Country Forecast

Vietnam

Vietnam at a glance: 2011-15

OVERVIEW

The Communist Party of Vietnam (CPV) will keep a firm grip on power in the forecast period, and, despite signs of factional splits between conservative hardliners and reformers, there is no prospect of any major internal instability. Given the generally high level of political apathy, together with the regime's determination to crack down hard on pro-democracy activists, the likelihood that Vietnam will suffer an upheaval similar to that currently occurring in the Arab world is low. Economic policymakers have embarked on a tightening programme, but concerns persist over whether the political will exists to implement the tougher measures that may be needed to stabilise the economy. Real GDP growth will slow this year, to 6.4%, but will return to an average annual rate of 7-7.5% in 2012-15, underpinned by strong growth in consumption, investment and exports. Inflation will accelerate to an average rate of 16.9% in 2011, before slowing to an average of 8% a year in 2012-15. Policymakers are likely to face an ongoing battle to keep the dong stable against the US dollar. The current account will remain in deficit.

Key changes from last month

Political outlook

- An election for the National Assembly (the legislature) is scheduled for May 22nd. However, candidates are vetted by the Vietnam Fatherland Front, a CPV-controlled umbrella body that includes all of the country's "mass organisations", and only those deemed suitable are allowed to stand.

Economic policy outlook

- The State Bank of Vietnam (the central bank) has continued to push up policy interest rates. It raised the refinance rate by 100 basis points at the beginning of April and also at the beginning of May, lifting it to 14%.

Economic forecast

- Owing to the negative impact that the recent sharp increases in interest rates and accelerating inflation will have on private consumption and investment, the Economist Intelligence Unit has revised down its forecast for real GDP growth this year to 6.4%, from 6.8% previously.

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Country forecast overview

Highlights

- The Communist Party of Vietnam (CPV) will maintain its grip on power and will continue to dictate the political agenda in 2011-15. The CPV will continue to face objections from some quarters to its long-standing claim that it has the right to govern unchallenged. However, given the high degree of political apathy in the country, together with the regime's determination to crack down on activists who advocate genuine democratic reform, there is little likelihood that any opposition movement will gain traction to the extent that Vietnam suffers an upheaval similar to that currently taking place in the Arab world.

- Improvements in Vietnam's relations with China are unlikely to damage the former's relations with the US: the Economist Intelligence Unit expects the government to continue to maintain a balance whereby it avoids too close an alignment with one country to the detriment of links with the other. However, relations with the US could be strained by allegations of human rights violations in Vietnam, as well as by a dispute between the two countries that Vietnam has brought before the World Trade Organisation.

- The fiscal position will remain weak throughout the forecast period, owing to persistently high public expenditure. Vietnam will continue to receive funds from international donors. Its capacity to issue international bonds is likely to be affected by creditor concerns about the ability of state-owned enterprises to repay debt without government support.

- Although Vietnam's long-term economic growth prospects remain positive, the early part of the forecast period will be challenging. Real GDP growth in 2011 is forecast to slow to 6.4%, but growth will accelerate to 7-7.5% a year in the remainder of the forecast period.

- The rate of consumer price inflation is forecast to accelerate to 16.9% in 2011 before slowing to an average rate of 8% a year in 2012-15. The acceleration this year will partly reflect the fact that the domestic price level remains vulnerable to movements in international commodity prices.

- Maintaining stability in the exchange rate between the dong and the US dollar will remain a challenge for policymakers, and we forecast that the dong will depreciate by 4.5% a year on average over the next five years.

- The current-account deficit will average 5.3% of GDP in 2011-15. After dwindling in 2009-10, Vietnam's foreign-exchange reserves will expand again in the forecast period, supported by capital and financial inflows.

Key indicators	2010	2011	2012	2013	2014	2015
Real GDP growth (%)	6.8	6.4	7.0	7.1	7.3	7.2
Consumer price inflation (av; %)	9.0	16.9	10.4	7.9	7.5	6.1
Budget balance (% of GDP)	-5.5	-4.8	-5.3	-5.1	-5.0	-5.4
Current-account balance (% of GDP)	-5.4	-5.6	-5.3	-5.7	-5.3	-4.5
Commercial banks' prime rate (av; %)	13.1	19.0	18.0	12.0	11.5	11.5
Exchange rate D:US$ (av)	19,127	21,108	22,620	23,121	23,581	24,082
Exchange rate D:¥100 (av)	21,765	25,821	27,926	28,544	28,714	28,841

Business environment rankings

Value of index[a]		Global rank[b]		Regional rank[c]	
2006-10	2011-15	2006-10	2011-15	2006-10	2011-15
5.23	5.68	67	65	15	15

[a] Out of 10. [b] Out of 82 countries. [c] Out of 17 countries: Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.

- Vietnam moves up two places, to 65th out of 82 countries, in our global business environment rankings for 2011-15, but the country remains near the bottom of the regional rankings.

Vietnam's business environment at a glance

Policy towards private enterprise and competition

2011-12: The government makes an effort to reform state-owned enterprises (SOEs), but progress is slow. There are signs that the competition law will be applied more forcefully. The government considers price controls on certain goods.
2013-15: More SOEs undertake reforms and are equitised (part-privatised). Progress is made on removing market distortions in terms of access to opportunities and resources.

Policy towards foreign investment

2011-12: The government loosens restrictions on foreign investment further and seeks to promote investment in listed firms.
2013-15: Red tape remains a hindrance. The government opens up more service sectors to foreign investors.

Foreign trade and exchange controls

2011-12: Negotiations begin on a free-trade agreement with the EU. Vietnam becomes a negotiating member of the Trans-Pacific Strategic Economic Partnership (TPP) on a financial services and investment agreement.
2013-15: Trade barriers are lowered further. Agreements with the EU and the TPP are concluded.

