## Country Report

# Vietnam

## February 2012

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# Vietnam

## Executive summary



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## Data and charts



## Country snapshot



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Black R.
Red R.
Mekong R.
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Phu Tho
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Vung Tau
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Phu Vinh
Soc Trang
Ca Mau
Bac Lieu
0 km 100 200 300
0 miles 100 200
Main railway
Main road
International boundary
Main airport
Capital
Major town
Other town
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# Executive summary

## Highlights

*February 2012*

**Outlook for 2012-16**

- The Communist Party of Vietnam 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 major internal instability.
- Vietnam will continue to make strides in strengthening its ties with the West, and particularly the US. Relations with China will remain strained over competing claims to the Spratly and Paracel islands in the South China Sea.
- Although the authorities have tightened fiscal and monetary policy, concerns persist over whether there is sufficient political will to implement the tougher measures that may be needed to stabilise the economy.
- A subdued global economy will exert a drag on Vietnamese GDP growth in 2012, but a more benign climate from the following year will lead to a healthy average GDP growth rate of 7.4% a year in 2013-16.
- Inflation is set to slow to 11% in 2012 and to 8% a year on average in 2013-16, from an estimated 18.6% in 2011. Policymakers will fight an unsuccessful battle to prevent the dong from depreciating against the US dollar.
- The current account will remain in deficit throughout the next five years, but capital and financial inflows (including official foreign borrowing) will increase from the low levels to which they fell in 2009.

**Monthly review**

- The Vietnamese government is expanding its power-generation programme to help to provide for the country's rapidly growing energy needs. Negotiations on a nuclear power co-operation pact with the US took place in January.
- A land-rights dispute in January foreshadowed a potential slew of problems relating to how Vietnam deals with the long-standing issue of how to allocate the use of land in a political system where all land is managed by the state.
- After a chaotic 2011, the governor of the State Bank of Vietnam (the central bank) attempted to emphasise his commitment to containing inflation in 2012 at an international investment conference in January in the capital, Hanoi.
- The economy continued to grow steadily in the final quarter of 2011, according to the General Statistics Office (GSO). Real GDP expanded by 6.1% year on year in the fourth quarter, the same rate as in the third.
- The rate of consumer price inflation in January is estimated at 17.3% on an annual basis, according to the GSO. This marks the fifth consecutive month in which inflation has slowed on a year-on-year basis.
- New figures from the GSO show that the merchandise trade deficit narrowed significantly in 2011, to US$9.8bn, from US$12.4bn in 2010.

# Outlook for 2012-16

## Political outlook

**Political stability**

The ruling Communist Party of Vietnam (CPV) will maintain a firm grip on power in the next five years. Despite signs of factional splits between conservative hardliners and relatively reformist moderates, there is no prospect of major instability within the party. At its 11th national congress in January 2011 there were displays of unity as the CPV insisted on the maintenance of one-party rule in Vietnam. The congress provided a chance for various party factions to stake their claims to greater influence, and the new leadership that emerged appears to be evenly balanced. In July the prime minister, Nguyen Tan Dung, was formally re-elected to his post by the National Assembly (NA, the legislature), while two of his main rivals were chosen for other important positions: Truong Tan Sang, formerly the head of the CPV secretariat, is the country's president, while an outgoing deputy prime minister, Nguyen Sinh Hung, became chairman of the NA.

Although the presidency is a largely ceremonial post, Mr Sang is regarded as a highly influential member of the CPV's conservative bloc. The NA, meanwhile, is usually seen as existing merely to rubber-stamp government policy, but it has become increasingly assertive in the past few years, and this trend could continue under Mr Hung's stewardship. The legislature recently blocked government plans to build an expensive high-speed rail project, and it has also questioned Mr Dung over his role in the near-collapse of one of the country's largest state-owned enterprises, the Vietnam Shipbuilding Industry Group (Vinashin). Thus, although he appears to hold a strong hand and has chosen close allies for important positions in the cabinet, Mr Dung will need to pursue consensual policies over the next five years.

In addition to the risk that emerging internal power struggles will escalate to the point at which the CPV's cohesion is undermined, the leadership, including the party's general secretary, Nguyen Phu Trong, could face stronger challenges to the CPV's long-standing claim that it has the right to govern unchallenged. But there is little likelihood that any opposition movement will gain traction in 2012-16. This is a reflection of both the extent of political apathy in Vietnam and the regime's determination to continue cracking down on activists who advocate genuine democratic reform. The risk that Vietnam will suffer an upheaval similar to the Arab Spring protests that took place in several countries in the Middle East and North Africa in 2011 is very low.

However, concerns about soaring prices could create the conditions for small-scale social unrest in the short term. Meanwhile, protests over land seizures may become more frequent and increasingly fervent in 2012-16, particularly as a slew of lease agreements are soon to expire, creating uncertainty for millions of tenants. The fast pace of industrial development in Vietnam has entailed the increasingly rapid construction of factories, plants and major infrastructure, such as roads and dams. As a result, the number of displaced residents has risen, and some have complained vociferously about what they perceive as inadequate government compensation for the loss of land. Meanwhile, corruption in local bureaucracies occasionally results in the embezzlement of funds earmarked to recompense people who have been evicted from their land, leaving them destitute and with inadequate resources to rebuild their livelihoods. Public anger over such issues will intensify unless the authorities are seen to be becoming more accountable, for example by punishing corrupt local officials.

Tensions between the government on one side and religious and ethnic groups on the other 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, but 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 the 1970s remains a sore point in relations between the Vietnamese government, the church and the Vatican. There are 6m Catholics in Vietnam, making their 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 region is largely populated by ethnic-minority groups, and, owing to the fact that party membership is not common there, official control 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; the most recent election took place in May 2011, and the next poll is due to be held in 2015. Candidates are carefully 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. At the 2011 election only 42 of the 500 people elected to the NA were non-CPV members.

**International relations**

Vietnam will continue to make strides in strengthening its ties with the West, and particularly with the US. Vietnamese-US diplomatic relations 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 much closer, as highlighted by joint military exercises in the South China Sea and by the signing of an agreement on formal military ties in August 2011. Potential US involvement in the building of nuclear reactors in Vietnam could soon add another element to the relationship. Despite these trends, US concerns over human rights and religious freedom in Vietnam will remain a source of bilateral tension. However, such stresses 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.

Ties with China will remain strained over competing claims to the Spratly and Paracel islands in the South China Sea (also known as the East Sea). In addition to claims by Vietnam and China to 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 the forecast period. All the claimants have signed the Declaration on the Code of Conduct in the East Sea, which was initiated by the Association of South-East Asian Nations (ASEAN) and commits its signatories to resolving all disputes through peaceful negotiation in accordance with international laws and practices. However, the document is vague, and a lasting agreement that will allow the full potential of the oil and gas resources in the South China Sea to be realised remains a long way off. In the meantime, China will continue to complain about exploration projects instigated by the Vietnamese government and the involvement of companies from third countries, such as India. China will also maintain its policy of negotiating with fellow claimants on a bilateral basis in order to use its diplomatic might to the best effect, whereas Vietnam and the Philippines will try to use the support of the US and Japan to work towards a multilateral solution.

## Economic policy outlook

**Policy trends**

Policymakers took much-needed steps to tighten fiscal and monetary policy in 2011 in response to a rapid acceleration in the rate of inflation. However, concerns persist as to whether there is the political will in Vietnam to implement the tougher measures that may be needed to stabilise the economy, particularly if such moves risk compromising growth at a time of weak global demand. In November Mr Dung called on the State Bank of Vietnam (SBV, the central bank) to reduce interest rates gradually so as to ensure that sufficient finance is available to manufacturers. Although the government's general policy bias prioritises rapid economic growth over price stability, in October the SBV increased one of its main policy interest rates, the refinance rate, to 15%, meaning that the rate has been raised by 7 percentage points since November 2010. If the pace of economic expansion does not pick up in the next few quarters (annual GDP growth slowed from 6.8% in 2010 to 5.9% in 2011), the central bank could come under pressure to loosen monetary policy. If it does so before inflationary expectations have been anchored, confidence in the authorities' policymaking ability will be undermined.

