

Total assets (Region 1 )

Number of Households		SISH	"0"	1	2	3	4	5	total
		from		376	3252	5226	10208	20549	
		to		3229	5160	10052	19684	44781	
VLSS	from	to							
"0"			0	14	12	13	12	14	65
1	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0
5	0	2000	0	0	2	2	2	1	7
total			0	14	14	15	14	15	72

Footnote Households in the state "0" is counted separately.

Transition Probabilities	VLSS	SISH	"0"	1	2	3	4	5	total
		"0"	0.00	21.54	18.46	20.00	18.46	21.54	100
	1	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	2	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	3	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	4	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	5	2000	0.00	0.00	28.57	28.57	28.57	14.29	100

Total assets (Region 2 )

Number of Households		SISH	"0"	1	2	3	4	5	total
		from		371	11140	19376	33036	93838	
		to		11121	19195	32665	93541	1040460	
VLSS	from	to							
"0"			0	38	22	27	21	23	131
1	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0
3	0	573	0	12	17	10	13	9	61
4	580	1500	0	8	15	19	12	10	64
5	1500	135800	0	6	10	8	18	23	65
total			0	64	64	64	64	65	321

Footnote Households in the state "0" is counted separately.

Transition Probabilities	VLSS	SISH	"0"	1	2	3	4	5	total
		"0"	0.00	29.01	16.79	20.61	16.03	17.56	100
	1	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	2	0	0.00	0.00	0.00	0.00	0.00	0.00	0
	3	573	0.00	19.67	27.87	16.39	21.31	14.75	100
	4	1500	0.00	12.50	23.44	29.69	18.75	15.63	100
	5	135800	0.00	9.23	15.38	12.31	27.69	35.38	100

Total assets (Region 6)

Number of Households		SISH	"0"	1	2	3	4	5	total
		from		445	17409	38864	74833	148998	
		to	17238	38426	73497	148738	804306		
VLSS	from	to							
"0"			0	17	21	14	9	6	67
1	0	0	0	0	0	0	0	0	0
2	0	200	0	10	10	10	7	4	41
3	200	1200	0	12	12	15	9	7	55
4	1200	4000	0	9	8	9	13	15	54
5	4025	70000	0	6	3	7	16	23	55
total			0	54	54	55	54	55	272

Footnote Households in the state "0" is counted separately.

Transition Probabilities	VLSS	SISH	"0"	1	2	3	4	5	total
"0"			0.00	25.37	31.34	20.90	13.43	8.96	100
1			0.00	0.00	0.00	0.00	0.00	0.00	0
2			0.00	24.39	24.39	24.39	17.07	9.76	100
3			0.00	21.82	21.82	27.27	16.36	12.73	100
4			0.00	16.67	14.81	16.67	24.07	27.78	100
5			0.00	10.91	5.45	12.73	29.09	41.82	100

Total assets (Region 7)

Number of Households		SISH	"0"	1	2	3	4	5	total
		from		393	13660	29027	48515	80539	
		to	12049	28285	46919	79561	428359		
VLSS	from	to							
"0"			0	13	9	2	1	2	27
1	0	0	0	0	0	0	0	0	0
2	0	100	0	1	7	5	1	1	15
3	100	480	0	6	4	2	5	4	21
4	500	1350	0	0	1	9	8	3	21
5	1350	74540	0	1	0	3	6	12	22
total			0	21	21	21	21	22	106

Footnote Households in the state "0" is counted separately.

Transition Probabilities	VLSS	SISH	"0"	1	2	3	4	5	total
"0"			0.00	48.15	33.33	7.41	3.70	7.41	100
1			0.00	0.00	0.00	0.00	0.00	0.00	0
2			0.00	6.67	46.67	33.33	6.67	6.67	100
3			0.00	28.57	19.05	9.52	23.81	19.05	100
4			0.00	0.00	4.76	42.86	38.10	14.29	100
5			0.00	4.55	0.00	13.64	27.27	54.55	100

Table A17 Portfolio of assets by current expenditure quintile (1,000 VND)