Taxes

2011-12: Progress is made on improving the efficiency of tax collection, but distortions persist.
2013-15: The tax base is broadened, but the tax regime remains overly complicated. The government fails to meet some demands of foreign investors regarding the tax regime, particularly in relation to the foreign-contractor withholding tax.

Financing

2011-12: State-owned commercial banks undertake reforms. The government directs lending towards high-priority sectors. The authorities try to exert influence over banks' interest rate policies and make efforts to restrain domestic credit growth.
2013-15: The availability of financing improves as limits on the activities of foreign banks are relaxed further. As the regulatory environment strengthens, the stockmarket emerges as an important source of finance.

The labour market

2011-12: Wages for unskilled labour remain low. Labour unrest becomes more common.
2013-15: Wages stay low relative to their level in other Asian countries. The education system remains poorly equipped to train the next generation of young professionals to meet the needs of foreign-invested enterprises.

Infrastructure

2011-12: Work continues on three major ports. The government improves the energy supply, in part by buying electricity from neighbouring countries. Demand for telecommunications services rises sharply.
2013-15: New ports become operational, increasing capacity significantly. Ongoing investment in electricity-generating plants improves the reliability of power supplies. Telecoms infrastructure improves as a result of heavy investment.

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Fact sheet

Annual data	2010[a]	Historical averages (%)	2006-10
Population (m)	87.8	Population growth	1.0
GDP (US$ bn; market exchange rate)	103.6[b]	Real GDP growth	7.0
GDP (US$ bn; purchasing power parity)	276.6	Real domestic demand growth	9.3
GDP per head (US$; market exchange rate)	1,180	Inflation	10.8
GDP per head (US$; purchasing power parity)	3,150	Current-account balance (% of GDP)	-6.8
Exchange rate (av) D:US$	19,127[b]	FDI inflows (% of GDP)	8.0

[a] Economist Intelligence Unit estimates. [b] Actual.

Background: For much of its history Vietnam has fought off domination by outside powers. In 1945 Ho Chi Minh declared independence from France after nearly 60 years of colonial rule. Vietnam was divided between the communist north and the US-backed south in 1954. The country's war of independence finally ended in 1975 with victory for the north. The Vietnamese invasion of Cambodia in 1978-79 led to more than a decade of isolation from the West and to dependence on the Soviet Union. This state of affairs ended with the Cambodian settlement of 1991, which allowed Vietnam to implement more fully the government's policy of economic renovation (*doi moi*).

Political structure: Vietnam is one of the few surviving communist countries to be organised along traditional Leninist lines. It is a one-party state, within which the Communist Party of Vietnam maintains a tight grip on power. Efforts are under way to make local government more accountable and transparent and to restructure government ministries to reduce bureaucratic inefficiency, but broader political change is not on the agenda.

Policy issues: The government has made progress on reducing poverty, but tough challenges lie ahead, notably in terms of ensuring the stability of the economy, improving the conduct of monetary policy and strengthening the legal framework. The government will continue to focus on supporting the domestic economy, while also trying to keep inflation under control and shoring up confidence in Vietnam's currency, the dong. Economic reforms will improve the operating environment for local and foreign investors, as will Vietnam's membership of the World Trade Organisation.

Taxation: A reformed personal income tax system was introduced in 2009. The new income tax structure applies the same tax rates to Vietnamese and foreign workers and has broadened the tax base significantly. A corporate tax rate of 25% applies to both domestic and foreign-invested enterprises. Certain preferential rates still apply.

Foreign trade: On a balance-of-payments basis, exports totalled US$57.1bn in 2009, down from US$62.7bn in 2008, while the import bill fell to US$65.4bn, from US$75.5bn in the previous year. As a result, the merchandise trade deficit narrowed to US$8.3bn in 2009, from US$12.8bn in 2008.

Major exports 2010	% of total	Major imports 2010	% of total
Textiles & garments	15.7	Machinery, equipment & parts	15.9
Footwear	7.1	Steel	7.3
Crude oil	6.9	Refined petroleum	6.8
Fisheries products	6.9	Materials for textile industry	6.3

Leading markets 2009	% of total	Leading suppliers 2009	% of total
US	19.9	China	23.5
Japan	11.0	Japan	10.7
China	8.6	South Korea	10.0
Switzerland	4.4	Thailand	6.5

Outlook for 2011-15

Political outlook

Political stability

The ruling Communist Party of Vietnam (CPV) will maintain a firm grip on power in the next five years, and, despite signs of factional splits between conservative hardliners and relative reformers, there is no prospect of any major internal instability. Indeed, at the party's 11th national congress, in January, there were displays of unity as the party continued to espouse one-party rule. The congress did provide a chance for different factions to stake a claim to greater influence, but the spoils have been shared. The beleaguered prime minister, Nguyen Tan Dung, appears to have kept his post—his re-appointment will only be formally made following the formation of the 13th National Assembly (NA, the legislature) after national elections, which will be held on May 22nd. Although Mr Dung's continuation in office appears to have been endorsed by the CPV, his reputation has been damaged by the near-collapse of one of the largest state-owned enterprises, the Vietnam Shipbuilding Industry Group (Vinashin), and his political opponents have appeared bent on using the debacle as a way to reduce his political power. Truong Tan Sang, the head of the CPV secretariat, is in line to become president. Although the presidency is largely a ceremonial post, Mr Sang is one of Mr Dung's most formidable rivals within the party and is regarded as being a highly influential member of the party's conservative bloc. The post of party general secretary has gone to a Marxist theorist, Nguyen Phu Trong, who will stand down as chairman of the NA. The choice of Mr Trong, who is widely regarded as being a moderate, was possibly a compromise, providing some balance to the rivalry between Mr Dung and Mr Sang. However, given that Mr Trong is already 66, unlike his predecessor, Nong Duc Manh, he is not expected to serve two five-year terms. This suggests that internal power struggles could be reignited towards the end of the forecast period, ahead of the next congress.

