0.9	1.0	1.0
Netherlands	0.4	0.5	0.4	0.3	0.3
Switzerland	0.9	1.3	1.2	0.5	0.5
United Kingdom	0.6	0.8	0.9	1.0	1.1
Other Europe (industrialized) 2/	0.9	1.4	1.6	2.3	2.4
United States	1.6	2.2	2.2	2.4	2.5
Canada	0.3	0.3	0.3	0.3	0.3
Australia	1.2	1.2	1.7	2.1	1.8
New Zealand	0.0	0.2	0.2	0.4	0.4
Developing countries	38.5	32.2	33.3	41.9	41.6
China (mainland)	4.0	3.0	3.5	9.1	8.6
Indonesia	2.3	1.3	1.7	2.1	2.0
Malaysia	2.3	1.8	2.0	3.3	3.3
Philippines	0.3	0.3	0.3	0.8	0.8
Russia	1.8	1.7	1.4	2.4	1.4
Taiwan POC	11.1	11.3	12.8	10.8	11.0
Thailand	5.4	4.4	5.0	5.3	5.4
Other	11.3	8.4	6.7	8.1	9.0
Memorandum items:					
European Union					
Exports	11.9	10.9	16.1	32.1	30.9
Imports	8.1	9.9	11.0	10.4	9.6
ASEAN 3/					
Exports	20.6	29.4	23.8	13.9	13.2
Imports	27.8	26.1	27.8	25.4	24.9

Sources: Vietnam Customs Office; IMF, *Direction of Trade Statistics*, and staff estimates.

1/ For 1998 and 1999, some data reflect partner country data.

2/ Defined as Austria, Belgium, Denmark, Finland, Greece, Iceland, Ireland, Luxembourg, Norway, Portugal, Spain, and Sweden.

3/ Including Lao PDR and Myanmar beginning in 1997 and Cambodia in 1999.

Table 28. Vietnam: Commitments of Foreign Direct Investment, 1995-99 1/

	1995	1996	1997	1998	1999
	(In millions of U.S. dollars)				
Industry	2,477	2,712	1,815	842	805
Heavy industries	1,342	1,347	746	553	369
Export processing zones	0	94	208	0	0
Light industries	668	613	508	208	240
Food	466	658	353	81	196
Oil and gas	32	80	107	1,358	46
Construction	746	3,937	1,056	148	198
Transportation and communications	386	748	962	312	137
Real estate	2,666	917	384	899	148
Hotels and tourism	1,395	399	188	784	148
Office property and apartments	1,270	519	195	115	0
Agriculture, forestry, and fisheries	158	119	133	88	59
Services	144	128	197	250	168
Total	6,608	8,640	4,654	3,897	1,563
	(In percent of total)				
Industry	37.5	31.4	39.0	21.6	51.5
Heavy industries	20.3	15.6	16.0	14.2	23.6
Export processing zones	0.0	1.1	4.5	0.0	0.0
Light industries	10.1	7.1	10.9	5.3	15.4
Food	7.1	7.6	7.6	2.1	12.5
Oil and gas	0.5	0.9	2.3	34.9	3.0
Construction	11.3	45.6	22.7	3.8	12.7
Transportation and communications	5.8	8.7	20.7	8.0	8.8
Real estate	40.3	10.6	8.2	23.1	9.5
Hotels and tourism	21.1	4.6	4.0	20.1	9.5
Office property and apartments	19.2	6.0	4.2	3.0	0.0
Agriculture, forestry, and fisheries	2.4	1.4	2.9	2.2	3.8
Services	2.2	1.5	4.2	6.4	10.8
Total	100.0	100.0	100.0	100.0	100.0

Sources: Ministry of Planning and Investment (MPI) and State Bank of Vietnam; and staff estimates.

1/ As reported by MPI. Includes investments by domestic joint venture partners.

Table 29. Vietnam: Disbursements of Foreign Direct Investment, 1995-99 1/

	1995	1996	1997	1998	1999 Preliminary
	(In millions of U.S. dollars)				
Industry	1,118	1,117	704	347	612
Heavy industries	539	490	306	207	383
Export processing zones	0	30	72	0	47
Light industries	347	342	195	103	105
Food	231	254	131	37	78
Oil and gas	14	64	61	843	186
Construction	264	1,138	381	52	115
Transportation and communications	371	271	894	302	95
Real estate	1,131	330	154	61	301
Hotels and tourism	681	136	82	32	121
Office property and apartments	450	194	72	29	180
Agriculture, forestry, and fisheries	82	55	62	37	93
Services	68	57	80	164	72
Total disbursements	3,048	3,032	2,336	1,806	1,474
Total disbursements: staff estimates 2/	2,276	1,813	2,074	800	700
	(In percent of total)				
Industry	36.7	36.8	30.1	19.2	41.5
Heavy industries	17.7	16.2	13.1	11.5	26.0
Export processing zones	0.0	1.0	3.1	0.0	3.2
Light industries	11.4	11.3	8.3	5.7	7.1
Food	7.6	8.4	5.6	2.0	5.3
Oil and gas	0.5	2.1	2.6	46.7	12.6
Construction	8.7	37.5	16.3	2.9	7.8
Transportation and communications	12.2	8.9	38.3	16.7	6.4
Real estate	37.1	10.9	6.6	3.4	20.4
Hotels and tourism	22.4	4.5	3.5	1.8	8.2
Office property and apartments	14.8	6.4	3.1	1.6	12.2
Agriculture, forestry and fisheries	2.7	1.8	2.6	2.0	6.3
Services	2.2	1.9	3.4	9.1	4.9
Total	100.0	100.0	100.0	100.0	100.0
Memorandum item:					
Total disbursements (in percent of GDP)	14.7	12.3	8.7	6.7	5.2

Sources: Ministry of Planning and Investment (MPI); and staff estimates.

1/ Data on disbursements classified by industry as reported by MPI. Calculated as total reported disbursements less equity contributions of domestic partners. Thus, data include domestic borrowing by the joint venture. Data are subject to extensive revision.

2/ Staff estimates are based on reported foreign equity inflows plus foreign borrowings by joint ventures, as reported by the State Bank of Vietnam. For 1998 and 1999, also based on other indicators of investment inflows.

Table 30. Vietnam: Foreign Direct Investment by Country of Origin, 1995-99 1/

	Commitments 2/			Disbursements	
	1995	1996	1997	1998	1999 Estimate
(In millions of U.S. dollars)					
Singapore	573	2,718	478	224	152
Taiwan POC	1,060	485	222	194	116
Korea	594	749	628	200	191
Japan	1,183	591	643	541	415
British Virgin Islands	461	1,290	191	128	18
Hong Kong SAR	135	251	223	105	158
Malaysia	98	84	151	111	95
Thailand	138	238	237	42	10
United States	503	81	172	11	41
France	112	91	52	74	64
Australia	112	44	3	6	62
Other	723	618	1,182	169	149
Total	5,692	7,240	4,183	1,806	1,474
(In percent of total)					
Singapore	10.1	37.5	11.4	12.4	10.3
Taiwan POC	18.6	6.7	5.3	10.7	7.9
Korea	10.4	10.3	15.0	11.1	13.0
Japan	20.8	8.2	15.4	30.0	28.2
British Virgin Islands	8.1	17.8	4.6	7.1	1.2
Hong Kong SAR	2.4	3.5	5.3	5.8	10.7
Malaysia	1.7	1.2	3.6	6.2	6.5
Thailand	2.4	3.3	5.7	2.3	0.7
United States	8.8	1.1	4.1	0.6	2.8
France	2.0	1.3	1.3	4.1	4.4
Australia	2.0	0.6	0.1	0.4	4.2
Other	12.7	8.5	28.3	9.3	10.1
Total	100.0	100.0	100.0	100.0	100.0

Sources: Ministry of Planning and Investment (MPI); and staff estimates.

1/ Data as reported by MPI. See Table 29 for qualifications.

2/ Data on country distribution of FDI commitments not revised, as were data in Table 28.

Table 31. Vietnam: External Debt and Debt Service Obligations, 1995-99 1/

	1995	1996	1997	1998	1999 Estimate
(In millions of U.S. dollars, end of period)					
Total convertible currency debt stock	7,259	9,029	10,336	10,319	10,577
Medium- and long-term debt stock	6,478	8,024	9,551	9,645	10,020
Public sector	15,121	15,308	16,028	15,939	16,598
Public sector convertible debt	4,524	5,081	5,557	5,424	6,083
Official loans (excl. Russia and IMF)	2,885	2,922	3,141	3,290	4,159
Commercial (London Club)	907	978	923	666	666
State-owned enterprises 2/	238	525	885	974	787
IMF	377	538	490	377	354
Other	59	59	59	59	59
Private sector	1,953	2,943	3,994	4,221	3,937
FDI-related	1,851	2,718	3,615	3,803	3,599
Other	102	225	379	418	337
Short-term debt stock	781	1,005	785	674	557
Total external debt service	920	982	1,293	1,583	1,525
Principal	704	684	860	1,139	1,062
Interest	216	298	433	444	463
Public debt	869	844	881	922	602
Principal	692	621	660	708	363
Interest	177	222	221	214	239
Private debt	52	139	413	661	923
Principal	12	63	201	431	699
Interest	40	76	212	230	224
(In percent of GDP)					
Total debt service	4.4	4.0	4.8	5.8	5.4
of which : public	4.2	3.4	3.3	3.4	2.1
Total convertible currency debt stock	35.0	36.6	38.6	38.1	37.1
of which : public	31.2	20.6	20.7	20.0	21.4
(In percent of exports of goods and nonfactor services)					
Total debt service	12.1	9.8	11.1	13.2	10.7
of which : public	11.4	8.4	7.5	7.7	4.2
Total convertible currency debt stock	85.2	79.9	81.8	86.2	70.5
of which : public	59.5	50.6	47.6	45.3	42.8
Memorandum item:					
Nonconvertible debt 3/	10,597	10,227	10,471	10,515	10,515

Sources: Vietnamese authorities; and staff estimates.