	1	2	3	4	5	All Classes	VI.SS93
Dong Currency	576.7	1,113.9	1,668.2	3,009.8	6,574.5	2,589.4	179.1
Quasi Money (QM)	300.8	1,123.5	2,285.1	3,710.2	5,847.9	2,654.4	990.8
Dollar Notes	0.9	8.7	0.0	4.7	280.7	59.0	65.7
Gold	277.9	1,077.0	2,088.9	3,163.7	2,656.1	1,853.4	784.3
Deposits	22.0	37.8	196.2	541.8	2,911.1	742.0	140.8
M2 (Dong Notes +QM)	877.5	2,237.4	3,953.4	6,720.1	12,422.5	5,243.7	1,169.9
Shares	0.0	0.0	0.1	88.8	805.9	179.0	71.6
Contributions to Ho/Hui	31.2	51.5	22.0	118.1	225.9	89.8	x
Personal Loans (PL)	107.8	337.2	74.5	236.9	939.3	339.3	n.a.
PL Without Interest	75.0	136.4	61.4	138.2	369.0	156.0	n.a.
PL With Interest	32.8	200.9	13.1	98.7	570.3	183.3	n.a.
Sales on Credit	15.9	113.0	60.0	253.6	920.7	272.7	n.a.
Government Bond	0.0	49.5	3.8	5.8	28.8	17.6	6.3
Other Financial Assets	31.8	60.4	37.9	52.6	415.2	119.6	
Money and Financial Assets	1,064.2	2,848.9	4,151.8	7,475.8	15,758.2	6,261.7	1,247.8
Inventories (excl. paddies)	182.5	223.4	179.3	276.9	659.3	304.4	
Durable Consumption Goods	914.4	2,142.2	3,885.6	7,222.4	14,808.8	5,796.4	38.1
Durable Equipment	877.5	1,162.4	1,492.5	2,879.5	4,352.6	2,153.4	
House and Land	14,492.1	32,655.4	48,991.7	95,517.5	199,785.7	78,312.8	358.3
Other Real Assets	311.9	714.6	399.4	528.6	3,344.6	1,060.1	83.7
Paddies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	54.1
Real Assets	16,778.5	36,897.9	54,948.5	106,424.8	222,951.0	87,627.1	534.2
Total Assets	17,842.7	39,746.8	59,100.3	113,900.6	238,709.2	93,888.8	1,782.1
Composition of assets between money and financial assets and real assets (%)							
Money and Financial Assets	5.96	7.17	7.02	6.56	6.60	6.67	70.02
Real Assets	94.04	92.83	92.98	93.44	93.40	93.33	29.98
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Composition of money and financial assets (%)							
Dong Currency	54.20	39.10	40.18	40.26	41.72	41.35	14.35
Quasi Money (QM)	28.26	39.44	55.04	49.63	37.11	42.39	79.40
Dollar Notes	0.08	0.31	0.00	0.06	1.78	0.94	5.27
Gold	26.11	37.80	50.31	42.32	16.86	29.60	62.85
Deposits	2.07	1.33	4.73	7.25	18.47	11.85	11.28
M2 (Dong Notes + QM)	82.46	78.53	95.22	89.89	78.83	83.74	93.76
Shares	0.00	0.00	0.00	1.19	5.11	2.86	5.74
Contributions to Ho/Hui	2.93	1.81	0.53	1.58	1.43	1.43	x
Personal Loans (PL)	10.13	11.84	1.79	3.17	5.96	5.42	n.a.
PL Without Interest	7.04	4.79	1.48	1.85	2.34	2.49	n.a.
PL With Interest	3.08	7.05	0.32	1.32	3.62	2.93	n.a.
Sales on Credit	1.49	3.97	1.45	3.39	5.84	4.36	n.a.
Government Bond	0.00	1.74	0.09	0.08	0.18	0.28	0.50
Other Financial Assets	2.99	2.12	0.91	0.70	2.63	1.91	
Money and Financial Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Composition of Real Assets (%)

Inventories (excl. paddies)	1.09	0.61	0.33	0.26	0.30	0.35	n.a.
Durable Consumption Goods	5.45	5.81	7.07	6.79	6.64	6.61	7.13
Durable Equipment	5.23	3.15	2.72	2.71	1.95	2.46	x
House and Land	86.37	88.50	89.16	89.75	89.61	89.37	67.07
Other Real Assets	1.86	1.94	0.73	0.50	1.50	1.21	15.67
Paddies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.13
Real Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.0