The CPV will continue to face objections from some quarters to its long-standing claim that it has the right to govern unchallenged. However, given the generally high level of political apathy, together with the regime's determination to crack down on activists who advocate genuine democratic reform, there is little likelihood that any opposition movement will gain traction. The likelihood that Vietnam will suffer an upheaval similar to that taking place in a number of countries in the Middle East and North Africa is therefore low. However, concerns over soaring prices could create the conditions for social unrest in the short term, while protests over land seizures could become more common during the forecast period. The fast pace of industrial development in Vietnam has entailed the increasingly rapid construction of factories, plants and large infrastructure projects, such as roads and dams, throughout the country. As a result, the number of displaced residents has risen, and some have been vocal about what they perceive as inadequate government compensation for the loss of their land. Meanwhile, corruption in local bureaucracies occasionally results in the embezzlement of funds earmarked to compensate people who have been evicted from their land, leaving them dispossessed and with inadequate resources to rebuild their livelihoods. Public anger over such issues will intensify unless the authorities take action to punish corrupt local officials.

Tensions between the government and religious and ethnic-minority groups could come to the fore again in the next five years, with the state taking a harder line against minorities. The CPV tolerates religious activity as long as it does not pose a threat to the regime, although there have been flashpoints recently in the party's dealings with the Roman Catholic church. The party has warned that "social disorder" arising from land disputes over religious property will be strictly punished. The confiscation of property belonging to the Catholic church between the 1950s and 1970s remains a sore point in relations between the Vietnamese government, the local church and the Vatican. There are 6m Catholics in Vietnam, making the Catholic church the largest organisation in the country outside the orbit of the CPV. The party leadership will also remain concerned about the potential for social unrest in the Central Highlands. The area is largely populated by ethnic-minority groups, and, owing to the fact that party membership is not common, official control in that region is relatively weak.

Election watch

Vietnam is a one-party communist state, and elections do not play a major role in its political life. Appointments to CPV posts take place behind closed doors, with votes conducted merely to confirm decisions that have already been made. NA delegates are chosen by popular vote, and the next such election is scheduled for May 22nd 2011. However, candidates are closely vetted by the Vietnam Fatherland Front (VFF), a CPV-controlled umbrella body that includes all of the country's "mass organisations", and only those deemed suitable are allowed to stand. According to the vice-chair of the VFF Central Committee, Nguyen Van Pha, 832 out of 1,086 candidates were recently shortlisted for the NA election, of whom 83 were self-nominated (including both members and non-members of the CPV). At the 2007 election only 43 of the 493 people elected to the NA were non-CPV members.

International relations

Vietnam will continue to make strides in strengthening its ties with the West, particularly with the US. Vietnamese-US diplomatic ties have been bolstered by high-level exchanges in recent years, and the economic relationship between the two countries has developed rapidly. Military links have also become dramatically closer, as highlighted by joint military exercises in the South China Sea in August 2010. Despite these positive trends, US concerns over human rights and religious freedom in Vietnam will remain a source of bilateral tensions. However, such stress will not cause anything more serious than the occasional diplomatic spat. The US views Vietnam as an important ally in Asia, while Vietnam has both an economic and a security interest in maintaining close ties with the US. Although keen to become closer to the US, the current leadership in Vietnam will also seek to maintain strong relations with China. However, the two foreign policy objectives could prove difficult to balance.

The most significant unresolved issue between Vietnam and China concerns competing claims to the Spratly and Paracel islands in the South China Sea, particularly in view of China's increasingly assertive approach to matters of sovereignty. In addition to claims by Vietnam and China of full sovereignty over the islands, the Philippines, Brunei, Malaysia and Taiwan have also made full or partial claims. The dispute is unlikely to be resolved in 2011-15, but all the claimants have signed the Declaration on the Code of Conduct in the East (South China) Sea, which was initiated by the Association of South-East Asian Nations (ASEAN) and commits signatories to "resolving all disputes through peaceful negotiations in accordance with international laws and practices". The disputed area is becoming increasingly important strategically, however, as it is believed to contain oil and gas deposits and is also an important shipping route.

Economic policy outlook

Policy trends

Policymakers have embarked on a process of tightening economic policy, but concerns persist over whether there is sufficient political will to implement tougher measures that may be needed to stabilise the economy. The State Bank of Vietnam (SBV, the central bank) has tightened its monetary policy stance by pushing up its policy interest rates in recent months, but inflation is likely to remain in double digits in the short term—the sharp devaluation of the dong over the past year or so will create greater imported inflationary pressures, while the government has had to increase subsidised retail prices for fuel and electricity, owing to sharp rises in global crude oil prices recently. The government has also signalled its intention to tighten its fiscal policy stance, and further administrative measures may be introduced to slow the pace of growth in domestic credit. However, in the light of the government's general policy bias in favour of rapid economic growth rather than price stability, there is a risk that if the pace of growth does not pick up in the coming quarters (growth fell to 5.4% in the first quarter of 2011) that the authorities will again loosen policy.