1/ Convertible currency debt only.

2/ Includes loans to state-owned enterprises not classified elsewhere.

3/ In millions of transferable rubles.

I. Recent Developments in the External Trade System

During the 1990s, Vietnam's trade system evolved from comprehensive control of the balance of payments towards protection for import substituting industries. In the wake of the Asian crisis, trade restrictions were tightened in 1998 and early 1999 to protect the balance of payments and preferred domestic sectors. Some liberalizing steps have been taken since late 1999 as concerns within the government grew over the link between high protection and the poor competitiveness of domestic industries. Many of these industries, often financed by domestic banks or through external borrowing, are now characterized by high production costs, excess capacity, and debt service difficulties. Moreover, as the liberalization under the ASEAN Free Trade Area (AFTA) is entering a more intensive phase, the potential impact of regional integration by 2006 on domestic industries is now becoming apparent. Thus, this note also includes a summary of Vietnam's commitments under AFTA.

Foreign trading rights

Decree 57 issued in July 1998 effectively extended the right to export unrestricted goods to all domestic enterprises. This permitted many more producers to deal directly with importing firms in Vietnam's export markets, and, as a result, to develop greater knowledge of market requirements and eliminate some inefficient intermediaries. Together with market opening agreements with the European Union and Japan, these reforms contributed to the substantial growth in manufactured exports in 1999. As a further step, the right for domestic enterprises to import any goods not subject to restrictions was included in the Enterprise Law (passed in June 1999), but the implementing regulations have not yet been issued.

Trading activities of foreign-invested enterprises are governed by the Foreign Investment Law (FIL). The authorities have stated that the right of foreign-invested enterprises to export is the same as for domestic enterprises. Regarding imports, foreign-invested enterprises can import inputs for production, but because they are not approved for trading activities (if they are set up for manufacturing), they cannot import other products in their line of business that may be needed to fill out their product range. Amendments passed in May 2000 to the Foreign Investment Law did not change this situation.

Quantitative restrictions

Effective April 1, 2000, quantitative restrictions (QRs) were removed from 8 of the 19 items subject to QRs. The items liberalized were liquid soda, raw material for plastics, fertilizer, ceramic and glass consumer goods, bicycles, ceramic sanitary wares, consumer electric fans, and plastic packaging. Tariffs on these items were increased to 100 percent for some glass consumer products and 80 percent for bicycles, but the rate on fertilizer was only raised to 5 percent.

More generally, there appears to be a much greater easing of the import regime than implied by the removal of QRs. In the first half of 2000, imports rose by an estimated 34 percent

(over the same period in 1999), after three years of no increase in the value of total imports (despite large increases in oil prices, high export growth in 1999, and real GDP growth of 3-5 percent during these three years).

The goods remaining subject to QRs are ceramic and granite tiles, vegetable oil, window glass, paper (newsprint, writing, and packaging), construction steel, cement and clinker, motor cars for 16 or fewer passengers, motorcycles and kits, sugar, alcoholic beverages, and petroleum products. The last two items were removed from the list of items subject to import licensing (Decision 242/1999/QD-TTg), but are under separate controlling instruments that still restrict the total value of permitted imports.

Tariffs

In early 1999, a new and substantially revised the tariff schedule was introduced. It reduced the maximum standard tariff rate to 50 percent; about 1 percent of line items had rates above this level, mainly alcoholic beverages and motor vehicles. This new schedule was also more in line with the harmonized standard nomenclature, increasing the total number of tariff items to about 6,000.

In early 2000, the tariff schedule was again revised, partly to reflect the tariff increases needed for the newly liberalized imports. These changes contributed to the increase in the number of tariff rates to 19 from 12 in 1999. Notwithstanding the increases in tariff rates on the liberalized items, the average tariff rate from the schedule remained at 15.5 percent, since the number of items with rates of 20 percent or less increased slightly.

Bilateral trade agreements

The bilateral trade agreement under discussion with the United States, would give Vietnam normal trade access to the U.S. market (subject to annual approval) in exchange for Vietnam phasing in steps to liberalize nontariff barriers, customs procedures, investment measures, and entry requirements for some services, and for reducing some tariffs. The framework was agreed in principle in June 1999, but formal approval by Vietnam was not given. In early 2000, the Vietnamese authorities requested further discussions on some of the items in the agreement and discussions resumed in early July 2000.

Vietnam: Summary of Normal Tariff Schedule, 1999-2000 ^{1/}

Rates in 1999		
Bands	Number of lines:	
	number	percent
0	1,965	32.4
1	148	2.4
3	374	6.2
5	616	10.2
10	448	7.4
15	58	1.0
20	531	8.8
30	663	10.9
40	617	10.2
50	574	9.5
60	34	0.6
100	28	0.5
Total	6,056	100

Number of bands	12
Average:	15.5
Standard deviation:	17.7

Rates in 2000		
Bands	Number of lines:	
	number	percent
0	2,029	32.0
1	173	2.7
3	381	6.0
5	679	10.7
7	7	0.1
10	519	8.2
12	2	0.0
15	79	1.2
18	1	0.0
20	516	8.1
25	3	0.0
30	633	10.0
40	678	10.7
45	2	0.0
50	569	9.0
55	1	0.0
60	12	0.2
80	9	0.1
100	48	0.8
Total	6,341	100

Number of bands	19
Average:	15.4
Standard deviation:	18.1

Source: Tariff schedule from the Ministry of Finance.

^{1/} The normal tariff rates are termed preferential in the official schedule. There are also nonpreferential tariff rates about 50 percent higher than these rates, which are applied to imports from countries without a trade agreement (or not in the process of negotiating one).

ASEAN Free Trade Area (AFTA)

At end 1995 Vietnam signed the AFTA agreement with the core commitment of reducing tariffs on almost all imports from AFTA members to 0-5 percent by the start of 2006. For the first five years Vietnam's AFTA commitments were met by applying low tariffs to goods that did not compete with domestic production. Beginning in 2000, however, this liberalization is beginning to exert pressure on domestic enterprises to improve competitiveness.¹ Moreover, since AFTA members are in many cases low-cost producers, this process is likely to increase Vietnam's potential for manufactured exports by significantly reducing the costs of production and providing relatively strong international competition. Under the rules for AFTA, Vietnam is to submit a roadmap for meeting its commitments in 2001-06 by end 2000.

Specific commitments

The structure of Vietnam's agreement under AFTA is similar to the other members and is based on classifying the approximately 6,300 items on Vietnam's tariff code into four lists:

1. ***Inclusion List (IL)*** This list covers items on which tariffs are to be reduced to the common effective preferential tariff (CEPT) of 0-5 percent by 2006. It effectively comprises all items not on the exclusion lists below and will comprise about 6,030 items by 2003. The IL currently comprises 4,233 items, of which tariffs on 1,270 items are over 5 percent and 451 items are over 20 percent, with tariffs on a few items as high as 50 percent. Although a linear tariff reduction over the phase-in period is recommended, the annual tariff rate reduction must be at least 5 percent. A comparison of the 1999 and 2000 CEPT schedules suggests that the most common reduction was 5 percentage points. Under the implementing arrangements, by 2003 very few IL items would have CEPT rates over 20 percent.
2. ***Temporary Exclusion List (TEL)*** This list covers items to be phased into the IL by 2003. In early 2000, in accordance with the existing plan, 640 items were moved from the TEL to the IL, to bring the IL up to 4,233 items. After the 2000 installment, the TEL now comprises about 1,800 items, which will be transferred to the IL in three roughly equal annual installments, so that by 2003 the TEL will be depleted.
3. ***General Exclusion List (GEL)*** This list covers items not subject to liberalization for cultural, security, health, and environmental reasons. This list comprises 202 items, including alcoholic beverages, automobiles, motorcycles and kits, and petroleum products, which are

¹ AFTA members accounted for 19 percent of Vietnam's exports and 28 percent of imports in 1999.

currently subject to quantitative restrictions. However, the scope of the GEL is being reviewed, and a few items, including radios and larger motorcycles are likely to be removed.

4. **Sensitive Exclusion List (SEL):** In accordance with the Protocol on Sensitive and Highly Sensitive Products signed on September 30, 1999, Vietnam has 51 items, mainly unprocessed agricultural products and including sugar, on the sensitive list and no products on the highly sensitive list. Items on the SEL are to have tariffs reduced to 0-5 percent by 2013, and by at least 10 percent each year starting no later than 2006, but sugar is specifically to reach the 0-5 percent target by 2010. All quantitative restrictions and other nontariff barriers are to be removed from these items by 2013.

