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Statement by the Hon. **NGUYEN VAN BINH**,
Governor of the Fund for **VIETNAM**

**Statement by the Hon. Nguyen Van Binh,
Governor of the State Bank of Vietnam**

Mr. Chairman, fellow governors and distinguished guests,

First of all, on behalf of the Government of Vietnam, I would like to express our privilege and happiness to be here with you, in Washington D.C, to have our annual discussion on issues of common interests. And this is especially great pleasure for me for the first time in the position of Governor of the Fund and the Bank for Vietnam to address you all.

Ladies and Gentlemen:

In the first eight months of 2011, the world economy showed sign of recovery mainly supported by strong economic growth of developing countries. However, the recovery was slowly, unstably and uneven across regions. Major challenges and vulnerabilities remained ahead including rising global commodity prices, political unrest in the Middle-East and North Africa, the natural disaster and nuclear catastrophe in Japan, prolonged public debt and budget deficit in Europe, freezing of global credit, dysfunction of financial markets and the resulting blows to confidence. We are all aware of the extraordinarily dire economic consequences that such these facts could have.

Fellow Governors, in this context, the Fund and Bank have played well their roles to support the member countries to address those vulnerabilities and challenges individually and globally and to this end, to help their members achieve sustainable growth and the Millennium Development Goals as a whole.

We are all aware of recent increase in food and energy prices, profound and prolonged public debt and financial distress that posed serious threats to us all. We therefore appreciate the Fund's and the Bank's role in responding to those challenges, especially in helping member countries to mitigate the effects of the food and energy hiked prices. However, the rising concern of a repetition of economic crisis due to recent movements in the global economy including deadly natural disasters, looming public debt and financial distress, higher inflation trend across the regions etc., requires a stronger role of the Bank in continuing to support its clients. We also support the Bank's creation of a crisis response window, an effort to enhance the Bank's ability to help its low income member countries in dealing with certain but unpredictable disasters and achieving sustainable development.

We highly appreciate the significant success of IDA16 Replenishment of approximately US\$50 billion. It clearly showed a greater global coalition of the donors and our commitment to meet the MDGs by 2015. We also endorse the overarching theme for

IDA16 period to secure “Development Results”, focusing on crisis response, fragile and conflict-affected countries, gender, and climate change.

As I have mentioned earlier, the recent food and energy hiked prices posed serious threats to global food security, we thus welcome the Bank’s hosting of the Global Agriculture and Food Security Program and establishing of the Global Food Crisis Response Program to provide immediate relief to countries hard hit by high food price. We urge the Bank to work out with other international development partners including G20 and Multilateral Development Banks to help people in the Horn of Africa overcome the current drought and famine. In this context, the Bank also needs to pay more attention to agriculture production of the East Asia and Pacific as it plays dominant role in ensuring global food security.

We highly appreciate the WB’s call for pushing sustainable development by literately responding to the Climate Change. The recent earthquake and tsunami in Japan, US and others require us to jointly act now on climate change. Developing countries will bear most of the costs of the damage from climate change. Many people in developing countries live in physically exposed locations and economically precarious conditions, and their financial and institutional capacity to adapt is limited. Thus, support from the Bank and other development partners needs to be stronger and wider to help them mitigate the impacts of those challenges.

Fellow Governors,

In the context of current great challenges in the global economy, especially regarding sovereign debt in advanced countries, unbalanced growth and social instability, it is encouraging that the IMF’s role has grown tremendously, reflecting in its calling for global coordinated policy during the crisis, reforming lending instruments, and providing policy advice and technical assistance support.

After giving sharp recommendations for policy actions globally during the global economic crisis, helping the world to recover, the IMF is further appreciated for its assistance provided for the Group of 20 industrialized and emerging economies in reshaping the international regulation and governance. In order to support member countries to recover from the crisis, the IMF has increased its lending capacity and tailored instruments to countries’ particular needs.

The Fund’s support in giving policy advices and technical assistance is also highly appreciated. With its unique expertise, the Fund’s policy advices have help countries, including Vietnam to build up stronger economies. Besides the traditional technical assistance programs, we welcome the IMF’s creation of 3 topical trust funds, to expand

the externally funded assistance to meet member countries' large demands for practical and on-the-ground support, from which Vietnam also benefits much, particularly for our anti-money laundering efforts.

Looking forward, we expect to see the IMF, under the new leadership of Madame Christine Lagarde to continue its important reforms, especially in quota and voice issues, including the protection of quotas shares of poorest countries, as well as strengthened voices of dynamic and developing countries at the Fund. We also support the IMF's willingness to adapt itself to focus more on serving member countries with the same extent as focusing on the international monetary system; to have more comprehensive surveillance, not only looking at the traditional macroeconomic measures, but also other factors including social and political issues; to keep track of the global interconnectedness and improve the Fund's credibility.

Ladies and Gentlemen,

Now let me turn to the recent developments of our country. Since the last Annual Meeting, there were several important political and social events in Vietnam, including the National Assembly election and the 11th Party Congress. The success of these events has created a solid confidence of the people in the country development pathway and served as a strong base for Vietnam to initiate its new five year socio-economic development plan for 2011-2015 and to implement the 10 year socio-economic development strategy for 2011-2020.

The Government continues to decisively pursue reforms and policies to ensure the macroeconomic stability as well as the rationally high and sustainable economic growth.

With regard to the current external shocks, we fully recognized the challenges and difficulties posed to our economy including macroeconomic uncertainty, inflation risks and major global economic disturbances. Therefore, on the February 24, 2011 the Government has issued the Resolution 11 containing a wide range of bold actions to address challenges and to restore macroeconomic stability. The measures adopted under the Resolution 11 have started to show positive results towards regaining Vietnam's macroeconomic stability.

Despite these initial achievements, challenges that we face in stabilizing economic and financial conditions conducive to healthy growth are still remained ahead. Inflationary pressure, macroeconomic imbalances, climate change and the likes seem continue to threaten our efforts in stabilizing the economy and ensuring our social targets. Apart from our consistent efforts, the support and assistance from our development partners

including the Bank and the Fund play a critical role in this regard and we hope you can continue to assist us in our endeavour.

To conclude, allow me to reveal our high appreciation to dear colleagues at the Fund and the Bank for their excellent arrangements for this important opportunity. I wish the meetings a great success.