Fiscal policy

Although there is a need for the government to rein in the fiscal deficit—to cool the economy and to avoid financing problems (outstanding public debt is estimated to have reached nearly 57% of annual GDP at end-2010)—it will struggle to narrow the deficit during the forecast period. The government recently revealed that it would cut planned investment spending this year by D50trn (US$2.4bn), or around 7.4% of the original total budget for the year. If it is implemented, the measure would help to lower the deficit, but it could yet prove difficult to administer such cuts in expenditure. Nevertheless, the government is still expected to record a lower deficit this year than in 2010, as high crude oil prices will boost official revenue (the authorities derive substantial tax revenue and royalties from the oil and gas sector). The Economist Intelligence Unit therefore expects the budget deficit to narrow to 4.8% of GDP this year, from an estimated 5.5% in 2010 and 7% in 2009. Government revenue will continue to be supported to some extent by strong economic growth in the remainder of the forecast period, and global prices for crude oil will remain relatively high. However, heavy spending on infrastructure and social welfare programmes will keep the budget deficit at above 5% of GDP in 2012-15.

Monetary policy

The SBV has taken aggressive steps to tighten monetary policy in recent months, pushing up its policy rates by up to 6 percentage points since November 2010. However, the SBV is not operationally independent, and it will be under pressure to ensure that the rising cost of financing does not undermine economic growth. The policy tools available to the central bank include a mix of both direct and indirect instruments. In the past few months the SBV has increased its refinance and discount rates in an attempt to slow the expansion of credit. However, the official target for domestic credit growth this year has only been revised down slightly from a limit of 23% to 20%. Although in March 2011 the central bank warned that it would double reserve requirements for banks that fail to reduce the ratio of lending to non-productive activities (as a percentage of total lending), to below 16% by the end of the year, the measures that have been taken so far are unlikely to be sufficient to cool an overheated economy. We therefore expect the authorities to have to tighten policy further this year.

Economic forecast

Economic growth

The recent sharp increases in interest rates and the acceleration in inflation will weaken private consumption and investment growth, and we have therefore revised down slightly our forecast for real GDP growth this year, to 6.4%, from 6.8% previously. However, assuming that officials manage to tighten policy further and have some success in cooling the economy without severely undermining growth momentum, we expect economic expansion to return to an average annual rate of 7-7.5% in 2012-15. Although global economic growth will slow in 2011, demand for Vietnamese goods is likely to hold up, and the manufacturing sector is expected to ramp up production. This will require more workers, and thus keep unemployment fairly low. In addition, remittances from overseas Vietnamese will remain high, providing an important boost to private consumption. As demand for exports remains strong, investment in the form of purchases of capital goods for the manufacturing sector will pick up. Despite concerns about the quality of Vietnam's business environment and a recent downturn in planned foreign-invested projects, foreign investor interest remains strong. Demand for Vietnamese goods—particularly in the US, China and Europe—will remain strong, but import expansion will also be significant, and net exports will consequently act as a drag on real GDP growth from 2013.

There are still some major downside risks to this growth outlook. On the domestic front, the government still has much to do in terms of stabilising the economy and rebuilding consumer and investor confidence. In part owing to a surge in inflation and a wide current-account deficit, confidence in the dong has diminished, and there is increased demand for safe havens in the form of US dollars and gold. On the international front, there is a risk that the global economic recovery will be weaker than we currently expect. Not only would this damage exports, but it would also have a knock-on effect on consumer and business spending in Vietnam, thereby inhibiting economic growth. Given the precarious nature of the country's foreign exchange reserves—as indicated by the difficulty that the SBV has had in managing the level of the dong:US dollar exchange rate—there is cause for concern over the country's ability to finance a widening trade deficit. Citing concerns over an external payments crisis, partly owing to the sharp fall in Vietnam's reserves in the past year or so, international credit-ratings agencies have downgraded Vietnam's sovereign debt rating, citing concerns over contradictory economic policymaking. Such downgrades and growing concerns over economic stability and the country's diminished international reserves has raised speculation that a support package from the IMF may be needed.

Inflation

Consumer price inflation is forecast to accelerate to 16.9% in 2011, from 9% in 2010, before slowing to an average rate of 8% a year in 2012-15. The acceleration this year partly reflects supply-side pressures stemming from rising international commodity prices. We expect crude oil prices (dated Brent Blend) to rise by nearly 27% this year and global food prices to rise by 29%. However, global commodity prices will fall in 2012, and are expected to remain relatively stable in 2013-15, and this will help to calm supply-side price pressures. But with the authorities yet to succeed in anchoring inflation expectations, annual price increases will remain high. The continued depreciation of the dong against the US dollar in 2011-15 will also serve to make imports more expensive.

Exchange rates

Maintaining stability in the exchange rate between the dong and the US dollar will remain a challenge for policymakers in the next two years, and we forecast that the dong will depreciate by an annual average of 8% a year in 2011-12, before depreciating by around 2% a year in 2013-15. In the face of strong downward pressure on the dong, the SBV has devalued the currency on four occasions since November 2009, most recently in February 2011. The devaluations have resulted in a cumulative drop of almost 14% in the currency's value against the US dollar. Further such measures are likely to be necessary in the coming years as the dong will remain under pressure until there are clear signs that the trade deficit is narrowing and inflationary pressures are receding. Moreover, Vietnam's meagre foreign-exchange reserves mean that the SBV will not be able to stem any downward pressure by intervening in the currency markets. According to the latest available figures from the IMF, foreign-exchange reserves stood at US$14.1bn (equivalent to around eight weeks of imports) in October 2010, down from a high of US$26.4bn in March 2008. Recent media reports have quoted a government minister as saying that reserves stood at over US$10bn in December 2010, although the exact level was not specified.