Vietnam: CEPT Tariff Rates, 1999-2000

Rates in 1999			Rates in 2000		
Bands	Number of lines:		Bands	Number of lines:	
	number	percent		number	percent
0	1,523	42.7	0	1,690	39.9
1	82	2.3	1	155	3.7
3	332	9.3	3	335	7.9
4	1	0.0	4	0	0.0
5	561	15.7	5	783	18.5
7	20	0.6	7	10	0.2
10	261	7.3	10	573	13.5
15	470	13.2	15	129	3.0
20	25	0.7	20	107	2.5
25	24	0.7	25	13	0.3
30	33	0.9	30	72	1.7
35	3	0.1	35	280	6.6
40	231	6.5	40	82	1.9
45	1	0.0	45	1	0.0
			50	3	0.1
Total	3,567	100	Total	4,233	100
Average:		7.1	Average:		7.3
Standard deviation:		10.6	Standard deviation:		10.7

Source: Tariff schedule from the Ministry of Finance.

Nontariff barriers

Under the AFTA agreement, QRs for the IL items should be removed at the latest by the time the import: (i) satisfies the AFTA content requirement of at least 40 percent; (ii) is on the IL of both source and destination country; and (iii) has a CEPT rate of 20 percent or less. In practice, Vietnam has removed QRs on AFTA imports sooner, and on a multilateral basis, typically when the item was moved from the TEL to the IL. Other nontariff barriers are to be removed from the goods within five years from when these three conditions are met.

II. Recent Developments in the Foreign Exchange System

Recent developments in the foreign exchange market

Since the early 1990s, following the unification of exchange rates, exchange rate management has been characterized by periodic adjustments to the band within which the official exchange rate was allowed to move. From August 1998 to February 1999, the interbank exchange rate of the dong was subject to a maximum 7 percent depreciation limit from the fixed official rate vis-à-vis the US dollar. In practice, the interbank exchange rate remained at the lower limit during this period. In February 1999, a new system was introduced under which an official exchange would not be set, but an interbank market rate would be quoted daily, calculated as the weighted average of rates in the interbank market during the previous day. However, the value of the dong in the interbank market is not allowed to depreciate by more than 0.1 percent compared to the previous day. This new system was aimed at gradually moving toward greater exchange rate flexibility and giving more weight to market forces in exchange rate determination.

Since the introduction of the new exchange rate regime, movements in the rate have been marginal. Between February 1999 and June 2000, the dong depreciated in nominal terms by only 1 percent vis-à-vis the US dollar. This stability was aided by the strong export performance (see Note III) coupled with stagnant imports, and larger inflows due to measures taken in 1999 to encourage remittances by Vietnamese overseas.

However, there have also been pressures on the dong. For example, because of the lower interest rates on dong deposits (which were reduced by 6 percentage points in 1999 to 4 percent by year-end) at a time of rising U.S. dollar interest rates, the interest rate differentials on deposits increased sharply, causing a portfolio shift toward foreign currency deposits. The rapid expansion of credit since late 1999 is also likely to increase the demand for foreign exchange. Also, the relaxation of the foreign exchange surrender requirement from 80 percent to 50 percent in August 1999, at a time when some participants in the exchange market were experiencing delays in obtaining foreign exchange, was accompanied by temporary pressure on the dong from some hoarding of foreign exchange.

Information from the authorities on the parallel market exchange rate shows that deviations from the interbank rate were less than 2 percent in 1999. Although the reported parallel market exchange rate in Vietnam is not a fully representative market rate, in earlier years it had provided some signals on whether the interbank rate was notably misaligned. The value of transactions in the officially quoted parallel market is small, estimated at US\$1- 5 million a day, while the size of the interbank transactions is estimated at about US\$40-50 million.

Official intervention policy in the exchange market aims at maintaining export competitiveness, managing imports, and smoothing out short-term exchange rate fluctuations. However, in practice this policy has contributed to the stability of the dong vis-à-vis the US dollar. The State Bank of Vietnam (SBV) has also intervened at times when there was uncertainty in the market and when it considered that the supply and demand for

foreign exchange did not reflect underlying market factors. For example, intervention took place in February 1999, when the new exchange rate mechanism was introduced, and in the latter part of the year on account of concern over the millennium bug.

Recent developments in exchange restrictions

Although foreign exchange restrictions have recently been eased, the system is still considered restrictive. In particular, there are three restrictions on payments for current account transactions which are subject to approval under the Fund's Articles of Agreement, Article VIII, Sections 2, 3, and 4).

1. Foreign exchange balancing requirement is imposed on foreign-invested companies. It was introduced at a time of foreign exchange shortages, requiring foreign-invested enterprises to balance their foreign exchange needs with their foreign exchange receipts, as stipulated in the Foreign Investment Law (FIL). Although this restriction has become effectively less binding, affecting apparently only a small proportion (20-30 percent) of foreign-invested companies, it remains a source of concern for foreign investors.² In May 2000, the FIL was amended, resulting in a significant relaxation of the foreign exchange balancing requirement for foreign-invested enterprises and parties to business cooperation contracts. Most classes of foreign-invested enterprises are now permitted to buy foreign exchange from commercial banks, subject to the same regulations as domestic enterprises (see below). However, in some cases where the foreign investment is in projects considered by the government to be important, including for infrastructure works, the government will guarantee the availability of foreign exchange. Implementing regulations, which are required to make this change effective, have not yet been issued.
2. The amendment to the FIL also reduced the rates on the tax on profit remittances. The new tax rates are 3, 5, and 7 percent, compared to the previous rates of 5, 7, and 10 percent. This tax, which applies to the repatriation or remittance of profits by foreign enterprises (and not on profit itself), continues to give rise to a multiple exchange rate practice and constitutes another exchange restriction.
3. In addition to these explicit restrictions, there are other administrative measures and controls that limit the foreign exchange available for imports of certain goods, depending on the foreign exchange situation. For example, importers of consumer goods are required to supply their own foreign exchange for imports and are only allowed to use

²The SBV indicates also that the balancing requirement could be avoided given that foreign enterprises could always pay Vietnamese companies in dong to import on their behalf, but there are likely to be additional costs from this operation. Foreign-invested enterprises approved for the production of import substitutes have generally been exempted from the balancing requirement and are permitted to buy foreign exchange in the market.

immediate payment methods.³ In addition, “non-priority” goods have been constrained by the availability of foreign exchange at the commercial banks, which contributed to the low level of imports in the past three years.

During 1999, there was no evidence that the nonavailability of foreign exchange contributed to the incurrence of external payments arrears. External arrears identified in the balance of payments were only incurred on the transferable ruble debt to Russia, which is under active negotiation. However, foreign-invested enterprises rescheduled almost half of their debt service obligations to parent companies and foreign commercial banks, due mainly to financial difficulties and not related to exchange restrictions.

Conclusion

The recent relaxation of exchange controls and the relative stability of the exchange rate are encouraging, but further reforms of the exchange arrangements are needed to boost confidence and attract foreign direct investment. In particular, the foreign exchange balancing requirement and the tax on profit remittances by foreign-invested firms should be removed. Also, the difficulties and delays in obtaining foreign exchange from commercial banks should be overcome by further widening the band for movements in the interbank exchange rate to allow the rate to better reflect demand and supply conditions in the market. Elimination of the surrender requirement would also help in broadening the foreign exchange market.

³The most recent renewal of this control is in the Decision on the Management of Import and Export of Goods in the Year 2000 (Decision 242/1999/QD-TTg), promulgated in December 1999. There are also specific restrictions on the import of commodities such as gold and other precious metals where import licenses are granted only if importers have the required foreign exchange.

III. Recent Export Performance

Export performance in 1999 and early 2000

The growth rate of Vietnam's exports in 1999 outperformed that of most Asian countries. After a weak performance in 1998, exports rose sharply by 23 percent (to US\$11.5 billion) a rate comparable to those prevailing in the mid-1990s. Performance in the first half of 2000 continued to be strong, rising by an estimated 25 percent over the same period in 1999. Three main factors have contributed to this strong performance in 1999:

- A surge in the value of crude oil exports by 62 percent due equally to increases in both price and volume, accounting for slightly more than one-third of total export growth. The bulk of oil exports continued to go to the Asian region.
- A recovery in the Asian region, which also led to increased demand for nonoil exports from Vietnam.
- An increase in nonoil exports to the European Union (in particular garments and footwear) which benefited from more favorable access to the area in 1999.

Over the medium term, exports are expected to continue to grow, especially with more robust growth in nonoil exports, assuming cautious macroeconomic policies, an acceleration of structural reforms, and the liberalization of exchange and trade arrangements.

Vietnam: Contribution to Export Growth by Commodity and Region
(In percentage points of annual export growth)

	1997	1998	1999
Total exports 1/	24.6	2.4	23.2
Oil exports	1.0	-2.0	9.2
Nonoil exports	23.6	4.5	14.0
Asia & Pacific region	10.5	3.0	4.7
European Union	15.2	3.2	5.2
United States	1.0	1.2	0.4
Other	-3.0	-2.9	3.8

1/ Annual percentage change.

Regional demand for nonoil exports from Vietnam is also expected to remain reasonably strong, given the projected continuation of the regional recovery. Staff projections suggest that real GDP growth in most countries in the region would be in the range of 4-6 percent in 2000, with the average export-weighted real GDP growth rate for the Asian region of about 5 percent per year during 2000-02.

