

PRESS RELEASE

Launching Conference of

Viet Nam Annual Economic Report 2019

ON THE DOORSTEP TO THE DIGITAL ECONOMY

In the morning of the 29th of May 2019, the VNU University of Economics and Business and the Friedrich Naumann Foundation (FNF) Viet Nam co-organized the Launching Conference of Viet Nam Annual Economic Report 2019 at the Sheraton Hotel, Ha Noi.



Following the success of prior reports, Viet Nam Annual Economics Report 2019, entitled "*On the Doorstep to the Digital Economy*", will set gravity on the development of Viet Nam's digital economy in the foreseeable future. Indeed, the trend of digitalizing socio-economy activities formed a solid foundation for the emerging of the fourth industrial revolution and promoted its prevalence vertically in developed countries. This has created new challenges due to its "creative destruction" of the traditional markets and current sectorial structure, transforming the whole production system along with the global governance. Under these circumstances, Viet Nam, although has been increasingly integrating into the global production chains, is not likely to catch up with this swiftly transformation. Hence, this year's report, not only considers and evaluates the world and Vietnamese economies, but also attempts to shed light on the opportunities as well as obstacles to further develop the digital economy under the context of Viet Nam.

The Viet Nam Annual Economic Reports have been conducted since 2009, summarizing major economic issues in the passing year, providing an economic outlook for the coming year as well as relevant policy recommendations.

The **Viet Nam Annual Economic Report** Project is a key product of VNU's Strategic Research Program named "***Economic Theories and Macroeconomic Policy in the condition of International Economic Integration of Viet Nam***".

The launching conference of the Viet Nam Annual Economic Report 2019 is kindly supported by the Friedrich Naumann Foundation (FNF) Vietnam.

This year's Report, edited by Nguyen Duc Thanh and Nguyen Cam Nhung, is a valuable and reliable reference for researchers and policy-makers, social and economic institutions as well as all those who are concerned about the current economic situations of Viet Nam.

Participants of the Conference include officials and representatives of policymaking agencies; universities and research institutions; representatives of embassies, international donors and development organizations in Hanoi; industry representatives, and media agencies.

The information included in the report was updated until December 2018, several was updated until the first quarter of 2019.

The Vietnamese version of the Report is expected to be published in September, 2019, while the English version is expected to be published in December, 2019.



**FRIEDRICH NAUMANN
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Vietnam

Please send all comments and suggestions on the contents of Viet Nam Annual Economic Report 2019 to Assoc. Prof. Dr. Nguyen Duc Thanh, e-mail: nguyen.ducthanh@vepr.org.vn.

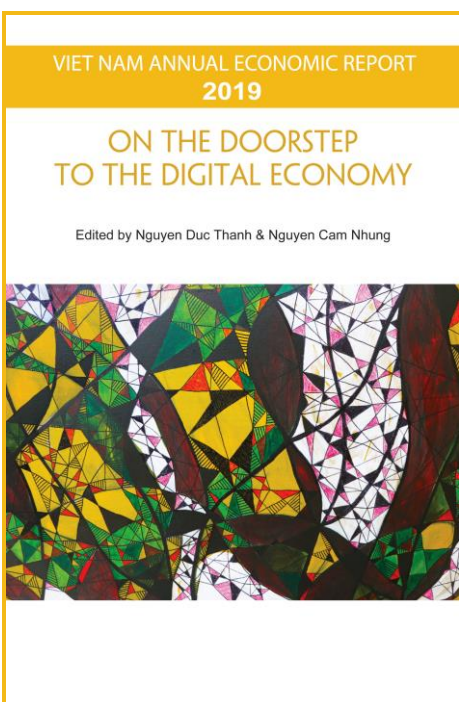
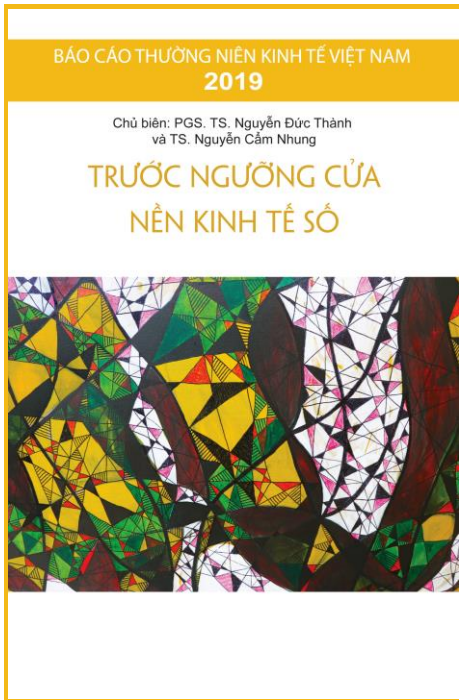
For more information on the Viet Nam Annual Economic Report or related events, please visit VEPR's website: www.vepr.org.vn, follow our Facebook <https://www.facebook.com/VEPRinstitute/> or contact via VEPR hotline 0975608677, e-mail: info@vepr.org.vn.

