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## Country Report

# Vietnam

**June 2008**

Economist Intelligence Unit  
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# Executive summary

## Highlights

June 2008

### Outlook for 2008-09

- The Communist Party will continue to reject demands for major political reform and will remain indifferent to calls for political pluralism in 2008-09.
- Vietnam's leadership is plagued by endemic corruption and will need to prove that progress is being made in order to maintain its authority.
- The government is set to face a number of challenging policy issues in 2008-09, most notably the need to control inflation and to reduce downward pressure on the currency.
- The Economist Intelligence Unit has revised downwards its real GDP growth forecast to 6.9% in 2008, from 7.3% previously, owing to lower credit expansion and dampened consumption growth.
- We forecast that inflation will average 23.3% this year before dropping back to an average of 12% in 2009.
- The dong is set to depreciate slightly in 2008 on an annual average basis to reach D17,440:US\$1 at the end of the period. The dong will remain volatile in 2008-09.
- Owing to the large deficit on the merchandise trade account in 2008-09, the current account will remain in negative territory, with the deficit standing at the equivalent of 9.2% of GDP in 2008.

### Monthly review

- Two reporters were arrested in May and charged with “abusing their position and power while discharging public duty”, which has raised doubts about the government’s tolerance for criticism.
- The National Assembly (the legislature) has approved a government proposal to expand the capital, Hanoi.
- On June 10th the State Bank of Vietnam (the central bank) raised the base interest rate to 14%, from 12% previously.
- The government has made reducing inflation its number one priority.
- The government recently limited exports of rice, but buoyed by a strong harvest, has now announced a relaxation of the restrictions.
- Consumer prices rose by 25.2% year on year in May. The most immediate cause of the increase was a 42.4% rise in the price of food and foodstuffs in the same period, which in turn was driven by a 67.8% jump in food prices.
- The tightening of bank credit has punctured the real estate bubble.
- The Vietnam Index of stock prices fell on every day of trading in May and as of June 3rd stood at 401, far below the high of 1,170 that it hit in March 2007.

# Outlook for 2008-09

## Political outlook

**Domestic politics** The ruling Communist Party will continue to reject demands for major political reform and will remain indifferent to calls for political pluralism in 2008-09. The government will struggle to prevent small protests calling for wage increases in view of currently rapid food price inflation, and could face larger-scale demonstrations if its measures to curtail inflation are ineffective. The Asian Development Bank is also concerned about the negative impact that higher food prices will have on poor households, who spend the majority of their income on food. The National Assembly (the legislature) will become more assertive, but will remain dominated by party members and is unlikely to vote against major bills proposed by the government. Calls by the assembly for greater spending on social welfare are likely to be met with approval by senior officials, especially as social stability is necessary to maintain the party's control. A major challenge that the party will face is the need to manage people's expectations of continued strong economic growth. There are clear signs that the economy is overheating, and there is also a risk that the forecast recession in the US in 2008 could slow growth in Asian markets by more than the Economist Intelligence Unit expects, which, combined with rapid domestic inflation, would lead to slower economic expansion in Vietnam than currently forecast.

Vietnam's leadership continues to be plagued by revelations of endemic corruption and it will need to prove that progress is being made in the party's fight against graft in order to maintain its authority. International donor funding and foreign direct investment could also be affected if the government is unable to crack down on graft. Efforts will be led by the National Steering Committee for Corruption Prevention and Control under the direction of the prime minister, Nguyen Tan Dung. However, the failure to create a fully independent committee has raised doubts regarding the impartiality of investigations, particularly in cases involving senior members of the party. Ongoing crack-downs on corrupt officials and state-owned enterprises (SOEs) are a good indication that the government takes graft seriously, but are also a sign of the pervasiveness of the problem. The recent arrests of two journalists who reported openly on corruption could indicate that the government is ending its encouragement of the press to play an active role in rooting out corruption.

The government will continue to punish harshly those found guilty of political dissent. Terrorism and other national security-related charges are often used by the government to justify arresting human rights activists and dissenters. Although cosmetic gestures may be made in the short term to placate aid donors and foreign governments, it is unlikely that the government will make major changes to its treatment of political dissidents in the forecast period.

**International relations** Vietnam has begun to play a much greater role in international affairs, owing to its position as a non-permanent member of the UN Security Council since

January 1st 2008. Its "friends to all" foreign policy is largely intended to improve the country's economic situation through increased trade and investment links, and Vietnam has tried to keep to a multilateralist line by urging compliance with UN resolutions in various African conflicts. However, the government is now discovering that in diplomacy it is not possible both to be important and to stay friends with everyone. Vietnam will act as the rotating president of the council in July.

## Economic policy outlook

**Policy trends** The government is set to face a number of challenging policy issues in 2008-09, most notably, the need to control inflation and to reduce downward pressure on the currency. The government is acutely aware of the threat that rampant inflation poses to the country's economic and social stability, and has unveiled a raft of measures designed to dampen inflationary pressures. However, implementation of these measures continues to pose policy dilemmas, given that such moves could also slow economic growth and widen the trade deficit. The government has been encouraged to cut back on public investment in order to slow import growth and domestic demand, but it is as yet unclear whether policymakers will heed the advice. The pace of SOE equitisation (part-privatisation) has slowed, and confidence has been dented by the recent stockmarket slump. In terms of its general policy aims of reducing poverty and bringing the country up to middle-income status, the government will retain the full support of foreign donors. In December 2007, during the annual meeting of the Consultative Group (including both international donors and the government), foreign donors promised to provide a record US\$5.4bn in official development assistance in 2008, up from the US\$4.4bn pledged for disbursement in 2007.

**Fiscal policy** The government's budget deficit (excluding on-lending) is estimated to have reached an equivalent of 1.8% of GDP in 2007, up from 0.3% of GDP in 2006. The deficit will widen only marginally in 2008-09, to an average of 1.9% of GDP, as the government restrains its spending, owing to concerns about rising inflation. Strong economic growth will ensure that tax revenue remains buoyant in 2008-09, and from January 2009 a reformed personal income tax system will help to swell the government's coffers. The new income tax structure will broaden the taxpayer base by making benefits as well as salaries taxable, and will apply the same tax rates to Vietnamese and foreign workers (the tax threshold for foreign workers is currently twice as high as that for local workers). The Ministry of Finance forecasts that under the new scheme 2.3m people will pay personal income tax, and revenue from the tax will more than double when the new system comes into effect. The boost that the government received in 2007 from the oil price boom will be repeated this year—the continued upward trend in global crude oil prices in 2008 is a positive factor for Vietnam in terms of increasing tax revenue from the petroleum sector. Although the government may cut back some spending programmes, expenditure will remain high, as the government is still committed to programmes to improve infrastructure and social welfare.