Table A18 Composition of debts by different types of lenders

	Nation					Total
	1	2	3	4	5	
	1,000 VND					
Banks and Other Fin. Inst.	423.70	424.94	668.66	554.87	1232.91	661.26
Ho/Hui	3.96	20.41	22.54	22.70	102.67	34.49
Without Interest	3.96	14.45	7.13	20.26	96.48	28.49
With Interest	0.00	5.96	15.41	2.45	6.19	5.99
Relatives, Friends, etc.	747.88	645.68	1227.02	2575.59	3039.00	1648.70
Without Interest	534.20	415.22	526.23	2015.71	1856.48	1070.94
With Interest	213.68	230.46	700.80	559.88	1182.51	577.75
Sellers	160.51	134.16	132.89	333.75	789.87	310.59
Government	52.55	72.40	48.59	27.95	242.60	88.87
Money Lenders	114.28	164.70	133.82	293.46	74.23	156.15
Total Debts	1502.88	1462.30	2233.52	3808.33	5481.28	2900.05
	%					
Banks and Other Fin. Inst.	28.19	29.06	29.94	14.57	22.49	22.80
Ho/Hui	0.26	1.40	1.01	0.60	1.87	1.19
Without Interest	0.26	0.99	0.32	0.53	1.76	0.98
With Interest	0.00	0.41	0.69	0.06	0.11	0.21
Relatives, Friends, etc.	49.76	44.16	54.94	67.63	55.44	56.85
Without Interest	35.55	28.40	23.56	52.93	33.87	36.93
With Interest	14.22	15.76	31.38	14.70	21.57	19.92
Sellers	10.68	9.17	5.95	8.76	14.41	10.71
Government	3.50	4.95	2.18	0.73	4.43	3.06
Money Lenders	7.60	11.26	5.99	7.71	1.35	5.38
Total Debts	100.00	100.00	100.00	100.00	100.00	100.00

Table A19 Portfolio of assets by current income quintiles

	Nation					Urban Area					1,000VND
	1	2	3	4	5	Total	1	2	3	4	
Cash (dong & dollar)	515.8	739.1	1,436.4	2,494.4	8,039.9	2,648.4	1,717.5	935.4	1,344.2	2,488.6	8,737.6
Gold	456.3	663.4	1,741.2	2,478.1	3,919.7	1,853.4	627.2	695.5	1,156.2	1,303.0	3,871.1
Deposits	238.2	31.9	298.3	406.9	2,729.3	742.0	3,802.6	131.8	525.6	501.0	3,680.6
Shares	0.0	12.7	76.5	0.0	804.6	179.0	0.0	102.3	283.2	0.0	1,106.4
Contributions to Ho/Hui	36.2	26.9	27.0	89.6	268.5	89.8	2.7	0.0	20.7	48.1	201.4
Personal Loans (PL)	121.2	124.5	132.4	525.7	790.4	339.3	277.5	9.9	89.4	380.3	973.4
PL Without Interest	76.5	110.6	86.7	232.9	272.9	156.0	277.5	9.9	66.6	175.5	278.8
PL With Interest	44.7	13.9	45.7	292.9	517.5	183.3	0.0	0.0	22.8	204.8	694.6
Sales on Credit	24.1	43.6	120.2	233.5	940.3	272.7	0.0	0.0	30.0	79.8	1,103.4
Government Bond	0.0	53.5	0.0	28.7	5.7	17.6	0.0	30.7	0.0	55.6	7.9
Other Financial Assets	28.4	45.6	55.9	50.0	417.5	119.6	0.0	0.0	105.2	58.5	570.0
Inventories (excl. paddies)	116.6	158.2	188.8	391.8	664.8	304.4	0.0	53.2	88.1	145.9	743.0
Durable Consumption Goods	1,354.8	1,888.6	3,797.9	8,070.2	13,836.3	5,796.4	7,884.6	4,237.9	4,840.8	9,516.8	13,774.2
Durable Equipment	774.1	973.0	1,127.7	2,070.0	5,811.1	2,153.4	97.9	200.6	518.2	1,374.6	4,404.3
House and Land	22,273.4	29,220.1	51,065.2	93,800.5	194,778.5	78,312.8	97,964.3	55,827.2	75,633.3	99,996.5	214,051.7
Other Real Assets	356.5	326.6	926.2	1,084.1	2,602.3	1,060.1	486.5	223.7	454.3	1,503.1	3,072.7
Total Assets	26,295.6	34,307.6	60,993.9	111,723.5	235,608.8	93,888.8	112,860.7	62,448.1	85,089.0	117,451.9	256,297.8
											%
Cash (dong & dollar)	1.96	2.15	2.36	2.23	3.41	2.82	1.52	1.50	1.58	2.12	3.41
Gold	1.74	1.93	2.85	2.22	1.66	1.97	0.56	1.11	1.36	1.11	1.51
Deposits	0.91	0.09	0.49	0.36	1.16	0.79	3.37	0.21	0.62	0.43	1.44
Shares	0.00	0.04	0.13	0.00	0.34	0.19	0.00	0.16	0.33	0.00	0.43
Contributions to Ho/Hui	0.14	0.08	0.04	0.08	0.11	0.10	0.00	0.00	0.02	0.04	0.08
Personal Loans (PL)	0.46	0.36	0.22	0.47	0.34	0.36	0.25	0.02	0.11	0.32	0.38
PL Without Interest	0.29	0.32	0.14	0.21	0.12	0.17	0.25	0.02	0.08	0.15	0.11
PL With Interest	0.17	0.04	0.07	0.26	0.22	0.20	0.00	0.00	0.03	0.17	0.27
Sales on Credit	0.09	0.13	0.20	0.21	0.40	0.29	0.00	0.00	0.04	0.07	0.43
Government Bond	0.00	0.16	0.00	0.03	0.00	0.02	0.00	0.05	0.00	0.05	0.00
Other Financial Assets	0.11	0.13	0.09	0.04	0.18	0.13	0.00	0.00	0.12	0.05	0.22
Inventories (excl. paddies)	0.44	0.46	0.31	0.35	0.28	0.32	0.00	0.09	0.10	0.12	0.29
Durable Consumption Goods	5.15	5.50	5.23	7.22	5.87	6.17	6.99	6.79	5.69	8.10	5.37
Durable Equipment	2.94	2.84	1.85	1.85	2.47	2.29	0.09	0.32	0.61	1.17	1.72
House and Land	84.70	85.17	83.72	83.96	82.67	83.41	86.80	89.40	88.89	85.14	83.52
Other Real Assets	1.36	0.95	1.52	0.97	1.10	1.13	0.43	0.36	0.53	1.28	1.20
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Portfolio of assets by current income quintiles