However, given the volatility in oil prices and the large share of crude oil in total exports (17.5 percent in 1999), and the continued reliance on other traditional exports (i.e., coffee and rice), the export base will remain vulnerable to terms of trade shocks if structural reforms and private sector development—which aim in part at diversifying this base over the medium term—do not materialize.⁴ In addition, the possible loss of competitiveness in other sectors such as garments and footwear due to higher production costs associated with continued heavy regulations would put at risk this medium-term outlook.

Export market shares

In the last few years Vietnam appears to have gained some market share in major export markets. Vietnam's relative performance in the markets of Japan, other Asia, western Europe, and the United States was compared with imports from a group of competitor countries (Thailand, Indonesia, Philippines, and China) in 1996-98. Vietnam has lost only marginally its market share in Japan, and made some small market gains in other markets with a noticeable increase in Europe. Imports from the Philippines and China increased the most in these markets at the expense of imports from Thailand and Indonesia. The relatively large increase in Vietnam's market share in Europe mainly reflects increases in quotas and improved market access.

Real effective exchange rates

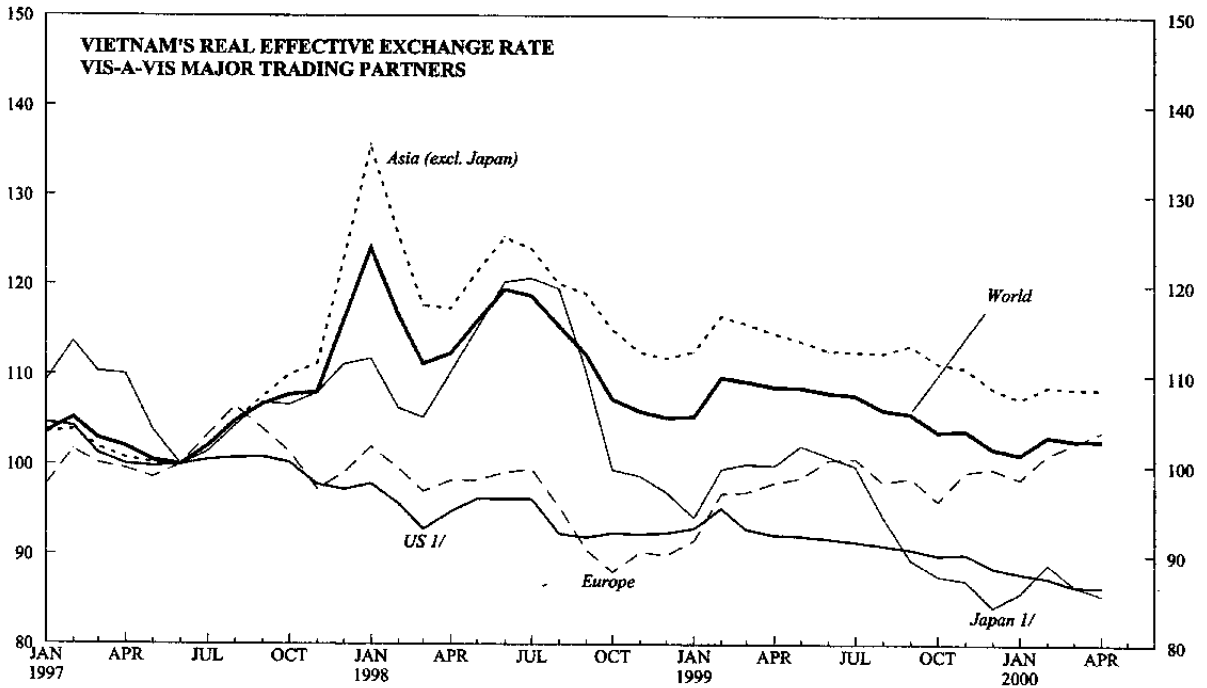
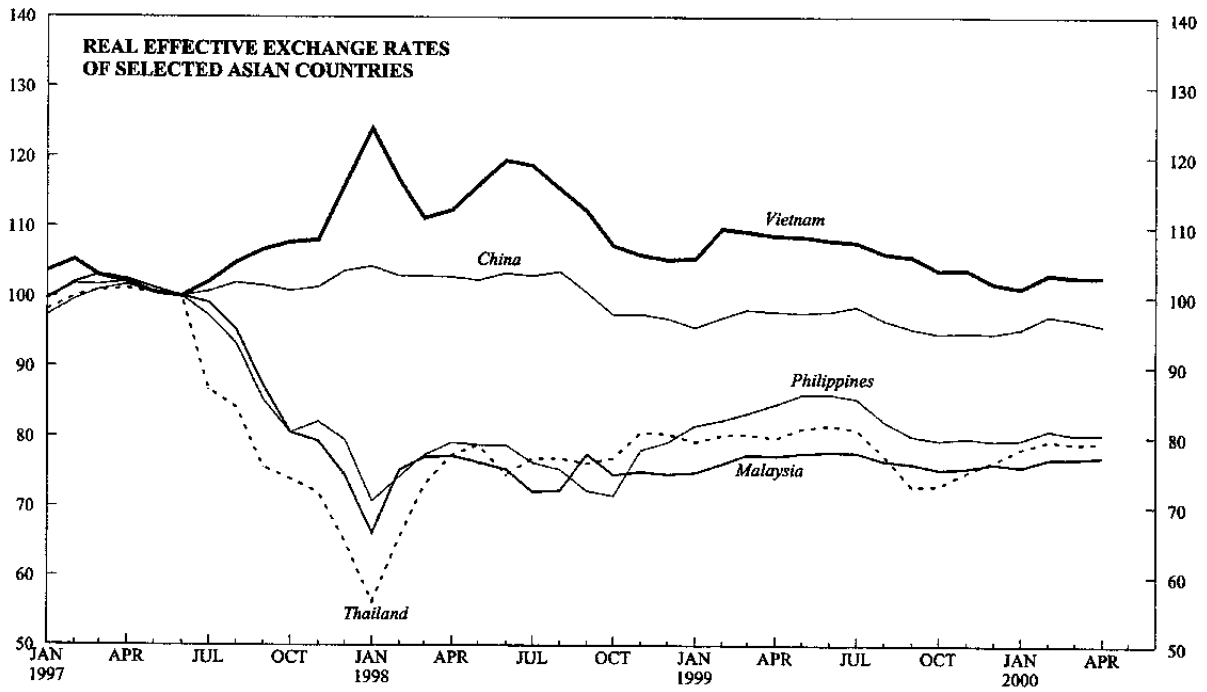
Using recent trade weights, Vietnam's real effective exchange rate (REER) appreciated by about 3 percent since June 1997. The REER with respect to Asia (excluding Japan) appreciated by 8 percent in the period since June 1997, largely due to the sharp depreciation of the nominal exchange rates of its regional trade partners, and by 4 percent against main European partners. By contrast, the dong depreciated by 14 percent in real terms with respect to the dollar and the Japanese yen. Compared to the REERs of selected Asian countries, Vietnam's REER has appreciated, while others have depreciated since the onset of the Asian crisis (see chart).

Notwithstanding these developments, caution is required in using the REER as a measure of export competitiveness, especially in an economy such as Vietnam. To the extent that there are administered prices (such as petroleum products), ceilings on bank lending rates, and subsidized production (as with loss-making SOEs), the REER is likely to overstate Vietnam's competitiveness. In addition, the presence of significant trade and exchange restrictions means that it is harder to determine an equilibrium exchange rate to serve as a benchmark for comparisons. Also, the equilibrium REER can change over time due to structural changes in both the home and directly competing countries

⁴ In addition, at current levels of production, a US\$5 decline in the average per barrel price of crude oil would likely lower exports by US\$0.5 billion, or 5 percent of total exports.

REAL EFFECTIVE EXCHANGE RATES

(June 1997 = 100)



Sources: IMF Information Notice System, the Vietnamese authorities, and Fund staff estimates.

1/ Bilateral real exchange rates.

IV. Summary of Current Poverty Situation⁵

In recent years, Vietnam has made considerable strides in reducing poverty, but it still remains one of the poorest countries in East Asia. During the period 1992-99, real per capita income (in dong) increased by an average of 5.8 percent a year (staff estimate). However, in 1999, per capita GDP was still only US\$372. Based on the 2000 World Development Indicators, per capita GNP in Vietnam was in the bottom quintile (of the 138 reporting countries) in 1998, and was only about one-third the level recorded in the low and middle income countries of the East Asia and Pacific region.

According to the latest Vietnam Living Standards Survey (1997/98), conducted by the General Statistical Office (GSO) with technical assistance from the World Bank, the share of persons living below the poverty line in Vietnam fell from 58 percent in 1992/93 to 37 percent in 1997/98.⁶ The *Attacking Poverty* report attributes this decline in poverty to high growth rates, despite a rise in inequality that occurred during this period.⁷ However, it cautions that recent dramatic gains in poverty reduction remain quite fragile. In particular, because a large number of persons were positioned close to the poverty line in 1993, modest improvements in income and employment

Vietnam: Poverty Rates and Distribution			
	1992/93	1997/98	Change
(In percent of total population living below the poverty line)			
Total	58.2	37.4	-35.7 1/
Urban	25.1	9.0	-64.0 1/
Rural	66.4	44.9	-32.4 1/
By region			
Highest 2/	78.6	58.6	...
Lowest 3/	32.7	7.6	...
(In percent of total population)			
Total 4/	100.0	100.0	1.6 5/
Urban	19.6	22.3	4.3 5/
Rural	80.4	77.7	0.9 5/

Sources: GSO, Vietnam Living Standards Survey (1997/98); and staff estimates.

