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WBG Governor's Statement No. 7

October 15, 2020

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

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Governor of the Bank for Vietnam

*Ladies and Gentlemen,*

The world is facing unprecedented challenges rising from the impact of COVID-19 pandemic. World economic growth rate is expected to be negative for the first time since global financial crisis 2008-09. Many countries have been experiencing the second or third wave of COVID-19 with the re-application of part or whole measures of economic lockdown, and/or social distancing. It is undeniable that the pandemic has cast a long shadow over our world.

On one hand, the pandemic has been causing significant harm to national economies, forcing governments and central banks around the world to implement fiscal stimulus and monetary easing policies with the largest scale ever, much larger than those during the financial crisis, to prevent recession and support economic activities. On the other hand, the pandemic has shown the importance of cooperation and policy coordination on a global scale. Vietnam welcomes and highly appreciates IMF and World Bank for standing side by side with other countries, especially developing and low-income ones, in the prevention of the pandemic through emergency financial support packages, technical assistance and policy advice.

*Ladies and Gentlemen,*

As soon as the pandemic broke out in January 2020, with the motto that no one will be left behind in the fight against the COVID-19 pandemic, Vietnam has implemented many monetary and fiscal solutions to support its people, businesses and the economy. Regarding fiscal policy, the Government has conducted extension, exemption and reduction of all kinds of taxes, fees and land rental fees; suspended the payment of social insurance premiums for enterprises severely affected by COVID-19; extended tax payment, exempted late payment interest for taxpayers damaged by the epidemic; given direct cash support to employees who are temporarily out of work because of COVID-19.

Regarding monetary and credit policies, the SBV has issued Circular 01/2020/TT-NHNN dated March 13th, 2020 to guide credit institutions, foreign bank branches to restructure the repayment period, exemption, reduction of interest and fees, maintained the debt group for borrowers, and is in the process of drafting Circular amending and supplementing Circular 01/2020/TT-NHNN in the direction of extending the support period until the end of 2020 or longer depending on the development of the pandemic. In addition, the State Bank of Vietnam has three times lowered the policy rates with a total reduction from 1.5 to 2 percentage points, allowing credit institutions,

foreign bank branches to reduce lending rates, contributing to sharing difficulties with people and businesses.

From the end of July 2020, Vietnam has faced the second wave of COVID-19 with the first case discovered in Da Nang city. Taking into account two outbreaks together, Vietnam recorded 1,097 infected cases and 35 deaths. Despite the impact of the COVID-19 pandemic, Vietnam economy has still achieved encouraging results. Economic growth in the first nine months of 2020 reached 2.12 percent, the lowest growth rate of 9 months in the period 2011-2020, yet still the highest rate in ASEAN, also the only country in the region to achieve positive growth. The inflation rate in the first 9 months continued to be controlled below the yearly average target of 4 percent; core inflation was at 2.59. Foreign direct investment inflow continued to be preserved, and foreign exchange reserves continued to be accumulated.

Amidst COVID-19's uncertainty and its negative socio-economic impact, the continued positive growth of Vietnam's economy has proven the correctness in direction and administration in economic recovery, disease prevention, and the determination and consensus of the Government, Ministries, agencies, localities, and the entire political system, as well as the efforts of the people and businesses to effectively realize the duo-goal of "preventing epidemic and developing the economy", which has been widely recognized and appreciated by the international community.

Although the Vietnam Government has initially been able to control the epidemic and achieved encouraging socio-economic results, the Government is still exercising overt caution proactively. The Government, on one hand, urges people to continue wearing masks, on the other hand, directs Ministries and agencies to continue researching and proposing solutions to support people and businesses which have been impacted by COVID-19, with the duo goals of preventing the epidemic and ensuring socio-economic development.

*Ladies and Gentlemen,*

The global economy is struggling with the challenges that COVID-19 brought about; governments and central banks have been making great efforts to respond to the epidemic and revive economic activity. In that context, I completely agree with the theme that IMF/WB pose this year for the 2020 Annual Meetings - Pathway to Recovery. Vietnam would like the IMF and WB to increase the provision of both technical and financial support and policy recommendation to help countries overcome the pandemic, improvement of economic resilience, and post-pandemic recovery.

In addition, we need to continue our efforts to respond to climate change and its negative impacts of the lives of billions of people around the world. We also need to

continue our efforts to achieve the sustainable development goals by 2030 in accordance with the United Nations' 2030 Agenda for Sustainable Development, push up the utilization of the achievements of the 4th industrial revolution, and ensure that all people have access to socio-economic development achievements. COVID-19 is a massive global challenge, but it cannot and will not stop us from protecting our Earth, our people, from accelerating the digitalization process, and from moving towards sustainable and inclusive development. We strongly believe that the IMF and WB will continue to promote their leading role in the upcoming initiatives and programs to support the global economy and the regions to overcome difficulties and obstacles in development, enhancing the role of interconnection between geographic regions, economies, and between developed, developing and underdeveloped economies to create the policy resonance necessary for global prosperity and stability.

I send you all my best wishes and the Conference a grand success.

Sincerely thank you.