**Fiscal policy**

There is a need for the government to rein in the fiscal deficit, both to prevent the economy from overheating and also to avoid financing problems (outstanding public debt is estimated to have stood at 51% of annual GDP at the end of 2011). However, the authorities will make only limited progress in reducing the shortfall in 2012-16. The deficit narrowed to an estimated 4.8% of GDP in 2011, in part reflecting the fact that the government had some success in its efforts to reduce public investment spending. However, the Economist Intelligence Unit expects the deficit to widen in 2012, to the equivalent of 6.1% of GDP, as slowing growth in exports and a fall in global oil prices will reduce the amount of tax collected (the Vietnamese authorities receive substantial tax and royalty revenue from the oil and gas sector). Thereafter, continued heavy spending on infrastructure and social welfare programmes will keep the budget deficit at an average of 5.6% of GDP in 2013-16, despite strong nominal GDP growth and high prices for crude oil.

**Monetary policy**

The SBV has reiterated its commitment to taming inflation, and in January its governor, Nguyen Van Binh, announced a reduced target for annual credit growth this year of between 15% and 17%, compared with a goal of 20% in 2011. However, as the central bank is not operationally independent, it is possible that it will come under pressure to ensure that the cost of credit does not exert a significant drag on economic growth this year. Meeting its targets may also prove to be an ambiguous ambition, as estimated credit growth in 2011 stood at just 10.9%: given that credit expansion was sluggish relative to the SBV's target last year, achieving its goal of growth of 15-17% in 2012 would represent a loosening of monetary policy. Although the SBV could yet give in to political pressure to cut interest rates, particularly in the second half of the year, it is expected to continue to focus on ensuring that credit is allocated efficiently. It has threatened to double reserve requirements for banks that fail to reduce to prescribed levels the ratio of lending to non-productive activities.

## Economic forecast

**International assumptions**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| **Economic growth (%)** | | | | | | |
| US GDP | 1.7 | 1.8 | 1.8 | 2.2 | 2.3 | 2.3 |
| OECD GDP | 1.8 | 0.9 | 1.7 | 2.1 | 2.2 | 2.3 |
| World GDP | 2.6 | 2.0 | 2.7 | 2.9 | 3.0 | 3.0 |
| World trade | 6.6 | 4.8 | 6.2 | 6.4 | 6.6 | 6.8 |
| **Inflation indicators (% unless otherwise indicated)** | | | | | | |
| US CPI | 3.2 | 2.1 | 2.3 | 2.1 | 2.2 | 2.2 |
| OECD CPI | 2.8 | 2.2 | 2.3 | 2.2 | 2.2 | 2.3 |
| Manufactures (measured in US$) | 6.9 | -1.0 | 0.9 | 1.3 | 1.8 | 1.9 |
| Oil (Brent; US$/b) | 111.0 | 100.0 | 103.0 | 108.3 | 104.0 | 110.0 |
| Non-oil commodities (measured in US$) | 26.4 | -12.9 | -2.6 | -0.4 | 1.5 | 2.8 |
| **Financial variables** | | | | | | |
| US$ 3-month commercial paper rate (av; %) | 0.2 | 0.2 | 0.4 | 1.2 | 2.2 | 2.9 |
| ¥ 3-month money market rate (av; %) | 0.1 | 0.2 | 0.1 | 0.2 | 1.0 | 1.3 |
| ¥:US$ (av) | 79.57 | 77.03 | 80.10 | 80.97 | 81.97 | 82.97 |

**Economic growth**

The tightening of policy in response to high inflation has weakened private consumption and investment growth, and as a result real GDP growth slowed in 2011, to a relatively sluggish 5.9%. A subdued year for the world economy will mean that Vietnam's growth rate remains under downward pressure in 2012, but a more benign climate from 2013 will lead to a healthy average pace of expansion of 7.4% a year in 2013-16. Ambiguous policymaking, a rapid rate of inflation and a depreciating currency have caused investor sentiment towards Vietnam to weaken in the past year. This has led to a fall in inward foreign investment, which was previously one of the main drivers of economic growth. We expect this cloud to continue to hang over the country until inflation stabilises and global economic conditions improve; this is the rationale behind our GDP growth forecast for 2012 of 5.8%, a level below the government's target range of 6-6.5%. However, we expect private consumption to remain healthy throughout the forecast period.

There are a number of major downside risks to our GDP growth forecast. On the domestic front, the government still has much to do in terms of stabilising the economy and restoring consumer and investor confidence. Partly owing to a surge in inflation and the deficit on the current account, Vietnam's currency, the dong, has fallen sharply in value in the past two years, and there has consequently been strong demand for locally available safe-haven assets in the form of US dollars and gold. On the international front, there remains the risk that the global economy could re-enter recession, triggered by sovereign debt defaults in the euro zone. This would not only hit Vietnam's export performance but would also have a knock-on effect on domestic consumer and business spending, 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 value of the dong against the US dollar), there is also cause for concern regarding Vietnam's ability to finance its current-account deficit. Citing concerns about the possibility of an external-payments crisis (partly owing to the sharp fall in the country's foreign reserves that has occurred in the past year or so), global credit-rating agencies have downgraded Vietnam's sovereign debt rating. Together with growing fears about economic stability and the country's diminished international reserves, this has triggered speculation that a support package from the IMF may be needed in the next two years.

**Economic growth**

| % | 2011[a] | 2012[b] | 2013[b] | 2014[b] | 2015[b] | 2016[b] |
|---|---|---|---|---|---|---|
| GDP | 5.9[c] | 5.8 | 7.2 | 7.5 | 7.3 | 7.7 |
| Private consumption | 3.6 | 5.4 | 6.7 | 7.4 | 6.9 | 6.0 |
| Government consumption | 7.8 | 7.8 | 7.7 | 7.0 | 7.2 | 7.5 |
| Gross fixed investment | 4.8 | 7.2 | 8.2 | 9.1 | 10.1 | 10.3 |
| Exports of goods & services | 15.0 | 10.9 | 13.6 | 12.3 | 15.3 | 15.4 |
| Imports of goods & services | 13.2 | 9.2 | 12.1 | 11.9 | 14.5 | 14.0 |
| Domestic demand | 5.4 | 4.6 | 7.1 | 7.8 | 7.9 | 7.5 |
| Agriculture | 4.0[c] | 3.0 | 3.2 | 3.1 | 3.3 | 3.3 |
| Industry | 5.5[c] | 6.5 | 8.5 | 8.0 | 8.0 | 7.0 |
| Services | 7.0[c] | 6.2 | 7.4 | 8.5 | 7.9 | 9.7 |

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

**Inflation**

Consumer price inflation averaged an estimated 18.6% in 2011, representing a rapid acceleration from 9% in 2010. The rise in inflation has been largely a result of supply-side pressures stemming from high international commodity prices. Sharp growth in domestic credit in recent years has also contributed to high inflation, as has the weakness of the dong. However, annual inflation has slowed for five consecutive months since August 2011, suggesting that the rate of price increases may have peaked. We believe that inflation will remain elevated and that it will average 11% in 2012, above the government's target of 9%, but the annual rate of price increases should then slow to an 8% on average in 2013-16. We expect global oil prices (dated Brent Blend) to remain above the US$100/barrel mark on an annual average basis throughout the forecast period, owing to firm demand and the increasing need to source oil from less accessible locations. This will be a constant source of inflationary pressure in Vietnam in 2012-16.

**Exchange rates**

The dong enjoyed a period of greater stability against the US dollar in March-September 2011, but the depreciation of the Vietnamese currency accelerated in October, breaking the D21,000:US$1 barrier, and has since remained around this level. In reaction to strong downward pressure on the dong, the central bank devalued the currency on four occasions between November 2009 and February 2011, resulting in a cumulative drop of almost 13% in its value against the US dollar. We expect the dong to remain under pressure owing to rapid inflation and the prospect of a persistent deficit on the current account. Moreover, Vietnam's meagre foreign-exchange reserves mean that the SBV will not be able to counteract downward pressure by intervening in the currency markets. The latest published data show that foreign reserves stood at just US$13.5bn (representing less than two months of import cover) in May 2011, down from a high of US$26.4bn in March 2008. As a result of these factors, we consider it likely that the central bank will devalue the currency again in the first half of 2012. The dong is likely to remain weak throughout the forecast period.