1/ In percent.
 2/ For both periods, the Northern Uplands, comprising the region to the north and west of the Red River Delta.
 3/ For both periods, the Southeast, including Ho Chi Minh City.
 4/ Based on annual official estimates adjusted using 1989 and 1999 census data.
 5/ Average annual percentage change.

⁵ This section draws heavily from the joint government, donor, and NGO report titled *Vietnam Development Report 2000: Attacking Poverty* (1999), which was prepared under the guidance of the World Bank in conjunction with the December 1999 Consultative Group meeting.

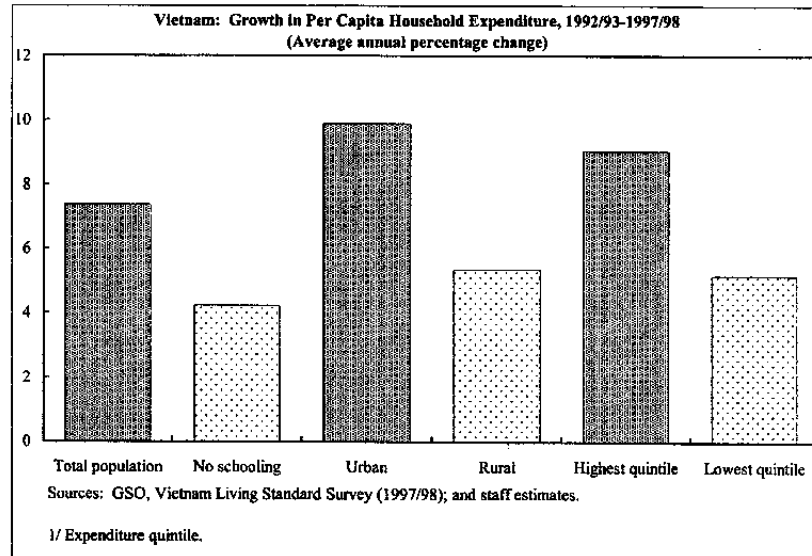
⁶ The level of food poverty, defined as persons with expenditure lower than the cost needed to obtain daily food equivalent of 2,100 kcal, also declined significantly over this period, from 25 percent to 15 percent.

⁷ If inequality had not increased, the report notes that Vietnam would have been able to reduce poverty by an additional 8 percentage points.

opportunities have been sufficiently strong to pull them over the poverty line so that they are now bunched just above the line.⁸ It follows that the slowing of economic activity experienced over the past few years may have pushed a number of these persons back below the line, since per capita GDP growth is not evenly distributed.

Based on the most recent living standards survey and as discussed in the *Attacking Poverty* report, the current poverty situation in Vietnam can be summarized as follows:

- Poverty is largely a rural phenomenon in Vietnam, with 45 percent of the rural population living below the poverty line in 1997/98. Farm incomes have risen substantially, but farm employment has not risen owing to productivity gains. Therefore, the generation of nonfarm rural employment remains a major challenge.



- Urban poverty, while comparatively small, may be a particularly complex phenomenon, as among other things the creation of new employment opportunities in urban areas appears to be more closely linked to the implementation of structural reforms and improvements in the investment climate.
- Equity is primarily a urban-rural issue in Vietnam, but is also an issue of concern across regions and gender. Inequality in access to education may be one factor explaining intra-country differences in poverty patterns.
- The vulnerability of the poor to household-specific and system-wide shocks (both internal and external) appears to be greatest among rural households, which poses a major challenge to poverty reduction efforts.

⁸ According to World Bank estimates, the incidence of poverty likely fell in the range of 30-45 percent of total population in 1998.

- Moreover, formal safety net coverage is low and not well targeted. Most migrants to urban areas, who tend to be poor, lack permanent registration status and thus face greater difficulties in accessing public services.

The *Attacking Poverty* report identifies several factors that contributed to the significant reduction in poverty in the mid-1990s. In rural areas, where agriculture remains the dominant source of income and employment, the rural living standard benefited from more diversified and rising agricultural incomes. In particular, farm households growing industrial (mainly cotton, jute, rush, sugarcane, peanuts, soybeans, and tobacco) and perennial (tea, coffee, rubber, coconut, and pepper) crops experienced the largest revenue gains. Rapid growth also was experienced in household nonfarm employment in rural areas (mainly retail trade and food processing)—by an average of 6.7 percent a year during 1993-98⁹, compared with growth in household farm and wage employment of 0.8 percent and 3.3 percent, respectively. Overall, rural employment increased by an average of 1.7 percent a year during 1993-98, compared with rural population growth of about 1 percent a year, suggesting that factors such as family planning and rural-urban migration may also have been factors in explaining rural poverty reduction. In addition, underemployment declined significantly, but it remained much higher in 1998 in rural (61 percent) in comparison to urban (40 percent) areas.¹⁰

Vietnam: Education Standards		
	1992/93	1997/98
Literacy rate 1/		
Urban	93.3	94.1
Rural	84.8	88.0
Male	91.4	93.7
Female	82.3	85.6
School enrollment rates (net), 1997/98 2/		
	6-10 years old	All school ages
Urban	95.9	63.5
Rural	92.0	44.1
Poorest quintile	84.8	31.4
Richest quintile	96.8	70.0
Source: GSO, Vietnam Living Standards Survey (1997/98).		
1/ In percent of population 10 years and older.		
2/ In percent.		

Rice—the main staple of Vietnam—remained the dominant source of farm income (43 percent of total agricultural revenue in 1998). However, between 1993 and 1998, real per household revenue derived from the sale of rice rose by only about 4 percent a year, considerably lower than real GDP growth. Among factors identified as limiting income generating opportunities in the agricultural sector are continued restrictions on land use, lack of access to high quality seeds and adequate fertilizer, and existence of a rice export quota. Moreover, agriculturally-oriented state-owned enterprises still exert some control over input, output, and export marketing decisions, which limit farm income growth.

⁹ However, 85 percent of rural nonfarm enterprises employ just one or two workers, with three-quarters of these enterprises also engaged in other forms of employment.

¹⁰ In Vietnam, unemployment rates are not a very useful indicator of labor market changes, since most people are engaged in some form of activity and open unemployment is rare (except in urban areas).

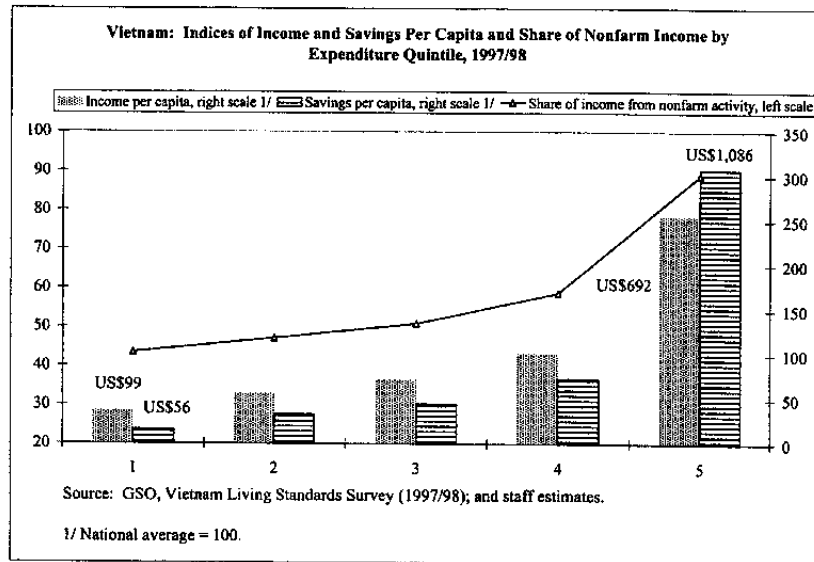
In urban areas, poverty reduction has also derived from growth in nonfarm and wage employment, although each was roughly at the level of urban population growth during 1993-98, which averaged about 4 percent a year. However, owing to a large drop in urban household farm employment, total urban employment increased by only 2 percent a year. Therefore, factors explaining the drop in urban poverty are less conclusive than those explaining the drop in rural poverty. It should be noted that the latest living standard survey is likely to have

underestimated the level of urban poverty by excluding those migrants who do not have a right to permanent residency in urban areas.¹¹

Despite the impressive rise in industrial production during this period (on average by about 13 percent a year), employment in this sector grew at less than 4 percent a year. Industrial

enterprises, in which the state sector is dominant, tend to be capital intensive and heavily protected and, as a result, more oriented toward import substitution. Moreover, many of these enterprises have become loss-making as they have been exposed to more competition. The *Attacking Poverty* report found that the capital intensive and enclave nature of industrial production in Vietnam tended to minimize its effect on employment creation in the rest of the economy.

The *Attacking Poverty* report concludes that the level and pattern of growth in the future will determine the pace of poverty reduction, noting that the importance of economic growth in raising living standards of the poor in Vietnam cannot be overestimated. The pattern of growth, however, will not likely to be able to replicate the land reform-based, agricultural diversification growth experienced in the early and mid-1990s, which is now reaching its constraints. Thus, the report notes that the real challenge will be on the creation rural nonfarm and urban employment, with the creation of conditions for new small- to medium-scale enterprises playing a significant role to this end.



