

Asian Development Outlook 2012 Update Workshop

In the morning of October 5th, 2012, Asian Development Bank (ADB) in the coordination with the University of Danang (UD) held “Asian development outlook 2012 update” workshop at UD. Participants in the workshop, from ADB were Mr. Andrew James Head – Deputy Country Director, Mr. Dominic Mellor – economic expert, and representatives of the Foreign Affairs Department; from UD were Assoc. Prof. Doan Quang Vinh – Vice President, Assoc. Prof. Tang Tan Chien – Director of the Personnel Department, MA. Ho Long Ngoc – Vice Director of the International Cooperation Department, Assoc. Prof. Bui Quang Binh – Head of the Economics Faculty, and with more than 150 lecturers and students.



After the welcome speech by Assoc. Prof. Doan Quang Vinh and the opening remark by Mr. Andrew James Head, Mr. Dominic Mellor made a presentation on “Vietnam: Economic outlook and challenges” and Assoc. Prof. Bui Quang Binh talked about “Vietnam: Economic situation in 2012 and outlook in 2013”.



In his speech, Mr. Dominic Mellor talked about economic prospects, financial sector vulnerabilities, and key messages. On economic prospects, he said, forecasted growth is decreasing due to the weakness in external markets and the slow increase of the domestic credit. However, there are signs that GDP is increasing due to the cyclicity of GDP, loosening monetary policy, and consumption boosted by inflation lowering. He predicted inflation is low but will increase slightly as food prices increase, and that real interest rates need to stabilize Dong currency, bolstered by strong trade and capital flows, helping improve foreign reserves. He gave the risks to outlook such as external environment weakening, muted impact of policy measures, and banking sector vulnerabilities. About banking sector vulnerabilities, he said, financial sector problem could intensify as businesses met with a lot of difficulties, real estate prices fall, and bank earnings are under pressure. Reported CAR (capital adequacy ratio) appears adequate but uncertainties remain due to NPL (non-performing loan) size, risks to SOEs, and cross-holding between banks. He suggested that the plan should be implemented decisively, and provided 3 key messages: avoid stop-start policy, stronger measures on structural reforms; reform plans need roadmaps; and needed more information on reform progress.



Ending the workshop is Q&A part, the lecturers and students posed many questions about the Vietnamese economic situation in the present and in the future, such as the questions of tightening and loosening investment; public investment and mechanism; solutions to the scarce of State investment due to NPL; which fields the Government should stimulate in; the reasons for high inflation rate in September; feasibility to reach 6% growth of GDP; directions on banks merging in Vietnam; and setting ceiling interest rate for loan and savings, etc. All the questions were answered thoroughly by Mr. Dominic Mellor and Assoc. Prof. Bui Quang Binh.