**External sector**

The current account will continue to record annual deficits in the next five years, equivalent to 3.1% of GDP on average. An unexpectedly weak import performance, exacerbated by low levels of foreign investment and a weakening dong, meant that the deficit was relatively small in 2011, at an estimated 0.7% of GDP. Weaker growth in demand for the country's exports in 2012 will mean that the deficit widens this year. A more favourable global economic environment and manageable levels of inflation from 2013 onwards will entice foreign investment back to Vietnam, and this in turn will entail a continued rise in imports of capital goods. The services and income accounts will remain in the red throughout the forecast period. Tourism receipts are expected to rise steadily in 2012-16, 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. The combined deficit on the services and income accounts will continue to be offset by the large surplus on the current transfers account, underpinned by remittances from overseas Vietnamese. Although foreign direct investment inflows will remain fairly low in 2012, there will be an improvement from 2013 onwards.

**Forecast summary**

(% unless otherwise indicated)

| | 2011[a] | 2012[b] | 2013[b] | 2014[b] | 2015[b] | 2016[b] |
|---|---|---|---|---|---|---|
| Real GDP growth | 5.9[c] | 5.8 | 7.2 | 7.5 | 7.3 | 7.7 |
| Industrial production growth | 6.0 | 8.5 | 13.5 | 14.0 | 14.0 | 13.0 |
| Gross agricultural production growth | 4.0[c] | 3.0 | 3.2 | 3.1 | 3.3 | 3.3 |
| Consumer price inflation (av) | 18.6[c] | 11.0 | 8.3 | 7.4 | 7.9 | 8.4 |
| Consumer price inflation (end-period) | 17.8[c] | 10.6 | 5.9 | 8.2 | 8.8 | 9.8 |
| Lending rate | 17.6 | 17.5 | 14.0 | 11.5 | 11.0 | 10.3 |
| Government balance (% of GDP) | -4.8 | -6.1 | -5.9 | -5.6 | -5.5 | -5.4 |
| Exports of goods fob (US$ bn) | 96.2 | 106.0 | 122.4 | 140.5 | 163.7 | 191.6 |
| Imports of goods fob (US$ bn) | 98.4 | 109.9 | 128.7 | 147.4 | 172.5 | 202.8 |

## Forecast summary

(% unless otherwise indicated)

| | 2011[a] | 2012[b] | 2013[b] | 2014[b] | 2015[b] | 2016[b] |
|---|---|---|---|---|---|---|
| Current-account balance (US$ bn) | -0.9 | -2.5 | -4.6 | -5.2 | -6.9 | -8.4 |
| Current-account balance (% of GDP) | -0.7 | -1.8 | -3.1 | -3.1 | -3.7 | -4.0 |
| External debt (end-period; US$ bn) | 39.8 | 42.0 | 45.1 | 49.9 | 55.8 | 62.2 |
| Exchange rate D:US$ (av) | 20,649[c] | 21,755 | 22,270 | 22,713 | 23,196 | 23,689 |
| Exchange rate D:US$ (end-period) | 21,024[c] | 22,009 | 22,492 | 22,955 | 23,443 | 23,936 |
| Exchange rate D:¥100 (av) | 25,811[c] | 27,891 | 27,838 | 28,041 | 28,288 | 28,541 |

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

# Monthly review: February 2012

## The political scene

**The government focuses its energy on its nuclear policy**

The Vietnamese government is expanding its power-generation programme to help to provide for the country's rapidly growing energy needs. In January negotiations took place on a nuclear power co-operation pact with the US to complement Vietnam's existing arrangements with Russia and Japan. Developing secure sources of power is a leading policy priority for the prime minister, Nguyen Tan Dung. Investment in the sector has lagged behind surging demand during the rapid expansion of the Vietnamese economy over the past decade, resulting in occasional blackouts during peak periods in the capital, Hanoi, Ho Chi Minh City and surrounding industrial areas.

Faced with a potential backlash among environmentalists against expanding hydropower facilities, the government is veering towards nuclear energy in its efforts to satisfy the country's long-term power requirements. It plans to use Russian knowledge to construct Vietnam's first nuclear power plant, which is expected to come on stream in 2020, and has signed agreements with Japan to develop a second nuclear plant. South Korea has already expressed an interest in helping Vietnam to develop a third nuclear power station, according to the Vietnam Atomic Energy Institute, in order to help the country to reach nuclear generating capacity of 10,700 mw by 2030. This figure represents about one-tenth of the country's total projected power-generation capability by that year.

In reaction to these deals, the US has begun to recalibrate its policy in order to acquire some influence over Vietnam's nuclear power programme. The two countries are negotiating the details of a civil nuclear co-operation agreement that could enable US energy firms such as General Electric and Westinghouse to build nuclear plants in Vietnam. To enable the talks to progress, the US has dropped a long-standing demand that Vietnam (as well as other potential nuclear partners of the US) give up their rights to produce their own nuclear fuel, although this measure has drawn criticism in Congress (the US legislature). US congressmen have warned that the change in policy could accelerate the spread of nuclear technology to potentially unstable nations. The new policy stance represents a significant shift on the part of the US. The country previously signed a nuclear co-operation deal with the UAE in 2009 in which the latter agreed not to enrich uranium or reprocess used plutonium, and the US government had hoped that other countries would accept similar restrictions in return for US investment in or assistance with their nuclear power programmes.

It is unclear whether the US will be able to maintain its new policy amid domestic concerns, which have continued to increase despite the fact that US firms have fallen behind competitors from France, Russia and South Korea in the construction of nuclear reactors around the world. Nevertheless, the US government's willingness to compromise on the terms of potential nuclear investments in Vietnam demonstrates the warming relationship between the two countries, and it underscores the way that the US is aiming to offer itself as a counterbalance to China's growing economic influence, particularly in South-East Asia.

Meanwhile, the Vietnamese government is progressing with plans to develop other forms of power generation. In mid-January a Singaporean firm, Sembcorp Industries, announced that was examining the possible development of a 1,200-mw coal-fired plant in the Dung Quat economic zone in central Vietnam. In the same month, the government revealed plans for a substantial expansion of the local coal industry, in part directed at helping to satisfy the country's electricity requirements. The authorities are targeting investment of around D691trn (US$33bn) in the period to 2030, mobilised through bank loans and stockmarket listings. The government is aiming to raise annual coal production from 45m tonnes at present to 65m tonnes by 2020 and 70m tonnes by 2030.

**Local authorities encounter resistance to evictions**

An explosive land-rights dispute in early January foreshadowed a potential slew of problems in relation to how Vietnam deals with the long-standing issue of how to allocate the use of land in a political system in which all land is managed by the state. On January 5th the port city of Haiphong was the scene of a confrontation between farmers and the authorities. A local family used landmines and shotguns to prevent a team of around 100 police officers and soldiers from evicting them from a plot of land in which they had invested their savings to build a fish farm. Doan Van Vuon had leased the land in 1993 on a 14-year contract, but he refused to vacate the area when the contract expired. Two police officers were injured when one stepped on a mine, while others were hurt by gunshots. Mr Vuon and three members of his family were arrested for attempted murder, although Mr Vuon was reportedly not at the scene at the time of the clash. Two houses that he had built on the land were subsequently demolished.

Given that land prices have soared since many similar lease arrangements were signed, the government is likely to face more cases of this kind, particularly if it attempts to evict existing tenants by force. Land-use rights are a source of frequent dissent in the country, and such conflicts are expected to intensify in the coming years. The current laws were introduced in 1993, and in many cases farmers were given 20-year leases. The terms of the country's land law state that at the end of a lease the local government has the authority to decide whether or not it is extended and to set the terms. Mr Dung has launched an enquiry into the circumstances surrounding the clash in Haiphong, and its progress will be followed closely.

**A protestor's release disguises continued repression**

In recent weeks the government has continued to send mixed signals on its attitude to political dissidents, and has come under pressure to soften its stance towards its critics. On January 16th a French-Vietnamese dissident, Pham Minh Hoang, was released after having his three-year sentence for attempted subversion halved. He will, however, have to serve the second 18 months of his sentence under house-arrest. A court earlier found him guilty of writing 33 articles on his blog questioning Vietnam's one-party communist system, and of persuading others to join a banned activist group.

Vietnam continues to draw unwelcome international attention for the way in which it sends drug offenders to harsh rehabilitation camps, and the issue gathered fresh momentum when a political protester was sent to one such institution. A 47-year-old woman, Bui Thi Minh Hang, was detained after attending a protest against perceived Chinese aggression in the South China Sea and was transferred without trial to a drug rehabilitation camp near Hanoi. International human rights groups have criticised these rehabilitation centres as little more than fronts for forced labour—a claim that the government denies. In a separate case, a female writer was sentenced to five years in prison on December 30th for spreading anti-government propaganda.