External sector

The current account will stay in deficit during the next five years, averaging the equivalent of 5.3% of GDP a year. Despite a recovery in exports, imports will rise in line with strong growth in consumption and investment, and this means that the merchandise trade deficit will remain wide. In addition to the deficit on the merchandise trade account, the services and income accounts will also stay in the red throughout 2011-15. Tourism receipts are expected to rise steadily in the forecast period, boosting services exports. However, Vietnam will remain reliant on a host of imported services, and there will be particularly strong growth in payments for trade-related services. Outflows on the income account will rise in line with the repatriation of profits by the growing number of foreign-invested enterprises in the country. But the combined deficit on the services and income accounts will continue to be offset by a large surplus on the current transfers account. Capital and financial inflows (including official foreign borrowing) will increase from the low levels that they reached in 2009. The country's international reserves position will therefore improve over the forecast period, having deteriorated in 2009 and early 2010.

Data summary

Global outlook

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
International assumptions (%)										
World GDP growth	4.1	3.9	1.5	-2.3	3.8	3.2	3.2	3.2	3.2	3.2
US GDP growth	2.7	1.9	0.0	-2.6	2.9[a]	2.9	2.5	2.6	2.6	2.7
EU27 GDP growth	3.3	3.0	0.4	-4.2	1.8	1.9	1.7	1.9	1.9	1.9
Asia & Australasia growth	5.7	6.4	2.8	0.3	6.5	4.5	4.8	4.6	4.4	4.4
World trade growth	8.8	7.1	2.7	-12.0	12.5	7.0	6.0	6.1	6.1	5.7
US CPI	3.2	2.9	3.8	-0.3	1.6[a]	2.3	2.1	2.5	2.8	2.8
EU27 CPI	2.2	2.3	3.5	0.8	2.0	2.7	2.0	2.0	2.1	2.2
Manufactures export price	3.7	8.7	8.5	-3.3	3.4	5.1	-0.1	-0.1	1.2	2.3
Oil price (Brent; US$/b)	65.4	72.7	97.7	61.9	79.6[a]	101.0	85.0	78.3	75.5	76.0
US$ 3-month commercial paper rate	5.0	5.1	2.2	0.3	0.3[a]	0.3	0.7	1.5	2.7	2.8
¥:US$ (av)	116.2	117.8	103.4	93.7	87.9[a]	81.8	81.0	81.0	82.1	83.5
¥:€ (av)	145.9	161.2	151.9	130.5	116.5[a]	111.6	104.9	99.4	100.8	106.5

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Gross domestic product, at current market prices

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Expenditure on GDP (D trn at current market prices)										
GDP	974.3	1,143.7	1,485.0	1,658.4	1,981.7[a]	2,306.3	2,625.2	2,955.2	3,392.5	3,867.7
Private consumption	617.2	740.6	1,001.0	1,102.3	1,275.3	1,492.1	1,723.4	1,981.9	2,279.2	2,586.9
Government consumption	58.7	69.2	90.9	104.5	123.0	155.0	184.5	214.4	246.6	279.9
Gross fixed investment	324.9	437.7	514.0	572.5	670.9	789.7	914.3	1,038.7	1,189.9	1,361.9
Exports of goods & services	717.1	879.5	1,157.2	1,132.7	1,529.2	2,118.0	2,450.9	2,801.6	3,272.0	3,879.7
Imports of goods & services	761.5	1,060.8	1,383.0	1,304.4	1,775.7	2,379.8	2,748.0	3,185.6	3,704.8	4,354.1
Stockbuilding	33.7	55.6	75.8	59.8	104.8	111.2	80.1	84.1	89.5	93.4
Domestic demand	1,034.5	1,303.2	1,681.6	1,839.1	2,174.0	2,548.1	2,902.3	3,319.2	3,805.3	4,322.2
Expenditure on GDP (US$ bn at current market prices)										
GDP	61.0	71.1	90.3	93.2	103.6[a]	109.3	116.1	127.8	143.9	160.6
Private consumption	38.6	46.1	60.9	61.9	66.7	70.7	76.2	85.7	96.7	107.4
Government consumption	3.7	4.3	5.5	5.9	6.4	7.3	8.2	9.3	10.5	11.6
Gross fixed investment	20.3	27.2	31.3	32.2	35.1	37.4	40.4	44.9	50.5	56.6
Exports of goods & services	44.9	54.7	70.4	63.6	79.9	100.3	108.3	121.2	138.8	161.1
Imports of goods & services	47.7	66.0	84.1	73.3	92.8	112.7	121.5	137.8	157.1	180.8
Stockbuilding	2.1	3.5	4.6	3.4	5.5	5.3	3.5	3.6	3.8	3.9
Domestic demand	64.7	81.1	102.3	103.3	113.7	120.7	128.3	143.6	161.4	179.5
Economic structure (% of GDP at current market prices)										
Private consumption	63.3	64.8	67.4	66.5	64.4	64.7	65.6	67.1	67.2	66.9
Government consumption	6.0	6.1	6.1	6.3	6.2	6.7	7.0	7.3	7.3	7.2
Gross fixed investment	33.4	38.3	34.6	34.5	33.9	34.2	34.8	35.1	35.1	35.2
Exports of goods & services	73.6	76.9	77.9	68.3	77.2	91.8	93.4	94.8	96.4	100.3
Imports of goods & services	78.2	92.7	93.1	78.7	89.6	103.2	104.7	107.8	109.2	112.6
Memorandum items										
Oil production ('000 b/d)	0.0	0.0	0.0	0.0[b]	280.0	376.6	379.0	381.5	384.0	386.5
National savings ratio (%)	36.5	33.4	27.8	31.6	33.7	33.5	32.6	32.3	32.5	33.1

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Gross domestic product, at constant prices

