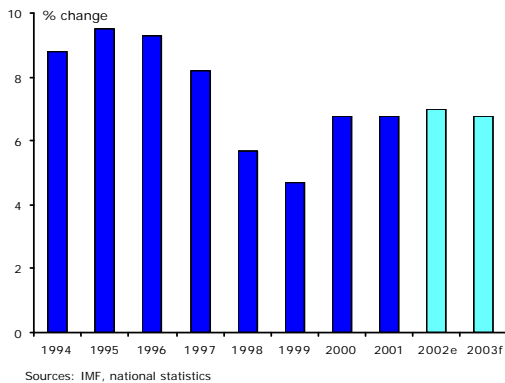
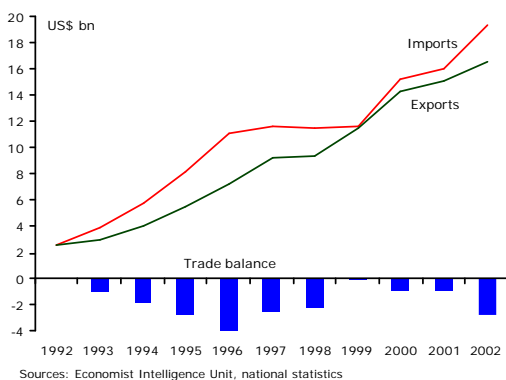


Country Update: Vietnam

Real GDP growth is steady around 7% according to official figures



Rapid import growth was reflected in a bigger trade deficit in 2002



- Official figures show that real GDP rose by 7% in 2002, exactly in line with the government's target and one of the fastest growth rates in Asia. Industry and construction rose by 9.4% in 2002 and agriculture by 4.1%. The government is projecting GDP growth of 7.0-7.5% in 2003, with the economy expected to benefit from efforts to boost private sector activity and the bilateral trade agreement with the US.
- Exports to the US are estimated to have doubled in 2002, with the textiles and garment sector a major beneficiary of the bilateral trade agreement. Total exports from this sector rose by 37% in 2002, but overall export performance last year was disappointing with declines in the value of exports of coffee, electronics products, and fruit and vegetables. Total exports rose by 10% while imports jumped by 19.4%. As a result the visible trade deficit widened to almost US\$2.8 bn from US\$900 mn in 2001, while the current account, which was in surplus during 1999-2001, is estimated to have been in deficit by approximately 2% of GDP in 2002.
- Although the private sector is becoming a significant source of economic growth, the government is concerned that bureaucracy and corruption are hampering economic reform and are detrimental to foreign investment and the development of the private sector. The reform process must be speeded up if plans for WTO membership by 2005 are to be realised. An unexpected decision to significantly raise tariffs on imported car parts would have been a serious setback to the trade liberalisation programme, but the planned increase was delayed just before it was due to take effect on 1 January 2003.

Economic data and debt statistics

Vietnam	1997	1998	1999	2000	2001	2002e	2003f	2004f
Economic growth (%)	8.2	5.7	4.7	6.8	6.9	7.0	6.8	7.2
Inflation (yr av, %)	3.2	7.3	4.2	-1.7	-0.4	3.8	4.5	5.0
Budget Balance (% of GDP)	-3.9	-2.0	-2.6	-4.3	-5.1	-5.5	-5.2	
Current Account (% of GDP)	-5.7	-4.0	4.1	3.1	2.5	-2.0	-2.0	
External Debt (US\$ bn)	10.7	10.5	10.7	12.8	13.9	14.1	15.0	
External Debt/GDP Ratio (%)	39.8	38.8	37.3	40.8	42.2	41.8	42.5	
External Debt/Exports Ratio (%)	89.9	86.9	75.4	73.8	77.0	74.5	70.5	
Short-term Debt to Reserves (%)	61.7	49.6	23.8	27.1	33.9			
Debt Service Ratio (Paid) (%)	10.9	13.1	10.8	8.9	10.2			
Debt Service Ratio (Due) (%)	10.9	13.1	10.8	8.9	10.2	11.0	10.2	
International Reserves (US\$ bn)	2.0	2.0	3.3	3.4	3.7	3.8*		
Import Cover (g & s) (months)	1.8	1.8	2.9	2.4	2.5			

* August 2002

Sources: IMF, Economist Intelligence Unit, ANZ Bank