¹¹ Adjusting for unregistered urban migrants, the World Bank estimates the incidence of urban poverty was in the range of 10-15 percent in 1998.

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Nature of the tax	Tax deductions and exemptions	Rates																																												
1. Personal Income Tax and Enterprise Income Tax																																														
1.1. Personal Income Tax																																														
<p>(a) Regular income (in cash or kind):</p> <ul style="list-style-type: none"> - salaries and wages - allowances - bonuses <p>Excluded are:</p> <ul style="list-style-type: none"> - interest income - rental income - social benefits - remuneration for technical innovation/invention - travelling expenses, allowances for shift work, income earned in noxious or dangerous conditions or in mountainous areas and stipulated offshore islands - dividend 	<p>Individual investors are exempted for 5-10 years from income tax applicable to income earned by contributing capital and purchasing shares in business</p> <p>Investors are exempted from income tax applicable to income earned by contributing capital through intellectual property rights, technical know-how, or technological process</p>	<p>For citizens:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>monthly income (VND mil)</u></th> <th style="text-align: center;"><u>gross rate (VND + % over floor)</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">0-2</td><td style="text-align: center;">exempt</td></tr> <tr><td style="text-align: center;">2-3</td><td style="text-align: center;">10%</td></tr> <tr><td style="text-align: center;">3-4</td><td style="text-align: center;">20%</td></tr> <tr><td style="text-align: center;">4-6</td><td style="text-align: center;">30%</td></tr> <tr><td style="text-align: center;">6-8</td><td style="text-align: center;">40%</td></tr> <tr><td style="text-align: center;">8-10</td><td style="text-align: center;">50%</td></tr> <tr><td style="text-align: center;">10+</td><td style="text-align: center;">60%</td></tr> </tbody> </table> <p>For resident foreigners, Vietnamese on mission or working overseas:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>monthly income (VND mil)</u></th> <th style="text-align: center;"><u>gross rate (VND+% over floor)</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">0-8</td><td style="text-align: center;">exempt</td></tr> <tr><td style="text-align: center;">8-20</td><td style="text-align: center;">10%</td></tr> <tr><td style="text-align: center;">20-50</td><td style="text-align: center;">20%</td></tr> <tr><td style="text-align: center;">50-80</td><td style="text-align: center;">30%</td></tr> <tr><td style="text-align: center;">80-120</td><td style="text-align: center;">40%</td></tr> <tr><td style="text-align: center;">120+</td><td style="text-align: center;">50%</td></tr> </tbody> </table> <p>For non-resident foreigners: flat rate 10%</p> <p>For citizens and resident foreigners:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>transaction income (VND mil)</u></th> <th style="text-align: center;"><u>tax rate</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">0-2</td><td style="text-align: center;">0</td></tr> <tr><td style="text-align: center;">2-4</td><td style="text-align: center;">5</td></tr> <tr><td style="text-align: center;">4-10</td><td style="text-align: center;">10</td></tr> <tr><td style="text-align: center;">10-20</td><td style="text-align: center;">15</td></tr> <tr><td style="text-align: center;">20-30</td><td style="text-align: center;">20</td></tr> <tr><td style="text-align: center;">30+</td><td style="text-align: center;">30</td></tr> </tbody> </table> <p>Gifts in kind from overseas: flat 5% (nil below 2 million) Lottery winnings: flat 10% (nil below 12.5 million) Income from technology transfers: flat 5% (nil below 2 mil.)</p>	<u>monthly income (VND mil)</u>	<u>gross rate (VND + % over floor)</u>	0-2	exempt	2-3	10%	3-4	20%	4-6	30%	6-8	40%	8-10	50%	10+	60%	<u>monthly income (VND mil)</u>	<u>gross rate (VND+% over floor)</u>	0-8	exempt	8-20	10%	20-50	20%	50-80	30%	80-120	40%	120+	50%	<u>transaction income (VND mil)</u>	<u>tax rate</u>	0-2	0	2-4	5	4-10	10	10-20	15	20-30	20	30+	30
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<p>(b) Irregular income</p> <ul style="list-style-type: none"> - gifts in kind from overseas - lottery prizes - fees or commissions for technology transfer, industrial design or technical 																																														
1.2. Supplementary Income Tax																																														
<p>Levied on monthly income above VND8 million net of regular income tax payment</p>	<p>Non-citizens are exempted.</p>	<p>30% of excess income</p>																																												
1.3.1. Enterprise Income Tax																																														
<p>Taxable income defined as the difference between the total revenue and total expenditure of the enterprise, together with any other income such as rents, proceeds of liquidation or transfer of assets, profits earned from business operations abroad, and profits from financial dealings.</p>	<p>For chemicals, construction (excl. cement), transportation (excl. air and taxi), mining and steel production 25% rate until 2002 (1/1/2002)</p> <p>For oil sector, and resources exploitation sectors 32-50% at government discretion For other resources exploitation sectors 32-50% decided by MOF or Foreign Investment License issuing authority with the agreement of MOF.</p>	<p>32% standard rate 50% oil sector standard rate</p> <p>Co-operatives, households whose income are gained by agricultural activities and products value are less than 90 million dong per year or income less than 36 million</p>																																												

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Nature of the tax	Tax deductions and exemptions	Rates
<p>Expenditures deductible from revenue:</p> <ul style="list-style-type: none"> - costs of raw and other materials and energy required for the manufacture of principal products and by-products or for the provision of services - wages, salaries, allowances - depreciation of fixed assets - costs of research and development - costs of acquisition or of the right to use any technical documents, patents, or license, and costs of technical service - enterprise management expenses - taxes (other than profit tax or profit remittance tax) - interest payments (subject to certain limitations) - costs and expenses for packaging, distribution and storage - costs of insuring the assets of the enterprise - any losses brought forward from previous years (max 5) - social insurance expenses - expenses incurred for employee safety - severance payments - overhead cost allocations - other expenditures not exceeding 5% of the total amount of the above expenditures 	<p>Exemption or reduced rate for establishment of production, for BFO or BOT contracts, investment projects in regions with difficult or particularly difficult economic and social conditions, and following investment projects:</p> <ul style="list-style-type: none"> - afforestation and forest planting - infrastructure and public transport - education, health care, culture - export production and trading - agricultural and maritime development - science, business management, technology transfer - production reform or relocation - developing preferential professions <p>Investors of export products production entities and export products trading establishments receive additional reductions as follows:</p> <ul style="list-style-type: none"> - 50% reduction in first year when export a new product, or when export to a new market - 50% reduction in the year when export turnover exceeds that the previous year - 20% reduction in the year when export earnings exceed 50% of turnover, or in the third consecutive year of stable export markets - additional 25% reduction of the tax on income from exports in the above-listed cases if projects in regions with difficult economic and social conditions - exemption from the tax on income from exports in the above-listed cases if projects in regions with particularly difficult economic and social conditions 	<p>dong per year, are the exemption of this regulation.</p>

1.3.2. Enterprise Income Tax on Foreign Enterprises and Joint Ventures

As 1.3.1.

Tax holidays:

Joint ventures and wholly foreign-owned companies may be considered for tax holidays. The holidays take the form of a complete exemption from profit tax for a certain period beginning immediately after the project becomes profitable, followed in turn by a period where tax is charged at half the agreed preferential rate. The duration of holiday periods depends on tax rate applicable to project as follows:

- (a) projects subject to standard rate may be considered for max. two years' exemption if investment made for production in rural areas
- (b) projects subject to 20% rate may be considered for one year's exemption, followed by up to two years at 10% rate
- (c) projects subject to 15% rate may be considered for two years' exemption, followed by up to three years at 7.5% rate.
- (d) projects subject to 10% rate may be considered for four years' exemption, followed by up to four years at 5% rate. Afforestation or infrastructure projects in mountainous or remote areas and projects with large-scale socio-economic impact in the special investment encouragement list obtain exemption for 8 years after becoming profitable
- (e) projects in investment encouragement areas and investment encouragement special list obtain exemption for 4 years and 50% reduction for the next 4 years.

