

Bank of Thailand

**International Workshop on Policy Development
Research in the Greater Mekong Subregion (GMS)**

Panel discussion

**“Economic Opportunities, Development Challenges
and Prospects for Regional Connectivity”**

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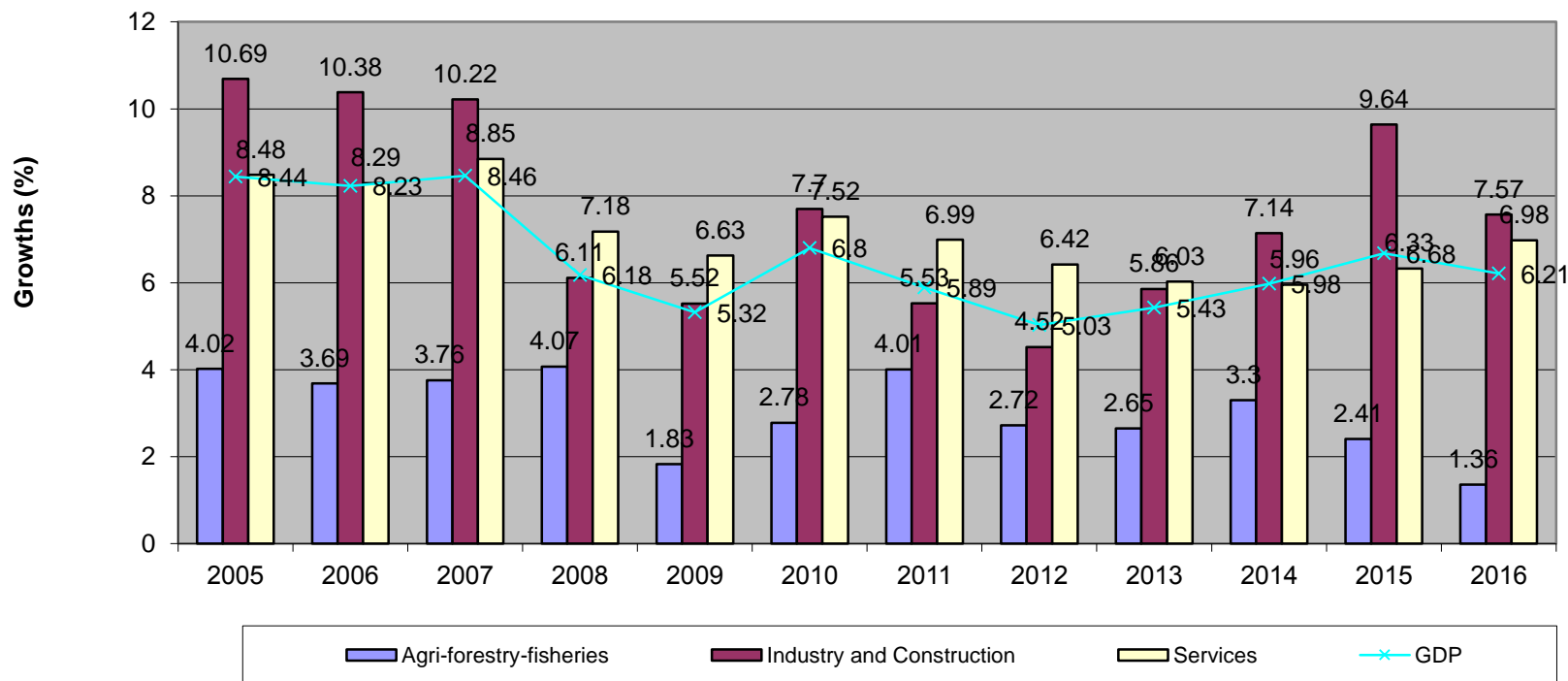
- Key economic opportunities and development challenges in Vietnam
- Prioritized areas/sectors which have potentials for regional cooperation/connectivity in the GMS
- The potential opportunities and challenges to establishing the regional connectivity enhancing regional cooperation to realize economic prosperity in the region.

I. Key economic opportunities and development challenges in Vietnam

Economic reform context

- Radical economic reform in 1986 called “Doi Moi” (Renovation) shifting Vietnam to a market-oriented economy.
- The “open door” policy has become an integrated part of Doi Moi leading to promulgation of the first foreign investment law of Viet Nam in 1987-→ Investment Law 2014
- Trade liberalisation: AFTA (1995), US-VIETNAM BTA (2001), WTO (2007), EU-VIETNAM BTA (2016) etc...

Economic and sectoral growths of Vietnam, 2005-2016



Source: GSO (2016)

I.1 Key economic opportunities for the future of Vietnam

- Economic restructuring (2016-2020 economic restructuring: to change growth model emphasising the quality of growth rather than the growth scale. The focus was on the development of the domestic private sector development (2035: 80%), restructuring of the state sector as well as the financial market reform.
- Actively participation in multilateral, regional and bilateral trade relations and cooperation
- Business environment improvement: Resolution No. 19 issued on February 6, 2017: targets to cut the time for completing tax and social insurance premium payment procedures; By the end of 2017, most public services provided for citizens and businesses will be launched at level 3 or level 4

