

OVERVIEW

VIETNAM'S ECONOMY 2023

The main driving forces for growth and development

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Part 1

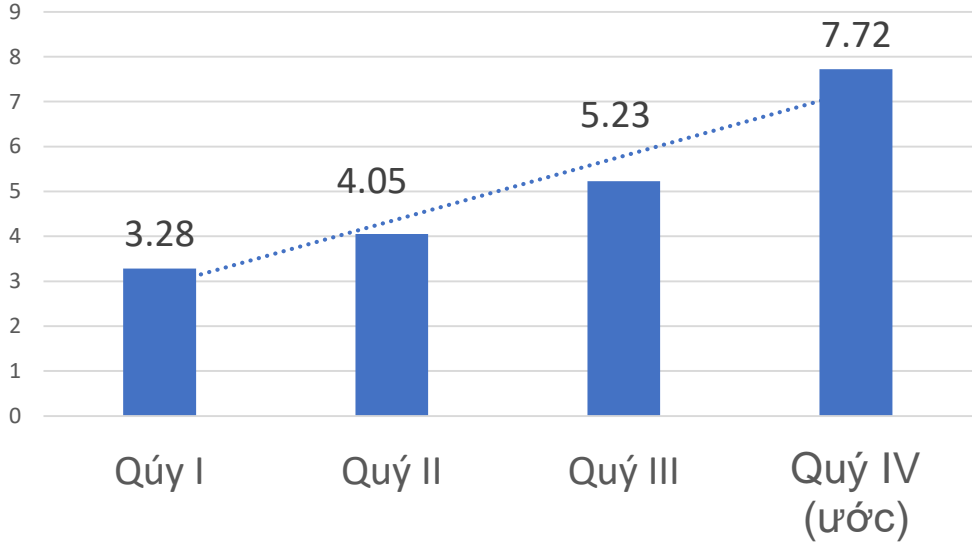
VIETNAM ECONOMIC SITUATION IN 2023

1. SOME ACHIEVEMENTS IN 2023

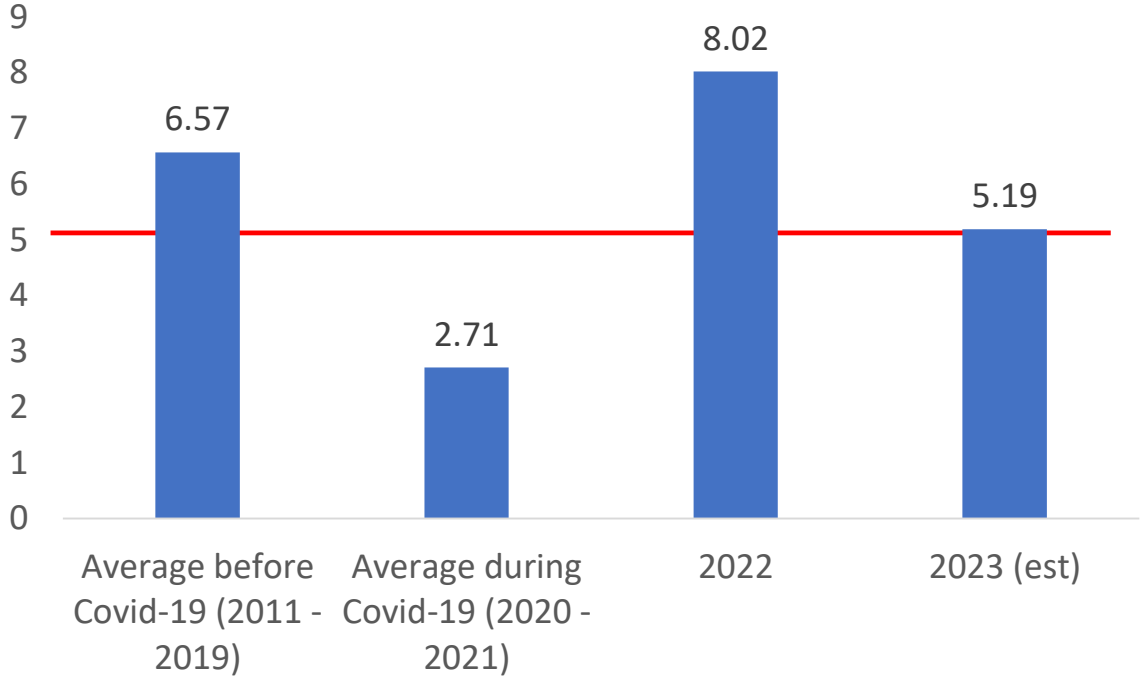
Some macroeconomic indicators performed quite well

No.	Indicators	Results	Evaluation
1	Good response to capital needs for development, especially public investment	Public investment: 461 trillion VND (in 11 months)	6.7% higher and 122.6 trillion VND higher in absolute value than the same period in 2022
2	Attracting FDI	- Registered: 28.8 Bil. USD - Implementation: 20.2 Bil. USD	The highest in the past 5 years (in implementation capital)
3	Good control inflation (rate of average CPI)	3,5	Under the executive plan of Resolution No. 01 (4.5%)
4	Other indicators	If in “driving force”, discuss later	

Economic growth is on track

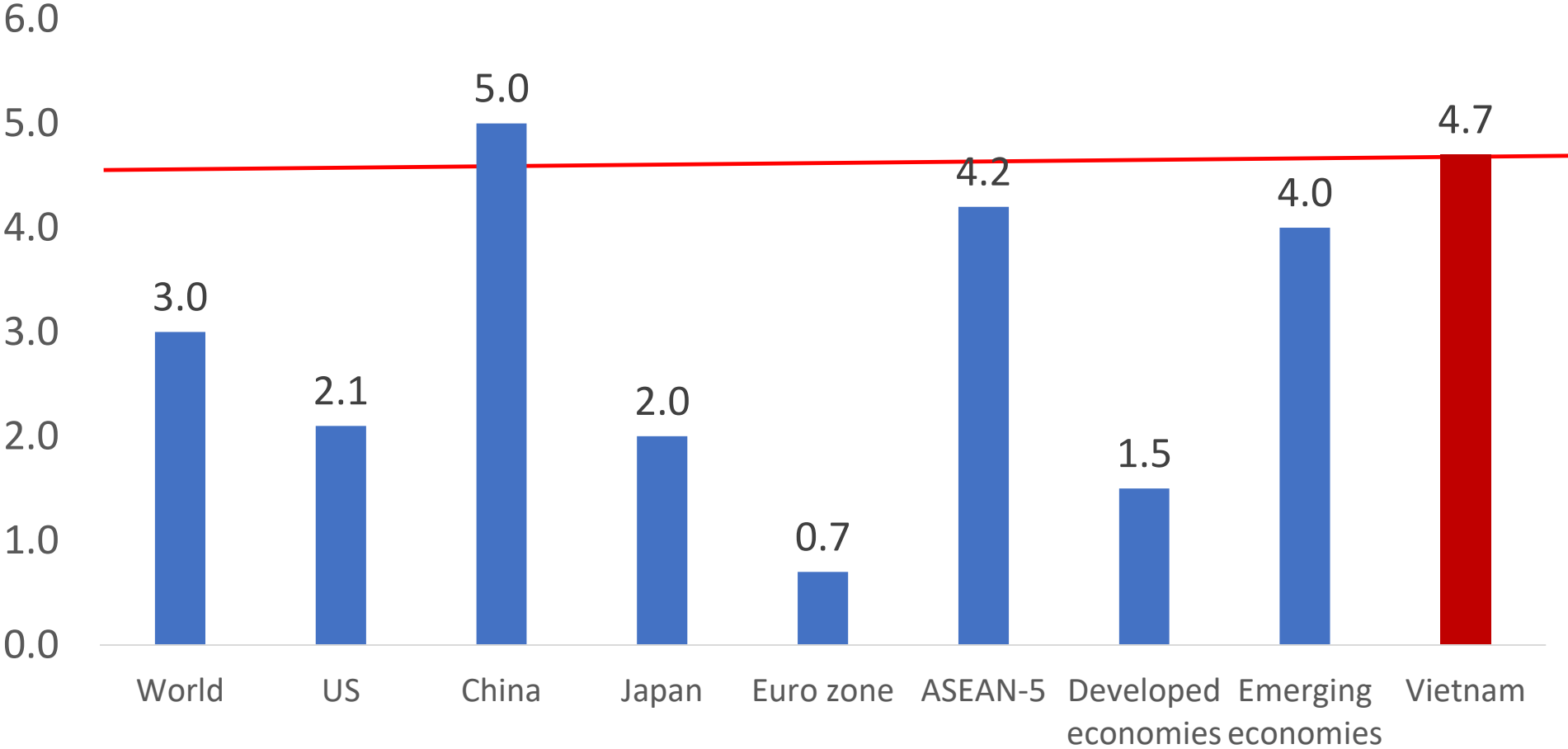


The last quarter is higher than the previous quarter in 2023



Recovering after COVID

Impressive economic growth compared to other countries in the world and region



Source: IMF (Oct 2023)