Standard rate 25%
Oil 50%

Preferential rates of 20%, 15%, 10% available for inward investment:

1. Following the granting of investment license, the following rates are available for 10-15 years:
 - A. 20% for 10 years for projects meeting at least one of the following criteria:
 - (a) more than 500 employees
 - (b) advanced technology used, investment in R&D
 - (c) at least 50% of production for export
 - (d) grow or process agricultural, forest, or aqua products
 - (e) use Vietnamese raw material
 - B. 15% for 12 years for projects meeting at least one of the following criteria or two of the criteria in A:
 - (a) at least 80% of production for export
 - (b) infrastructure construction and operation projects
 - (c) heavy industry such as refining of metals, production of primary chemicals, refined oil products, fertilizers,

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Nature of the tax	Tax deductions and exemptions	Rates
	<p>If profits are reinvested in the business for at least three years, the tax paid on profits so reinvested may be refunded. Such profits, when eventually repatriated, are subject to profit remittance tax.</p> <p>Enterprises in "industrial zones" are entitled to the following tax incentives:</p> <ul style="list-style-type: none"> (a) production enterprises exporting less than 50% of production have tax rate of 15%, with tax exemption for 2 years after having taxable income (b) production enterprises exporting 50-80% have the rate of 7.5%, with tax exemption for two years after becoming profitable (c) production enterprises exporting more than 80% have 10% rate, with exemption for 2 years after having taxable income and 5% rate for the following two years (d) service enterprises have 20% rate, with exemption for one year after having taxable income (e) a company developing infrastructure of an industrial zone has 10% rate, with exemption for 4 years after having taxable income, and 5% rate in following 4 years <p>Enterprises operating in "export processing zones" are entitled to the following tax incentives:</p> <ul style="list-style-type: none"> (a) 10% rate for production and 15% for service enterprises (b) exemption for the first two years after having taxable income for service and four years for production enterprises <p>Foreign investors fully contributing legal capital and reinvesting their earnings into projects included in the list of encouraged projects for at least 3 years are refunded the profit tax paid on reinvested earnings. The refund rate is:</p> <ul style="list-style-type: none"> (a) 100% for projects subject to 10% tax rate (b) 75% for projects subject to 15% tax rate (c) 50% for projects subject to 20% tax rate 	<p>and heavy metal engineering; car component, motorbike and electronic items production</p> <p>(d) planting of perennial industrial trees</p> <p>(e) projects in areas under difficult natural, socio-economic conditions</p> <p>(f) projects in which the foreign party undertakes to transfer the assets to Vietnam for nil consideration at the end of the operating period (including hotel projects).</p> <p>C. 10% for 15 years for projects in areas under difficult conditions</p> <ul style="list-style-type: none"> (a) infrastructure projects in areas under difficult natural, socio-economic conditions (b) investment in mountainous and remote areas (c) afforestation projects (d) projects approved under the BOT, BTO, BT regulations. (10% for whole period, except first 4 profitable years exempted and following 4 years 5%. If project is on the investment encouragement list, exemption first 8 profitable years) (e) projects in the special investment encouragement list <p>Preferential tax rate shall be applied during the whole duration of projects that are on the investment encouragement list or on the investment encouragement special list</p>
<p>1.3.3. Enterprise Income Tax on Foreign Contractors Based on value of contract with Vietnamese party</p>		<ul style="list-style-type: none"> 1. 1% for trading businesses 2. 2% for transportation, construction and production 3. 5% for services 4. 10% for profit from loan and copyright.
<p>1.4. Excess Income Tax Levied on after-tax income in excess of 12 percent of the owners' capital</p>	<p>Exempted are foreign companies as well as preferential investment projects and projects in regions with difficult or particularly difficult economic and social conditions</p>	<p>25%</p>
<p>1.5. Withholding Profit Remittance Tax Income earned by any way is taxable when remitted to foreign countries.</p>	<p>For enterprises in "industrial zones" and "export processing zones", tax rate 5% BOT, BTO or BT enterprises: tax rate is 5%</p>	<ul style="list-style-type: none"> 1. 5% where foreign investors contribute legal capital of more than US\$10 million. 2. 7% where foreign investors contribute legal capital more than US\$5 million 3. 10% in all other cases
<p>1.6. Capital Gains Tax Taxable gain is defined as the transfer price less the original cost of the transferred capital and expenses associated with the transfer</p>	<p>Transfer to State-owned enterprises where State shares are dominant: exempt Transfer to other Vietnamese enterprises other than above ones: reduction of 50% tax rate Expatriates: exempt</p>	<p>25%</p>

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Nature of the tax	Tax deductions and exemptions	Rates
2. Social Security Contributions	Expatriates: exempt	Employer contributes 15%; and employee contributes 5% of employee's total wages Health insurance payable by employer at 2% of employee's wages; employee contributes another 1%.
3. Taxes on Goods and Services		
3.1. Value-added Tax		
For imports, base includes the import duty	Until 2002, maximum reduction of 100% if VAT liability exceeds turnover tax liability and causes losses	0%: Exports
- Goods and services for the purposes of production, business and consumption in Vietnam.		
- For domestic production-business goods, tax is put upon before-VAT price.	50% reduction for trading of excisable goods, engines and machinery	5%: Provision of essential goods and services (e.g. clean water, fertilizers, foodstuffs, medicines, various agricultural goods and services)
	Regulations on 27 groups of goods not subject to VAT (below)	10%: "Standard rate" (e.g. mineral prods, power, electrical products, processed food, construction, assembly, post and transportation)
	(i) agricultural production	
	(ii) excisable production and imports	
	(iii) transfer of land use rights	
	(iv) credit services	
	(v) certain insurance services	20%: Trading in precious minerals, lotteries.
	(vi) medical services	
	(vii) teaching and training	
	(viii) printing and publishing (newspapers and certain types of publications)	
	(xi) bus transport	
	(x) goods in transit	
	(xi) technology transfer	
	(xii) imported fixed assets	
	(xiii) goods and services for international transport and consumers abroad	
	(xiv) goods and services by businesses below threshold	
	(xv) foreign charity and grants, and related imports	
	(xvi) temporary imports for re-exports	
	(xvii) materials for export production	
	(xviii) goods and services for international traffic	
	(xix) goods sold at duty free shops	
	(xx) unprocessed gold	
	(xxi) arms for national defense	
	(xxii) state-owned houses sold to tenants	
	(xxiii) non-business cultural and sports activities	
	(xxiv) state-funded broadcasting	
	(xxv) public sanitary, drainage, and park services	
	(xxvi) geological investigation and surveys	
	(xxvii) irrigation	
3.2. Special Consumption Taxes (Excises)		
Tax base is the tax-exclusive sale price, except for domestically produced alcohol, casino business, jackpot machines, and golf course business, for which the taxable price is specifically stipulated by government.	Not subject to special consumption tax:	
	(a) goods directly exported by production or processing enterprises	
	(b) goods imported in the following cases:	
	- humanitarian aid, non-refundable aid programs, donation to state agencies, political organizations, socio-political organizations, social organizations, socio-occupational organizations, units of armed forces, diplomatic immunity,	

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Nature of the tax	Tax deductions and exemptions	Rates
For imported goods, the taxable price is the import dutiable price plus the import duty.	duty-free luggage - goods in transit - goods temporarily imported for re-export - goods temporarily exported for re-import - goods imported for duty-free sale	
(a) cigarettes, cigars	Exemptions from or reduction of excises granted in following cases: (a) difficulties for enterprises producing excisable goods due to disaster, war, sudden calamity	25% for cigarettes without filters 45% for cigarettes with filters (mainly domestic materials) 65% for cigarettes with filters (mainly imported materials) and cigars
(b) beer	(b) small-scale loss-making beer production (until May 20, 2003)	50% draft beer 65% can beer 75% bottle beer
(c) alcoholic beverages other than beer		15% medicinal wine 20% if below 20% alcohol (alcohol from fruit) 25% if between 20 and 30% alcohol 55% if between 30 and 40% alcohol 70% if above 40% alcohol
(d) cars	(c) domestic automobile manufacturers are entitled to reduction from 50% to 100% until May 20, 2003, after which the period can be extended by 1-5 years if they continue to suffer losses	30% if 16-24 seats 60% if 6-15 seats 100% if under 5 seats
(e) gasoline		15%
(f) air conditioning equipment (below 90,000 btu)		20%
(g) playing cards		30%
(h) votile paper and products		60%
(i) massage, karaoke, dance-hall business		20%
(j) casino business, jackpot machines		25%
(k) betting on horse and motorbike race		20%
(l) golf course membership, playing fees	(d) reduction of 30% for golf course businesses until May 20, 2001	20%
3.3. Taxes on Natural Resources		
(a) production royalties		
Calculated on selling price at exploitation site	Joint ventures partially exempted	2-5% metallic minerals 1-4% non-metallic minerals 2-3% gold 4% rare soil 3-8% gemstones 1-3% coal 6-25% oil 0-10% gas 5-40% natural forest products 2-10% natural marine products 0-4% natural water 0-20% other natural resources