	Rural Area					Region 1					1,000 VND
	1	2	3	4	5	1	2	3	4	5	
Cash (dong & dollar)	458.2	711.2	1,470.5	2,500.6	6,180.5	413.4	1,388.4	1,562.4	4,385.5	6,971.3	
Gold	448.1	658.8	1,957.3	3,734.3	4,049.1	22.4	94.2	261.8	212.9	1,500.0	
Deposits	67.2	17.7	214.4	306.4	193.7	0.0	0.0	832.9	395.4	1,750.0	
Shares	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contributions to Ho/Hui	37.8	30.8	29.4	133.9	447.2	20.2	0.0	0.0	121.7	0.0	
Personal Loans (PL)	113.7	140.8	148.2	681.2	302.4	68.4	240.8	0.0	128.9	5,125.0	
PL Without Interest	66.8	124.9	94.1	294.2	257.1	54.9	240.8	0.0	128.9	5,125.0	
PL With Interest	46.9	15.9	54.1	387.0	45.4	13.4	0.0	0.0	0.0	0.0	
Sales on Credit	25.2	49.8	153.5	397.9	505.8	0.0	227.6	19.0	641.9	0.0	
Government Bond	0.0	56.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Financial Assets	29.8	52.0	37.7	40.9	10.9	0.0	0.0	0.0	0.0	0.0	
Inventories (excl. paddies)	122.2	173.1	226.0	654.7	456.3	79.6	181.2	152.9	7.4	0.0	
Durable Consumption Goods	1,041.7	1,554.8	3,412.7	6,523.7	14,001.9	439.4	1,182.6	2,041.9	9,440.7	8,762.5	
Durable Equipment	806.5	1,082.7	1,352.8	2,813.4	9,560.6	683.4	789.9	819.1	1,931.2	50.0	
House and Land	18,644.1	25,439.3	41,990.0	87,176.6	143,409.7	9,167.3	15,299.7	30,462.6	55,356.8	40,000.0	
Other Real Assets	350.2	341.3	1,100.6	636.1	1,348.5	0.0	27.5	7.7	121.7	550.0	
Total Assets	22,144.9	30,309.0	52,093.3	105,599.6	180,466.6	10,894.1	19,431.9	36,160.4	52,744.0	64,708.8	%
Cash (dong & dollar)	2.07	2.35	2.82	2.37	3.42	3.79	7.14	4.32	8.31	10.77	
Gold	2.02	2.17	3.76	3.54	2.24	0.21	0.48	0.72	0.40	2.32	
Deposits	0.30	0.06	0.41	0.29	0.11	0.00	0.00	2.30	0.75	2.70	
Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Contributions to Ho/Hui	0.17	0.10	0.06	0.13	0.25	0.19	0.00	0.00	0.23	0.00	
Personal Loans (PL)	0.51	0.46	0.28	0.65	0.17	0.63	1.24	0.00	0.24	7.92	
PL Without Interest	0.30	0.41	0.18	0.28	0.14	0.50	1.24	0.00	0.24	7.92	
PL With Interest	0.21	0.05	0.10	0.37	0.03	0.12	0.00	0.00	0.00	0.00	
Sales on Credit	0.11	0.16	0.29	0.38	0.28	0.00	1.17	0.05	1.22	0.00	
Government Bond	0.00	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other Financial Assets	0.13	0.17	0.07	0.04	0.01	0.00	0.00	0.00	0.00	0.00	
Inventories (excl. paddies)	0.55	0.57	0.43	0.62	0.25	0.73	0.93	0.42	0.01	0.00	
Durable Consumption Goods	4.70	5.13	6.55	6.18	7.76	4.03	6.09	5.65	17.90	13.54	
Durable Equipment	3.64	3.57	2.60	2.66	5.30	6.27	4.06	2.27	3.66	0.08	
House and Land	84.19	89.93	80.61	82.55	79.47	84.15	78.73	84.24	67.03	61.82	
Other Real Assets	1.58	1.13	2.11	0.60	0.75	0.00	0.14	0.02	0.23	0.85	
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