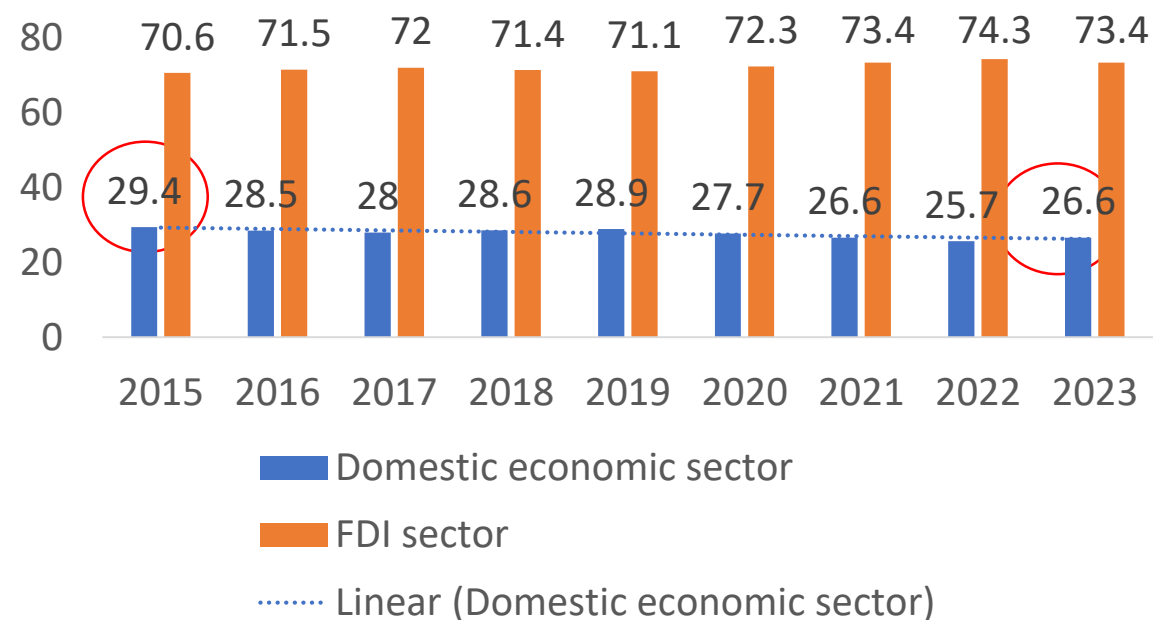
2. SOME LIMITATIONS AND DIFFICULTIES IN 2023

Some factor markets for production are still quiet

No.	Indicators	Evaluation
1	Corporate bond	In the first 9 months of 2023, there are 51 enterprises issuing with a volume of 123 trillion VND, this amount is 60.4% lower than the same period in 2022
2	Real estate	Quiet; Product structure not appropriate (surplus in the high segment, shortage in the lower segment)
3	Power	Adequate, but lack of local supply by region during dry season; Slow development of "clean" power sources such as wind, solar, and tidal

The "domestic economic" sector not strong enough to access more international markets

Export turnover (%)



Slow shift towards industry and services

Economic structure

No	Economic sectors	2011	2022	2023 (est)
1	Agriculture, forestry and fishing	16.3	11.9	11.7
2	Industry and construction	34.6	38.3	37.1
3	Service	38.9	41.3	42.6
4	Products taxes subsidies on production	10.2	8.5	8.6
	Tổng	100	100	100



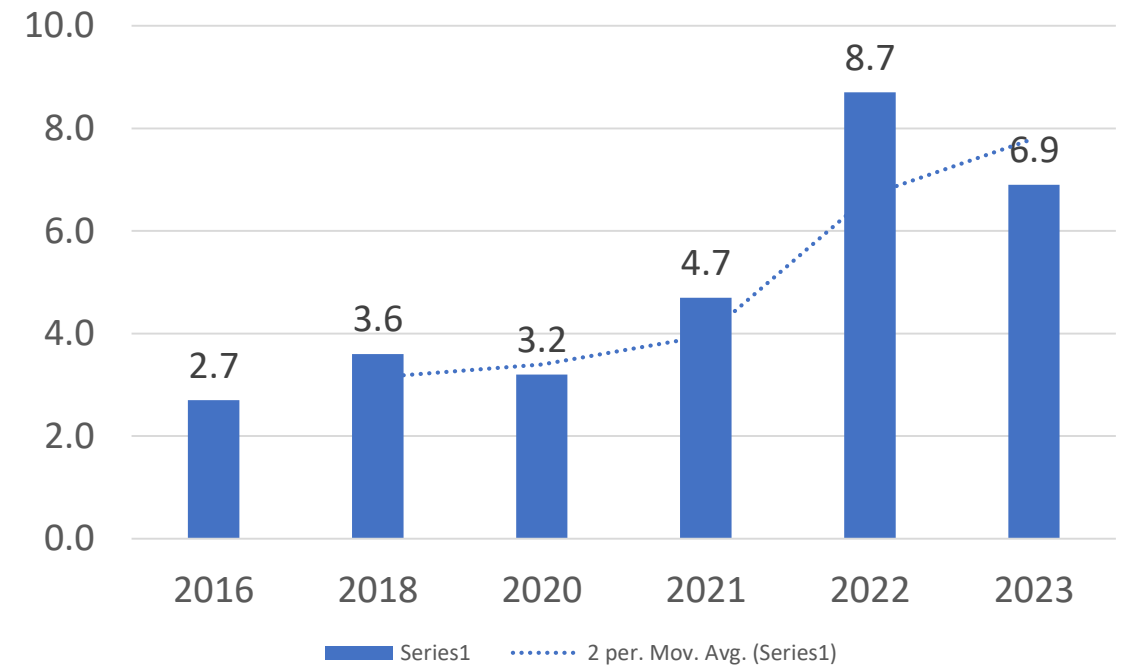
Economic growth is high but has not reached the set target
(leading to some targets related to GDP not being achieved, making it difficult to implement the Roadmap to 2025 and 2030)

No	Indicators	Unit	2023 (est)	2023 (plan)	2025 (target)
1	GDP growth rate	%	5.19 (Average 3 years 5.3%)	6.5	Average 5 years 6.5 - 7
2	GDP per capita	Thousand USD	4.3	4.4	4.7 - 5
3	Average productivity growth rate	%	3.7 – 4.7	5 - 6	> 6.5
4	TFP contribution to GDP	%	35.3 – 46.1	-	45
5	Urbanization rate by the end of the period	%	42.7		45

3. CAUSES OF LIMITATIONS AND DIFFICULTIES

3.1. External factors

- 1) World geopolitics is complex, international armed conflict in Ukraine, Hamas-Israel
- 2) Global economic recession, low capital absorption
- 3) Droughts and floods occur in many countries.
- 4) **Inflation:** has decreased but is still high, affecting monetary policies and commodity prices



Global inflation 2016 - 2023

3.2. Internal factors

- 1) Inadequate institutions: experience of overlapping or conflicting regulations, the simplification of business procedures is slow.
- 2) Domestic economic entities are weak after Covid-19: low capital absorption capacity, high rate of enterprises withdrawing from the market (in January, for every 100 enterprises entered the market, 169 enterprises withdrew from the market)
- 3) Government support packages are small and not provided in time.



