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Statement by the Hon. **NGUYEN TOAN THANG**,
Governor of the Bank for **VIETNAM**

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I. The world's economy

2015 has been a year full of volatility in the world economy. Growth has slowed down in emerging economies, especially in China; the world markets witnessed a sharp decline in demand for essential goods, especially crude oil price; China entering a stage of a “new normal” and changing in the exchange rate mechanism resulted in depreciation of various currencies to regain competitiveness; and increased geo-political risks. Economic developments in advanced economies are relatively positive, especially in the US, while Japan and Europe also achieve higher growth, supported by lower oil price, loose monetary policy, and improvements in fiscal conditions of the Euro area and investors' confidence.

Against that background, more attention should be placed on the downside risks arising from the global trade and financial markets, lower commodity prices, possible monetary tightening trends and slowing-down growth. In order to attain strong, sustainable and balanced growth, countries would need to introduce adequate mix of macroeconomic policies, accelerate structural reforms and in the meantime promote mutual cooperation.

II. The IMF/WB's role

Vietnam welcomes and appreciates the Fund and the Bank's role in the development of international community in providing financial and technical support and policy advices which helped countries to address unfavorable movements of the global economy. Assistance and supports of both the Fund and the Bank to Vietnam has always been appreciated in terms of efficiency and effectiveness.

Vietnam recent graduation from the Poverty Reduction and Growth Trust (PRGT) is a positive signal for the international markets and investors by the Fund which confirmed the righteous policies by the Vietnamese government in economic reforms, poverty reduction and maintaining stable macroeconomic environment. Vietnam believes that the Fund will continue to be our companion in the future development.

Vietnam highly appreciates the Bank's efforts in reducing global poverty with two key goals, including (i) eliminating extreme poverty; and (ii) promoting shared prosperity. Besides, we also appreciate the benefits brought by the Bank's new operational model with the objectives of providing member countries with optimal development solutions and facilitate global and regional integration. We believe that this new model will definitely provide member countries with high quality services and facilitate the sharing of global experience and integrated measures with Vietnam to uphold our potential and improve the people's lives. As an active member of the Bank, we commit to continue our close cooperation with the Bank to effectively realize these goals and objectives.

Although Vietnam has attained most of the targets set by the Millennium Development Goals and become a lower middle-income country, concessional loans are still necessary for Vietnam to maintain our economic achievements in a sustainable manner. The Banks' funding as well as its technical assistance would support Vietnam in successfully implementing the National Socio-economic Development Plan. We hope that the Bank would continue to study and

develop appropriate mechanism and roadmap to enable new lower middle income countries like Vietnam to maintain sustainable economic development incentives and avoid economic shocks once the Bank ends its concessional funding.

III. Vietnam's economy

Given unfavorable developments in global commodity prices and financial markets, Vietnam's economy continued its growth trends for the first 9 months in all sectors. GDP growth in the first 3 quarter was estimated at 6.5%, which is the highest level in 5 years, with the most contribution from industry sector (processing and manufacturing). During the first nine months, inflation continued to be well contained at the lowest level over the past 10 years. Macro-economic stability was strengthened. Interest rate has been managed in line with inflation and macroeconomic developments; which help stabilize VND value, and foreign exchange market.

Government policies introduced during 2014 and early 2015 have proven their efficiency in supporting businesses to overcome economic difficulties, paving the way for Vietnam to conclude the development targets set out for 2015. Restructuring of the banking system and NPLs resolution have been conducted in accordance with the set roadmap which created positive effects, contributing to the stability of the financial system and macroeconomic conditions. The Vietnamese government pledges to continue the restructuring of important sectors to support a wealthy and sustainable development of Vietnam.

IV. Conclusion

In the context of a broader and deeper global integration, and more diversified and unforeseeable challenges faced by countries all over the world, I hope that the Fund and the Bank would continue their efforts in providing valuable supports to member countries to address these challenges, eliminate poverty and obtain balanced and sustainable growth.