## Economic policy

**The SBV states its commitment to reining in inflation**

After a chaotic 2011, Nguyen Van Binh, the governor of the State Bank of Vietnam (SBV, the central bank) attempted to emphasise his commitment to containing inflation in 2012 during a high-profile international investment conference in the capital, Hanoi, in January. There is a widespread perception that the authorities in Vietnam are ambivalent about enforcing price stability—an attitude that stems partly from the traditional tendency of the ruling Communist Party of Vietnam to prioritise rapid economic growth over the need to control inflation. The government has repeatedly introduced new measures to stimulate growth as soon as it has become convinced that it has got inflation back under control, only to see price increases accelerating again. This has slowed the country's economic progress and has undermined confidence in official policymaking. The government's failure to manage inflation has also caused Vietnam's currency, the dong, to depreciate, and this has resulted in a marked preference among the population to hold gold and US dollars as a way of protecting their savings. Mr Binh, who was appointed to his role in 2011, said that in 2012 Vietnam would remain committed to combating inflation, which peaked at 23% in August last year and was estimated at 17.3% in January 2012 by the General Statistics Office (GSO). Mr Binh said that Vietnam aimed to keep average inflation to 9% in 2012, with this target rising to 12% should deteriorating ties between the US, Israel and Iran drive up world fuel prices. Inflation rose by an average of 18.6% in 2011.

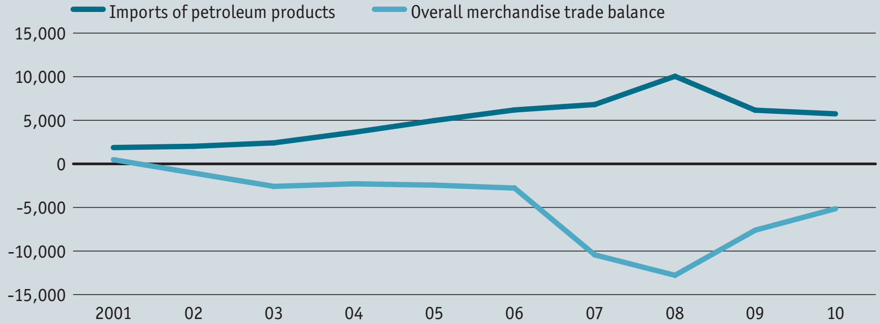
Crucially, however, Mr Binh did not ruling out cutting interest rates after the second quarter of 2012, thus suggesting that there is a risk that the SBV could follow the familiar path of taking steps to boost economic growth before inflation has been tamed. The test for the SBV governor is whether he can resist the political pressure that is likely to be applied to ensure that economic growth meets government targets. Central bankers in Vietnam often privately complain that the country's political leaders tend to override their efforts to pursue inflation-targeting policies. Mr Binh acknowledged that Vietnam might again cut interest rates to stimulate economic growth in 2012, but he stressed that any adjustment would be tailored to the need to contain inflation, rather than being directed solely at achieving the government's GDP growth target for 2012 of 6-6.5%.

Mr Binh said that Vietnam was also likely to allow bank lending to increase in 2012, despite a worsening bad-debt problem that is forcing authorities to consider merging several stressed banks. The SBV governor is targeting credit growth of 15-17% this year, up from an estimated 10.9% in 2011, and is hoping to complete between five and eight bank mergers or takeovers that will partially restructure the country's financial sector. Mr Binh also believes that the dong will exhibit greater strength this year, depreciating by just 2-3% against the US dollar; in 2010-11 the dong weakened against the US dollar by an average of 7.2% a year. Mr Binh's confidence in the currency is based on the government's plans to rebuild its foreign-exchange reserves. The authorities are aiming to amass foreign reserves that will cover up to 15 weeks of imports by the end of 2015; in 2011 reserves covered only an estimated six weeks of imports on average. Such confidence in the dong is not universally felt in Vietnam: earlier in January the National Financial Supervisory Commission warned that the dong could slide by as much as 6% against the US dollar this year.

**Foreign expertise is brought into the energy sector**

The government has made progress in its bid to diversify Vietnam's petroleum industry in recent weeks by bringing in foreign expertise to help to increase the country's refining capacity. Meanwhile, the state-owned oil firm, PetroVietnam, has continued to expand its overseas operations in a bid to ensure that it remains a significant force in the energy industry even when Vietnam's oil reserves eventually begin to be depleted. Developing new oil-refining facilities is a major priority for Mr Dung's government. By refining more of its own oil output, Vietnam could bring down its import bill for expensive refined petroleum products, which in turn would narrow the country's trade deficit and reduce downward pressure on the dong. Vietnam is seeking foreign partners to help it to achieve this goal. In January the government secured the participation of Qatar in constructing a US$4bn refinery in the southern province of Ba Ria Vung Tau. According to PetroVietnam, Qatar Petroleum International will take a 25% stake in the new project, which is due to begin construction later this year. The venture also involves Thai investors.

**Trade balance and imports of petroleum products**
(US$ m)




Sources: World Bank; IMF.

At the same time, PetroVietnam's *Nang Luong Moi* newspaper reported on January 13th that the company was preparing to pump oil in Uzbekistan, in an expansion of its overseas operations. The paper said that PetroVietnam's exploration in the region had been "effective" and that the firm was now getting ready to extract oil in the Kossor block while also bidding to explore other areas of the Central Asian country. PetroVietnam is attempting to follow a path already trodden by regional oil firms, such Malaysia's state-controlled energy company, Petronas, by developing oil resources beyond its national borders. Among its current projects are the production of oil in Malaysia's PM 304 block and two fields in the Nenetsky region of Russia. In December the company said in a statement that it was aiming to increase oil production by 4% to 158m tonnes in 2012, mainly by expanding its overseas operations.

## Economic performance

**Economic growth was below expectations in 2011**

The economy continued to grow steadily in the final quarter of 2011, according to the latest data from the GSO. Real GDP expanded by 6.1% year on year in the fourth quarter—the same rate as in the third—as the pace of inflation continued to slow and companies increased investment levels. These figures mean that GDP grew by 5.9% in 2011 as a whole, compared with 6.8% in 2010. In sectoral terms services provided the greatest impetus for growth last year, expanding by 7% and contributing 2.9 percentage points to the rate of GDP growth, while agriculture was more sluggish, posting an expansion of 4% and adding 0.7 percentage points to GDP growth. The overall rate of growth was fractionally below the government's target range for the year of 6-6.5%. The authorities have set the same target for 2012; Mr Binh recently described it as "easily attainable" in a speech at an investment conference in Hanoi in January.

**Inflation continues to slow**

The rate of consumer price inflation in January is estimated at 17.3% on an annual basis, according to the GSO. This represents the fifth consecutive month in which inflation has slowed on a year-on-year basis, having reached a peak of 23% in August 2011. On a month-on-month basis the rate stood at 1% in January, compared with 0.5% in December. The month-on-month acceleration should not be especially disconcerting for the authorities, as it was at least partly attributable to the Tet new year holiday, which this year fell in January. As the 2011 holiday occurred in February, an acceleration was not seen in the year-on-year comparison. In the breakdown of inflation by category, food prices rose by 23% year on year and by 1% month on month in January, while housing and construction costs increased by 17.8% and 1.7% respectively. Education costs rose by 17.1% year on year and remained steady month on month, while clothing prices increased by 13.1% on a year-earlier comparison and by 2% relative to the previous month.

**A strong export performance narrows the trade deficit**

Data from the Customs Department show that the merchandise trade deficit narrowed significantly in 2011. From US$12.4bn in 2010, the trade gap narrowed to US$9.8bn in 2011, owing to an impressive performance by the country's exporters. The government was also successful in meeting its target of keeping the annual deficit under US$10bn. Exports rose by 33.3% to US$96.1bn in 2011, from US$72.2bn in 2010. The export sector was boosted by high prices for several important commodities during the year. Exports of coffee grew by 48.1% in value terms but by just 2.7% in volume terms, while crude oil exports were up 45.9% in value but by just 3.6% on a volume basis, and exports of rubber increased by 35% in value terms despite growing by only 4.3% in volume terms. Steel exports grew rapidly, rising by 56.2% in value, but this increase was based largely on a big expansion in volume terms of 40.7%.