	Region 2					Region 3					1,000 VND
	1	2	3	4	5	1	2	3	4	5	
Cash (dong & dollar)	584.1	857.6	1,296.9	2,620.2	7,752.0	635.6	806.9	1,638.1	4,100.9	11,000.9	9,712.8
Gold	190.2	519.2	631.8	1,419.5	3,682.9	23.3	350.0	554.3	433.3	3,750.0	3,750.0
Deposits	234.9	146.1	1,588.6	1,224.7	11,291.2	0.0	0.0	0.0	0.0	0.0	0.0
Shares	0.0	59.0	533.2	0.0	5,754.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributions to Ho/Hui	90.9	91.2	67.9	186.5	168.4	0.0	0.0	43.5	0.0	0.0	0.0
Personal Loans (PL)	97.4	287.6	336.9	266.8	1,677.8	0.0	0.0	0.0	0.0	0.0	0.0
PL Without Interest	97.4	223.2	274.6	105.0	315.2	0.0	0.0	0.0	0.0	0.0	0.0
PL With Interest	0.0	64.4	62.3	161.8	1,362.5	0.0	0.0	0.0	0.0	0.0	0.0
Sales on Credit	95.2	23.2	476.5	70.8	3,188.6	0.0	25.7	99.7	127.0	0.0	0.0
Government Bond	0.0	247.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Financial Assets	111.5	134.8	99.5	133.7	114.7	0.0	8.6	0.0	0.0	0.0	0.0
Inventories (excl. paddies)	160.9	302.3	598.6	1,056.2	2,263.0	23.3	315.8	264.1	2,095.3	2,052.5	2,052.5
Durable Consumption Goods	2,462.9	3,031.4	7,061.9	14,811.8	33,249.7	808.4	933.1	4,092.2	4,686.7	9,277.5	9,277.5
Durable Equipment	754.5	623.2	890.5	3,170.8	10,794.5	713.5	540.0	319.6	2,236.7	2,125.0	2,125.0
House and Land	38,753.5	39,963.8	113,987.6	117,534.5	222,181.3	10,735.6	20,443.7	24,743.7	28,896.7	38,250.0	38,250.0
Other Real Assets	84.7	122.6	346.0	436.5	1,075.6	204.6	827.2	0.0	0.0	250.0	250.0
Total Assets	43,620.6	46,409.8	127,915.9	142,932.0	303,193.7	13,144.1	24,251.1	31,755.2	42,576.6	65,417.8	65,417.8
											%
Cash (dong & dollar)	1.34	1.85	1.01	1.83	2.56	4.84	3.33	5.16	9.63	14.85	14.85
Gold	0.44	1.12	0.49	0.99	1.21	0.18	1.44	1.75	1.02	5.73	5.73
Deposits	0.54	0.31	1.24	0.86	3.72	0.00	0.00	0.00	0.00	0.00	0.00
Shares	0.00	0.13	0.42	0.00	1.90	0.00	0.00	0.00	0.00	0.00	0.00
Contributions to Ho/Hui	0.21	0.20	0.05	0.13	0.06	0.00	0.00	0.14	0.00	0.00	0.00
Personal Loans (PL)	0.22	0.62	0.26	0.19	0.55	0.00	0.00	0.00	0.00	0.00	0.00
PL Without Interest	0.22	0.48	0.21	0.07	0.10	0.00	0.00	0.00	0.00	0.00	0.00
PL With Interest	0.00	0.14	0.05	0.11	0.45	0.00	0.00	0.00	0.00	0.00	0.00
Sales on Credit	0.22	0.05	0.37	0.05	1.05	0.00	0.11	0.31	0.30	0.00	0.00
Government Bond	0.00	0.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Financial Assets	0.26	0.29	0.08	0.09	0.04	0.00	0.04	0.00	0.00	0.00	0.00
Inventories (excl. paddies)	0.37	0.65	0.47	0.74	0.75	0.18	1.30	0.83	4.92	3.14	3.14
Durable Consumption Goods	5.65	6.53	5.52	10.36	10.97	6.15	3.85	12.89	11.01	14.18	14.18
Durable Equipment	1.73	1.34	0.70	2.22	3.56	5.43	2.23	1.01	5.25	3.25	3.25
House and Land	88.84	86.11	89.11	82.23	73.28	81.68	84.30	77.92	67.87	58.47	58.47
Other Real Assets	0.19	0.26	0.27	0.31	0.35	1.56	3.41	0.00	0.00	0.38	0.38
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00





