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Statement by the Hon. **LE MINH HUNG**,
Governor of the Fund for **VIETNAM**

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Governor of the Fund for Vietnam**

Bali – Indonesia

Ladies and gentlemen,

Ten years have passed by since the global financial crisis; and world economy has gradually recovered and regained solid growth momentum. Global economic growth rate has ranged from 3.8 percent to 3.9 percent on average in 2017 and the first months of 2018. Despite the downward trend in global investment, global trade recovered strongly in 2017 and is expected to grow at 4.2 percent in 2018. Global interest rate has regained levels similar to those in pre-GFC period while economic recovery spreads across countries. The private sector has been recognized as main source of recovery. Inflation is moving around central banks' targets given prevailing low core inflation, and financial conditions remains accommodative and supportive to business activities.

Industry 4.0 has been making fundamental changes in socio-economic life in each country as well as in the world. The application of modern technologies in the financial sector, or Fintech, in the 4.0 era has facilitated people, particularly vulnerable groups like the poor and people in remote areas, to access to financial services. A substantial change in manners of interaction between people as well as between enterprises and the public has been made by Fintech and other innovations, bringing about a unique opportunity for governments, especially those in developing countries, to renovate model and improve quality of economic growth.

On negative side, however, downside risks are accumulating as populism is rising with trade protectionism. Recent escalating trade dispute and its impact on financial and monetary market may cause further capital flow reversal. Brexit negotiation is closing hard and add potential risks to the Europe's as well as global economy. Climate change has seen consequences of storm, tsunami and floods in various parts while unidentified and unprecedented issues, questions arising from the 4.0 products, technology are calling for further attention and precautionary approaches.

The rising risks may further differentiate growth and economic performance among emerging markets. From January to August 2018, direct and indirect investment flow reversed out of developing and emerging economies reached USD 13.9 billion, challenging them to preserve development achievements towards sustainable growth. Trade tensions resulting in uncertainties in financial markets, global trade and investment could slow down post-crisis recovery. Risks accumulated after economic recovery endeavors in tandem with limited policy space and geopolitical risk at global level would put pressure on small-scale and developing economies. On the other hand, many countries particularly developing ones are facing risks of being left behind in the digital era if pro-active policies are not prompted to take advantage of Industry 4.0 advances. All of these have accumulated, leading to potential risks that need to be identified and prevented by all countries.

Ladies and gentlemen,

Following the recovering trend of global economy, encouraging results have been made by Viet Nam's economy. GDP growth rate reached 6.98 percent in the first nine months of 2018, the highest since 2011. Inflation in the first nine months was controlled at lower rate than the yearly target of 4.0 percent on average while core inflation was kept stable at 1.41 percent. Viet Nam's Government has been undertaking comprehensive reforms including economic restructuring, renewal of growth model, development of private

sector as the main engine of growth, enhancement of public investment effectiveness, accelerating banking and finance reforms, improvement of infrastructure. In the meantime, innovation and application of Industry 4.0 achievements in socio-economic development has been encouraged while international integration is strengthened in efforts to join our hands with international community to promote global inclusive development and macroeconomic stability.

A National Strategy of Fincial Inclusion has been finalizing and soon be in effect with two pillars namely (1) improving access to financial services by people, particularly the poor, those living in rural and remote areas and other vulnerable groups, and (2) financial literacy. The Government has founded Fintech Steering Committee to create a favorable environment for innovation that facilitates enterprises to apply achievements of the 4th Industrial Revolution in the banking and finance industry in Viet Nam. Under the motto of pushing the application of Industry 4.0 achievements in socio-economic areas, Viet Nam is preparing a National Strategy on the 4th Industrial Revolution with the participation of various authorities in different areas. The introduction and implementation of this Strategy will help to ensure that nobody will be left behind in the development process towards strong, sustainable, balanced and inclusive growth.

Results of macroeconomic management of Viet Nam's Government and authorities have been recognized and appreciated by the international community. The application of lapse-of-time procedure for the 2018 Staff Report to Vietnam was a evidence of IMF's recognition of the macroeconomic performances and policy management in the past year. Most recently, Fitch Ratings and Moody's have raised Vietnam's credit rating, reflecting that the confidence of international investors in potential growth of Viet Nam as well as policy management of the government and authorities has been consolidated.

Beside the captured economic achievements, Viet Nam's economy has also faced with substantial challenges in its efforts towards sustainable development. The current trend of capital flow reversal from emerging economies challenge its growth target as large FDI inflows have well financed economic development in the past years. Given that Viet Nam is a small-scaled, open economy, and its financial system is under a comprehensive reform, trade tensions and its consequences on the global trade and financial system and ongoing geopolitical concerns may have negative impacts on future growth. At the same time, climate change and its consequences including natural calamities, droughts, floods and salt intrusion have adversely impacted agricultural production and social life given that over 80% of the population depend on agricultural production.

Ladies and gentlemen,

Viet Nam appreciates the IMF's and the WB's approach of flexibility enhancement in supporting economies and promoting the voice and status of smaller countries. The role of the IMF has been complimented in provision of policy advices, capacity building, human resource development for countries as well as implementation of initiatives and efforts to consolidate global financial stability. The WB's accomplishments have been well acknowledged, particularly in addressing challenges to global development over the past few years. Besides, the WB's assistances and resources provided to various countries have helped them to successfully implement the United Nations' Sustainable Development Goals, reduce climate change in the spirit of 2015 Paris Climate Change Agreement, encourage the participation of the private sector in investment for development and creating global policy framework on financial inclusion, etc.

Given the important role and prolonged efforts of the IMF/WB in financial stability, global economic development, particularly in assisting developing and underdeveloped countries, I totally agree with the theme introduced by the IMF/WB: ***Harnessing disruption to shape inclusive economies of the future.*** Viet Nam would expect the IMF and the WB

to strengthen the linkage among member countries in programs, projects and initiatives for global financial stability consolidation, to utilize 4.0 technology disruptions for the sake of balanced, inclusive and sustainable development.

We believe the IMF and the WB will continue to play a leading role in future initiatives and programs to support world and regional economy to overcome difficulties and obstacles to development, enhance and consolidate financial stability, promote the role of interconnections between geographic and economic areas, between developed, developing and underdeveloped economies to create necessary policy resonance for prosperity and stability at global level.

I wish our Meeting success.

Thank you.