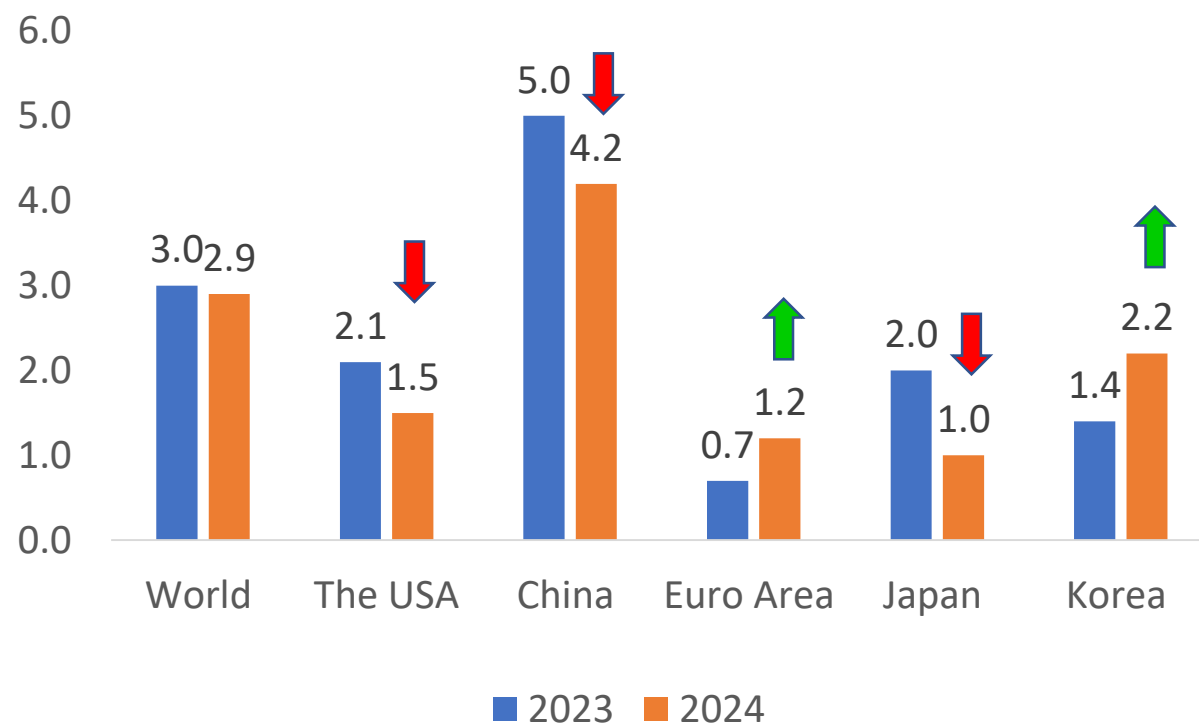
Part 2

**DRIVING FORCES FOR GROWTH
AND DEVELOPMENT IN 2024 AND IN
COMING YEARS**

FORECAST OF 2024 CONTEXT

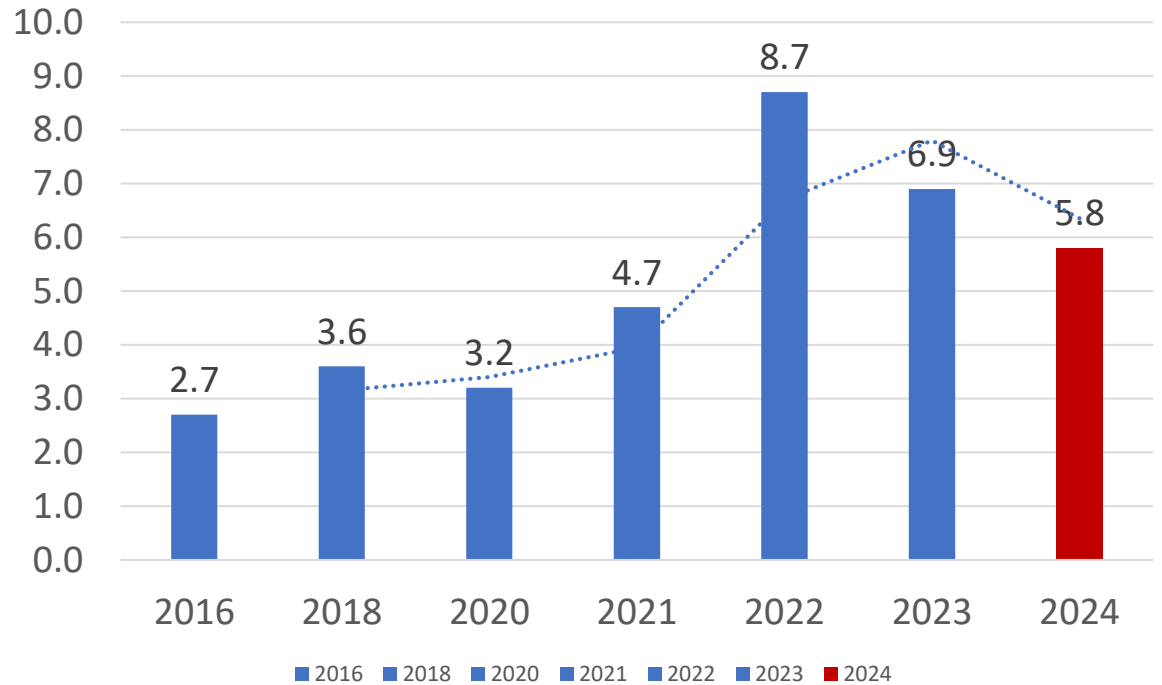
External context

- 1) **World geopolitics** continues to be complex and unpredictable: *The two military conflicts are still key*
- 2) **World economic** growth declines; Of Vietnam's 5 major trading partner countries, 3 decreased and 2 increased



Source: IMF

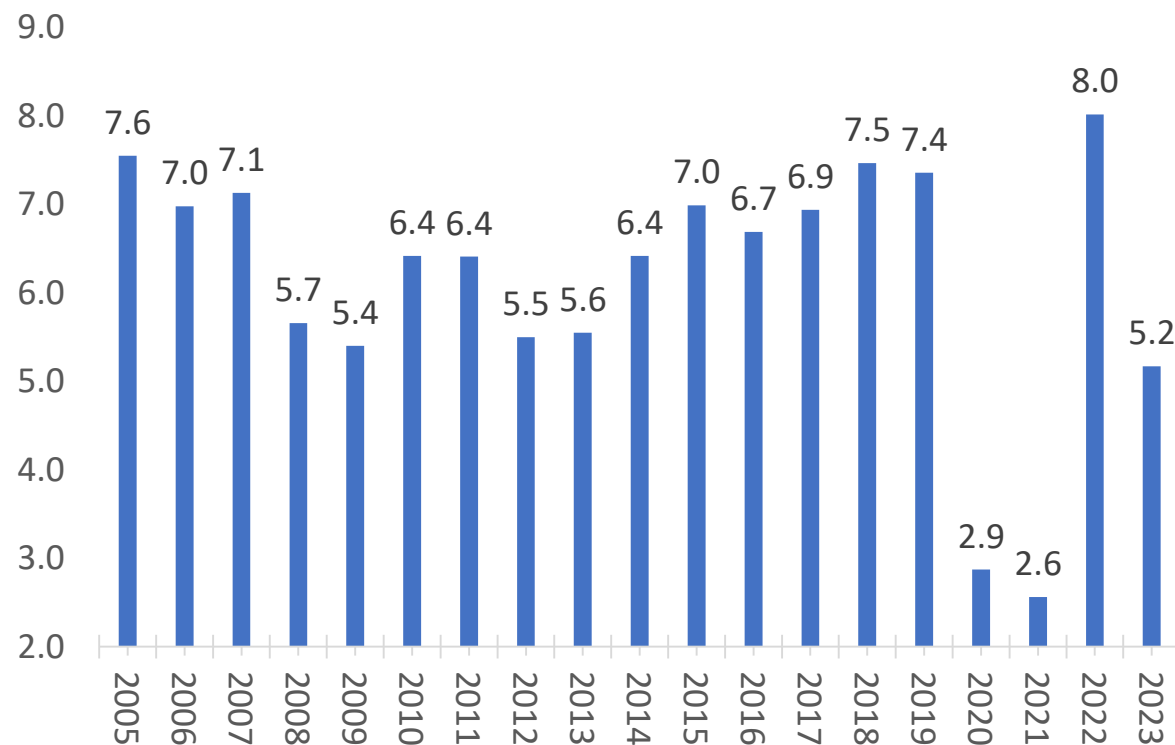
- **FDI capital** inflows tend to move strongly to Asian countries: *Vietnam belongs to the group of 3 countries in ASEAN that excel in attracting FDI into high-tech*
- **Equitable energy transition** and environmental protection require adjustments of the growth model and use of resources.
- **Inflation** is forecast to be high (5.8%), requiring Viet Nam's careful and flexible fiscal and monetary policies.