	Region 6					Region 7					1,000 VND
	1	2	3	4	5	1	2	3	4	5	
Cash (dong & dollar)	1,480.9	773.1	1,523.9	2,716.9	8,856.7	209.7	368.9	1,400.3	2,017.8	1,000 VND	
Gold	1,501.7	1,537.0	1,321.9	1,446.5	3,041.5	1,578.1	483.4	2,909.3	4,960.2	7,307.5	
Deposits	2,565.8	0.0	5.9	408.5	1,606.4	2.2	1.6	1.1	164.7	299.2	
Shares	0.0	0.0	0.0	0.0	150.3	0.0	0.0	0.0	0.0	85.5	
Contributions to Ho/Hui	0.0	0.0	32.2	27.6	98.3	86.5	18.8	23.7	179.7	823.9	
Personal Loans (PL)	271.7	0.0	26.4	366.2	150.3	509.0	51.9	247.3	1,469.9	558.9	
PL Without Interest	256.2	0.0	26.4	193.9	125.3	208.6	51.9	80.9	497.7	216.0	
PL With Interest	15.5	0.0	0.0	172.3	25.1	300.4	0.0	166.3	972.3	342.8	
Sales on Credit	0.0	0.0	4.0	0.0	267.5	0.0	14.2	193.3	843.4	1,438.6	
Government Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Financial Assets	0.0	0.0	94.4	0.0	601.3	5.6	0.0	0.0	0.0	0.0	
Inventories (excl. paddies)	0.0	53.5	0.0	19.3	0.0	158.5	48.1	113.7	13.6	1,065.9	
Durable Consumption Goods	2,363.7	2,040.7	1,806.7	3,919.7	9,504.6	1,873.3	1,440.4	4,102.0	7,561.5	12,785.9	
Durable Equipment	1,151.8	121.9	635.8	685.0	2,827.2	827.5	865.6	1,339.8	3,383.2	11,686.9	
House and Land	49,460.0	43,135.7	51,337.8	113,518.1	201,390.3	29,373.6	27,245.8	39,160.7	83,190.1	128,938.2	
Other Real Assets	0.0	0.0	501.4	1,765.2	10.0	483.3	196.4	1,311.4	1,092.8	6,543.1	
Total Assets	58,795.5	47,661.8	57,290.4	124,873.0	228,504.5	35,107.2	30,735.2	50,802.6	104,876.9	178,321.5	
										%	
Cash (dong & dollar)	2.52	1.62	2.66	2.18	3.88	0.60	1.20	2.76	1.92	4.10	
Gold	2.55	3.22	2.31	1.16	1.33	4.50	1.57	5.73	4.73	3.81	
Deposits	4.36	0.00	0.01	0.33	0.70	0.01	0.01	0.00	0.16	0.17	
Shares	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.05	
Contributions to Ho/Hui	0.00	0.00	0.06	0.02	0.04	0.25	0.06	0.05	0.17	0.46	
Personal Loans (PL)	0.46	0.00	0.05	0.29	0.07	1.45	0.17	0.49	1.40	0.31	
PL Without Interest	0.44	0.00	0.05	0.16	0.05	0.59	0.17	0.16	0.47	0.12	
PL With Interest	0.03	0.00	0.00	0.14	0.01	0.86	0.00	0.33	0.93	0.19	
Sales on Credit	0.00	0.00	0.01	0.00	0.12	0.00	0.05	0.38	0.80	0.81	
Government Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other Financial Assets	0.00	0.00	0.16	0.00	0.26	0.02	0.00	0.00	0.00	0.00	
Inventories (excl. paddies)	0.00	0.11	0.00	0.02	0.00	0.45	0.16	0.22	0.01	0.60	
Durable Consumption Goods	4.02	4.28	3.15	3.14	4.16	5.34	4.69	8.07	7.21	7.17	
Durable Equipment	1.96	0.26	1.11	0.55	1.24	2.36	2.82	2.64	3.23	6.55	
House and Land	84.12	90.50	89.61	90.91	88.13	83.67	88.65	77.08	79.32	72.31	
Other Real Assets	0.00	0.00	0.88	1.41	0.00	1.38	0.64	2.58	1.04	3.67	
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Table A20 Portfolio of liabilities by current income quintiles