Merchandise imports also grew rapidly in 2011, if at a slightly less frenetic pace than exports. Total imports rose to US$106.8bn in the year, from US$96.1bn in 2010, representing growth of 25.8%. High global prices for fuel were also in evidence on the import bill, with purchases of petrol rising by 62.2% in value terms in 2011 despite growing only modestly, by 11.2%, in volume terms. These figures underline why the government is keen to expand Vietnam's petroleum-refining capacity in the next few years. Strong growth in value terms last year was also recorded for imports of fertiliser (up by 45.2%), cotton (56.6%) and textile yarn (30.6%).

# Data and charts

## Annual data and forecast

| | 2007[a] | 2008[a] | 2009[a] | 2010[a] | 2011[b] | 2012[c] | 2013[c] |
|---|---|---|---|---|---|---|---|
| **GDP** | | | | | | | |
| Nominal GDP (US$ bn) | 71.1 | 90.3 | 93.2 | 103.5 | 123.5 | 135.2 | 150.3 |
| Nominal GDP (D trn) | 1,143.7 | 1,485.0 | 1,658.4 | 1,980.9 | 2,549.9 | 2,941.8 | 3,346.1 |
| Real GDP growth (%) | 8.5 | 6.3 | 5.3 | 6.8 | 5.9[a] | 5.8 | 7.2 |
| **Expenditure on GDP (% real change)** | | | | | | | |
| Private consumption | 10.8 | 9.3 | 3.1 | 10.0 | 3.6 | 5.4 | 6.7 |
| Government consumption | 8.9 | 7.5 | 7.6 | 12.3 | 7.8 | 7.8 | 7.7 |
| Gross fixed investment | 24.2 | 3.8 | 8.7 | 10.9 | 4.8 | 7.2 | 8.2 |
| Exports of goods & services | 16.1[b] | 14.9[b] | -5.8[b] | 16.1[b] | 15.0 | 10.9 | 13.6 |
| Imports of goods & services | 28.2[b] | 15.3[b] | -6.2[b] | 18.4[b] | 13.2 | 9.2 | 12.1 |
| **Origin of GDP (% real change)** | | | | | | | |
| Agriculture | 3.7 | 4.4 | 2.4 | 2.8 | 4.0[a] | 3.0 | 3.2 |
| Industry | 10.6 | 5.7 | 5.4 | 7.7 | 5.5[a] | 6.5 | 8.5 |
| Services | 8.7 | 7.3 | 6.8 | 7.5 | 7.0[a] | 6.2 | 7.4 |
| **Population and income** | | | | | | | |
| Population (m) | 85.3[b] | 86.1[b] | 87.0[b] | 87.8[b] | 88.7 | 89.5 | 90.4 |
| GDP per head (US$ at PPP) | 2,604[b] | 2,802[b] | 2,953[b] | 3,159[b] | 3,364 | 3,609 | 3,909 |
| Recorded unemployment (av; %) | 4.6 | 4.7 | 4.6 | 4.4 | 4.1 | 4.1 | 4.0 |
| **Fiscal indicators (% of GDP)** | | | | | | | |
| Central government balance | -7.3 | -5.2 | -7.0 | -5.5 | -4.8 | -6.1 | -5.9 |
| Net public debt | 45.6[b] | 43.9[b] | 49.8[b] | 57.1[b] | 51.1 | 51.2 | 51.0 |
| **Prices and financial indicators** | | | | | | | |
| Exchange rate D:US$ (end-period) | 16,010 | 17,433 | 18,472 | 19,498 | 21,024 | 22,009 | 22,492 |
| Exchange rate D:€ (end-period) | 23,379 | 24,265 | 26,474 | 26,111 | 27,624 | 27,401 | 27,665 |
| Consumer prices (end-period; %) | 12.6 | 20.0 | 6.5 | 11.8 | 17.8[a] | 10.6 | 5.9 |
| Stock of money M1 (% change) | 48.9 | -0.4 | 30.4 | 10.7 | 4.7 | 7.7 | 13.7 |
| Stock of money M2 (% change) | 49.1 | 20.7 | 26.2 | 29.7 | 10.8 | 18.3 | 23.9 |
| Lending interest rate (av; %) | 11.2 | 15.8 | 10.1 | 13.1 | 17.6 | 17.5 | 14.0 |
| **Current account (US$ m)** | | | | | | | |
| Trade balance | -10,438 | -12,783 | -7,607 | -5,147 | -2,182 | -3,862 | -6,278 |
| Goods: exports fob | 48,561 | 62,685 | 57,096 | 72,192 | 96,214 | 106,032 | 122,381 |
| Goods: imports fob | -58,999 | -75,468 | -64,703 | -77,339 | -98,397 | -109,894 | -128,660 |
| Services balance | -755 | -950 | -2,421 | -2,461 | -3,078 | -3,523 | -4,039 |
| Income balance | -2,190 | -4,401 | -3,028 | -4,564 | -5,180 | -5,259 | -5,648 |
| Current transfers balance | 6,430 | 7,311 | 6,448 | 7,885 | 9,527 | 10,162 | 11,366 |
| Current-account balance | -6,953 | -10,823 | -6,608 | -4,287 | -913 | -2,482 | -4,598 |
| **External debt (US$ m)** | | | | | | | |
| Debt stock | 22,713 | 24,954 | 28,718 | 35,139[b] | 39,832 | 42,047 | 45,091 |
| Debt service paid | 1,245 | 1,321 | 1,217 | 1,334[b] | 1,475 | 1,630 | 1,729 |
| Principal repayments | 637 | 755 | 782 | 814[b] | 851 | 889 | 900 |
| Interest | 608 | 566 | 436 | 521[b] | 624 | 741 | 829 |
| **International reserves (US$ m)** | | | | | | | |
| Total international reserves | 23,748 | 24,176 | 16,803 | 12,926 | 17,767 | 17,602 | 22,618 |

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

Source: IMF, *International Financial Statistics*.

## Quarterly data

| | 2009 | 2010 | | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|
| | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr |
| **Prices** | | | | | | | | |
| Consumer prices (2005=100) | 156.2 | 162.6 | 165.1 | 166.6 | 173.2 | 183.4 | 197.1 | 204.1 |
| Consumer prices (% change, year on year) | 4.6 | 7.5 | 9.0 | 8.4 | 10.8 | 12.8 | 19.4 | 22.5 |
| **Financial indicators** | | | | | | | | |
| Exchange rate D:US$ (av) | 18,094 | 18,756 | 18,993 | 19,278 | 19,495 | 20,234 | 20,683 | 20,709 |
| Exchange rate D:US$ (end-period) | 18,472 | 19,080 | 19,065 | 19,485 | 19,498 | 20,908 | 20,565 | 20,822 |
| Deposit rate (av; %) | 9.5 | 10.3 | 11.1 | 11.1 | 12.3 | 14.0 | 14.0 | n/a |
| Lending rate (av; %) | 11.0 | 12.0 | 13.4 | 13.2 | 13.9 | 16.0 | 18.0 | n/a |
| Refinancing rate (end-period; %) | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 12.0 | 14.0 | n/a |
| Treasury bill rate (av; %) | 9.4 | 11.2 | n/a | n/a | n/a | n/a | n/a | n/a |
| M1 (end-period; D trn) | 565.2 | 520.5 | 548.3 | 563.5 | 625.5 | 599.5 | n/a | n/a |
| M1 (% change, year on year) | 30.4 | 12.6 | 8.0 | 9.3 | 10.7 | 15.2 | n/a | n/a |
| M2 (end-period; D trn) | 1,910.6 | 1,982.4 | 2,166.6 | 2,325.0 | 2,478.3 | 2,495.7 | n/a | n/a |
| M2 (% change, year on year) | 26.2 | 20.5 | 22.0 | 26.2 | 29.7 | 25.9 | n/a | n/a |
| **Foreign trade (US$ m)** | | | | | | | | |
| Exports fob | 15,214 | 14,345 | 17,961 | 18,984 | 20,366 | 19,386 | 23,130 | 26,514 |
| Imports cif | -20,865 | -17,775 | -20,736 | -21,232 | -24,037 | -22,784 | -26,203 | -27,309 |
| Trade balance | -5,651 | -3,430 | -2,775 | -2,248 | -3,671 | -3,398 | -3,073 | -795 |
| **Foreign payments (US$ m)** | | | | | | | | |
| Merchandise trade balance | -4,118 | -2,009 | -873 | -246 | -2,019 | -1,461 | n/a | n/a |
| Services balance | -728 | -573 | -485 | -521 | -882 | -780 | n/a | n/a |
| Income balance | -621 | -1,281 | -603 | -1,017 | -1,663 | -1,308 | n/a | n/a |
| Net transfer payments | 1,721 | 1,847 | 1,630 | 1,965 | 2,443 | 2,455 | n/a | n/a |
| Current-account balance | -3,746 | -2,016 | -331 | 181 | -2,121 | -1,094 | n/a | n/a |
| Reserves excl gold (end-period) | 16,447 | 13,854 | 14,121 | 14,111 | 12,467 | 12,220 | n/a | n/a |

Sources: IMF, *International Financial Statistics*.

