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Statement by the Hon. **NGUYEN DONG TIEN**,  
Governor of the Bank for **VIETNAM**

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**I. The world's economy**

During the first months of 2016, world economy saw slight recovery of oil prices and financial markets. Given continuation of world economic recovery, uneven economic growth outlooks were seen in emerging and developed markets which unfolded existence of substantial downside risks.

Recently, unprecedented events including Brexit, immigration crisis reshaped geo-political economic landscape in Europe, and changed remarkably development outlooks in various economies, particularly EU and the United Kingdom. Besides, spillover effects from China's economic rebalancing process on world trade and financial markets and the spread of terrorist activities imposed higher risks and volatilities to global economic development.

In this context, it is necessary for international communities to pay more attention to geo-political economic fluctuations, particularly post-Brexit developments in Europe, the downturn of global trade as well as low inflation in many countries amidst central banks' low policy interest rates. In order to maintain strong, sustainable and balanced growth, economies and authorities need to improve their coordination and harmonized collaboration between monetary policy and fiscal policy, speed up structural reforms, and, at the same time, strengthen regional and international cooperation in addressing potential volatilities in coming time.

**II. The role of the IMF and the WB**

Vietnam appreciates the role that the International Monetary Fund (IMF) and the World Bank played in world development through financial, technical supports and policy advices provided to economies in dealing with adverse impacts from world fluctuations.

Vietnam supports current Fund approach in assisting countries, which is in a flexible, comprehensive policy framework with focus on individual country's characteristics. Macroeconomic surveillance followed by policy advices and assistance to address current and future challenges has shown appropriation, helped to strengthen Fund's position as a global economic surveillance and ensure global financial stability. Initiatives generated by the Fund particularly fit emerging economies, including Vietnam. Vietnam highly appreciates technical assistances provided to Vietnam in fields of monetary policy

effectiveness improvement, statistics and forecast, foreign exchange reserve management, macroeconomic management in recent years.

Viet Nam highly appreciates the World Bank efforts in dealing with challenges to the global development in few past years. Viet Nam welcomes the Bank's supports and provision of resources to support the fulfillment of Sustainable Development Goals introduced by the United Nations in September 2015, and highly appreciates that the World Bank, as the leading development bank, has initiated many new initiatives including establishment of funds to deal with challenges of climate change, immigration, sustainable energy development, Billions To Trillions Action Plan: Ideas to Actions, etc. in order to support under-developed and developing economies in dealing with their own difficulties and challenges for sustainable development.

Vietnam values the World Bank's efforts in IDA 18 to support developing countries and tailor transitional mechanism for IDA graduates. As a future IDA graduate, Vietnam expects to have an appropriate transitional roadmap to avoid any shocks to economic development with adverse impacts on debt sustainability, hence help to preserve and maintain economic development achievements made by Vietnam in reaching sustainable development goals. It was our pleasure to learn that IDA recently received AAA rating for the first time and believe that this would be an important milestone for IDA development and help IDA to mobilize more resources to better meet supportees' demands, including Vietnam.

### **III. Vietnam's economy**

Vietnam's economy has maintained its recovery momentum since 2015, which could be seen in relatively positive economic performances. GDP growth in the first nine months of 2016 was estimated at 5.93% y-o-y. Economic growth on quarterly basis was preserved, in which, growth pace in the next quarter was higher than the previous one (growth paces in QI, QII and QIII (estimated) were tăng 5.48%, tăng 5.78% và 6.40%, respectively,) yet still below the rate of 6.53% in QIII 2015 due to slowdown in agricultural production and mining, worsen sanitization and draught. CPI in September 2016 increased by 3.14% y.t.d., below 2016's target of 5% set by the National Assembly.

Viet Nam outlooks faces with challenges, difficulties reflected through slow recovery of world economy, climate change, draught, sanitization ..., etc. which largely impacts on agricultural production; macro-economic indicators remain stable but still need consolidating; limited resources and space for monetary and fiscal policies; ceiling-knocking public debt level and budget expenditure, increasingly severe competition arise from higher integration, less qualified labour force ....

2016-2020 socio-economic development strategy containing various ambitious goals was recently approved at the 12<sup>th</sup> Congress of the Communist Party of Vietnam. In implementing this strategy, the Government has determined to transform from rule-by-

order approach into tectonic one in better serving socio-economic developments and the people's living.

From the beginning of 2016, the Government set out overall goals of the 2016 socio-economic development plan, namely preserving macroeconomic stability, improving development quality, ensuring sustainable development, focusing on flexible and effective management of monetary policy, fiscal consolidation, close monitor of public debt and foreign debt, economic reform acceleration in the direction of enhancing effectiveness and competitiveness.

The Government of Vietnam has been working on a comprehensive economic reform scheme for the 2017-2021 period for the sakes of competitiveness improvement, sustainable development, and social security protection, hence direct its focus to accelerating structural solutions to implement free trade agreements signed with other countries and territories, speeding up reform of key sectors banking and financial markets and promoting private economic development.

#### **IV. Conclusion**

In the context of extensive and intensive economic globalization and increasingly diversified and unpredictable challenges, I hope that the IMF and the WB shall continue to maintain your valuable supports to member countries in dealing with those challenges for the sake of poverty reduction and balanced and sustainable development.