

ECONOMIC GROWTH INSPIRED BY GLOBAL RECOVERY AND EFFECTIVE POLICIES

The Vietnamese economy has bounced back visibly from 4.48% in the first three months of the year to 6.61% in the second quarter. The economy grew 5.64% as compared to merely 1.81% in the corresponding period last year.

Despite lower-than-expected economic growth for the first six months of 2021, the government has decided not to adjust its growth target for the entire year, while pinning high hopes on an global economic recovery given the domestic economy remaining quite open to international trade, and also on its pro-business policies inspiring the business community.

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Last November, the National Assembly (NA) set a target of 6% of economic growth for the whole year, while the government did the same in January 1.

Prime Minister Pham Minh Chinh has ordered that all localities must devise their own economic growth scenarios for the last half of the year, based on the freshly-announced scenarios of the Ministry of Planning and Investment (MPI).

The MPI last week reported to government its two economic growth scenarios for the last six months of the year. In the first scenario, so as to reach the growth goal of 6% for this year, the economy needs to grow 6.2% in the third quarter, and 6.5% in the fourth quarter.

In the second scenario, in order to climb by 6.5% in 2021, the economy needs to ascend 7% in the third quarter, and 7.5% in the fourth quarter.

This would mean that there is no plan to adjust the economic growth rate for the entire year, despite the numerous difficulties ahead, with the speed of vaccination remaining slow.

"All efforts must be made to accomplish the goals set by the NA and the government. The government is directing all ministries, agencies, and localities to drastically implement measures and tasks carved out in the resolutions of the Party, the NA, and the government," said a government report on Vietnam's economy recently sent to the NA's Standing Committee.

Remaining in difficulty

The MPI reported that in the first six months of this year 2021, the agro-forestry-fishery sector increased 4.11% year-on-year, remaining a bright spot on the economic growth picture.

Meanwhile, the industrial and construction sector ascended 10.28% year-on-year, and the service sector rose 4.3%.

"In addition, business activities are expected to continue facing difficulties. They need further support from the state," said MPI Minister Nguyen Chi Dung. "The trend of businesses that have withdrawn from the market will likely stay at a relatively high level."

In a specific case, state-owned Vietnam National Coal and Mineral Industries Group (Vinacomin) reported that in the first half of this year, its total revenue is estimated to have been VND64.61 trillion (US\$2.8 billion), down 2% year-on-year. Of which, revenue from coal was VND 37trillion (US\$1.6