**Monetary policy** The authorities have sharply tightened monetary policy, aiming to cool the economy and to rein in inflation. The State Bank of Vietnam (SBV, the central bank) remains keen to prevent excessive growth in domestic credit, although its recent moves to drain liquidity from the market and rein in inflation have yet to bear fruit. On June 10th the SBV raised the base rate to 14%, from 12% previously, its second significant policy move since mid-May, when rates were raised to 12%, from 8.75% previously. The importance of this is that commercial banks are not allowed to lend at rates that exceed the base rate by more than 50% (which caps commercial rates at 21% currently). Real deposit interest rates remain negative and the SBV is discouraging banks from raising rates further to attract liquidity in fear that the resulting increase in bank lending could push inflation even higher. Inflation is set to remain in double digits, and further measures to tighten policy will be needed. The SBV is thus likely to raise reserve requirements again, possibly to 13%, and to push up its policy rates even higher. In a surprise move, the SBV also implemented a one-off 2% devaluation of the dong on June 11th in order to reduce currency speculation. Many observers are calling on the government to develop a more effective monetary policy, including loosening the peg to the US dollar, which currently only allows for the dong to move within a 1% trading band each day.

## Economic forecast

### International assumptions

#### International assumptions summary

(% unless otherwise indicated)

	2006	2007	2008	2009
<b>Real GDP growth</b>				
World	5.0	4.8	3.7	3.8
China	11.6	11.9	9.8	9.0
EU27	3.1	2.8	1.7	1.9
<b>Exchange rates</b>				
¥:US\$	116.2	117.8	101.0	96.0
US\$:€	1.3	1.4	1.5	1.5
SDR:US\$	0.68	0.65	0.61	0.61
<b>Financial indicators</b>				
¥ 3-month Gensaki rate	0.28	0.61	0.73	0.88
US\$ 3-month commercial paper rate	5.03	5.06	1.93	2.43
<b>Commodity prices</b>				
Oil (Brent; US\$/b)	65.3	72.7	106.5	106.5
Gold (US\$/troy oz)	604.5	696.7	934.0	848.8
Food, feedstuffs & beverages (% change in US\$ terms)	16.1	30.9	40.3	-4.0
Industrial raw materials (% change in US\$ terms)	49.6	11.1	2.5	-16.3

Note. Regional GDP growth rates weighted using purchasing power parity exchange rates.

We forecast that growth in the world economy (measured using purchasing power parity weights) will slow to an average of 3.7% in 2008, down from 4.8% in 2007, owing to recession in the US and global financial market turmoil. Economic growth in the US, Vietnam's leading export market, will slow from 2.2% in 2007 to 0.8% in 2008, before accelerating slightly, to 1.1%, in 2009. These slower rates of US expansion may hamper Vietnam's export growth, but continued strong growth in China will partly offset this effect. We have revised

up our forecast of global crude oil prices, with prices (dated Brent Blend) set to average US\$106.5/barrel in 2008 and 2009. This will support Vietnam's export revenue (crude oil is a major export earner), but imports of petroleum products, on which it relies heavily, will stay expensive.

## Economic growth

### Gross domestic product by expenditure

(D bn at constant 1994 prices where series are indicated; otherwise % change, year on year)

	2006 <sup>a</sup>	2007 <sup>b</sup>	2008 <sup>c</sup>	2009 <sup>c</sup>
Private consumption	273,585 7.3	294,080 7.5	309,086 5.1	330,802 7.0
Public consumption	27,797 8.8	29,882 7.5	32,123 7.5	34,532 7.5
Gross fixed investment	144,595 8.6	160,500 11.0	176,550 10.0	196,501 11.3
<b>Final domestic demand</b>	<b>445,977</b> 7.8	<b>484,462</b> 8.6	<b>517,759</b> 6.9	<b>561,835</b> 8.5
Stockbuilding	12,050 0.5 <sup>d</sup>	10,750 -0.3 <sup>d</sup>	11,750 0.2 <sup>d</sup>	12,500 0.2 <sup>d</sup>
<b>Total domestic demand</b>	<b>458,027</b> 8.1	<b>495,212</b> 8.1	<b>529,509</b> 6.9	<b>574,335</b> 8.5
Exports of goods & services	384,766 <sup>b</sup> 15.5 <sup>b</sup>	442,478 15.0	517,142 16.9	597,945 15.6
Imports of goods & services	407,507 <sup>b</sup> 14.6 <sup>b</sup>	474,448 16.4	559,856 18.0	646,356 15.5
<b>Foreign balance</b>	<b>-22,741<sup>b</sup></b> -0.1 <sup>bd</sup>	<b>-31,970</b> -2.2 <sup>d</sup>	<b>-42,714</b> -2.3 <sup>d</sup>	<b>-48,411</b> -1.2 <sup>d</sup>
<b>GDP</b>	<b>425,135</b> 8.2	<b>461,189</b> 8.5	<b>492,795</b> 6.9	<b>530,924</b> 7.7

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

<sup>d</sup> Contribution to real GDP growth (as a percentage of real GDP in the previous year).

Real GDP growth will slow in 2008-09 from the impressive rate of 8.5% recorded in 2007. We have revised downwards our forecast to 6.9% in 2008, from 7.3% previously, owing to tighter credit growth and dampened consumption growth. GDP growth is forecast to pick up to 7.7% in 2009. The government's policy focus is to bring about greater economic stability rather than strive for lofty real GDP growth targets. Given that the authorities are seeking to restrain credit growth and that household incomes are being eroded by high inflation, consumption growth will slow in 2008. Private investment will carry on growing on the back of the government's moves to level the playing field for private companies relative to state entities in 2008-09. Foreign direct investment (FDI) also remains robust, with commitments for new and existing projects reaching US\$20.3bn in 2007, up from US\$12bn in 2006. Growth in exports of goods and services will remain relatively strong in 2008, despite the forecast for slower world trade growth. However, import growth will also remain buoyant, driven by investment in capital goods and falling tariff barriers that will make imports, particularly of consumer goods, increasingly affordable in comparison with domestic products. Net exports will therefore continue to make a negative contribution to growth in 2008-09.

On the supply side, economic growth will continue to be driven by the industrial sector, which will expand by about 10% a year (on a value added

basis) during the forecast period. This strong growth will be the result of the continued deepening of the industrial base, together with the resilience demonstrated by the textile and garment sector in an increasingly liberalised global trading environment for this category of products. GDP expansion will also be fuelled in 2008-09 by strong growth in services, particularly tourism-related and financial services.

**Inflation** Consumer price inflation is still accelerating, reaching 25.3% year on year in May, up from 21.4% in April and 19.4% in March. The upward trend in the general price level is primarily being driven by supply-side factors—prices for food and foodstuffs rose by 42.4% year on year in May. However, inflationary pressures have also been amplified by large capital inflows that have increased the money supply. The government's hitherto expansionary fiscal policy stance, combined with the SBV's failure to rein in credit growth, have added to the upward pressure on the general price level. The government has lowered import duties on certain products, frozen price increases on certain items and taken firm steps to tighten monetary policy. However, we forecast that inflation will average 23.3% in 2008. As the effects of tighter monetary policy become more apparent in 2009, inflation will slow, dropping back to an average of 12% for that year.