Global inflation forecast in 2024 (%)

Internal context

- 1) Vietnam's political and commercial position is increasingly receiving international attention
- 2) The Government still focuses on supporting economic recovery; some support policies have been agreed to be extended by the National Assembly until 2024.
- 3) Long-term stable economic growth creates momentum and force for a more favorable recovery
- 4) Close attention to green growth, environmental protection, and energy transition (demonstrated through transforming growth models and major commitments to the world such as COP26 on net zero emission).
- 5) Along with the advantages, the challenges of 2023 are almost still carried forward, extending into 2024.



DRIVING FORCES

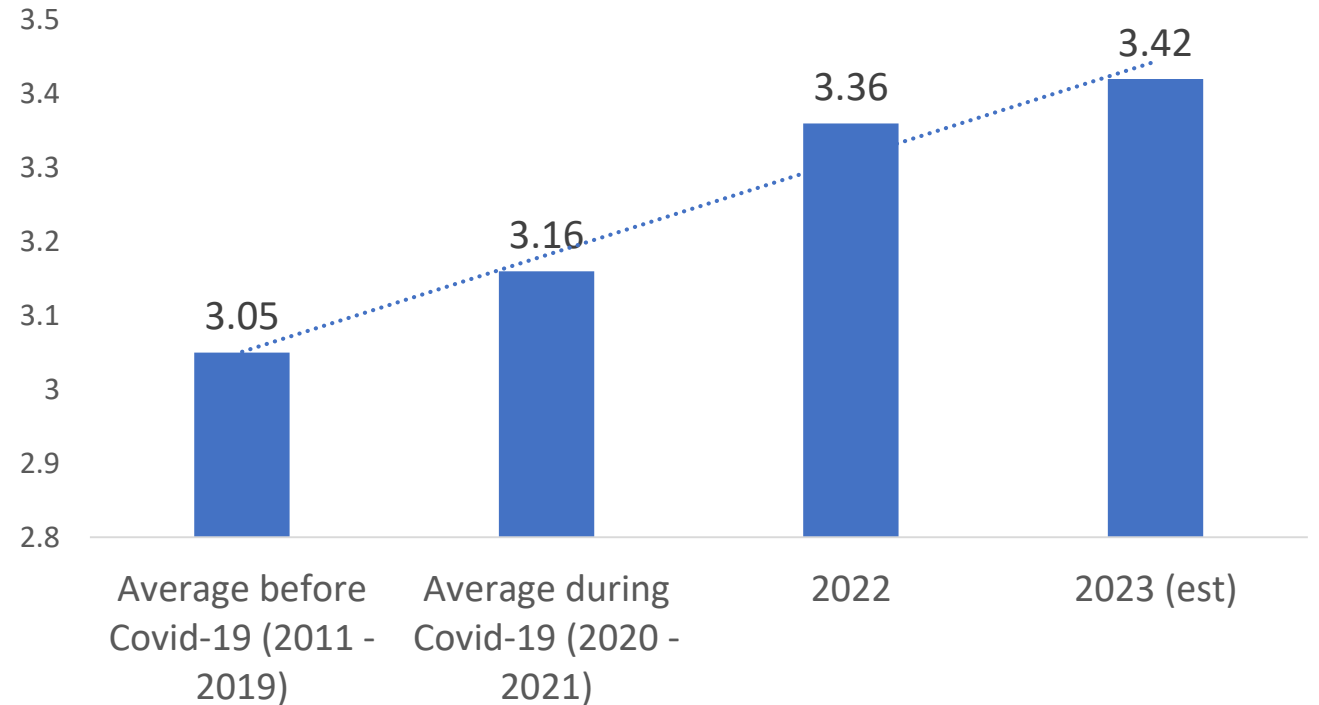
FOR GROWTH AND DEVELOPMENT IN 2024 AND IN COMING YEARS

1. ECONOMIC SECTORS

AGRICULTURE



- **Growth:** continuous increase despite Covid-19
- **Highlight:** Rice (4.4 bil USD, increase 36.3%); vegetables and fruits (5.3 bil USD, increase 74.5%)

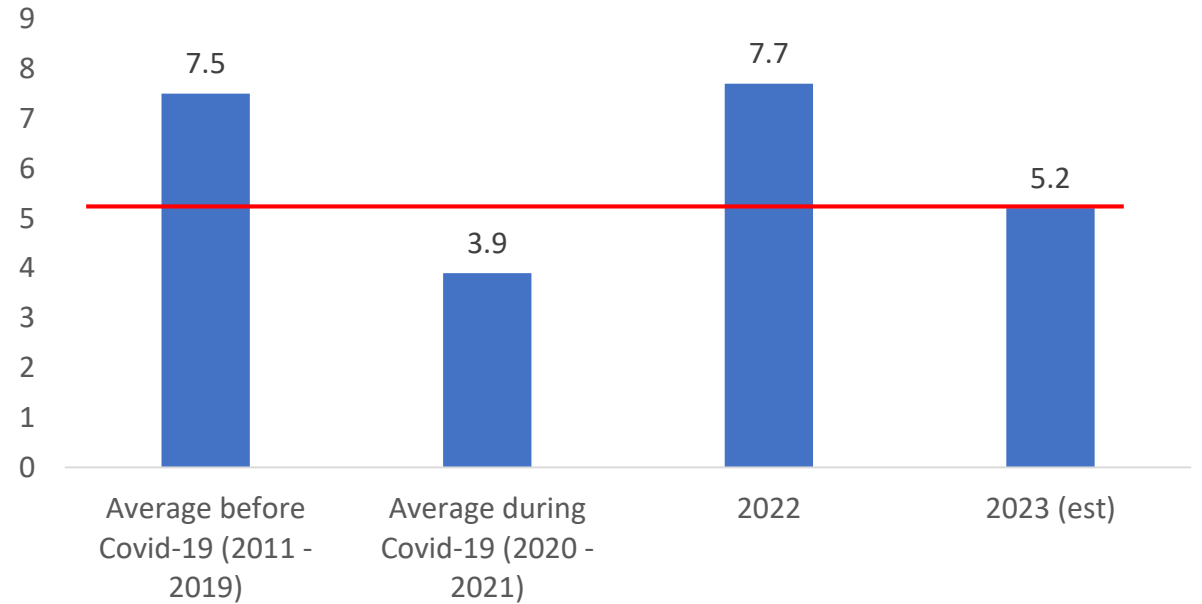


Growth rate of Agriculture, forestry and fishery during 2011 - 2023 (%)