	Nation					Urban Area					1,000 VND
	1	2	3	4	5	Total	1	2	3	4	
Banks and Other Fin. Inst.	423.7	424.9	668.7	554.9	1,232.9	661.3	227.9	201.9	624.6	76.2	653.0
Ho/Hui	4.0	20.4	22.5	22.7	102.7	34.5	0.0	0.0	1.8	43.9	132.7
Without Interest	4.0	14.5	7.1	20.3	96.5	28.5	0.0	0.0	1.8	39.2	132.7
With Interest	0.0	6.0	15.4	2.4	6.2	6.0	0.0	0.0	0.0	4.7	0.0
Relatives, Friends, etc.	747.9	645.7	1,227.0	2,575.6	3,039.0	1,648.7	203.2	845.2	2,015.2	1,267.6	3,143.0
Without Interest	534.2	415.2	526.2	2,015.7	1,856.5	1,070.9	136.2	742.5	832.1	1,031.3	2,372.7
With Interest	213.7	230.5	700.8	559.9	1,182.5	577.8	67.0	102.7	1,183.1	236.4	770.3
Sellers	160.5	134.2	132.9	333.8	789.9	310.6	0.0	33.0	100.5	235.3	923.6
Government	52.6	72.4	48.6	27.9	242.6	88.9	0.0	33.4	66.4	6.2	47.2
Money Lenders	114.3	164.7	133.8	293.5	74.2	156.2	0.0	73.2	114.1	413.8	1.7
Total Debts	1,502.9	1,462.3	2,233.5	3,808.3	5,481.3	2,900.0	431.1	1,186.8	2,922.7	2,043.0	4,901.2
											%
Banks and Other Fin. Inst.	28.19	29.06	29.94	14.57	22.49	22.80	52.86	17.02	21.37	3.73	13.32
Ho/Hui	0.26	1.40	1.01	0.60	1.87	1.19	0.00	0.00	0.06	2.15	2.71
Without Interest	0.26	0.99	0.32	0.53	1.76	0.98	0.00	0.00	0.06	1.92	2.71
With Interest	0.00	0.41	0.69	0.06	0.11	0.21	0.00	0.00	0.00	0.23	0.00
Relatives, Friends, etc.	49.76	44.16	54.94	67.63	55.44	56.85	47.14	71.22	68.95	62.05	64.13
Without Interest	35.55	28.40	23.56	52.93	33.87	36.93	31.59	62.56	28.47	50.48	48.41
With Interest	14.22	15.76	31.38	14.70	21.57	19.92	15.55	8.66	40.48	11.57	15.72
Sellers	10.68	9.17	5.95	8.76	14.41	10.71	0.00	2.78	3.44	11.52	18.85
Government	3.50	4.95	2.18	0.73	4.43	3.06	0.00	2.81	2.27	0.30	0.96
Money Lenders	7.60	11.26	5.99	7.71	1.35	5.38	0.00	6.17	3.90	20.25	0.03
Total Debts	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Portfolio of liabilities by current income quintiles