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Nature of the tax	Tax deductions and exemptions	Rates
<p>(b) rent of land, water, and sea surfaces</p> <p>Payable by foreign-invested enterprises and contracting parties.</p>		<p>Depending on the particular conditions in the locality</p> <p>US\$0.02/square meter - US\$12/square meter</p>
<p>3.4. Withholding Tax on Payments in Respect of Intellectual Property</p> <p>Royalties, license fees, management fees</p>	<ul style="list-style-type: none"> - Individuals bearing personal income tax - Companies bearing enterprise income tax - Contractor bearing the rate of 10% 	
<p>3.5. Import and Export Duties</p> <p>Import duty is based on the contracted CIF and d.a.f. price, except for 20 goods for which a minimum import price has been determined.</p> <p>- Import taxable value is determined as contract value matched with documents related to buying and selling (CIF price); if import by road way, as buying price under Vietnam border conditions (DAF); except some goods under the control of the State, taxable price shall be applied according to minimum price as regulated (currently incl. 15 groups of commodities)</p> <p>- The regulation on import duty upon petrol, lubricant has many purposes: stabilizing price, encouraging investment to the domestic production of petrol/lubricant.</p> <p>- Export taxable price is determined as selling price at export gate (FOB)</p> <p>- Minimum taxable value is determined by : based on purchasing price in international markets or foreign trade contract of import goods of the same kind, referencing domestic price of import goods and comments of Ministry of Trade and Customs Department.</p> <p>- Commodities subject to current export duty includes:</p> <ul style="list-style-type: none"> - Crude oil - Wood and woody products - cashewnut - aloe-wood - minerals - precious and semi-precious gemstones - particle of precious and semi-precious gemstones - metallic wastage - uncompleted metals - unprocessed leather, skin - botanical materials (rattan...) 	<p>Exempted imports are:</p> <ul style="list-style-type: none"> - goods for national defense and security industries - goods and services imported for education or scientific research - goods temporarily imported for subsequent export and those temporarily exported for fairs and exhibitions <p>Additional tax-exempted imports-exports are:</p> <ul style="list-style-type: none"> - imports, exports of moving assets - sample of imports, exports - imports, exports of duty-free luggage of passengers - imports, exports of foreign organizations and individuals enjoying immunities and privileges in Vietnam under the regulation of the Law of Vietnam, and in consistence with international convention signed or attended by Vietnam - imports for selling duty-free - imports, exports of foreign-funded enterprises and co-operating foreign parties under the Law of Foreign Investment: <ul style="list-style-type: none"> - imported equipment, machines to be fixed assets of enterprises - special vehicles in imported technological chain to build up fixed assets and pick-up means (automobiles with more than 24 seats) - components, spare parts, appurtenances, appliances, moulds accompanied the above-mentioned machines, equipment, vehicles - imported materials used for projects of BOT, BTO, BT - plant seeds, animals, special agriculture chemicals permitted to import to conduct agriculture, forestry and fishery projects - other commodities, materials for investment encouragement special projects under the regulations of the Government - commodities sold by domestic organizations and individuals (including foreign-funded enterprises) to processing enterprises obtaining export duty exemption - enterprises selling their-own products to other enterprises for producing exports shall obtain import exemption for the materials related to the above-mentioned products - humanitarian aid; gifts as separately stipulated - goods in transit <p>Imports of equipment, machinery, and means of transportation are exempted for the following investment projects:</p> <ul style="list-style-type: none"> - afforestation and forest planting - infrastructure and public transport 	<p>Import duty rates (preferential or normal rates) : 0%, 1%, 3%, 5%, 10%, 15%, 20%, 30%, 40%, 50%, 60%; max 100%</p> <p>Ordinary rate, applied to non-MFN imports, max 70% higher than preferential rate</p> <p>Preferential rate applied to MFN (and most) imports</p> <p>Especially preferential rate applied to imports from countries with which Vietnam signed agreements to apply such rate (mainly for the Asean Free Trade Area).</p> <p>Discretionary additional tax is imposed in case of:</p> <ul style="list-style-type: none"> - import dumping - imports subsidized by exporting country, thus hindering domestic production - imports from countries imposing strict import tax policy on Vietnamese exports <p>Export duty rates:</p> <ul style="list-style-type: none"> - crude oil 4% - wood and woody products: 5%, 15%, 20% - cashewnut: 4% - aloe-wood: 20% - minerals: 1%, 2%, 5%, 10%, 20% - gemstones: 1%, 3%, 5% - metallic wastage: 35%, 40%, 45% - semi-product metals: 2%, 5%, 10% - unprocessed leather: 10% - botanic materials (rattan ...): 3%, 10%

V. Vietnam: Summary of the Tax System as of January 1, 2000

Nature of the tax	Tax deductions and exemptions	Rates																										
<p>Import duty on gasoline aims to eliminate the differential between international and regulated domestic prices</p> <p>Export duty levied on f.o.b. value of:</p> <ul style="list-style-type: none"> - crude oil - rubber raw materials (e.g rubber milk) - wood - minerals (raw materials and scrap metal) 	<ul style="list-style-type: none"> - education, health care, culture - export production and trading - agricultural and fisheries development - science, business management, technology transfer - production reform or relocation - developing preferential professions <p>Imports for investment projects in regions with difficult or particularly difficult economic and social conditions are exempted</p> <p>Enterprises in "export processing zones" do not pay import and export duties on equipment, raw materials, and commodities imported into the zone and for goods and products exported from the zone or sold to another EPZ</p> <p>Domestic and foreign enterprises as well as parties to BCCs are exempted from import duties on:</p> <ul style="list-style-type: none"> (a) imported equipment and machinery to form fixed assets (b) transport vehicles (cars with 24+ seats, water transport vehicles) to form fixed assets or transport workers (c) raw and intermediate materials (incl. agricultural products) (d) other goods for projects on list of encouraged projects 																											
<p>3.6. License Tax</p> <p>Annual license for all enterprises</p>		<p>Minimum annual tax VND25,000 if monthly income < VND 150,000</p> <p>Maximum annual tax VND850,000 if monthly income > VND1,250,000</p>																										
<p>3.7. Slaughter Tax</p> <p>Based on market value of slaughtered buffaloes, cows, and pigs</p>		<p>5%</p>																										
<p>4. Property Taxes</p> <p>4.1. Agricultural Land Use Tax</p> <p>1. Based on area and category of agricultural land, its tax rate is calculated in paddy.</p> <p>2. Category of land is determined based on following:</p> <ul style="list-style-type: none"> - quality - location - region (field, middle, mountain) - weather - irrigation supply and drainage situation <p>3. Category of land will be valid in ten years</p> <p>4. Tax calculated in paddy but collected in dong currency</p>	<p>Exempt are:</p> <p>1. Bare hills and land used for agricultural production</p> <p>2. Reclaimed land used for</p> <ul style="list-style-type: none"> - annual crops: 5 years; 7 years of exemption will be applied for marsh, sea-encroaching areas - perennial crops, during capital construction plus 3 years since crops start yielding outputs. 6 years for marsh and sea-encroaching areas. <p>3. Target groups of social policies:</p> <ul style="list-style-type: none"> - for farmer households in mountainous, border and island areas and of minorities - invalid or elderly farmers household without any support - martyr families that are being subsidized by the State - households of war invalids of the level 1/4 and 2/4; sick soldiers of the level 1/3 and 2/3. <p>4. Tax reduction will be considered for other types of household of difficulties.</p> <p>5. Tax exemption and reduction due to calamities: Tax on agricultural land use would be exempted or reduced on crop basis as follows:</p> <ul style="list-style-type: none"> - damage from 10% - <20%: tax reduction of according rate of damage - damage from 20% - <30%: reduction of 60% 	<p>1 Annual crops</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Category of land</u></th> <th style="text-align: center;"><u>Tax (kg paddy/hectare)</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">550</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">460</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">370</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">280</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">180</td></tr> <tr><td style="text-align: center;">6</td><td style="text-align: center;">50</td></tr> </tbody> </table> <p>2 Perennial and long-term:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Category of land</u></th> <th style="text-align: center;"><u>Tax (kg paddy/hectare)</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">650</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">550</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">400</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">200</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">80</td></tr> </tbody> </table> <p>3 As for wood tree and perennial trees that</p>	<u>Category of land</u>	<u>Tax (kg paddy/hectare)</u>	1	550	2	460	3	370	4	280	5	180	6	50	<u>Category of land</u>	<u>Tax (kg paddy/hectare)</u>	1	650	2	550	3	400	4	200	5	80
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Nature of the tax	Tax deductions and exemptions	Rates
	<ul style="list-style-type: none"> - damage from 30%-<40%: reduction of 80% - damage from 40% and more: tax exempted (100%) 	are harvested one time only, tax rate is 4% of the output value.
4.2. Land and Housing Tax		
<ol style="list-style-type: none"> 1. Based on : area, category of land and the tax rate of agricultural land use 2. Tax is calculated by paddy but collected in dong currency 	<p>Exempt are:</p> <ul style="list-style-type: none"> - Land used for building of administrative offices or public works - Residential land in mountainous, highland, border, island and remote areas. - Residential land of war invalids of level 1/4 and 2/4 - Martyr households that are subsidized by the State <p>Tax reduction or exemption will be applied for households of difficulties due to calamities, accidents. If damage value is 20%-50% of the total value on the land area, then land tax reduction of 50% will be considered. If the loss value is 100%, tax exemption will be considered.</p>	<ul style="list-style-type: none"> - The minimum rate is the average level of agricultural land use tax recorded in the commune. - Highest rate will be 32 times of agricultural land use tax. - Land in urban areas: from 3 - 32 times. - Land in outskirts, along roads, near commercial centers, tourism areas, new industrial areas, the land tax rate will be from 1.5 - 2.5 times. - Land in rural areas: land tax rate will be the average level of the agricultural land use tax recorded in the commune.
4.3. Land Use Right Transfer Tax		
	<p>Exempt are:</p> <ul style="list-style-type: none"> - Government allocates land for organizations, households and individuals by Law - transfers of households or individuals moving to new economic zones, mountainous areas, islands under the decision of competent authorities - women who are "Vietnam Heroic Mother" - transfers in communes of mountainous areas, islands as regulated by the Government - swap between agricultural, forestry, fisheries and salt production land <p>50% reduction for</p> <ul style="list-style-type: none"> - war invalid of level 1/4 and 2/4; sick soldiers of level 1/3 and 2/3 - martyr households that are subsidized by the State - handicapped, pre-mature and elderly people with no support 	<ul style="list-style-type: none"> - Land used for agricultural, forestry, fisheries and salt production: 2% - Land used for residence, work construction and others: 4%
4.4. Registration Fees		
Assets of organizations and individuals in the groups that have to register the ownership and user-rights, subject to registration fees includes:		
<ul style="list-style-type: none"> - Housing, land - Boats, automobiles, motorcycles - Hunting guns, sport guns. 		1%, 0.5% and 2%
5. Local Fees		
Fees and tolls not shared with higher levels of government		