INDUSTRY



- **Growth:** start to recover after Covid-19
- **Highlight:** Manufacturing (60% of total industry GDP; rapid growth; AI, new tech, innovation)

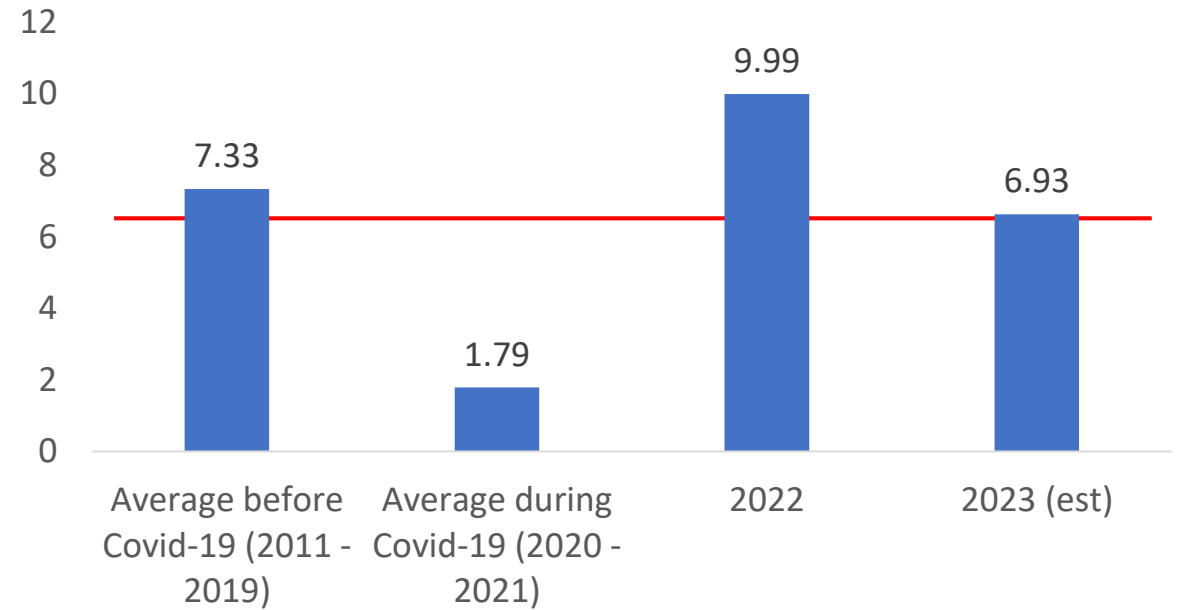


**Growth rate of Industry and construction
During 2011 - 2023 (%)**

SERVICES



- **Growth:** start to recover after Covid - 19
- **Highlight:** Tourism (tourists increase 3.6 times; new enabling policies)



Growth rate of service during 2021 - 2023 (%)

NEW ECONOMIC MODELS



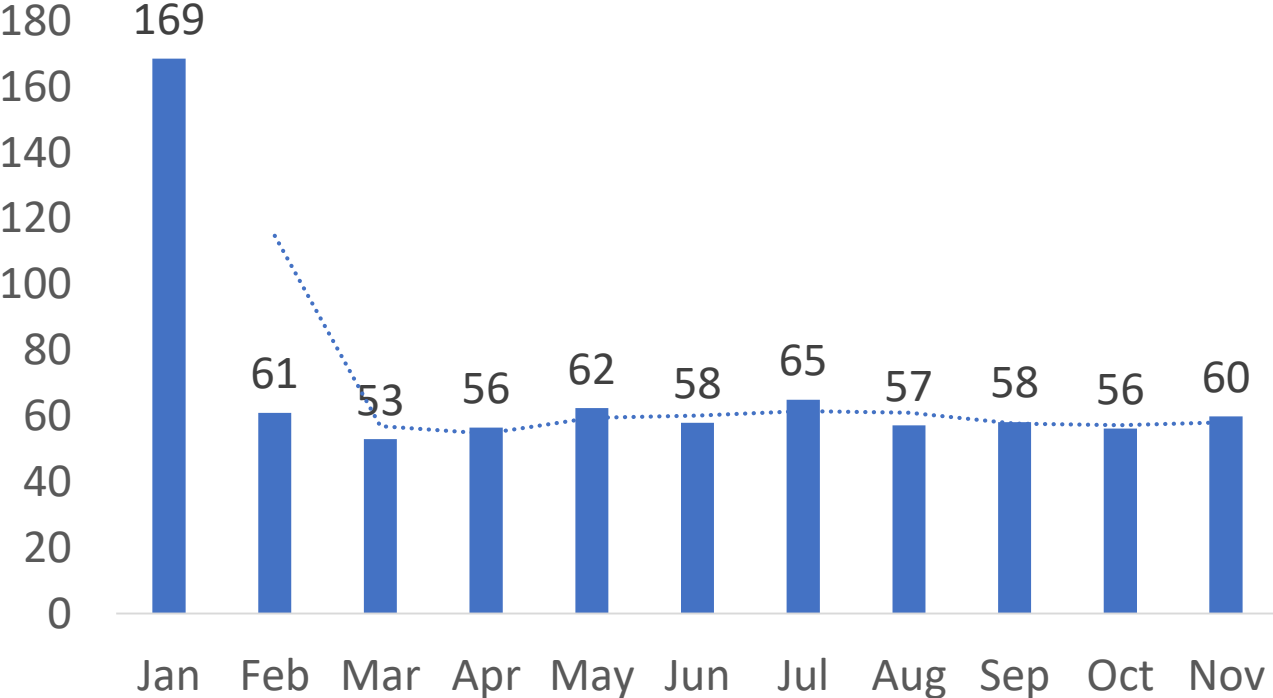
Any new model?

No.	New economic model	The document is a "milestone" of development
1	Sharing economy	Decision No. 999/QĐ-TTg dated August 12, 2019 of the Prime Minister approving the project to promote the sharing economic model
2	Night economy	Decision No. 1129/QĐ-TTg dated February 27, 2020 of the Prime Minister approving the Project to develop the night economy in Vietnam
3	Circular economy	Decision No. 687/QĐ-TTg dated June 7, 2022 of the Prime Minister approving the Circular Economy in Vietnam

2. ECONOMIC ENTITIES

Domestic Enterprise

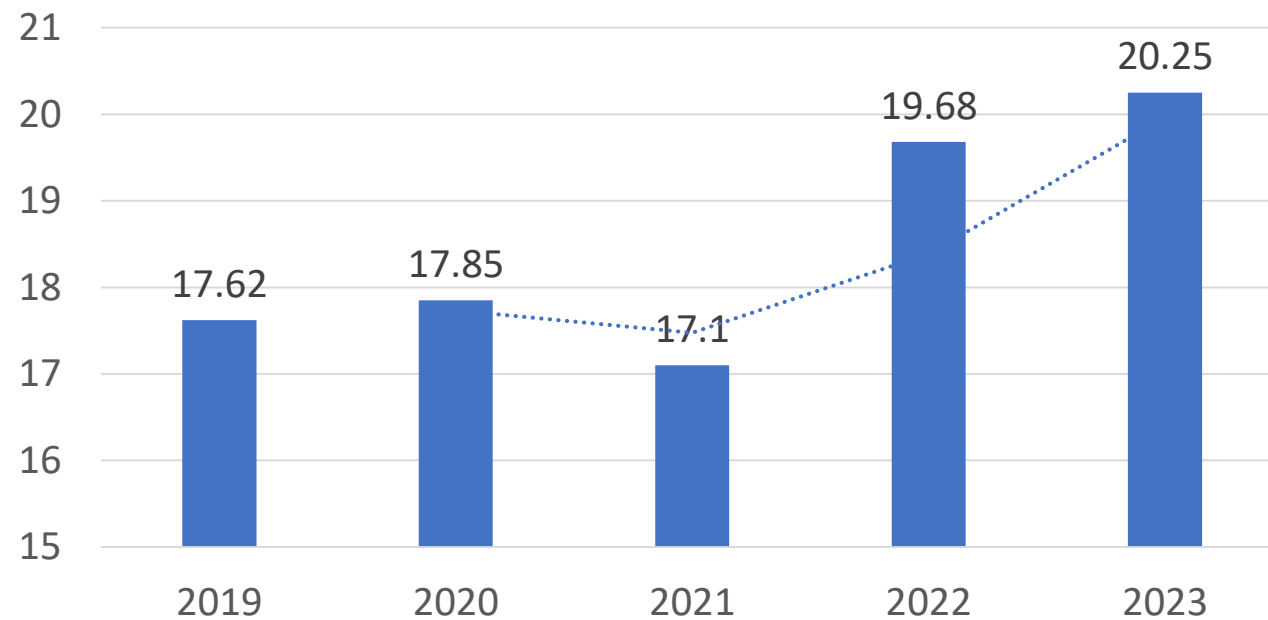
- Important entity
- Many difficulties in 2023
- Stabilizing gradually
- Government continue to support