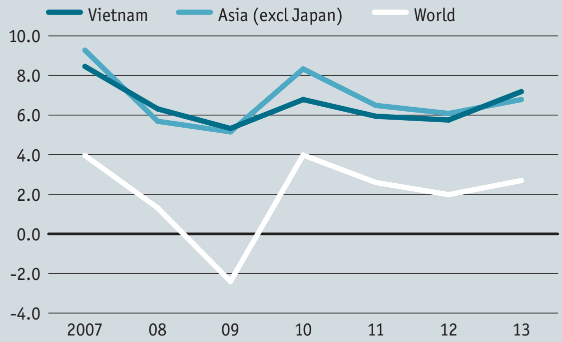
## Monthly data

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Exchange rate D:US$ (av)** | | | | | | | | | | | | |
| 2009 | 17,463 | 17,482 | 17,553 | 17,776 | 17,785 | 17,796 | 17,809 | 17,816 | 17,834 | 17,852 | 17,960 | 18,472 |
| 2010 | 18,472 | 18,721 | 19,077 | 19,011 | 18,987 | 18,981 | 19,086 | 19,262 | 19,485 | 19,491 | 19,498 | 19,498 |
| 2011 | 19,498 | 20,329 | 20,877 | 20,845 | 20,629 | 20,577 | 20,560 | 20,746 | 20,822 | 20,903 | 20,999 | 21,008 |
| **Exchange rate D:US$ (end-period)** | | | | | | | | | | | | |
| 2009 | 17,475 | 17,475 | 17,756 | 17,784 | 17,784 | 17,801 | 17,815 | 17,823 | 17,841 | 17,862 | 18,485 | 18,472 |
| 2010 | 18,472 | 18,925 | 19,080 | 18,960 | 18,980 | 19,065 | 19,095 | 19,485 | 19,485 | 19,495 | 19,498 | 19,498 |
| 2011 | 19,498 | 20,875 | 20,908 | 20,625 | 20,535 | 20,565 | 20,555 | 20,822 | 20,822 | 20,999 | 20,999 | 21,024 |
| **Money supply M1 (% change, year on year)** | | | | | | | | | | | | |
| 2009 | -3.8 | 5.2 | 16.7 | 27.1 | 34.7 | 48.5 | 54.9 | 58.4 | 60.2 | 59.2 | 57.5 | 30.4 |
| 2010 | 22.8 | 23.8 | 12.6 | 7.7 | 8.4 | 8.0 | 8.1 | 9.6 | 9.3 | 9.0 | 10.3 | 10.7 |
| 2011 | 20.3 | 14.8 | 15.1 | 13.3 | 8.6 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| **Money supply M2 (% change, year on year)** | | | | | | | | | | | | |
| 2009 | 20.8 | 24.1 | 26.5 | 32.5 | 33.9 | 37.1 | 38.5 | 38.6 | 36.7 | 36.5 | 35.1 | 26.2 |
| 2010 | 22.5 | 22.6 | 20.5 | 19.4 | 19.5 | 22.0 | 20.7 | 25.0 | 26.2 | 25.4 | 25.2 | 29.7 |
| 2011 | 29.9 | 29.0 | 25.9 | 22.8 | 19.7 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| **Deposit rate (av; %)** | | | | | | | | | | | | |
| 2009 | 7.0 | 6.5 | 7.1 | 7.2 | 7.3 | 7.5 | 7.6 | 8.0 | 8.1 | 8.4 | 10.0 | 10.2 |
| 2010 | 10.2 | 10.2 | 10.3 | 11.0 | 11.2 | 11.2 | 11.1 | 11.1 | 11.1 | 11.0 | 12.0 | 13.9 |
| 2011 | 13.9 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | n/a | n/a | n/a | n/a | n/a | n/a |
| **Lending rate (av; %)** | | | | | | | | | | | | |
| 2009 | 10.1 | 9.4 | 9.2 | 9.2 | 9.6 | 10.0 | 10.0 | 10.3 | 10.4 | 10.5 | 10.5 | 12.0 |
| 2010 | 12.0 | 12.0 | 12.0 | 13.9 | 13.2 | 13.2 | 13.3 | 13.0 | 13.3 | 13.3 | 13.3 | 15.3 |
| 2011 | 15.3 | 16.4 | 16.4 | 17.9 | 18.1 | 18.1 | n/a | n/a | n/a | n/a | n/a | n/a |
| **Consumer prices (av; % change, year on year)** | | | | | | | | | | | | |
| 2009 | 19.4 | 15.5 | 12.0 | 9.2 | 5.6 | 3.9 | 3.3 | 2.0 | 2.4 | 3.0 | 4.3 | 6.5 |
| 2010 | 5.9 | 7.8 | 8.7 | 9.2 | 9.0 | 8.7 | 8.2 | 8.2 | 8.9 | 9.7 | 11.1 | 11.8 |
| 2011 | 12.2 | 12.3 | 13.9 | 17.5 | 19.8 | 20.8 | 22.2 | 23.0 | 22.4 | 21.6 | 19.8 | 17.8 |
| **Goods exports fob (US$ m)** | | | | | | | | | | | | |
| 2009 | 3,842 | 5,097 | 5,346 | 4,287 | 4,454 | 4,831 | 4,825 | 4,639 | 4,562 | 5,043 | 4,704 | 5,467 |
| 2010 | 5,013 | 3,740 | 5,592 | 5,332 | 6,312 | 6,317 | 6,029 | 6,857 | 6,098 | 6,227 | 6,641 | 7,498 |
| 2011 | 7,091 | 4,848 | 7,447 | 7,437 | 7,233 | 8,460 | 9,323 | 9,247 | 7,944 | 8,394 | 8,854 | 8,900 |
| **Goods imports cif (US$ m)** | | | | | | | | | | | | |
| 2009 | 3,456 | 4,257 | 5,141 | 5,600 | 5,796 | 6,020 | 6,415 | 5,982 | 6,416 | 6,664 | 6,806 | 7,395 |
| 2010 | 5,958 | 5,070 | 6,747 | 6,494 | 7,183 | 7,059 | 7,007 | 7,252 | 6,973 | 7,304 | 7,941 | 8,792 |
| 2011 | 7,968 | 5,960 | 8,856 | 8,929 | 8,654 | 8,620 | 8,221 | 9,643 | 9,445 | 9,144 | 9,421 | 9,600 |
| **Trade balance fob-cif (US$ m)** | | | | | | | | | | | | |
| 2009 | 386 | 840 | 205 | -1,313 | -1,342 | -1,189 | -1,590 | -1,343 | -1,854 | -1,621 | -2,102 | -1,928 |
| 2010 | -945 | -1,330 | -1,155 | -1,162 | -871 | -742 | -978 | -395 | -875 | -1,077 | -1,300 | -1,294 |
| 2011 | -877 | -1,112 | -1,409 | -1,492 | -1,421 | -160 | 1,102 | -396 | -1,501 | -750 | -567 | -700 |
| **Foreign-exchange reserves excl gold (US$ m)** | | | | | | | | | | | | |
| 2009 | 22,830 | 22,653 | 23,008 | 20,931 | 20,790 | 20,260 | 19,072 | 18,802 | 18,769 | 18,320 | 17,400 | 16,447 |
| 2010 | 15,735 | 15,492 | 13,854 | 14,332 | 13,936 | 14,121 | 13,917 | 13,727 | 14,111 | 14,098 | 13,298 | 12,467 |
| 2011 | 12,158 | 11,964 | 12,220 | 12,609 | 13,541 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

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

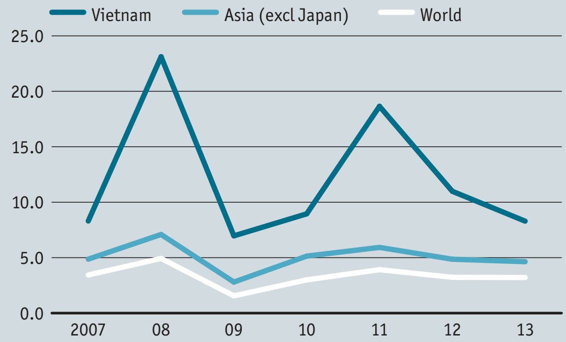
## Annual trends charts

### Real GDP growth
(% change)



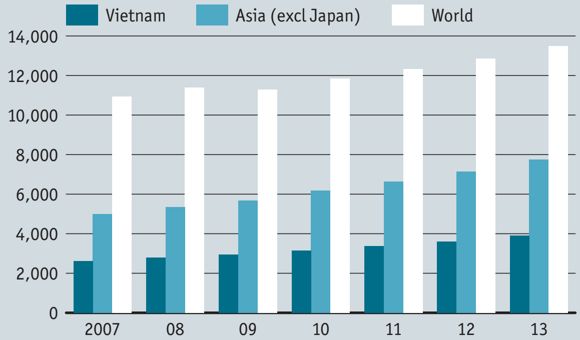

Source: Economist Intelligence Unit.