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Real expenditure on GDP (D trn at constant 1994 market prices)										
GDP[d]	425.4	461.3	490.5	516.6	551.6[a]	587.0	627.8	672.6	721.7	773.9
Private consumption	275.7	305.5	334.0	346.4	370.6	381.3	403.3	432.0	464.3	499.1
Government consumption	27.8	30.3	32.5	35.0	37.8	40.8	44.0	47.3	50.7	54.2
Gross fixed investment	146.3	181.7	188.6	205.1	222.5	233.9	250.7	271.3	296.0	322.6
Exports of goods & services	392.1[b]	454.8[b]	523.3[b]	492.0[b]	566.8	643.0	730.2	821.0	920.9	1,035.9
Imports of goods & services	422.6[b]	541.6[b]	625.1[b]	585.4[b]	686.1	753.0	829.5	924.0	1,033.1	1,162.9
Domestic demand	463.8	539.0	582.5	606.6	660.9	685.5	718.0	770.6	830.9	895.9
Real expenditure on GDP (% change)										
GDP	8.2	8.5	6.3	5.3	6.8[a]	6.4	7.0	7.1	7.3	7.2
Private consumption	8.3	10.8	9.3	3.7	7.0	2.9	5.8	7.1	7.5	7.5
Government consumption	8.5	8.9	7.5	7.6	8.0	7.8	7.8	7.7	7.0	7.0
Gross fixed investment	9.9	24.2	3.8	8.7	8.5	5.1	7.2	8.2	9.1	9.0
Exports of goods & services	17.7[b]	16.0[b]	15.1[b]	-6.0[b]	15.2	13.4	13.6	12.4	12.2	12.5
Imports of goods & services	18.9[b]	28.2[b]	15.4[b]	-6.3[b]	17.2	9.7	10.2	11.4	11.8	12.6
Domestic demand	9.5	16.2	8.1	4.1	9.0	3.7	4.8	7.3	7.8	7.8
Real contribution to GDP growth (%)										
Private consumption	5.4	7.0	6.2	2.5	4.7	1.9	3.8	4.6	4.8	4.8
Government consumption	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Gross fixed investment	3.4	8.3	1.5	3.4	3.4	2.1	2.9	3.3	3.7	3.7
External balance	-2.1[b]	-13.2[b]	-3.2[b]	1.7[b]	-5.0	1.7	1.8	-0.6	-1.4	-2.1

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts. [d] Components of GDP may not sum to total because of statistical discrepancy.

Gross domestic product by sector of origin

	2006[a]	2007[a]	2008[a]	2009[a]	2010[a]	2011[b]	2012[b]	2013[b]	2014[b]	2015[b]
Origin of GDP (D trn at constant prices)										
GDP at factor cost	425.1	461.4	489.8	516.6	551.6	587.0	627.8	672.6	721.7	773.9
Agriculture	79.5	82.4	86.1	88.2	90.6	93.8	97.0	100.1	103.2	106.6
Industry	174.2	192.7	203.8	214.8	231.3	247.5	267.3	291.4	317.6	346.2
Services	171.4	186.3	200.0	213.6	229.7	245.7	263.5	281.1	300.9	321.1
Origin of GDP (real % change)										
Agriculture	3.4	3.7	4.4	2.4	2.8	3.5	3.4	3.2	3.1	3.3
Industry	10.4	10.6	5.7	5.4	7.7	7.0	8.0	9.0	9.0	9.0
Services	8.3	8.7	7.3	6.8	7.5	7.0	7.3	6.7	7.0	6.7
Origin of GDP (% of factor cost GDP)										
Agriculture	20.4	20.3	22.0	20.9	20.6	20.0	19.4	18.6	17.9	17.3
Industry	41.5	41.6	39.9	40.2	41.1	41.3	41.7	42.5	43.1	43.8
Services	38.1	38.1	38.1	38.8	38.3	38.7	38.9	38.9	39.0	38.9
Memorandum item										
Industrial production (% change)	17.7	17.0	14.6	7.6	14.0	14.0	15.5	15.5	15.0	15.0

[a] Actual. [b] Economist Intelligence Unit forecasts.

Growth and productivity

	2006[a]	2007[a]	2008[a]	2009[a]	2010[a]	2011[b]	2012[b]	2013[b]	2014[b]	2015[b]
Growth and productivity (%)										
Labour productivity growth	5.3	5.9	3.6	3.3	4.5	4.3	4.9	5.0	5.2	5.1
Total factor productivity growth	2.6	2.4	2.1	1.7	3.7	2.7	3.4	2.7	2.8	2.7
Growth of capital stock	10.7	12.9	11.3	10.9	10.5	9.6	9.3	9.1	9.1	9.1
Growth of potential GDP	8.0	8.3	7.7	6.7	8.6	7.3	7.9	6.9	7.0	6.8
Growth of real GDP	8.2[c]	8.5[c]	6.3[c]	5.3[c]	6.8[c]	6.4	7.0	7.1	7.3	7.2
Growth of real GDP per head	7.1	7.4	5.3	4.3	5.8	5.4	5.9	6.1	6.3	6.2

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Economic structure, income and market size