**Exchange rates** The dong has weakened against the US dollar since late March, dropping back to around D16,171:US\$1, bringing to an end a six-month period of appreciation. The dong is coming under increasing pressure, owing to high inflation, the widening current-account deficit and the current stockmarket slump. Domestic firms and households are dumping the currency in favour of US dollars, which has put downward pressure on the dong. The authorities continue to struggle with the policy dilemma of whether to hold down the value of the dong against the US dollar in an effort to encourage exports (thus helping to prevent the trade deficit from widening further) or to support the appreciation of the dong so as to alleviate inflationary pressures. Although the current-account deficit would benefit from a weaker dong, higher prices for imports would aggravate inflation, which in turn would put further pressure on the currency. The dong is set to depreciate slightly in 2008 on an annual average basis to reach D17,440:US\$1 at the end of the period. The dong will remain volatile in 2008-09, with the SBV widening the trading band within which the dong is permitted to fluctuate daily against the US dollar. Observers are concerned about the government's commitment to the exchange-rate regime, which could increase volatility in the short-term. Since March the dong has traded in a band of 1% either side of the daily rate set by the SBV, compared with the previous band limit of 0.75% either side. A further widening of the trading band is likely in the near future, although the SBV is unlikely to allow the dong to float freely in the short term.

**External sector** Despite the slowdown in the global economy (and that of the US in particular), merchandise export revenue will still be strong in 2008-09. Vietnam's exporters have succeeded in widening their trade links (China and Australia, for example, are increasingly important destinations for exports), while membership of the World Trade Organisation (WTO) since January 2007 also means that

Vietnamese goods now face fewer restrictions and lower tariffs. In addition, the current exchange-rate volatility appears not to have hampered export growth in goods, the value of which increased by 27% year on year in the first quarter of 2008. The import bill will continue to expand sharply; the value of goods imports increased by 69% year on year in the first quarter. Demand for imported machinery and other capital goods will remain strong, and consumer goods will become more readily accessible as Vietnam lowers tariff barriers to fulfil its Association of South-East Asian Nations (ASEAN) Free-Trade Area and WTO membership commitments.

Owing to the large deficit on the merchandise trade account in 2008-09, the current account will remain in negative territory, with the deficit standing at the equivalent of 9.2% of GDP in 2008 and 7.1% in 2009, up from the estimated deficit of 1.8% in 2007. The services and income accounts will remain in deficit. Stronger growth in tourism receipts will be offset by rising imports of trade-related services. The upward trend in the repatriation of foreign investors' income and profits will continue in line with the expansion in the operations of foreign-invested enterprises. Inflows of current transfers will remain buoyant, and the current transfers surplus will offset the combined deficits on the services and income accounts.

#### Forecast summary

(% unless otherwise indicated)

	2006 <sup>a</sup>	2007 <sup>b</sup>	2008 <sup>c</sup>	2009 <sup>c</sup>
Real GDP growth	8.2	8.5	6.9	7.7
Industrial production growth	17.0	17.3	15.9	16.5
Gross agricultural production growth	3.4	3.4 <sup>a</sup>	3.5	3.0
Consumer price inflation (av)	7.4	8.3 <sup>a</sup>	23.3	12.0
Consumer price inflation (year-end)	6.6	12.6 <sup>a</sup>	21.9	8.9
Lending rate	11.2	11.4	20.8	17.3
Government balance (% of GDP)	-0.3 <sup>b</sup>	-1.8	-1.8	-1.9
Exports of goods fob (US\$ bn)	40.0 <sup>b</sup>	50.0	68.9	84.0
Imports of goods fob (US\$ bn)	40.2 <sup>b</sup>	52.5	77.4	91.3
Current-account balance (US\$ bn)	0.3 <sup>b</sup>	-1.3	-7.5	-6.3
Current-account balance (% of GDP)	0.6 <sup>b</sup>	-1.8	-9.1	-7.0
External debt (year-end; US\$ bn)	20.2	21.9	24.5	26.5
Exchange rate D:US\$ (av)	15,994	16,179 <sup>a</sup>	16,536	17,538
Exchange rate D:¥100 (av)	13,762	13,737 <sup>a</sup>	16,381	18,269
Exchange rate D:€ (year-end)	21,186	23,409 <sup>a</sup>	26,296	25,677
Exchange rate D:SDR (year-end)	24,152	25,582 <sup>a</sup>	27,962	28,422

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

## Monthly review: June 2008

### The political scene

#### **Journalists are arrested after reporting on corruption**

In a move that raises questions about the government's tolerance for criticism, two seasoned newspaper reporters were arrested in May and charged with "abusing their position and power while discharging public duty". Both Nguyen Viet Chien (of *Thanh Nien* newspaper) and Nguyen Van Hai (of *Tuoi Tre* newspaper) had written about the scandal around a unit within the Ministry of Transport, PMU18, which came to light in early 2006. The then head of PMU18, Bui Tien Dung, had allegedly gambled away over US\$750,000 of public funds and then paid bribes to cover up the crime. The deputy minister of transport and a former director of PMU18, Nguyen Viet Tien, lost his job and the minister of transport, Dao Dinh Binh, later resigned as a result of the scandal.

The recent arrests have resulted in public outcry and a US diplomat has expressed concern, especially as officially the press is encouraged to investigate corruption. A year after the PMU18 story broke, dozens of reporters were summoned by investigators in an effort to get at their sources of information, and possibly to complain about errors in reporting, and perhaps even as a warning tactic. Mr Chien—who is also well-known for his journalism about an infamous criminal whose racketeering enterprise was brought to light in 2001 and who was subsequently executed, Nam Cam—is expected to be held in custody for at least four months.

#### **Hanoi will expand to double its population**

The National Assembly (the legislature) has approved, by a vote of 458 to 4, a government proposal to expand the capital, Hanoi, to include all of neighbouring Ha Tay province and parts of Vinh Phuc and Hoa Binh provinces. The new capital area will cover 3,344 sq km, compared with its current area of 920 sq km, and will see its population double to 6.2m. The idea behind the expansion is to make it easier to work out future zoning and transportation plans. The boundaries of Hanoi were expanded in 1961 and 1978, and then streamlined in 1991. The newly enlarged Hanoi will serve as the nucleus of the "capital region", which will include Hanoi and seven surrounding provinces, and stretch to an area of 13,500 sq km.

Despite the final vote, the government came under strong criticism at the National Assembly during the debate on Hanoi's enlargement. Deputies argued that the government had not spelled out a clear financial and technical plan for the expansion, failed to address the social and cultural impacts of the change, did not set out the zoning and development plans for the new Hanoi, and did not consider the limitations of managerial and administrative capacity that Hanoi faces even now. The government responded by delaying the implementation of the expansion by a month, until August 1st 2008; some deputies had wanted the implementation to be delayed until 2010 when Hanoi will celebrate its first millennium.

### **Relations with China remain strong**

The General Secretary of the ruling Communist Party, Nong Duc Manh, made a four-day visit to China in late May, in the course of which he met the Chinese premier, Wen Jiabao, and president, Hu Jintao. Although the latest visit did not break new ground, it does underscore the effective working relationship between the two countries. They agreed to set up hotlines between the leaders, and to make greater use of the Steering Committee on Vietnam-China Bilateral Co-operation. Both sides also agreed to finish demarcating the land border between Vietnam and China by the end of 2008. The political and economic systems of the two countries are similar, and Vietnam officially supports the One China policy.