### Consumer price inflation
(av; %)



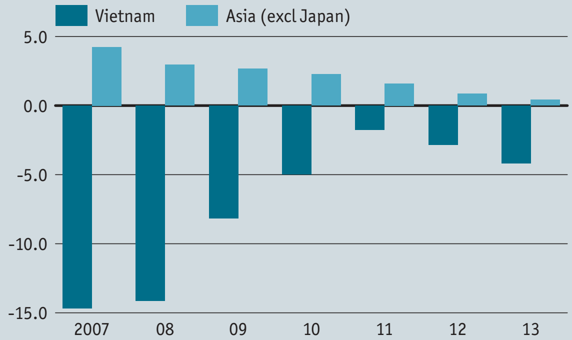

Source: Economist Intelligence Unit.

### GDP per head
(US$; PPP)



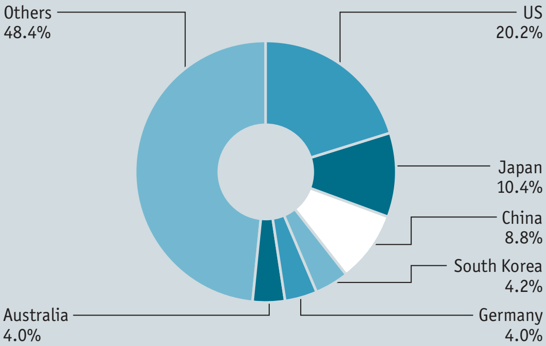

Source: Economist Intelligence Unit.

### Trade balance
(% of GDP)



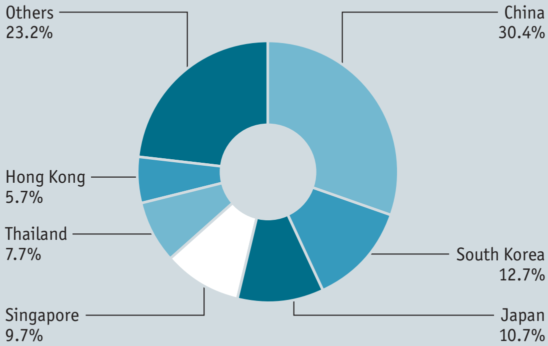

Source: Economist Intelligence Unit.

### Main destinations of exports, 2010
(share of total)




Source: Economist Intelligence Unit.

### Main origins of imports, 2010
(share of total)

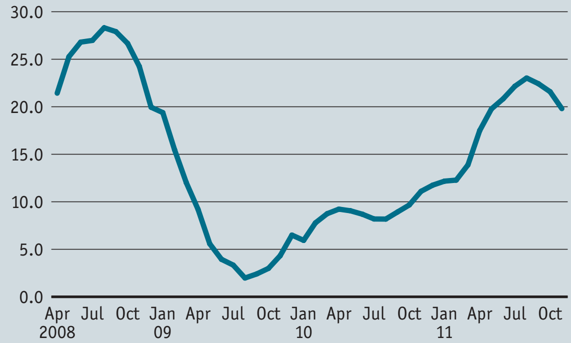



Source: Economist Intelligence Unit.

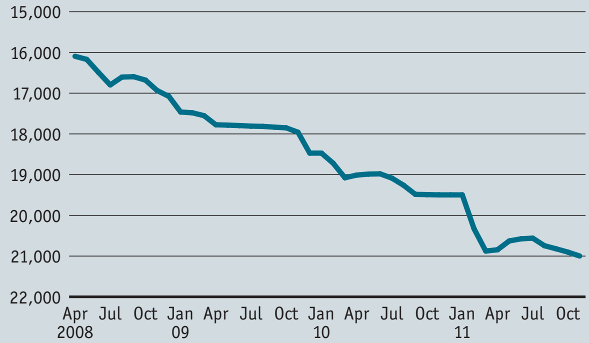
## Monthly trends charts

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



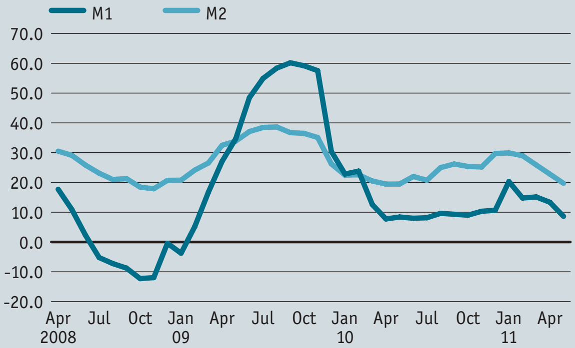

Source: Economist Intelligence Unit.

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



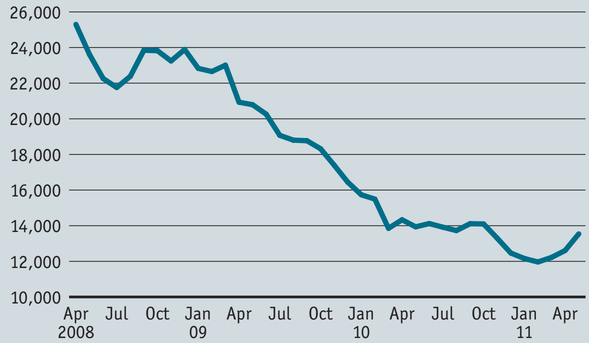

Source: Economist Intelligence Unit.

### Monetary aggregates
(% change, year on year)



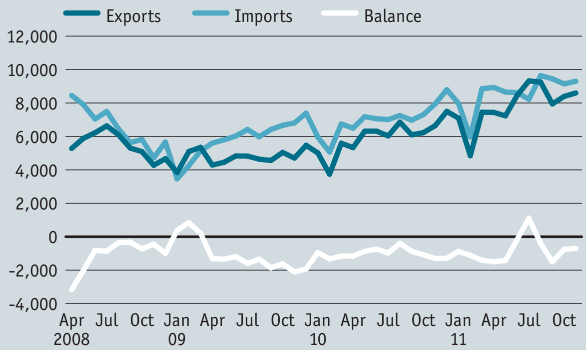

Source: Economist Intelligence Unit.

### Foreign-exchange reserves
(US$ m)



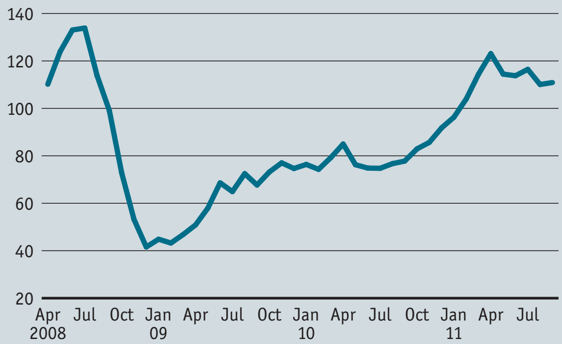

Source: Economist Intelligence Unit.

### Foreign trade
(US$ m; goods only)




Source: Economist Intelligence Unit.