Number of businesses withdrawing from the market among 100 businesses participating in the market

FDI

- The world changes unpredictably
- Domestic stability and integration
- Many large investors are present
- Good FDI attraction in 2023



**Total implemented FDI in 11 months
in the period 2019-2023 (billion USD)**

3. ECONOMIC REGIONS

1) The Communist Party and Government's guidelines and policies increasingly aim to promote local advantages and increase regional connectivity

- Central Committee of the Communist Party: There are resolutions for each economic region
- Government: 90/111 master plans approved and completed assessment

2) Infrastructure is getting better and better, helping to increase regional connectivity

- Highway: 2023 increase 659 km, total 1,822 km
- Airports: many been upgraded
- Internet, 4G, 5G

No.	Progress of Implementation	Quantity (Master plan)
1	Planning has been approved	33
2	Planning has been submitted for consideration and approval	13
3	Planning has been evaluated and now in the process of completion	44
4	Planning is being evaluated	7
5	Planning is in the drafting process and collecting comments	13
6	Planning has not been organized yet	1

Developing master plans in Vietnam

3) More clearly forming new economic growth poles

- Traditional economic locomotives slow down (HCM city, Ha Noi....)
- New locomotives but few (Hai Phong, Quang Ninh, Thanh Hoa)

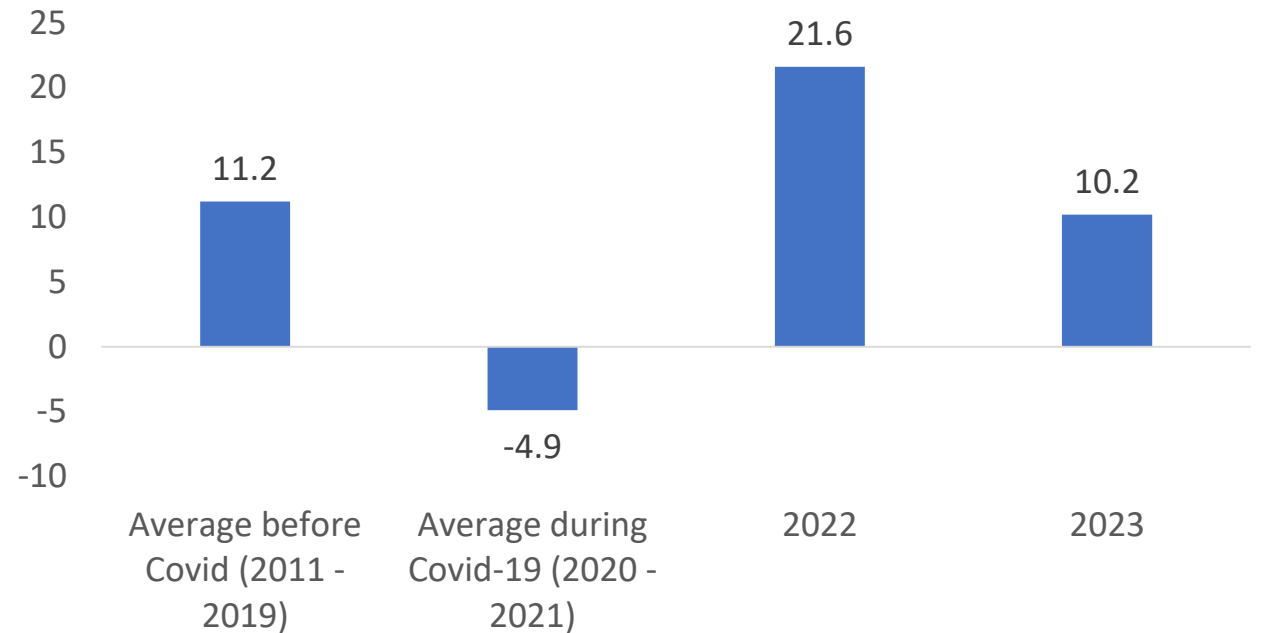
No.	Provinces	2015	2021	2022	compared 22/15
1	Ho Chi Minh city	17.8	15.6	15.4	-2.4
2	Ha Noi	13.0	12.7	12.5	-0.6
3	Binh Duong	4.6	4.9	4.8	0.2
4	Dong Nai	4.5	4.5	4.5	0.0
5	Ba Ria – Vung Tau	5.7	3.7	4.1	-1.6
6	Hai Phong	2.5	3.7	3.8	1.3
7	Quang Ninh	2.2	2.7	2.8	0.6
8	Thanh Hoa	1.8	2.5	2.6	0.8
9	Bac Ninh	2.5	2.7	2.5	0.0
10	Nghe An	1.7	1.9	1.8	0.1