However, there are areas of disagreement between Vietnam and China, and these were mentioned in the lengthy press releases that accompanied Mr Manh's visit. The land border between the two countries has been determined in principle, but the laying of land markers has been slow and is not without some controversy. Vietnam and China have signed treaties demarcating the Gulf of Tonkin and dealing with fisheries, but work remains to be done on delineating the sea area off the Gulf, as well as working out the details of how proposed joint oil and gas exploration in the area can proceed. The increasing crossborder trade has amplified the need for procedures for quarantine in order to prevent the spread of avian influenza (bird flu) or other infections, and a new agreement on this has been put in place. The most important outstanding disagreement relates to the South China Sea, where both countries claim the Paracel and Spratly archipelagoes, along with the surrounding seabed, which is thought to be rich in oil and gas deposits.

### **Vietnam hosts a religious conference**

In mid-May Vietnam hosted the fifth International Buddhist Conference on the UN Day of Vesak (a Buddhist holiday). The event attracted at least 2,000 delegates from over 70 countries and territories and events included the issuance of a 16-point declaration that, among other things, called for greater efforts to prevent conflict and war. The event received heavy coverage in the press, and was a public relations coup for the government, which has been criticised in the past for curtailing religious freedoms. There are believed to be about 10m Buddhists in Vietnam, including 40,000 dignitaries, monks and nuns, and 15,000 Buddhist places of worship. While religious practice is vigorous, religious groups are closely monitored by the government, and the outspoken Unified Buddhist Church of Vietnam is still banned.

## **Economic policy**

### **The SBV sets ceilings on interest rates**

The State Bank of Vietnam (SBV, the central bank) continues to control interest rates. On June 10th it raised the base rate to 14%, from 12% previously, after raising rates in mid-May from 8.75% to 12%. The importance of this is that commercial banks are not allowed to lend at rates that exceed the base rate by more than 50% (which caps commercial rates at 21% currently). The maximum commercial lending rate is still below the current consumer price inflation rate of around 25% year on year, meaning that real borrowing rates are currently negative. In late May some banks, including the state-owned Bank for

Agriculture and Rural Development, raised their deposit rates to 18% (which was the upper limit at the time for lending rates), and were quickly told by the SBV to lower their rates, as deposit rates of 18% are not consistent with lending rates of no more than 18%. Some banks have also tried to circumvent the interest-rate ceilings by charging fees, only to be warned against such policies by the SBV.

The constraints on dong deposit rates have made it increasingly difficult for banks to attract dong deposits and have fuelled the demand for dollars. If inflation eases in the near future—as the SBV hopes—then the limits on interest rates will cease to be serious constraints, but meanwhile commercial banks have to live with considerable uncertainty. The sickly stock exchange and wobbly real estate market have led to an increase in non-performing loans; this is easily masked in a period of rapidly rising credit, but harder to ignore when credit is constrained. To strengthen the banking system, the SBV has announced that it will increase supervision and risk-management for commercial banks and enhance “their respect for safety criteria”. The safety criteria will include stricter limits on the amount of short-term deposits that may be used to finance medium- and long-term projects; the current limit is set at 40%.

### **Fighting inflation is a major priority**

The government has made reducing inflation its number one priority. The SBV has said that it will keep the expansion of bank credit down to 30% for the year. It is also resisting a major devaluation of the dong, fearing that would raise the price of tradeables (goods and services open to foreign competition). The government has frozen the prices of a number of key items until the end of June, including fuel, electricity, transportation, cement, steel, water, coal, medicine, and hospital and school fees. The government expects to free these prices after June because continued price controls would distort the market, and, according to the finance minister, Vu Van Ninh, because “the state cannot endure subsidies” for a sustained period of time. For now, the government has avoided setting targets for inflation, although the prime minister, Nguyen Tan Dung, said that the government has laid the foundations for bringing inflation down to single digits in the medium term.

### **The government relaxes rice export restrictions**

In a bid to ensure that there would be an adequate local supply of rice, and to moderate increases in the local price of food, the government recently limited exports of rice. However, buoyed by a strong winter/spring harvest in the Mekong Delta, where production rose to 9.6m tonnes of paddy (up from 9m tonnes for the equivalent crop in 2007), the Ministry of Agriculture has now announced a relaxation of the restrictions. The minister of agriculture, Cao Duc Phat, said on May 6th that Vietnam had enough rice to meet domestic consumption and major export deals. Total exports of rice are now expected to top 4m tonnes in 2008, although this is below the 4.5m tonnes exported in 2007.

For most households that buy rice, the higher prices have made life more difficult. This poses a real challenge in the mountainous areas of the north and centre, where serious poverty is still widespread. The number of undernourished households rose by 25% between March and April and is estimated at 1.3% of all households. The government provides food and cash

subsidies to some of these households, distributing 3,000 tonnes of food and D1.3bn (US\$813,000) in such subsidies in April alone.

## Economic performance

### Industrial output rises by 16.4% in January-May

The value of industrial output, measured in constant prices, rose by 16.4% year on year in the first five months of 2008. Although just slightly below the 17.1% year-on-year growth rate seen during the same period of 2007, this is a clear indication that the industrial sector remains robust, despite concerns about the short-run macroeconomic situation. The fastest-growing segment is private, domestically owned industry, which now accounts for over one-third of total industrial production, and grew by 22.1% year on year in the first five months of 2008. The most noticeable deceleration in growth was in state-owned industry, which now accounts for just 22.4% of total industrial output. These firms are especially dependent on bank credit, and are likely to be among the first to feel the pinch of restraints on credit creation.

Output growth is broadly based, exceeding 20% in a number of important sectors in the first five months of 2008, including garments, air conditioners, televisions, buses and trucks. The main exceptions to the upward trend were crude oil (output of which fell by 6.3% compared with the year-earlier period) and natural gas (down by 3.1% in the same period). Electricity output grew by 15.7% year on year in the first five months, which confirms the broad base of rising demand by households and industry as the economy continues to expand. The strength of economic growth is also seen in the rise in retail sales, which increased by 29.7% year on year (in nominal terms) in the first five months of 2008.

### Inflation is soaring on the back of food prices

Consumer prices rose by 25.2% year on year in May. The most immediate cause of the increase was a 42.4% rise in the price of food and foodstuffs, which in turn was driven by a 67.8% jump in food prices. Non-food inflation is running at around 10% per year. The rise in the price of food has led to an acceleration of inflation in other countries in the region, but the effect has been particularly strong in Vietnam. In part, this is because food still has a big weighting in the consumer price index (43%). But the excessively rapid expansion of bank credit in 2007—loans rose by over 50%—is also contributing to current inflation.