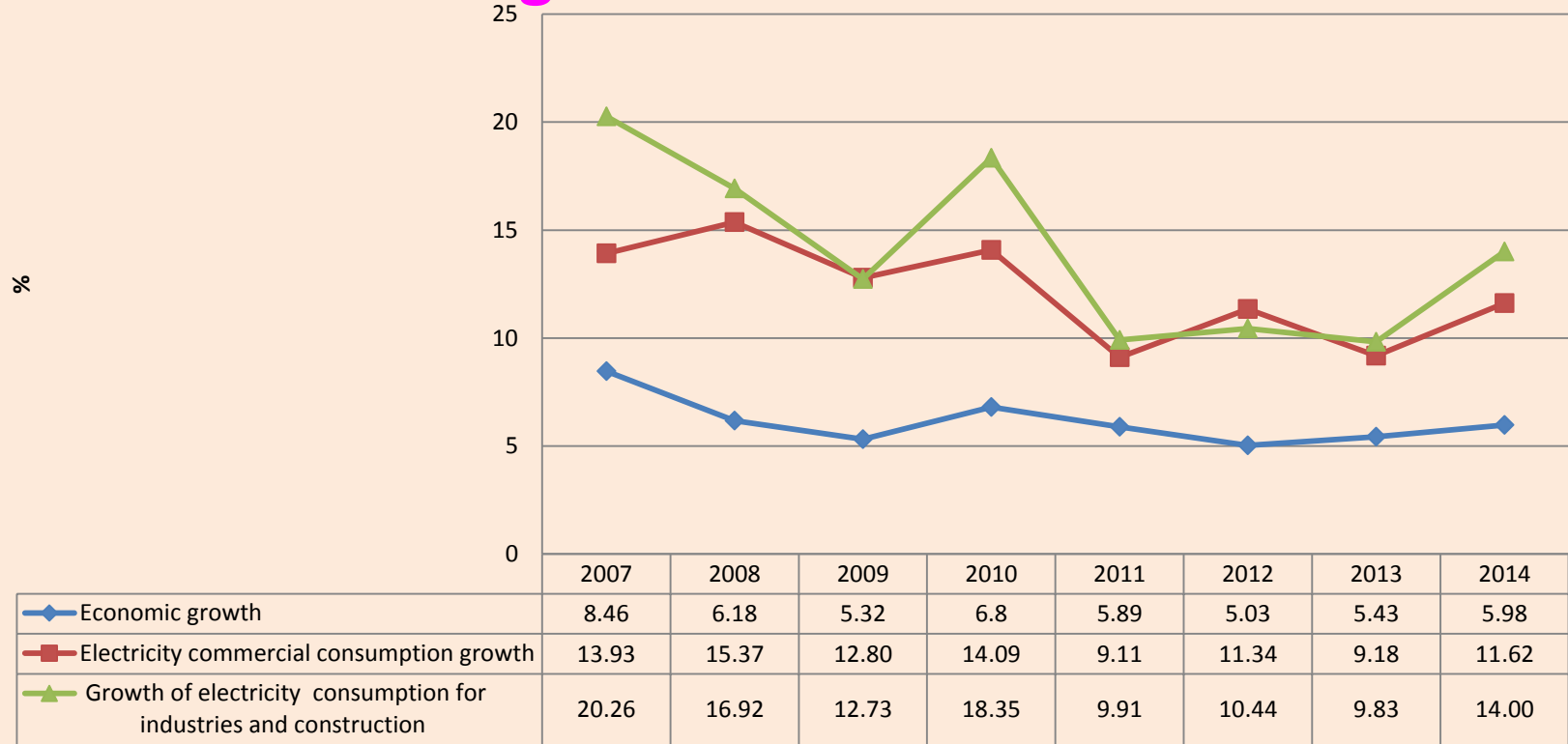
I.1 Key economic opportunities for the future of Vietnam

- Achieve Lower Middle Income Countries status.
- Poverty achievement: Growth has been equitable with a dramatic reduction in poverty : In 1993: 60%, 2016: almost 10%
- “Golden” population structure: Both opportunities at present and challenges in the future.

1.2. Key development challenges for the future of Vietnam

- Land scarcity from conflicting uses for development: for infrastructure, industrialisation and urbanisation, and agricultural production.
- Skilled labour shortage and aging problem in the next decades: Old-age dependency ratio would increase from 10% at present to 22% of the labour force in 2035
- Water and energy security issues: Flood and droughts; energy demand is growing fast
- Environment and climate change adverse effects

Growth of electricity consumption vs. Economic growth 2007-2014



Source: Nguyen Manh Hai (2015)

II. Prioritized areas/sectors which have potentials for regional cooperation/connectivity in the GMS

- GMS: We share a common “Mother of water” (Mekong river). Therefore, regional cooperation on water resource management and sustainable use of water is vital at any time
- Cooperation on food security; respond effectively to climate change and natural resource management
- GMS intra-regional trade promotion: At present, 12% of the total trade of member countries.
- Energy resource management: Electricity transmission
- Transport and transport infrastructure connections

III. The potential opportunities and challenges to establishing the regional connectivity enhancing regional cooperation to realize economic prosperity in the region

- Both opportunities and challenges in:
 - + Regional cooperation on water resource management: ensure water security meeting the interests of both upstream and downstream countries, organise more negotiations/discussions, exchange visits to close the understanding gaps
 - + Food security: Exchange information, data and experiences.
 - + GMS intra-regional trade promotion and transport infrastructure connections
 - + Energy resource management, Urban management.
- -→ to reach win-win situation and ensure long-term mutual benefits of GMS members.

“The river must flow”--→ Our Mother of water – the
Mekong must flow well !

“If you want to go fast, go alone. **If you want to go
far, go together.**”

(African Proverb)

**Thank you very much
for your attention !**