	2006[a]	2007[a]	2008[a]	2009[a]	2010[a]	2011[b]	2012[b]	2013[b]	2014[b]	2015[b]
Population, income and market size										
Population (m)	84.4	85.3	86.1	87.0	87.8	88.7	89.5	90.4	91.3	92.1
GDP (US$ bn at market exchange rates)	61.0[c]	71.1[c]	90.3[c]	93.2[c]	103.6[c]	109.3	116.1	127.8	143.9	160.6
GDP per head (US$ at market exchange rates)	720	830	1,050	1,070	1,180	1,230	1,300	1,410	1,580	1,740
Private consumption (US$ bn)	38.6[c]	46.1[c]	60.9[c]	61.9[c]	66.7	70.7	76.2	85.7	96.7	107.4
Private consumption per head (US$)	460	540	710	710	760	800	850	950	1,060	1,170
GDP (US$ bn at purchasing power parity)	199.0	222.2	241.4	256.6	276.6	298.8	328.2	361.4	399.2	440.0
GDP per head (US$ at purchasing power parity)	2,360	2,610	2,800	2,950	3,150	3,370	3,670	4,000	4,370	4,780
Personal disposable income (D trn)	458.9	533.4	713.2	744.4	841.8	966.6	1,098.2	1,253.7	1,423.3	1,596.3
Personal disposable income (US$ bn)	28.7	33.2	43.4	41.8	44.0	45.8	48.6	54.2	60.4	66.3
Growth of real disposable income (%)	2.1	7.3	8.2	-1.7	4.6	1.0	4.1	6.3	6.1	6.2
Memorandum items										
Share of world population (%)	1.30	1.30	1.30	1.30	1.29	1.29	1.29	1.29	1.29	1.29
Share of world GDP (% at market exchange rates)	0.13[c]	0.13[c]	0.15[c]	0.16[c]	0.17[c]	0.17	0.17	0.17	0.18	0.19
Share of world GDP (% at purchasing power parity)	0.32	0.33	0.34	0.36	0.37	0.38	0.39	0.40	0.41	0.42
Share of world exports of goods (%)	0.33[c]	0.35[c]	0.40[c]	0.46[c]	0.48	0.53	0.54	0.56	0.59	0.62

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Actual.

Fiscal indicators

	2006[a]	2007[a]	2008[a]	2009[a]	2010[a]	2011[b]	2012[b]	2013[b]	2014[b]	2015[b]
Fiscal indicators (% of GDP)										
Government expenditure	31.6	34.9	33.3	35.3	33.7	32.3	32.4	32.0	32.0	31.9
Government revenue	28.7	27.6	28.1	28.3	28.2	27.5	27.1	26.9	27.0	26.5
Budget balance	-2.9	-7.3	-5.2	-7.0	-5.5	-4.8	-5.3	-5.1	-5.0	-5.4
Government debt	42.9[c]	45.6[c]	43.9[c]	49.8[c]	57.1[c]	56.0	55.4	54.3	52.3	51.3

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Economist Intelligence Unit estimates.

Monetary indicators

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Monetary indicators										
Exchange rate D:US$ (av)	15,981	16,078	16,440	17,800	19,127[a]	21,108	22,620	23,121	23,581	24,082
Exchange rate D:US$ (year-end)	16,055	16,010	17,433	18,472	19,498[a]	21,864	22,867	23,351	23,832	24,333
Exchange rate D:¥100 (av)	13,750	13,651	15,905	18,995	21,765	25,821	27,926	28,544	28,714	28,841
Exchange rate D:¥100 (year-end)	13,489	14,332	19,201	19,845	23,612	26,795	28,230	28,918	28,713	29,119
Real effective exchange rate (av), CPI-based	93.3	93.8	104.2	105.2	101.5	101.0	101.9	105.5	107.9	108.3
Real effective exchange rate (av), PPI-based	89.9[b]	90.1[b]	97.3[b]	103.9[b]	100.4	94.2	93.1	96.3	97.9	98.7
Purchasing power parity D:US$ (av)	4,895	5,147	6,152	6,464	7,165[a]	7,717	7,998	8,178	8,499	8,790
Money supply (M2) growth (%)	29.7	49.1	20.7	26.2	25.5	22.1	16.7	17.6	17.7	18.1
Domestic credit growth (%)	22.9	49.8	27.6	45.3	28.9	24.0	19.4	20.4	19.6	19.5
Commercial banks' prime rate (av; %)	11.2	11.2	15.8	10.1	13.1	19.0	18.0	12.0	11.5	11.5
Deposit rate (av; %)	7.6	7.5	12.7	7.9	11.2	13.4	11.4	10.3	9.5	9.0
Money market rate (av; %)	6.5	6.5	10.3	8.0	8.3	14.5	13.5	10.0	7.3	7.3

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Employment, wages and prices

	2006[a]	2007[a]	2008[a]	2009[b]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
The labour market										
Labour force (m)	43.6	44.5[b]	45.6[b]	46.5	47.4	48.2	49.2	50.0	50.8	51.4
Labour force (% change)	2.4	2.2[b]	2.4[b]	1.9	2.0	1.8	2.0	1.6	1.6	1.3
Price inflation (%)										
Consumer prices (av)	7.4	8.3	23.1	7.0[a]	9.0[a]	16.9	10.4	7.9	7.5	6.1
Consumer prices (year-end)	6.6	12.6	20.0	6.5[a]	11.8[a]	15.9	8.2	7.8	7.5	6.2
GDP deflator (av)	7.3	8.2	22.1	6.0	11.9	9.4	6.4	5.1	7.0	6.3
Private consumption deflator (av)	6.8	8.3	23.6	6.2	8.1	13.7	9.2	7.4	7.0	5.6
Government consumption deflator (av)	4.8	8.3	22.1	6.9	9.0	16.9	10.4	7.9	7.5	6.1
Fixed investment deflator (av)	7.2	8.5	13.1	2.5	8.0	12.0	8.0	5.0	5.0	5.0

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Current account and terms of trade