An important consequence of the rise in inflation has been a sharp increase in the number of strikes as workers seek pay increases to compensate for the rising cost of living. Despite stricter rules against strikes, an estimated 300 strikes took place in the first quarter of 2008, compared to just 103 in the first quarter of 2007. Although the strikes are typically short, they often involve large numbers of workers. Higher labour costs, without a commensurate depreciation of the dong, are eroding Vietnam's competitiveness in low value added industries such as garment and footwear manufacturing.

**Tighter bank credit has hit the real estate bubble**

The tightening of bank credit has punctured the real estate bubble, and while demand for premium office space remains strong, the prices for up-market flats have now eased. Earlier this year people were lining up to put down deposits on yet-to-be-built high-end residences, but that frenzy is now over. Some of the promoters were apparently dishonest: the developers of the Adonis 2 complex in Ho Chi Minh City were selling units on the 16th floor and higher, despite zoning laws that cap such buildings at 15 storeys.

**Stock prices are falling, owing to tighter credit**

The Vietnam Index of stock prices fell on every day of trading in May and as of June 3rd stood at 401, far below the high of 1,170 that it hit on March 12th 2007. The continued slide in stock prices is in part a result of rising interest rates and tighter credit conditions on lending to market investors, but also to concern about the prospects for the Vietnamese economy over the coming months. If inflation remains high, the SBV is likely to tighten credit growth further, raising interest rates and lowering economic growth, and this would warrant lower stock prices.

Another reason for the anaemic performance of stocks is that a number of banks lent money in 2007 for stock purchases, taking stock as collateral. Not only has the SBV instituted tight limits on bank lending for stock purchases, but some of these earlier loans have gone sour. This has left banks with shares that they are gradually trying to offload, which is exerting additional downward pressure on stock prices.

**Small banks are being urged to merge**

The banking working group of the Vietnam Business Forum has expressed worries that many smaller commercial banks are facing a “severe situation”—presumably a euphemism for high levels of non-performing loans, risky portfolios and difficulty mobilising funds—and recommends that many should merge with larger and more stable institutions. The SBV's deputy governor, Nguyen Dong Tien, concurs and says that mergers and acquisitions in the domestic banking sector could help to ensure the stability of the banking system.

**The dong is coming under pressure**

The market for foreign exchange has become jittery as firms and households try to reduce their exposure to dong (which they fear will depreciate), and turn to US dollars instead. By June 11th news sources were reporting an exchange rate of D16,624:US\$1, the highest price of the US dollar so far in 2008. The SBV's interest rate rise on June 10th coincided with the announcement that the dong's reference rate would be lowered by two percentage points on that day; the currency depreciated by 1.9% in trading, the largest depreciation in one day since 1998. The move was intended to curb speculation on the currency, but it has also raised concerns that the SBV may not be committed to the current exchange-rate regime and that continued depreciation is certain.

There is a black market for US dollars, although until recently the gap between the official exchange rate for the US dollar, and the black market rate, has been minimal. However, on May 27th the US dollar was briefly able to fetch D17,750:US\$1 on the black market. This came just a day after foreign banks were offering to pay up to D17,350 to obtain US dollars from local banks on the

interbank market. The SBV responded by announcing that it would continue to sell US dollars to local banks in order to forestall a run on the dong. It has acted on this promise; for instance, on May 27th the SBV sold US\$100m in foreign exchange to one of the four large state-owned banks, the Bank for Industrial Development. The measure calmed the market, so that by May 30th the black market rate was down to D17,000:US\$1.

**The SBV is reluctant to let the dong depreciate significantly**

The SBV is reluctant to let the dong depreciate quickly or significantly, fearing (correctly) that such a move would exacerbate inflation. It believes that it has enough reserves of foreign exchange in order to intervene in the money market (by buying up dong) to prevent any significant depreciation of the dong against the US dollar. On the other hand, dong futures prices indicate that the market expects the dong to depreciate. The interest rate on dong deposits, at around 15%, is well above the rate on US dollar deposits, which is another indication that a depreciation is expected.

**Imports outstrip exports by far in value terms**

The US dollar value of Vietnam's exports rose by 27.2% year on year in the first five months of 2008. However, this growth pales beside the 67% increase in the value of imports in the same period; imports of steel, fertiliser and automobiles (including parts) all more than doubled in value. The net effect is that the trade deficit widened to reach US\$12.2bn in the first five months, expanding by US\$9.7bn, or 383%, from the same period in 2007. The trade deficit is equivalent to 61.6% of export receipts. In part the trade deficit was paid for by inflows of foreign direct investment (FDI) of US\$4bn and overseas development assistance (estimated at around US\$1.2bn), as well as remittances estimated at around US\$2.5bn. But around one-half of the deficit was financed from sources that are not accounted for. This is especially worrying, given current macroeconomic instability, the widening trade deficit and the uncertainty surrounding the currency.

**Vietnamese garments are not being dumped**

On May 6th the US Department of Commerce (DOC) announced that Vietnam has not been dumping textiles or apparel in the US and its products have not influenced local producers. The DOC has put in place a garment import monitoring mechanism that focuses on Vietnamese products following its accession to the World Trade Organisation (WTO) in January 2007. Vietnam has argued that the monitoring mechanism is contrary to WTO rules, but Vietnamese garment producers have also shown restraint in pricing and shipments to avoid accusations of dumping—although garment exports to the US still rose by 30% in 2007. Vietnam expects to export US\$5.4bn worth of textiles and garments to the US in 2008; if achieved, this will make Vietnam the second-largest garment exporter to the US behind China (with US\$6.1bn in exports).

**FDI commitments are ahead of record levels**

Despite short-term concerns, investors remain confident about the long-term prospects for the Vietnamese economy. In the first five months of 2008 FDI commitments in a total of 324 projects had reached US\$14.7bn, an increase of 160.8% on the same period in 2007. In May alone 130 projects were approved, valued at almost US\$7.5bn. By far the largest single project was proposed by the Canada-based Asian Coast Development Group, a property developer, which

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aims to build 9,000 five-star hotel rooms, a conference centre, a tourism resort and a golf course in the southern province of Ba Ria-Vung Tau. In a break from the past, recent projects have typically been in the real estate sector, whereas just one-sixth of the recent FDI commitments are for industrial projects. In 2007 foreign investors committed to funding projects worth US\$20.3bn in Vietnam, one-third more than that committed in Thailand.