The Viet Nam Annual Economic Report 2019 is composed by six chapters and two appendices.

Chapter 1, **"Overview of the World Economy in 2018"**, provides an overview of the world economy in 2018. During the first half of the 2018, the world economy successfully sustained the growth momentum generated from 2017, however, as the last six months of 2018, the world economy faced challenges that directly degraded the "health" of the global economy. Undeniably, the US – Sino trade dispute posed a significant hindrance towards the global economy development. Additionally, the tension in macroeconomic of emerging market as Argentina and Turkey tended to accelerate. Furthermore, developed countries implemented policies to normalize the monetary policy, meanwhile, China tightened their grips over its credit policy. All these changes, in association with the plunge of the global investment, widened the growth gap among countries. Worse still, in 2018, the US economy witnessed a growth rate that was lower than what had been expected by President Donald Trump. However, once put it into comparison with other developed countries, this growth rate still provoked positive sentiment. On the other words, the growth rate of China, EU, Japan, ASEAN and other emerging countries tended to be anomalously lower.

Chapter 2, **"Overview of the Vietnamese Economy in 2018"**, provides a general view and assessment on the Vietnamese economy in 2018. Despite of the volatility of the world economy, Viet Nam could successfully meet socio-economic indicators proposed by the congress for the year of 2018. Trading and investment activities had a high growth rate. The monetary, capital and foreign exchange market maintained the sustainability and stayed under the control of the authority. The budget deficit and public debt had several ameliorations, however, it is lacking a solid macroeconomic foundation and entailing many major risks. Besides, the economics growth, exporting activities and job creation had a great dependency on the FDI sector, especially few specific companies. In return, the economic benefits derived from the buoyance of this area played as a minority interest, whereas, Viet Nam is bearing environmental risks and deepen the inequality between domestic and FDI enterprises.

Chapter 3, **"Viet Nam's future digital economy"**, highlights the mega-trends of development of the Viet Nam's digital economy and introducing the four scenarios of Viet Nam in 2045 projection. These four distinctive scenarios were calibrated by the combination of internal and external factors in order that the pros and cons can be comprehensively examined. Moreover, the scenarios will be further elucidated by empirical analysis of impacts on GDP and job substitution.



About VEPR

Viet Nam Institute for Economic and Policy Research (VEPR), formerly known as Viet Nam Centre for Economic and Policy Research, was established on July 7, 2008 under the University of Economics and Business, Vietnam National University, Hanoi. VEPR considers its primary mission as carrying out economic and policy research to assist in improving the decision-making quality of policy-making institutions, enterprises, and interest groups by providing insights into the social, political, and economic factors that drive economic affairs of Viet Nam and the region.

Since 2018, VEPR has been awarded the status of the VNU Centre of Excellence by the President of the Viet Nam National University, Hanoi.

According to the *2019 Global Go To Think Tank Index Report* conducted by the University of Pennsylvania, VEPR was ranked 59th among top 100 think tanks in the Southeast Asia and the Pacific.

About FNF Viet Nam

The Friedrich Naumann Foundation is active in Germany and in around 70 project countries worldwide. All of our work is guided by liberty as its fundamental value. We want our projects to enable people throughout the world to live their lives freely, with dignity, in peace and prosperity.

Together with our partners, we support the development of democratic institutions based on the rule of law and promote open market economies. On September 18th, 2012, the Friedrich Naumann Foundation for Freedom officially opened its office in Vietnam. Up till now, we cooperate with Vietnamese organizations to share liberal values, foster economic freedom and promote the rule of law. Besides capacity building, we are organizing conferences, workshops and seminars and publishing books.

Chapter 4, "**Vietnam's participation into the global value chain in the context of the 4th industrial revolution**", elaborates facets regarded as fundamental risks that threatens the Viet Nam's sustainable development strategy supported by export, namely: (i) the inherent bottleneck of the growth model led by export; (ii) the participation of Viet Nam in the global value chain. With respect to electronic, machinery, footwear products, food and beverage, Viet Nam chiefly participates in down-stream linkage. These sectors are only mid-stream linkage, which means they make great contribution to the total exporting value, however, make little added value for domestic product value. It provides an explanation why Viet Nam has a strong up-stream linkage but weak down-stream linkage.

Chapter 5, "**Application of big data in macroeconomic statistics: using online data for inflation nowcasting**", provides insight about the potential of utilizing web-scraping data to compile price indexes. Indeed, within the prevalent of the internet, there are more and more transactions conducted on e-commerce platforms. Thereby, they can be a rich seam of information reflecting the current situation of the economy from the scale of sectors if we can comprehensively analyze the buying process and the mechanism to determine prices to produce significant indicators. Empirically, this method successfully proved its robustness and generated a comprehensive set of data.

Chapter 6, and the last, "**Vietnam's economic prospects in 2019 and policy implications**" evaluates the scale and level of macroeconomic risks in 2019 based on fundamental analyses of the global economy as well as the domestic market. One of the most prominent aspect in 2019 is the acceleration of service trading and e-commerce as a result of the fourth industrial revolution. The world would observe the advanced countries' transformation to the growth model based mainly on reativity and innovation. The FDI inflows of multinational companies will return to home countries to access to the markets and to enjoy their R&D capacity.

