

ADB's Country Director in Vietnam, Andrew Jeffries, commented that the slowdown in domestic consumption and weakening global demand due to Covid-19 has affected the Vietnamese economy more than expected.

However, according to Andrew Jeffries, economic growth will remain stable in 2020, in large part because of the Government's success in controlling the spread of Covid-19. Economic growth will be supported by Vietnam's macroeconomic stability, increased public spending, and ongoing reforms aimed at improving the business environment.

The Asian Development Outlook Update (ADO) 2020, ADB's flagship annual economic publication, says Vietnam's economy will benefit from the continuing production shift from China to Vietnam, the recovery of the Chinese economy and the implementation of a free trade agreement with the European Union (EVFTA). Low growth will hold inflation at 3.3% in 2020 and 3.5% in 2021.

According to ADB, Vietnam's economic prospects in the medium and long term are still very positive. The participation of Vietnam in bilateral and multilateral trade agreements will help the country's economy to recover. And Vietnam is also more likely to benefit from the current shift of supply chains to lower cost countries.

However, according to this Bank, the big risks still remain. The long-lasting global Covid-19 pandemic remains the biggest threat to Vietnam's growth prospects for this year and the following year 2021. The report also identifies other threats as global trade tensions, leading to increased protection for trade and financial risks that could be exacerbated by a prolonged pandemic.

Source: The Saigon Times / translated by Hien Pham