# Data and charts

## Annual data and forecast

	2003 <sup>a</sup>	2004 <sup>a</sup>	2005 <sup>a</sup>	2006 <sup>a</sup>	2007 <sup>b</sup>	2008 <sup>c</sup>	2009 <sup>c</sup>
<b>GDP</b>							
Nominal GDP (US\$ bn)	39.6	45.4	52.9	60.9 <sup>b</sup>	70.7	82.0	90.3
Nominal GDP (D bn)	613,443	715,307	839,211	974,266 <sup>b</sup>	1,144,020	1,356,176	1,582,988
Real GDP growth (%)	7.3	7.8	8.4	8.2	8.5	6.9	7.7
<b>Expenditure on GDP (% real change)</b>							
Private consumption	8.0	7.1	7.5	7.3	7.5	5.1	7.0
Government consumption	7.2	7.8	7.9	8.8	7.5	7.5	7.5
Gross fixed investment	11.9	10.4	9.8	8.6	11.0	10.0	11.3
Exports of goods & services	19.9	25.7	20.5	15.5 <sup>b</sup>	15.0	16.9	15.6
Imports of goods & services	22.7	21.9	15.9	14.6 <sup>b</sup>	16.4	18.0	15.5
<b>Origin of GDP (% real change)</b>							
Agriculture	3.6	4.4	4.0	3.4	3.4 <sup>a</sup>	3.5	3.0
Industry	10.4	10.3	10.7	10.4	10.6 <sup>a</sup>	8.9	10.2
Services	6.5	7.3	8.5	8.3	8.7 <sup>a</sup>	6.2	7.2
<b>Population and income</b>							
Population (m)	81.6	82.7	83.8	84.9 <sup>b</sup>	85.9	87.0	88.1
GDP per head (US\$ at PPP)	1,765 <sup>b</sup>	1,931 <sup>b</sup>	2,126 <sup>b</sup>	2,342 <sup>b</sup>	2,575	2,794	3,042
Recorded unemployment (av; %)	5.8	5.6	5.3	4.8	5.3	5.3	5.0
<b>Fiscal indicators (% of GDP)</b>							
Central government balance	-1.2	0.9	-1.2	-0.3 <sup>b</sup>	-1.8	-1.8	-1.9
Net public debt	41.1	42.7	44.0	43.3 <sup>b</sup>	42.3	40.4	39.1
<b>Prices and financial indicators</b>							
Exchange rate D:US\$ (end-period)	15,646	15,777	15,916	16,054	16,030 <sup>a</sup>	17,075	17,587
Exchange rate D:€ (end-period)	19,736	21,359	18,775	21,186	23,409 <sup>a</sup>	26,296	25,677
Consumer prices (end-period; %)	3.1	9.7	8.6	6.6	12.6 <sup>a</sup>	21.9	8.9
Stock of money M1 (% change)	25.3	26.1	22.2	20.7	48.9	26.6	24.9
Stock of money M2 (% change)	33.1	31.1	30.9	29.7	49.1	32.0	25.7
Lending interest rate (av; %)	9.5	9.7	11.0	11.2	11.4	20.8	17.3
<b>Current account (US\$ m)</b>							
Trade balance	-2,581	-2,287	-839	-254 <sup>b</sup>	-2,573	-8,522	-7,300
Goods: exports fob	20,149	26,485	32,442	39,957 <sup>b</sup>	49,962	68,920	83,957
Goods: imports fob	-22,730	-28,772	-33,281	-40,210 <sup>b</sup>	-52,535	-77,441	-91,257
Services balance	-778	-872	-1,106	-1,232 <sup>b</sup>	-1,388	-1,420	-1,459
Income balance	-811	-891	-1,219	-1,575 <sup>b</sup>	-1,253	-2,060	-2,534
Current transfers balance	2,239	3,093	3,380	3,403 <sup>b</sup>	3,951	4,500	4,953
Current-account balance	-1,931	-957	217	343 <sup>b</sup>	-1,264	-7,502	-6,340
<b>External debt (US\$ m)</b>							
Debt stock	15,991	18,049	19,212	20,202	21,886	24,485	26,522
Debt service paid	807	787	957	918	944	1,029	1,255
Principal repayments	507	430	519	464	533	571	699
Interest	301	357	438	454	411	458	556
<b>International reserves (US\$ m)</b>							
Total international reserves	6,359	7,186	9,217	13,591	23,872	21,260	26,744

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

Source: IMF, *International Financial Statistics*.

## Quarterly data

	2006			2007				2008
	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
<b>Prices</b>								
Consumer prices (2000=100)	132.9	134.5	136.0	140.1	143.0	146.4	150.8	163.3
Consumer prices (% change, year on year)	7.4	7.2	6.7	6.5	7.6	8.9	10.9	16.6
<b>Financial indicators</b>								
Exchange rate D:US\$ (av)	15,964	16,015	16,077	16,022	16,064	16,169	16,060	15,947
Exchange rate D:US\$ (end-period)	15,996	16,055	16,054	16,024	16,079	16,148	16,046	16,002
Deposit rate (av; %)	7.6	7.7	7.7	n/a	n/a	n/a	n/a	n/a
Lending rate (av; %)	11.2	11.2	11.2	n/a	n/a	n/a	n/a	n/a
Refinancing rate (end-period; %)	5.0	5.0	5.0	n/a	n/a	n/a	n/a	n/a
Treasury bill rate (av; %)	5.6	3.7	3.4	n/a	n/a	n/a	n/a	n/a
M1 (end-period; D bn)	238,276	236,480	292,215	317,329	334,442	352,754	435,168	n/a
M1 (% change, year on year)	22.0	17.6	20.7	31.3	40.4	49.2	48.9	n/a
M2 (end-period; D bn)	727,165	753,012	841,011	949,181	1,029,562	1,110,983	1,253,998	n/a
M2 (% change, year on year)	33.5	30.3	29.7	35.6	41.6	47.5	49.1	n/a
<b>Foreign trade (US\$ m)</b>								
Exports fob	n/a	n/a	10,133	10,565	11,901	12,319	13,528	13,160
Imports cif	n/a	n/a	-11,591	-12,277	-14,783	-15,537	-18,100	-21,510
Trade balance	n/a	n/a	-1,458	-1,712	-2,882	-3,218	-4,572	-8,350
<b>Foreign payments (US\$ m)</b>								
Merchandise trade balance	-767.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Services balance	-280	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Income balance	-424	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net transfer payments	765	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Current-account balance	-706	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Reserves excl gold (end-period)	11,293	11,904	13,384	18,317	20,793	22,575	23,602	n/a

Sources: IMF, *International Financial Statistics*.