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Current account (US$ bn)										
Current-account balance	-0.2	-7.0	-10.8	-6.1	-5.6	-6.1	-6.2	-7.3	-7.6	-7.3
Current-account balance (% of GDP)	-0.3	-9.8	-11.9	-6.6	-5.4	-5.6	-5.3	-5.7	-5.3	-4.5
Goods: exports fob	39.8	48.6	62.7	57.1	71.9	90.3	96.3	108.2	123.2	142.6
Goods: imports fob	-42.6	-59.0	-75.5	-65.4	-79.5	-98.5	-105.9	-119.9	-136.5	-156.1
Trade balance	-2.8	-10.4	-12.8	-8.3	-7.7	-8.2	-9.5	-11.7	-13.4	-13.5
Services: credit	5.1	6.0	7.0	5.7	7.1	8.0	9.1	10.4	11.7	12.8
Services: debit	-5.1	-6.8	-8.0	-6.9	-8.0	-9.3	-10.1	-11.3	-12.6	-14.2
Services balance	0.0	-0.8	-0.9	-1.2	-1.0	-1.4	-1.0	-0.9	-0.9	-1.4
Income: credit	0.7	1.2	1.4	0.8	0.5	1.0	1.1	1.6	2.2	2.7
Income: debit	-2.1	-3.4	-5.8	-3.8	-5.1	-5.7	-6.3	-6.8	-7.3	-8.3
Income balance	-1.4	-2.2	-4.4	-3.0	-4.6	-4.7	-5.2	-5.2	-5.1	-5.6
Current transfers balance	4.0	6.4	7.3	6.4	7.6	8.1	9.5	10.4	11.7	13.1
Terms of trade										
Export price index (US$-based; 2005=100)	106.4	113.3	138.3	117.2[b]	129.8	145.0	134.6	131.7	133.2	137.3
Export prices (% change)	6.4	6.6	22.0	-15.3[b]	10.7	11.8	-7.2	-2.2	1.2	3.0
Import price index (US$-based; 2005=100)	102.9	107.5	124.3	117.8[b]	128.4	143.0	138.7	140.5	142.6	145.5
Import prices (% change)	2.9	4.5	15.6	-5.2[b]	9.0	11.3	-3.0	1.3	1.5	2.0
Terms of trade (2005=100)	103.4	105.4	111.3	99.5[b]	101.0	101.4	97.0	93.7	93.4	94.3
Memorandum item										
Export market growth (%)	9.5[b]	6.5[b]	4.3[b]	-11.3[b]	14.5	7.4	6.9	7.0	7.3	7.1

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Foreign direct investment

	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Foreign direct investment (US$ bn)										
Inward direct investment	2.40	6.70	9.58	7.60	7.93	9.80	11.80	12.90	14.00	15.05
Inward direct investment (% of GDP)	3.9	9.4	10.6	8.2	7.7	9.0	10.2	10.1	9.7	9.4
Inward direct investment (% of gross fixed investment)	11.8	24.6	30.6	23.6	22.6	26.2	29.2	28.7	27.7	26.6
Net foreign direct investment	2.32	6.52	9.28	6.90	7.16	9.00	10.92	12.00	13.05	14.04
Stock of inward direct investment	26.0	32.7	42.3	49.9	57.8	67.6	79.4	92.3	106.3	121.4
Stock of inward direct investment per head (US$)	308.5	384.0	491.4	574.0	658.7	763.0	887.5	1021.7	1165.4	1317.8
Stock of inward direct investment (% of GDP)	42.7	46.0	46.8	53.6	55.8	61.9	68.5	72.2	73.9	75.6
Memorandum items										
Share of world inward direct investment flows (%)	0.19	0.35	0.64	0.93	0.88	0.90	0.94	0.93	0.93	0.90
Share of world inward direct investment stock (%)	0.22	0.22	0.30	0.32	0.35	0.38	0.42	0.45	0.49	0.52

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

External debt

	2006[a]	2007[a]	2008[a]	2009[b]	2010[b]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
External debt										
Total external debt (US$ bn)	20.1	23.9	26.2	27.4	31.1	34.6	37.2	40.6	44.9	50.1
Total external debt (% of GDP)	33.0	33.5	29.0	29.4	30.0	31.7	32.1	31.7	31.2	31.2
Debt/exports ratio (%)	39.9	39.0	33.4	39.0	35.7	32.2	32.0	31.0	30.1	29.2
Debt-service ratio, paid (%)	1.9	2.0	1.7	1.6	1.4	1.3	1.3	1.3	1.2	1.1

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.

Data sources and definitions

The sources for global and domestic date refer to historical data. The source for all forecast data, unless otherwise stated, is the Economist Intelligence Unit

Global data

US & OECD GDP growth: OECD
World trade growth: Economist Intelligence Unit aggregate
US and OECD inflation: OECD
Oil prices: dated Brent Blend

Domestic data

GDP data: GSO, *Statistical Yearbook*
GDP by expenditure: Economist Intelligence Unit estimates, based on current-price data from the GSO. Components do not sum, owing to statistical discrepancy
Data for the expenditure components of GDP are available in current prices only. We have deflated these data to derive estimates for changes in the components of GDP in real terms, consistent with the published data for the overall rate of GDP growth. These estimates are therefore subject to a wide margin of error
US$ GDP: GSO, converted from current prices at annual average exchange rates
Foreign direct investment: IMF, *IFS*; UNCTAD, *World Investment Report*
Population and growth: GSO
GDP per head: US$ GDP divided by population
Inflation: IMF, *IFS*
Exchange rates: IMF, *IFS*
Money supply: IMF, *IFS*
Balance of payments: IMF, *IFS*
External debt: World Bank, *Global Development Finance*
Debt-service ratio: total debt service as a proportion of earnings from exports of goods and services

Abbreviations

GSO: General Statistics Office
IFS: *International Financial Statistics*
UNCTAD: UN Conference on Trade and Development

