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Statement by the Hon. **LE MINH HUNG**,
Governor of the Fund for VIETNAM

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Honorable Chairman, Fellow Governors and Distinguished Guests,

First of all, on behalf of Vietnam Government, may I express our sincere gratitude to the hospitality of Japan as the host country of the Annual Meetings this year. It is 48 years since the first time the IMF/WB Annual Meetings was organized in Japan. Since then, the world economy has experienced and overcome various significant volatilities and challenges. This process reveals many shortcomings in the international monetary and financial system, requiring the focus of global efforts on reforming the system in order to ensure the more stable and sustainable development of the global economy.

I. Overall assessment of the world economy

Recent developments show that the global economy is not only far from expected recovery as common expectation but also unveils other vulnerabilities and face with the threat of engulfing into prolonged recession unless strong and well-collaborated measures are implemented by all key pillars of the world economy. Current developments may rapidly exercise impact to all emerging economies through trade and investment channels, pulling these engines of world economic growth into the on-going crisis vicious cycle.

The notably highlighted challenges include: (i) Euro zone crisis, without a comprehensive solution, is likely to expand, especially in the lack of a strong consensus on the solution direction among member countries, (ii) the onerous and prolonged crisis consequences with sustained high unemployment rate in the US reflect under-expected effectiveness and efficiency of the economic measures, which requires stronger solutions; (iii) the world tensions and conflicts are continuously and potentially threatening to derail and deteriorate the world efforts to restore the global economy. We expect that the United States, Europe, Japan and other economic pillars will continue to accelerate and integrate joint efforts in order to sail the world economy through those challenges and turbulences.

II. IMF/WB's roles in the global economy

In this context, the IMF and WB have made great efforts together with the international community to overcome current difficulties. The IMF has actively and effectively collaborated with the Euro zone in dealing with debt and structural issues, at the same time closely cooperated with other member countries in monitoring all developments and any potential spillovers in order to make actively preventive and corrective actions through its timely policy advices and technical assistance. Vietnam is in favor of and actively engaged in IMF's recent efforts and new initiatives, including the commitment of contributing the whole of our allocation from IMF's windfall gold sale profit into Poverty Reduction and Growth Trust (PRGT).

In the meanwhile, the World Bank Group has actively extended its financial assistance and policy advices to member countries in the responses to adverse impacts of the global economy, job creation, minimizing impacts of climate changes, improving gender issues and especially eliminating poverty. Vietnam welcomes the recent nomination of Mr. Jim Yong Kim as the President of the World Bank Group, at the same time, highly supports and appreciates his commitment in the continued path of increasing the voices of developing countries, especially the achievement of Millennium Goals in development, poverty reduction and hunger eradication. Vietnam highly values the WB's announcement of Country Partnership Strategy (CPS) for Vietnam in 2012-2016. The new CPS is in line with Vietnam's Socio-Economic Development Plan (SEDP) in 2011-2015, focusing on:

(i) stabilizing macroeconomic conditions and economic growth model, improving the efficiency and quality of sustainable development; (ii) enhancing the human resource quality; and (iii) robustly developing infrastructure system.

We expect that the IMF will: (i) enhance its capacity in monitoring, analyzing and forecasting the world, regional and member economies; (ii) develop new lending instruments with higher flexibilities and in line with the situation, conditions and accessibilities of all member countries. For the WB, we wish that the WB will (i) support and maintain the IDA fund for poor and developing countries, including ones which have just passed the middle income threshold like Vietnam, in order to protect and continue the obtained achievements for the purpose of sustainable development, avoiding the middle income trap encountered by many developing countries in the world, eschewing from shocks and crisis spillovers, and (ii) spare more resources for global responses to climate changes and increase the support for the most affected countries.

For Vietnam, in the context of such a current changing global economy and various difficulties and challenges in advanced economies, though Vietnam has gained remarkable progress in poverty reduction, we are still facing substantial development challenges in terms of reducing poverty and improving living conditions for all citizens. In addition, in a climate changing global, flood and draught, sea water level raising, epidemic diseases are permanent threads to push the near poor fall back to impoverishment. We, therefore, request the WB to preserve IDA funds for Vietnam to protect those achievements and improve livelihood opportunities in remote rural and mountainous areas where are populated by most of the poor and disadvantaged communities.

III. Developments of Vietnam Economy

Regarding Vietnam economic developments during the past year, right from the beginning of 2012, Vietnam Government set the target of macroeconomic stabilization and inflation control not only in 2012 but also for the medium term vision until 2015. The Government has employed various determined measures in monetary, fiscal and investment areas and restructuring the economy based on three main pillars, including: (i) public investment restructuring, (ii) state-owned enterprises restructuring; and (iii) financial sector restructuring with a focus in the banking system.

Thanks to the right direction of the Government's macroeconomic policy management, namely focusing on macroeconomic stabilization and inflation containment, the current economic situation has witnessed many positive developments in the right path to the targeted stabilization objective. Inflation in 2012 has been contained well, aimed at around 7%, with expected GDP growth rate of around 5.2%. At the same time, (i) the current account shifted from continuous high deficits during 2007-2010 to a large surplus of above USD6 billion for the first nine month of 2012 and a forecasted surplus of USD7.1 billion for the whole year 2012; (ii) the overall balance is expected to reach an USD7.5b surplus in 2012; (iii) international reserves recorded a sharp double increase compared to that of the beginning of the year; (iv) the foreign exchange market and exchange rate are very stable during the first 9 months of the year 2012, market confidence is strengthened rigorously. In addition, the Government has extensively directed and implemented the financial and banking sector restructuring plan and obtained encouraging preliminary results.

The above-mentioned achievements and the Government's macroeconomic policy direction, receiving high appreciation from the international markets and communities, are also attributed significantly to the donor community support, including valuable support from the WB and other bilateral donors as well as the policy advices and recommendation from the IMF. On this accession, the Government of Vietnam would like to express our gratitude to bilateral and multilateral donors and the international community for your support and contribution toward our efforts. The Government of Vietnam assure that, in the coming year, we will continue the pursuit of macroeconomic stabilization and inflation control, and ensure an appropriate economic growth and continue to accelerate the overall economic restructuring in which focuses are paid to the three main pillars, namely public investment, state-owned enterprises and the credit institutions system. In addition, Vietnam Government wishes to maintain our accessibility to IDA funds to support Vietnam's sustainable and stable development in the future.

I wish our Annual Meeting this year successful outcomes.