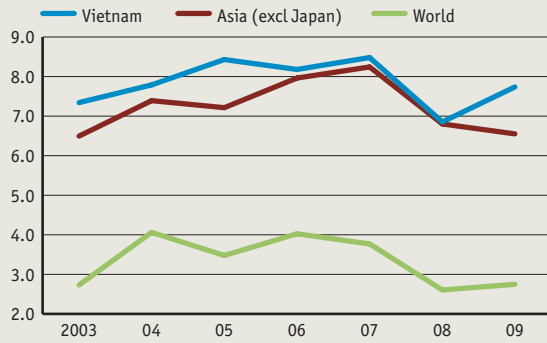
## Monthly data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Exchange rate D:US\$ (av)</b>												
2006	15,924	15,924	15,914	15,930	15,973	15,989	15,997	16,011	16,038	16,065	16,093	16,073
2007	16,061	15,994	16,012	16,039	16,062	16,101	16,120	16,192	16,196	16,083	16,062	16,034
2008	15,992	15,951	15,898	16,126	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Exchange rate D:US\$ (end-period)</b>												
2006	15,922	15,910	15,927	15,934	15,959	15,996	16,007	16,014	16,055	16,083	16,089	16,054
2007	16,036	15,990	16,024	16,047	16,087	16,113	16,127	16,226	16,092	16,083	16,044	16,101
2008	15,971	15,931	16,105	16,175	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Money supply M1 (% change, year on year)</b>												
2006	29.8	18.2	24.4	21.5	23.1	22.0	23.9	22.7	17.6	18.7	20.5	20.7
2007	16.2	35.4	31.3	35.7	37.4	40.4	43.1	41.9	49.2	55.4	53.7	48.9
2008	56.8	35.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Money supply M2 (% change, year on year)</b>												
2006	34.6	32.5	35.4	33.8	34.1	33.5	34.1	32.7	30.3	30.4	30.6	29.7
2007	28.8	34.0	35.6	39.0	40.6	41.6	43.7	43.2	47.5	50.5	49.8	49.1
2008	48.2	41.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Deposit rate (av; %)</b>												
2006	7.5	7.7	7.7	7.7	7.5	7.7	7.7	7.7	7.7	7.7	7.7	7.7
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Lending rate (av; %)</b>												
2006	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Consumer prices (av; % change, year on year)</b>												
2006	8.8	8.3	7.8	7.2	7.4	7.4	7.4	7.3	6.8	6.7	6.8	6.6
2007	6.5	6.5	6.7	7.1	7.2	7.8	8.4	8.6	8.8	9.3	10.0	12.6
2008	14.1	15.7	19.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Goods exports fob (US\$ m)</b>												
2006	3,065	2,404	3,100	n/a	n/a	n/a	n/a	3,674	3,378	3,343	3,290	3,500
2007	3,759	2,925	3,881	3,650	4,066	4,185	4,278	4,313	3,728	4,280	4,548	4,700
2008	4,911	3,415	4,834	5,100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Goods imports cif (US\$ m)</b>												
2006	2,599	2,714	3,200	n/a	n/a	n/a	n/a	4,151	3,968	3,845	3,746	4,000
2007	4,331	3,468	4,478	4,493	5,279	5,011	5,239	5,335	4,963	5,630	6,170	6,300
2008	7,198	6,194	8,118	7,850	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Trade balance fob-cif (US\$ m)</b>												
2006	466	-310	-100	n/a	n/a	n/a	n/a	-477	-590	-502	-456	-500
2007	-572	-543	-597	-843	-1,213	-826	-961	-1,022	-1,235	-1,350	-1,622	-1,600
2008	-2,287	-2,779	-3,284	-2,750	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Foreign-exchange reserves excl gold (US\$ m)</b>												
2006	9,993	10,199	10,742	11,180	11,391	11,293	11,357	11,684	11,904	12,015	12,291	13,384
2007	15,265	16,967	18,317	19,300	20,267	20,793	21,701	21,925	22,575	23,036	23,509	23,602
2008	24,467	26,328	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: IMF, *International Financial Statistics*; Haver Analytics.

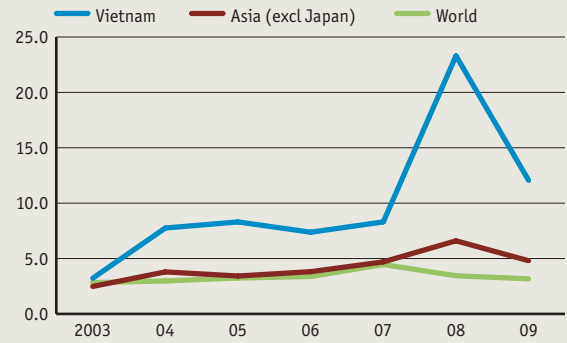
### Annual trends charts

**Real GDP growth**  
(% change)



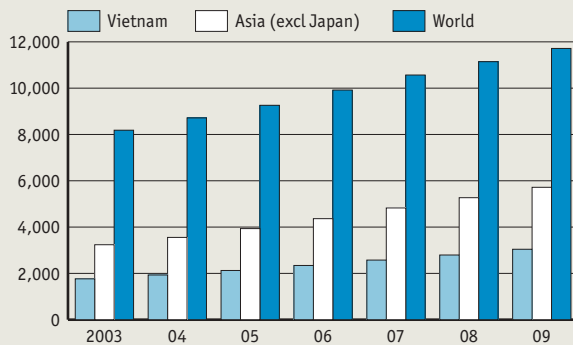
Source: Economist Intelligence Unit.

**Consumer price inflation**  
(av; %)



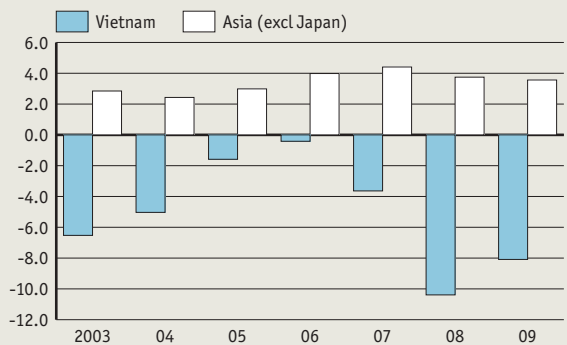
Source: Economist Intelligence Unit.

**GDP per head**  
(US\$, PPP)



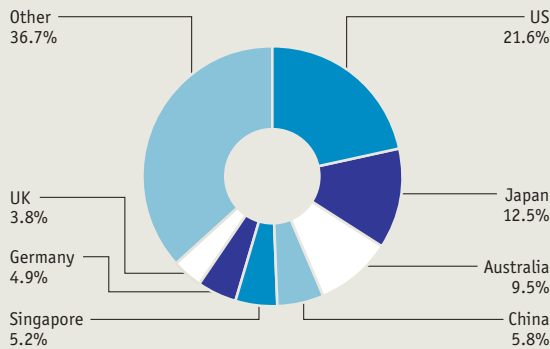
Source: Economist Intelligence Unit.

**Trade balance**  
(% of GDP)



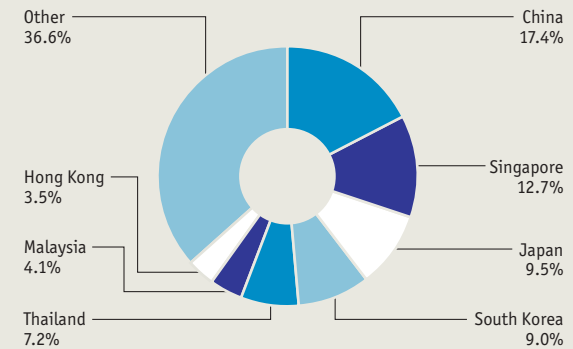
Source: Economist Intelligence Unit.

**Main destinations of exports, 2006**  
(share of total)



Source: Economist Intelligence Unit.

