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Statement by the Hon. **LE DUC THUY**,
Governor of the Fund for **VIETNAM**,
at the Joint Annual Discussion

STATEMENT BY H.E. LE DUC THUY
GOVERNOR FOR VIETNAM IN THE IMF

IMF/WB ANNUAL MEETINGS -- WASHINGTON D.C., September, 2005

First of all, on behalf of the delegation of the Socialist Republic of Vietnam, I would like to express our deep gratitude to the host country, the United States of America, and the IMF and the WB for their efforts in organizing this important event. I would like also to avail myself of this opportunity to congratulate Mr. Paul D. Wolfowitz on chairing the first Annual Meetings in his position as the President of the WB.

Since the last Annual Meetings, the global economy has continued its strong growth, though at a more moderate pace than the year 2004, yet more sustainable with inflation under control. Large economies like the US and China have continued their high growth rate while Japan has regained its momentum, and Asia and the Pacific region has maintained its dynamic development. This year, the issue of deep concern for many countries, especially the developing ones in Asia, is the impact of the increasing oil prices on economic growth. In addition to policy responses in the form of fiscal and monetary adjustments, it is important to improve the efficient use of energy and to increase investment in oil refining projects for the purpose of reducing pressures of oil products' retail prices on the prices of crude oil.

Over the past year, the IMF and the WB have exerted their enormous efforts in improving and strengthening the international financial systems, and promoting the balanced and sustainable development of the global economy. Fulfilling its mandates set out in the Articles of Agreement, the IMF has been continuously reforming itself in order to be able to conduct more efficiently the role of the largest international financial institution in overseeing economic developments in each individual country, in various regions and in the world as a whole; and providing policy advice and technical assistance, thereby ensuring macroeconomic stability, socio-economic development, and poverty reduction. In order to achieve the Millenium Development Goals, over the past year, the WB has focused its assistance on the developing

countries, particularly the poor ones, to facilitate their growth and poverty reduction and strengthen their debt sustainability as well.

Vietnam strongly supports the joint initiative of these two institutions to strengthen the voice and participation of both developing and transitional countries in the decision making process of the IMF and the WB. We also welcome the two institutions' emerging joint initiative to support the developing countries in the process of trade liberalization and integration, and do hope that this initiative will cover not only the WTO members but also those countries seeking membership in this organization like Vietnam, since the WTO accession might make these countries face with enormous challenges as a result of the structural adjustments as well as significant changes of their legal framework to meet the WTO requirements. Beside these common efforts, we also welcome the WB's Infrastructure Action Plan which was launched in July 2003 for the purpose of supporting the infrastructure development of the developing countries, of which those countries in the Mekong Delta region have been chosen as a targeted group in the coming time.

We also support the Africa Action Plan to help the poor countries in Africa reach the Millenium Development Goals. Vietnam is willing to accelerate its cooperation and share the experiences in development and poverty reduction with African countries, thus contributing to the international efforts of reaching the noble objectives set out by the United Nations. In this context, it is necessary to note that in parallel with expanding and accelerating the activities of the two institutions, the financial availability to fulfill these tasks should also be taken into due consideration. In this regard, the issues raised by the G8 Debt Relief Initiative and debt relief for the poor countries are those to be treated more comprehensively. In addition, as one of the countries in the Asia - Pacific region, we hold that the WB should reserve more attention and appropriate resources in helping this region to achieve sustainable growth and poverty reduction, since the Asia - Pacific region is facing with enormous challenges with a large poor population, in spite of its being seen as a dynamic region in economic development.

The year 2005 is an important milestone for Vietnam because this is the final year of the country's Socio-Economic Development Plan for 2001-2005, and also the year to pave the way for the next 5-year plan in the 2006-2010 period. In spite of the difficulties caused by the avian flu, the adverse climate conditions and the increasing oil prices, the national economy has continued to progress. This is evidenced by the GDP growth rate of 7.63% for the first half of the year, the increasing industrial, agricultural and services outputs, the strong export performance with the growth rate of 18.7% during the first 8 months, the sound fiscal activities, the flexible but prudent monetary policy, and the stable macroeconomic environment. Thanks to the economic achievements together with the continued improvement of policy and institutional framework, foreign investment inflow has remarkably increased, resulting in an increasing amount of additional disbursement and new registered capital in the first 8 months of 2005 of 49.2% against the corresponding period of last year. Vietnam has also made all its efforts in accelerating its economic integration with the region and elsewhere. WTO accession by end-2005 has become one of the top goals of Vietnam's external economic activities, and the Government's efforts toward this end have been acknowledged by its partners through their commitments to support the country's accession to the WTO. Donors continue to support Vietnam's attempt to reach the objective of integrating economic growth with poverty reduction by the clear demonstration of the implementation of the Comprehensive Poverty Reduction and Growth Strategy (GPRGS). Noting the achievements in maintaining high economic growth and poverty reduction, the UNDP's most recent Human Development Report has re-ranked Vietnam to the 108th from the previous 112th among the total 177 countries.

The remaining months of 2005 will be a challenging time for Vietnam. Due to the problems posed by the continuing increase of the world oil prices and the resulted pressure on other commodities' prices, the increased trade and technical barriers in targeted markets, and the unexpected climate movements, the Government is required both to improve the quality of growth and accelerate the pace of growth. To these ends, the 5-year Socio-Economic Development for 2006-2010 with the goals of annual GDP growth rates of 7.5 to 8% and out of the list of low income countries by the year

2010 has been mapped out with the broad public participation and the active support of the international donor community. We hope that the implementation of a plan with such broad participation and careful consideration of practical elements will help Vietnam achieve its objectives of sustainable growth, significant improvement of the business environment, comprehensive reform of the enterprise and banking sectors, expansion and improvement of the investment efficiency, thereby taking a new step of external economic development, and getting well prepared to cope with enormous challenges when the country fully integrates into the AFTA and becomes a WTO member.

It is my firm belief that the utmost determination and endeavor by the Government and people of Vietnam to overcome the challenges ahead to achieve a sustainable economic development, improve its people's living standard, and integrate into the global economy will be actively supported by the international community, including the IMF and the WB.