Share of contribution to GDP of 10 largest provinces/cities 2015 - 2022

4. MARKETS

DOMESTIC MARKET

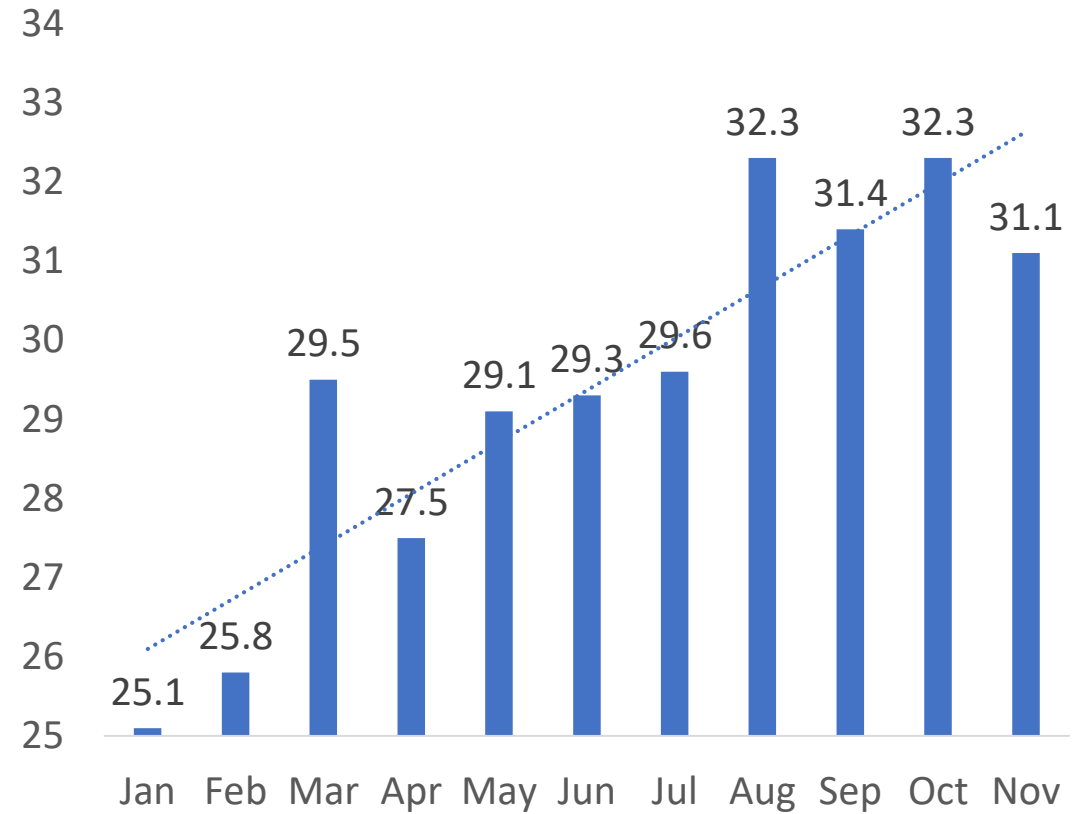
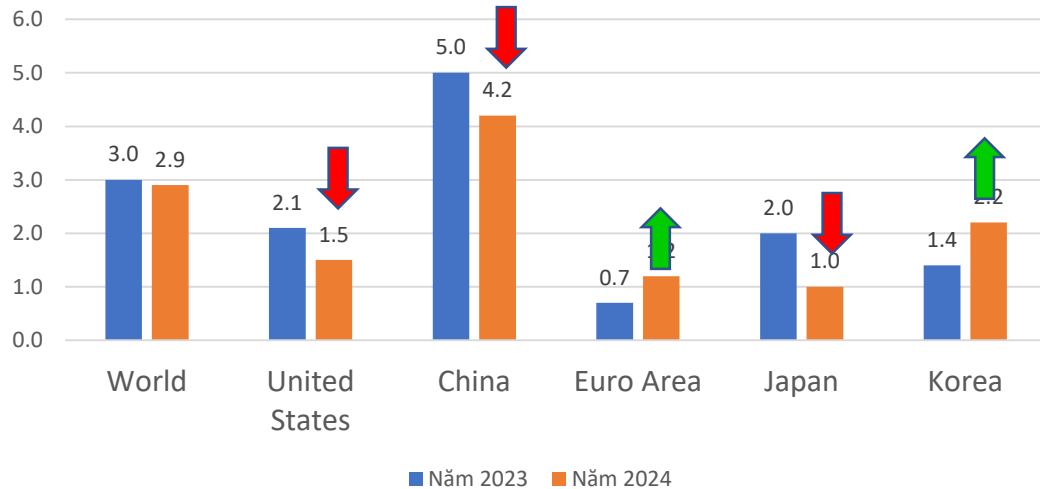
- Retail sales of goods and services 2023 increase by 10.2%
- Large population (99 mil. people)
- Improved income



Growth rate of total retail sales of goods and consumer service 2011 - 2023 (%)

INTERNATIONAL MARKETS - Exports

- Almost equal to 2022: Export 2022 was 371 bil. USD; 11 months of 2023 was 322 bil. USD (decline 5.9% - est)
- However, the trend is recovering gradually in 2023



Export turnover of goods in 2023 by month



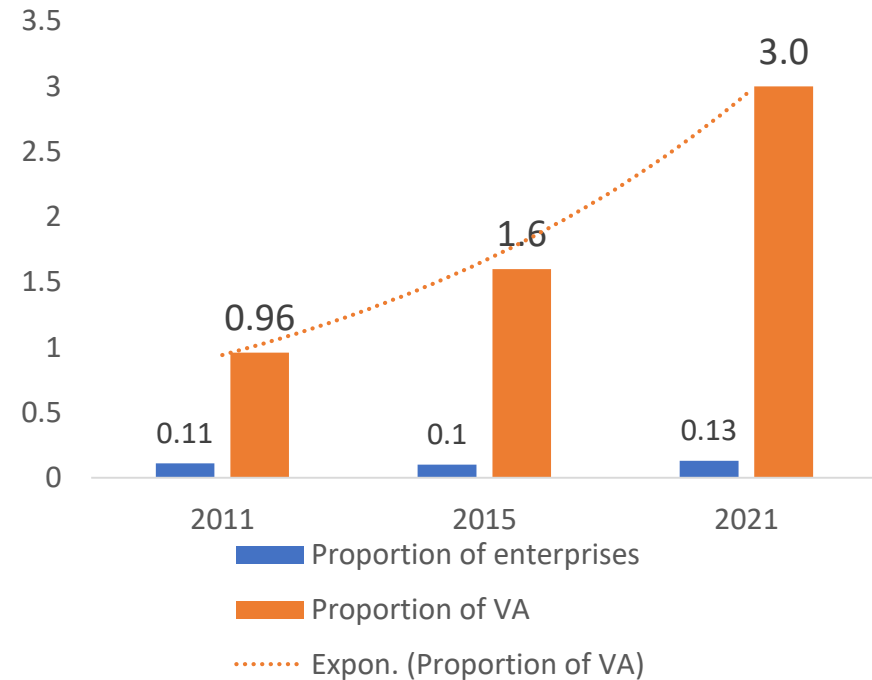
THE ROLE OF SCIENCE AND TECHNOLOGY

1) The Communist Party and Government's guidelines and policies in developing science and technology?

- ***Orientations:*** Taking high tech as the driver for growth and development; consider the development of high tech a special important task; is a top national policy.
- ***Preferential policies and development support:*** eligible for the highest investment incentives (special investment incentive industry); highest incentives in terms of payables; additional support in infrastructure, training, and credit.
- ***High-level investment attraction activities:*** (i) Upgrading national relations; (ii) strengthen high-level diplomatic activities to countries with modern science; (iii) ministries, agencies and localities organize activities to support science, technology and innovation

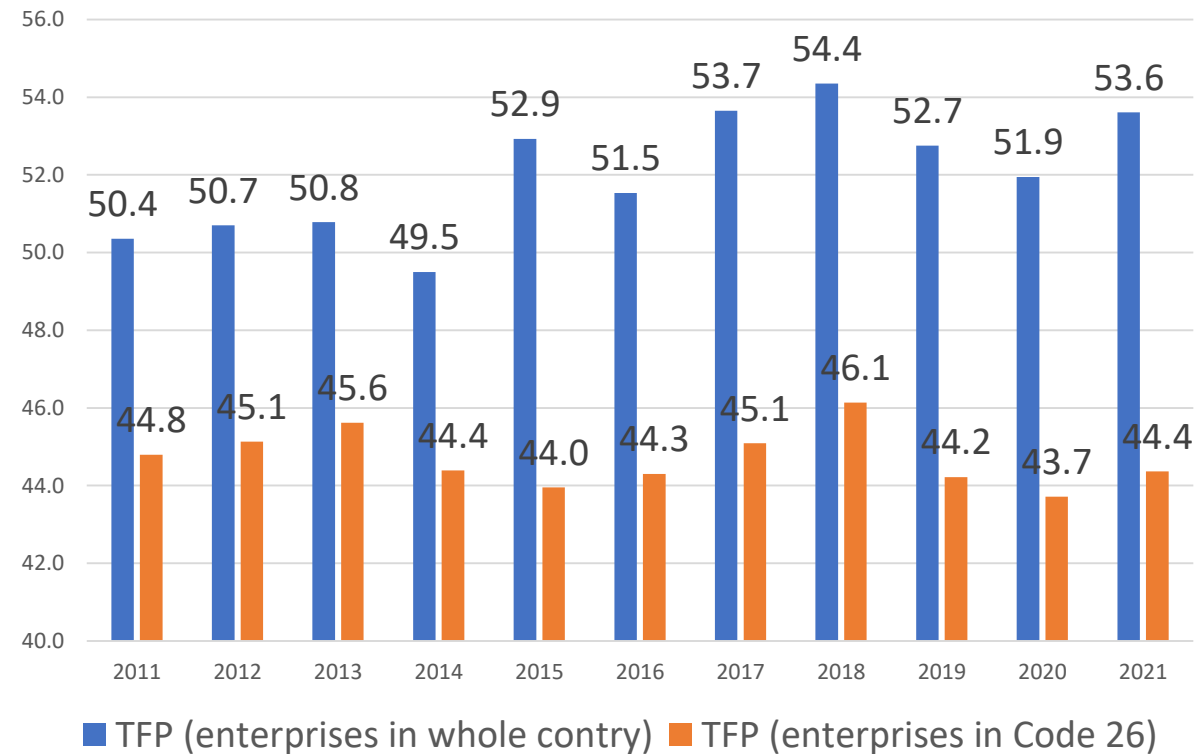
2) Vietnam's economic prospects when developing high technology (Semiconductor technology– Industry code 26)?

