



VIETNAM: WHAT TO EXPECT FROM THE NEW GOVERNMENT'S ECONOMIC & FOREIGN POLICY AGENDA?

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- Overview of the new government
- Economic policy implications
- Foreign policy implications

Outline

- New government elected at the final session of the 14th National Assembly in early April;
- This new government will be re-elected by the 15th National Assembly at its first session in late July
- The new government members elected in April included: PM, two DPMs, and 12 ministers

Overview of Vietnam's new government



PHẠM MINH CHÍNH



TRƯƠNG HÒA BÌNH



PHẠM BÌNH MINH



VŨ ĐỨC ĐAM



LÊ MINH KHÁI



LÊ VĂN THÀNH

Overview of Vietnam's new government



PHAN VĂN GIANG
MOD



TÔ LÂM
MPS



NGUYỄN HỒNG DIÊN
MOIT



ĐÀO NGỌC DUNG
MOLISA



LÊ THÀNH LONG
MOJ



NGUYỄN THANH LONG
MOH



NGUYỄN THANH NGHỊ
MOC



HỒ ĐỨC PHÚC
MOF



NGUYỄN CHÍ DŨNG
MPI



HUỲNH THÀNH ĐẠT
MOST



TRẦN HỒNG HÀ
MONRE



LÊ MINH HOAN
MARD



ĐOÀN HỒNG PHONG
GI



BÙI THANH SƠN
MOFA



NGUYỄN KIM SƠN
MOET



TRẦN VĂN SƠN
GO



NGUYỄN THỊ HỒNG
SBV



NGUYỄN MẠNH HÙNG
MIC



NGUYỄN VĂN HÙNG
MOCST



HẦU A LÊNH
CEMA



NGUYỄN VĂN THẾ
MOT



PHẠM THỊ THANH TRÀ
MOHA

- Vietnam's economic growth in 2020: 2.9%
- 13th CPV Congress adopted ambitious socio-economic development plans:
 - upper-middle income economy by 2030; high-income developed economy by 2045
 - Average growth rate of 6.5-7% for 2021-2025
- PM Chinh incentivized to deliver strong economic growth to meet above targets and to strengthen his own political prospects
- Key challenges: COVID-19; infrastructure; red tape and corruption; policy implementation; external environment

Economic policy: Context

Economic Policy Prospects

- Speed up the Covid-19 vaccination drive
 - ⇒ Slow vaccination drive (about 2m shots so far): complacency, global supply shortage, expectation for domestic vaccines
 - ⇒ Speed up after 4th outbreak: 120 million doses committed by early June by suppliers and the COVAX Facility
 - ⇒ Priority to be given to factory workers as well
 - ⇒ Lockdowns in many provinces and cities, recurrent outbreaks expected: Unlikely to achieve growth target of 6.5% in 2021
- Adopt “vaccine passport” mechanism (e.g. for Phu Quoc Island)
 - ⇒ 2019: 18m foreign tourists, US\$31.6b contribution to GDP
 - ⇒ Revenue from tourism remains limited, massive unemployment
 - ⇒ More budget resources required for supporting affected businesses and employees
 - ⇒ Lobbying efforts from major industry players?
- Continue administrative and legal reforms to improve business environment (cut red tape, fight corruption, revise land law...)
 - ⇒ Make the bureaucracy leaner and more efficiency
 - ⇒ Adopt ICT and develop digital government (National Database on Population, Residence and Personal Identification Numbers recently launched)
 - ⇒ Revise land law: Reduce land disputes and corruption, while increasing land use efficiency => Long-term benefits to the economy

Economic Policy Prospects

- Improve coordination between key ministries to facilitate policy implementation
 - ⇒ Greater power delegation by PM Chinh
 - ⇒ Ministries proposed to be merged: MOF + MPI = MOFPI; MOT+MOC = MOTC;
 - ⇒ Ministries with modified portfolios: MOET=> MOE; MOST=> MOSTT
 - ⇒ The number of ministries reduced from 22 to 20
 - ⇒ Reduce cost (leaner system) + remove overlaps (better policy coordination and policy implementation)
- Speed up public investment in infrastructure development
 - ⇒ Public investment: Key measure to stimulate economic growth
 - ⇒ Upgraded infrastructure and connectivity: key to attract foreign investment and support long-term economic development
 - ⇒ Public debts fell from 62.2 per cent to 55.8 per cent of GDP between 2016 and 2021
 - ⇒ Main projects: North-South Expressway, Long Thanh Airport, seaports, Coastal highways, urban railway, possibly North-South high-speed railway
 - ⇒ Key challenges: slow disbursement, increased material prices; issues with land clearance

Economic Policy Prospects

- Likely to consider the establishment of “mini-SEZs” and mega-economic zones
 - ⇒ Create new growth centers to drive the national economy
 - ⇒ Efficiency remains unclear (e.g. HCMC and Da Nang financial centers)
- Continue banking and SOE reforms
 - ⇒ Continued efforts since 2011-12
 - ⇒ Banking reform: Improved resilience (Basel II), better governance and transparency (public listing)
 - ⇒ Challenges: Number of banks remains large (49 vs 25); M&A stopped (e.g. HDBank + PGBank), self-restructuring slow (e.g. PVCombank); bad debt climbing...
 - ⇒ SOE reform: Low-hanging fruits have been picked, now more challenging obstacles
- Promote innovation and the digital economy
 - ⇒ Covid-19 is a silver lining
 - ⇒ Private conglomerates like Vingroup to play a key role (e.g. VinFast)
 - ⇒ Fintech, e-commerce... booming
 - ⇒ Many obstacles, only two unicorns so far (VNG, VNPAY), 10 by 2030?
- Continue to pursue international economic integration but try to reduce dependence on FDI and exports
 - ⇒ Take advantage of the US – China trade/tech war
 - ⇒ Attract quality investors, move away from labour- and resource-intensive industries
 - ⇒ Vietnamese companies to join and climb up the global value chains

- Intensified strategic competition between China and the United States/allies
- Four Asian hot spots that may destabilize the region's security and strategic environment: Korean Peninsula, Taiwan Strait, East China Sea, and South China Sea
- China's increasing assertiveness and the South China Sea disputes continue to be the main security threat for Vietnam

Foreign policy: Context

Foreign Policy Prospects

Main policies:

- Maintain peace and stability to facilitate economic development
- Maintain balance between the US and China, uphold ASEAN
- Peacefully solve the South China Sea dispute
- Enhance Vietnam's international standing (middle power status by 2030)

Main priorities:

- Deepen ties with important partners (i.e. neighbours, strategic partners, comprehensive partners, and traditional partners)
- Promote economic diplomacy to assist domestic economic development
- Actively and proactively participate in multilateral mechanisms to shape international rules
- Promote citizen protection and engagement with 5.3 million overseas Vietnamese



THANK YOU!