### Oil: Brent crude price
(US$/b; av)

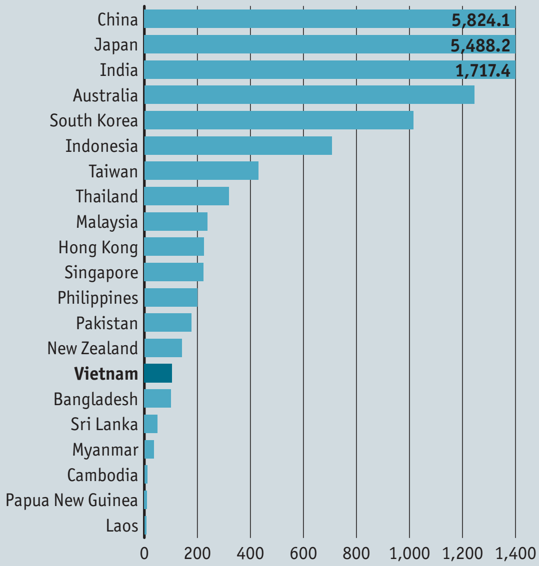



Source: Economist Intelligence Unit.

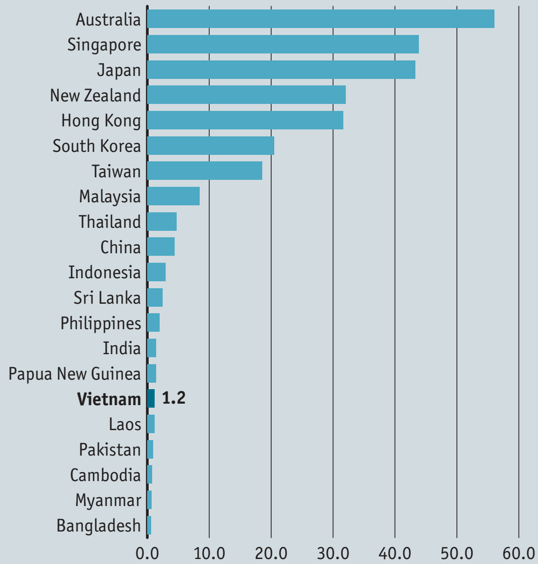
# Comparative economic indicators, 2010

### Gross domestic product
(US$ bn; market exchange rates)



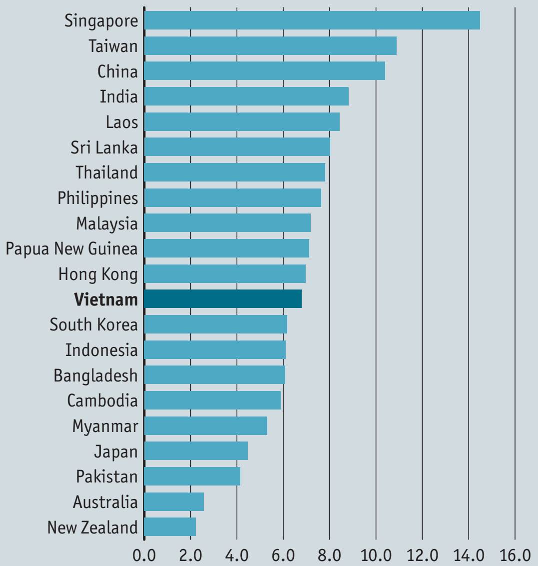

Sources: Economist Intelligence Unit estimates; national sources.

### Gross domestic product per head
(US$ '000; market exchange rates)



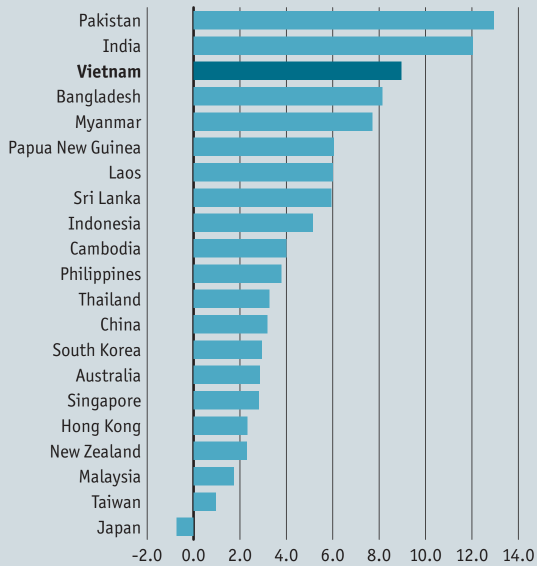

Sources: Economist Intelligence Unit estimates; national sources.

### Gross domestic product
(% change, year on year)




Sources: Economist Intelligence Unit estimates; national sources.

### Consumer prices
(% change, year on year)




Sources: Economist Intelligence Unit estimates; national sources.

# Country snapshot

## Basic data

| | |
|---|---|
| **Land area** | 331,051 sq km |
| **Population** | 86m (2009, General Statistics Office estimate) |
| **Main towns** | Population (of province) in '000 (2009)<br>Ho Chi Minh City 7,165<br>Hanoi (capital) 6,472<br>Haiphong 1,842 |
| **Climate** | Tropical monsoon; north cool and damp in winter (November-April), hot and rainy in summer; south more equable; centre most subject to typhoons. The rains are highly unpredictable |
| **Weather in Hanoi (altitude 216 metres)** | Hottest month, June, 26-33°C; coldest month, January, 13-20°C; wettest month, August, 343 mm average rainfall; driest month, January, 18 mm average rainfall |
| **Weather in Ho Chi Minh City (altitude 9 metres)** | Hottest month, April, 24-35°C; coldest month, January, 21-32°C; wettest month, September, 335 mm average rainfall; driest month, February, 3 mm average rainfall |
| **Language** | Vietnamese (spoken by about 90% of the population); English (increasingly favoured as a second language); some French; a little Russian and German; minority languages such as Hmong, Thai, Khmer in more remote rural areas |
| **Weights and measures** | Metric system. Local land measurement: 1 mau = 3,600 sq metres (north); 1 mau = 5,000 sq metres (centre) |
| **Currency** | Dong (D). Average exchange rate in 2011: D20,649:US$1 |
| **Time** | 7 hours ahead of GMT |
| **Public holidays** | January 1st (New Year's Day; holiday taken on January 2nd); January 23rd-26th (Tet, Lunar New Year); March 31st (Gio To Hung Vuong Day); April 30th (Liberation of Saigon); May 1st (Labour Day); September 2nd (National Day) |

# Political structure

| | |
|---|---|
| **Official name** | Socialist Republic of Vietnam |
| **Form of state** | One-party rule |
| **The executive** | The cabinet is constitutionally responsible to the National Assembly, which is elected for a five-year term |
| **Head of state** | The president, Truong Tan Sang |
| **National legislature** | The unicameral 493-member Quoc Hoi (National Assembly) meets biannually and typically serves a five-year term. The current chairman is Nguyen Sinh Hung. The assembly appoints the president and the cabinet |
| **Local government** | Centrally controlled provinces and municipalities are subdivided into towns, districts and villages, which have a degree of local accountability through elected People's Councils |
| **Legal system** | 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 |
| **National elections** | Elections for the National Assembly took place in May 2011; the next are due in 2015 |
| **National government** | The Communist Party of Vietnam, and in particular its politburo, controls both the electoral process and the executive |
| **Main political organisations** | The Communist Party of Vietnam (general secretary: Nguyen Phu Trong); the Vietnam Fatherland Front |

| | | |
|---|---|---|
| **Main members of the cabinet** | **Prime minister** | Nguyen Tan Dung |
| | **Deputy prime ministers** | Nguyen Xuan Phuc |
| | | Hoang Trung Hai |
| | | Nguyen Thien Nhan |
| | | Vu Van Ninh |
| **Key ministers** | **Agriculture & rural development** | Cao Duc Phat |
| | **Construction** | Trinh Dinh Hue |
| | **Culture, sports & tourism** | Hoang Tuan Anh |
| | **Education & training** | Pham Vu Luan |
| | **Finance** | Vuong Dinh Hue |
| | **Foreign affairs** | Pham Binh Minh |
| | **Industry & trade** | Vu Huy Hoang |
| | **Information & communications** | Nguyen Bac Son |
| | **Justice** | Ha Hung Cuong |
| | **Labour, war invalids & social affairs** | Pham Thi Hai Chuyen |
| | **National defence** | Phung Quang Thanh |
| | **Natural resources & environment** | Nguyen Minh Quang |
| | **Planning & investment** | Bui Quang Vinh |
| | **Public health** | Nguyen Thi Kim Tien |
| | **Public security** | Tran Dai Quang |
| | **Transport** | Dinh La Thang |
| **Central bank governor** | Nguyen Van Binh | |