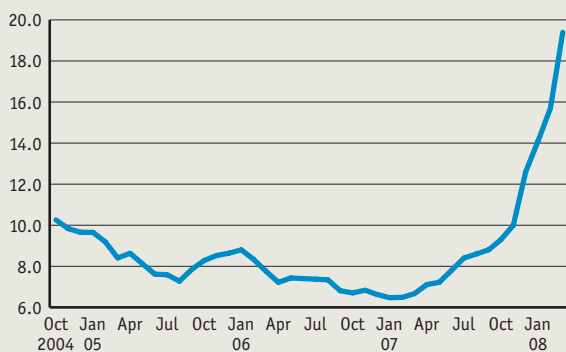
**Main origins of imports, 2006**  
(share of total)



Source: Economist Intelligence Unit.

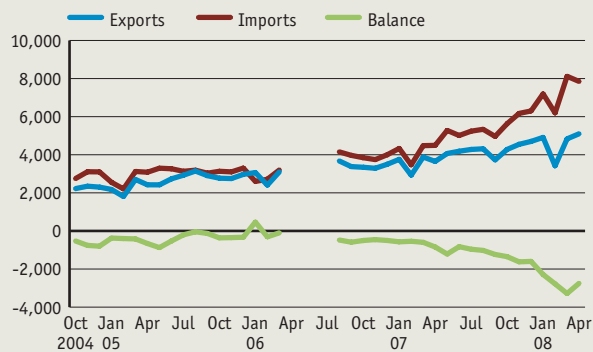
### Monthly trends charts

**Consumer price inflation**  
(% change, year on year)



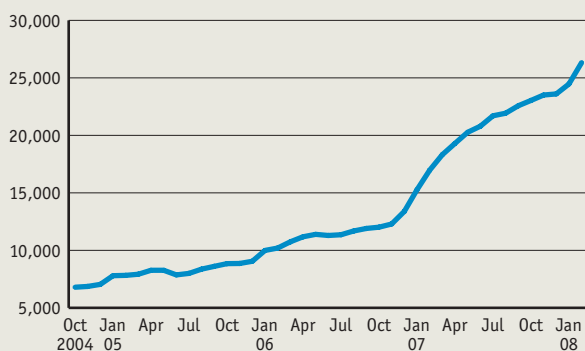
Source: Economist Intelligence Unit.

**Foreign trade**  
(US\$ m; goods only)



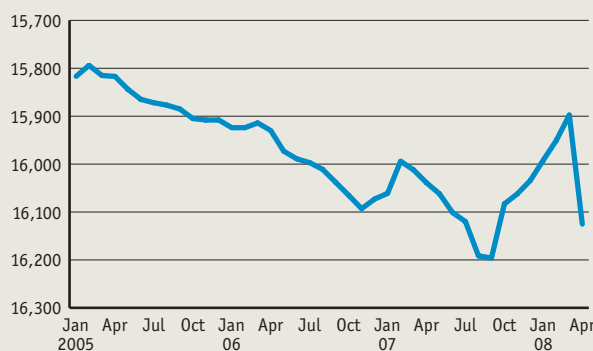
Source: Economist Intelligence Unit.

**Foreign-exchange reserves**  
(US\$ m)



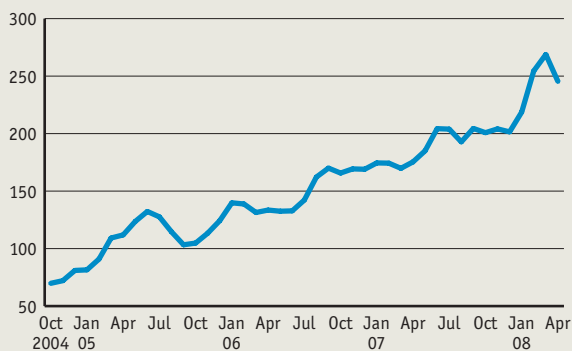
Source: Economist Intelligence Unit.

**Exchange rate**  
(D:US\$; av; inverted scale)



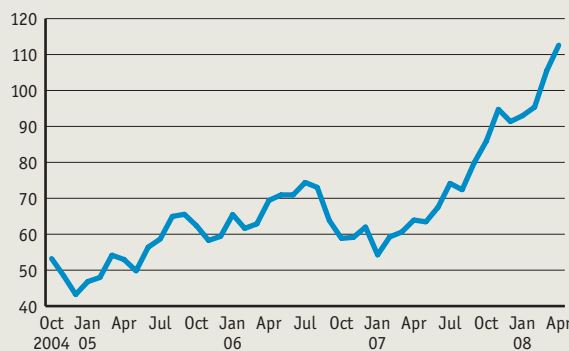
Source: Economist Intelligence Unit.

**Coffee: Robusta, ICO price**  
(US cents/kg)



Source: Economist Intelligence Unit.

**Oil: WTI crude price**  
(US\$/b; av)



Source: Economist Intelligence Unit.

# Country snapshot

## Political structure

<b>Official name</b>	Socialist Republic of Vietnam	
<b>Form of state</b>	One-party rule	
<b>The executive</b>	The cabinet is constitutionally responsible to the National Assembly, which is elected for a five-year term	
<b>Head of state</b>	The president, currently Nguyen Minh Triet	
<b>National legislature</b>	The unicameral 493-member Quoc Hoi (National Assembly) meets biannually; an election takes place every five years. The Assembly appoints the president and the cabinet	
<b>Local government</b>	Centrally controlled provinces and municipalities are subdivided into towns, districts and villages, which have a degree of local accountability through elected people's councils	
<b>Legal system</b>	The regional people's courts and military courts operate as courts of first and second instance, with the Supreme Court at the apex of the system	
<b>National elections</b>	Elections for the National Assembly and People's Councils took place in May 2007; the next are due in 2012	
<b>National government</b>	The Communist Party of Vietnam, and in particular its politburo, controls both the electoral process and the executive	
<b>Main political organisations</b>	The Communist Party of Vietnam (general secretary: Nong Duc Manh); the Vietnam Fatherland Front	
<b>Main members of the cabinet</b>	<b>Prime minister</b>	Nguyen Tan Dung
	<b>Deputy prime ministers</b>	Nguyen Sinh Hung Pham Gia Khiem Hoang Trung Hai Nguyen Thien Nhan Truong Vinh Trong
	<b>Key ministers</b>	<b>Agriculture &amp; rural development</b> Cao Duc Phat
		<b>Construction</b> Nguyen Hong Quan
		<b>Culture, sports &amp; tourism</b> Hoang Tuan Anh
		<b>Education &amp; training</b> Nguyen Thien Nhan
		<b>Finance</b> Vu Van Ninh
		<b>Foreign affairs</b> Pham Gia Khiem
		<b>Industry &amp; trade</b> Vu Huy Hoang
		<b>Information &amp; communications</b> Le Doan Hop
		<b>Interior</b> Tran Van Tuan
		<b>Justice</b> Ha Hung Cuong
		<b>Labour, war invalids &amp; social affairs</b> Nguyen Thi Kim Ngan
		<b>National defence</b> Phung Quang Thanh
		<b>Natural resources &amp; environment</b> Pham Khoi Nguyen
		<b>Planning &amp; investment</b> Vo Hong Phuc
		<b>Public health</b> Nguyen Quoc Trieu
		<b>Transport</b> Ho Nghia Dung
<b>Central bank governor</b>	Nguyen Van Giau	