- The proportion of enterprises in the total number of enterprises in the country is 0.13%
- Contributing up to 3% of the total VA



Proportion of number and VA of semiconductor enterprises of total enterprises

2) Vietnam's economic prospects when developing high technology (Semiconductor technology– Industry code 26)?



Đồ thị 10. TFP's contribution in VA (%)



Vietnam's position in the semiconductor technology value chain

- 1) ***Supply of input materials:*** Rare earth is an important input material for semiconductor production (22/120 million tons, ranked 2nd)
- 2) ***Providing space, infrastructure and human resources for design and production:*** (i) there are many industrial zones and economic zones (292/407 zones are in operation); ii) professional centers (Hubs) have been formed (Hoa Lac Hi-Tech Park, Ho Chi Minh City Hi-Tech Park, NIC)
- 3) ***Connecting consumer markets:*** (i) Vietnam's openness and economic integration are increasing (from 138% in 2015 to 180% in 2022). (ii) Diverse channels of transporting goods. (iii) Located in a region using high amount of semiconductor chips (the Asia-Pacific region uses 50% of the world's chip value)



Part 3

GROWTH FORECAST

and POLICIES

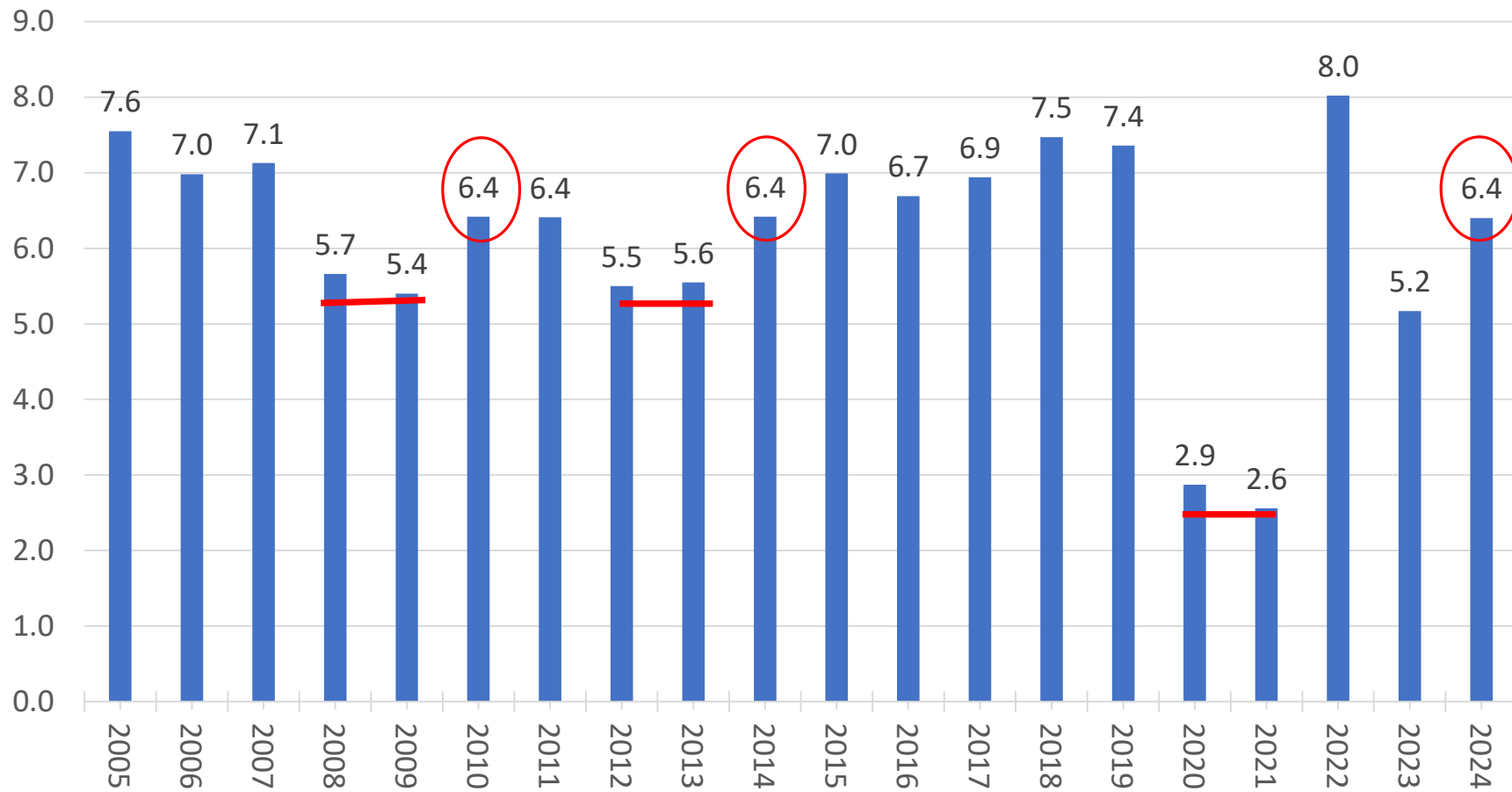
RECOMMENDATIONS 2024

FORECAST OF VIETNAM ECONOMIC GROWTH IN 2024

Economic growth scenarios of Vietnam 2024

TT	Khu vực kinh tế	2022	2023 (est)	2024 (f)		
				Low scenario	Baseline scenario	High scenario
1	Agriculture, forestry and fishing	3.36	3.42	3.21	3.45	3.61
2	Industry and construction	7.78	4.05	5.44	5.71	6.67
3	Service	9.99	6.93	6.26	7.02	7.16
4	Products taxes subsidies on production	5.7	3.61	4.78	5.21	6.01
	Total	8.02	5.19	5.50	6.00	6.50

Baseline scenario: **feasible scenario**



National Assembly: set target 6 - 6.5%

- WB (8/2023): 5.5%
- IMF (10/2023): 5.8%
- ADB (9/2023): 6%

Forecast economic structure, trade and investment of Vietnam in 2024

Các chỉ tiêu	2022	2023	2024 (f)		
			Low scenario	Baseline scenario	High scenario
1. Economic structure					
Total	100	100	100	100	100
- Agriculture, forestry and fishing	11.88	11.57	11.38	11.21	11.04
- Industry and construction	38.26	38.62	39.14	39.53	40.13
- Service	41.33	41.31	41.49	41.08	41.69
- Products taxes subsidies on production	8.53	8.49	8.00	8.48	7.14
2. Trade					
- Total export and import goods turnover	730.21	685.82	721.10	743.57	769.67
- Exports of goods turnover (Bil. USD)	371.30	354.38	364.65	379.84	395.03
- Imports of goods turnover (Bil. USD)	358.90	331.44	356.45	363.73	374.64
- Trade balance (export - Import)	12.40	22.94	8.19	16.11	20.39
3. Investment as percentage of GDP	33.85	33.5	33	33.5	34.0
4. Average CPI yoy	3.15	3.37	3.22	3.42	4.23

RECOMMENDATIONS FOR 2024

- 1) Focus on stabilizing the macro economy, controlling inflation, focusing more on economic growth drivers
- 2) Continue improving institutions and business environment
- 3) Continue infrastructure development for production
- 4) Strengthen support for business entities
- 5) Promote the development of goods and services markets



THANK YOU FOR YOUR ATTENTION!