The Report presents two forecast scenarios for Vietnam's economy in 2019. The first scenario predicts the economic growth of 6.56% and inflation rate of 4.21%. The second, which is more likely, produces a result of 6.81% and 4.79% respectively.

In the long-term policy vision, the authors affirm the prerequisite role of the legal system (with the leading role of intellectual property law) and education reform (with the central role of eliminating the monopoly in syllabus and textbooks) for Vietnam in the future.

LAUNCHING CONFERENCE AGENDA

VIETNAM ANNUAL ECONOMIC REPORT 2019

ON THE DOORSTEP TO THE DIGITAL ECONOMY

Time: Wednesday, 29 May 2019

Venue: Sheraton Hotel, 11 Quang An Street, Hanoi

08h00 – 08h30 Registration

08h30 – 08h35 Welcome and Introduction

08h35 – 08h50 Opening Remarks

*Assoc.Prof.Dr. Nguyen Truc Le, Rector, VNU University of Economics and Business
(VNU – UEB)*

Remarks by Representatives from Friedrich Naumann Foundation,
Vietnam

08h50 – 09h30 Presentation on the main contents of the Vietnam Annual Economic Report

Assoc.Prof.Dr. Nguyen Duc Thanh, President of VEPR

09h30 – 10h15 Comments from Experts

10h15 – 10h30 Tea break

10h30 – 11h35 Open discussion

Co-chair:

*Assoc.Prof.Dr. Nguyen Truc Le, Rector, VNU University of Economics and Business
Assoc.Prof.Dr. Nguyen Duc Thanh, President of VEPR*

11h55 – 12h00 Closing Statement by the Rector of VNU - UEB

12h00 – 13h00 Luncheon at the hotel

ORGANIZATION COMMITTEE

LIST OF CONTRIBUTORS

VIET NAM ANNUAL ECONOMIC REPORT 2019

ON THE DOORSTEP TO THE DIGITAL ECONOMY

(According to alphabetical order)

Assoc. Prof. Dr. Pham The Anh: MSc and PhD in Economics at The University of Manchester in 2003 and 2007 respectively. He is a senior lecturer in Macroeconomics at the National Economics University cum Chief Economist at Thang Long Securities Company. Dr. Pham also takes charge of chief economist of VEPR now.

Jessica Atherton: Bachelor of Psychology with Class I Honours (2016); Rotary Youth Leadership Award recipient (2014); CSIRO Summer Research Scholar (2015); Research Assistant at Griffith University (2016-2018); Research Analyst on CSIRO's Data61 Insight Team (2018-now).

Dr. Lucy Cameron: PhD in Social Science from the University of Queensland (2007); Smithsonian Fellow (2015); former Manager and Principle Policy Officer of Digital Economy and Productivity Unit in the Queensland Government (2005-2016); currently Senior Research Consultant CSIRO's Data61 Insights Team.

Shashi Kant Prasad Chaudhary: Programme Leader in International Business Administration in British University Vietnam since 2014. Mr. Chaudhary is also a doctoral candidate at University of Economics and Business, VNU.

Ha Thi Diu: Bachelor of Economics at National Economics University and Researcher of Macroeconomic Research Team, VEPR

Dr. Tran Viet Dung: She received Master Degree in Economics from University of Queensland, Australia and Doctoral Degree in International Economics from University of Economics and Business, VNU. At present, she works as a lecture at the Faculty of International Business and Economics, University of Economics and Business, VNU.

Assoc. Prof. Dr. Nguyen Viet Khoi: Bachelor of Economics at VNU; MBA at CGFV; PhD in Economics at Vietnam Academy of Social Science; Research Fellow at University of Wisconsin and Columbia University.

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Dr. Vu Thanh Huong: She received Master Degree in Natural Resource Economics from University of Queensland, Australia and Doctoral Degree in International Economics from University of Economics and Business, VNU. At present, she works as a Deputy Head of

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MSc. Bui Ha Linh: Bachelor of International Economics at Foreign Trade University; MSc in Development Economics at the University of Manchester and Researcher of Macroeconomic Research Team.

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Dr. Nguyen Cam Nhung: She earned Master Degree in International Economics, PhD in Economics from the National University of Yokohama. She works as a lecturer and Vice Dean of Faculty of International Business and Economics, University of Economics and Business at VNU. She is also a research fellow at VEPR.

MSc. Nguyen Thu Nga: MSc in Applied Economic: Business Administration at University of Antwerp - Belgium; Project manager and coordinator for development projects in VEPR,

Assoc. Prof. Dr. Nguyen Duc Thanh: PhD in Development Economics from the National Graduate Institute for Policy Studies (GRIPS), Japan; Associate Professor of the University of Economics and Business, VNU; member of the Macroeconomic Advisory Group (MAG) of the National Assembly's Economic Committee; member of the Macroeconomic Advisory Group for the Prime Minister; and President of VEPR.