	Rural Area					Region 1					Region 2				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Banks and Other Fin. Inst.	433.1	456.6	684.9	1,066.6	2,778.7	414.7	713.5	2,043.8	182.5	750.0	92.2	129.8	166.2	341.7	1,000VND
Ho/Hui	4.2	23.3	30.2	0.0	22.7	0.0	0.0	0.0	0.0	0.0	15.8	27.6	101.7	127.3	3,014.3
Without Interest	4.2	16.5	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.8	0.0	46.3	127.3	0.0
With Interest	0.0	6.8	21.1	0.0	22.7	0.0	0.0	0.0	0.0	0.0	0.0	27.6	55.4	0.0	0.0
Relatives, Friends, etc.	774.0	617.3	935.9	3,973.9	2,761.7	396.2	437.5	3,605.5	1,642.4	0.0	1,612.8	838.7	1,312.5	1,308.6	13,582.1
Without Interest	553.3	368.7	413.2	3,068.1	480.6	87.4	185.8	520.9	1,216.6	0.0	1,544.8	726.4	763.8	1,134.8	10,307.0
With Interest	220.7	248.6	522.6	905.7	2,281.1	308.8	251.7	3,084.5	425.8	0.0	68.0	112.3	548.7	173.8	3,275.1
Sellers	168.2	148.5	144.9	439.0	433.3	34.7	244.5	329.1	939.8	0.0	89.4	73.4	70.9	293.3	1,817.0
Government	55.1	77.9	42.0	51.2	763.3	7.8	87.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money Lenders	119.8	177.7	141.1	164.8	267.6	21.3	43.8	136.7	121.7	0.0	146.4	93.9	76.2	74.7	0.0
Total Debts	1,554.3	1,501.5	1,978.9	5,695.5	7,027.3	874.7	1,526.8	6,115.1	2,886.4	750.0	1,956.5	1,163.4	1,727.5	2,145.5	18,413.4
															%
Banks and Other Fin. Inst.	27.86	30.41	34.61	18.73	39.54	47.41	46.73	33.42	6.32	100.00	4.71	11.15	9.62	15.93	16.37
Ho/Hui	0.27	1.55	1.53	0.00	0.32	0.00	0.00	0.00	0.00	0.00	0.81	2.37	5.89	5.93	0.00
Without Interest	0.27	1.10	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.81	0.00	2.68	5.93	0.00
With Interest	0.00	0.45	1.07	0.00	0.32	0.00	0.00	0.00	0.00	0.00	0.00	2.37	3.21	0.00	0.00
Relatives, Friends, etc.	49.80	41.12	47.29	69.77	39.30	45.29	28.66	58.96	56.90	0.00	82.43	72.09	75.98	60.99	73.76
Without Interest	35.60	24.56	20.88	53.87	6.84	9.99	12.17	8.52	42.15	0.00	78.96	62.44	44.22	52.89	55.98
With Interest	14.20	16.56	26.41	15.90	32.46	35.30	16.49	50.44	14.75	0.00	3.48	9.65	31.76	8.10	17.79
Sellers	10.82	9.89	7.32	7.71	6.17	3.97	16.01	5.38	32.56	0.00	4.57	6.31	4.11	13.67	9.87
Government	3.54	5.19	2.12	0.90	10.86	0.90	5.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Money Lenders	7.71	11.84	7.13	2.89	3.81	2.43	2.87	2.23	4.21	0.00	7.48	8.07	4.41	3.48	0.00
Total Debts	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	Region 3					Region 4					Region 5				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Banks and Other Fin. Inst.	57.0	92.9	491.3	973.3	0.0	90.9	280.9	211.0	250.5	1,546.9	615.4	940.9	442.9	250.0	0.0
Ho/Hui	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Without Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
With Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Relatives, Friends, etc.	206.7	378.6	1,113.0	33,686.7	0.0	344.3	362.1	1,183.9	1,320.3	6,211.2	388.5	696.4	428.6	500.0	0.0
Without Interest	97.4	314.3	673.9	33,380.0	0.0	139.8	277.5	808.8	1,261.2	4,664.3	388.5	696.4	428.6	0.0	0.0
With Interest	109.3	64.3	439.1	306.7	0.0	204.5	84.6	375.1	59.2	1,546.9	0.0	0.0	0.0	500.0	0.0
Sellers	440.6	262.6	34.8	205.5	0.0	15.9	52.5	205.1	69.7	2,386.7	113.7	0.0	71.4	0.0	1,500.0
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money Lenders	137.2	8.6	626.1	0.0	0.0	6.8	253.8	19.7	0.0	0.0	0.0	0.0	0.0	500.0	2,500.0
Total Debits	841.5	742.6	2,265.2	34,865.5	0.0	458.0	949.2	1,619.7	1,640.5	10,144.8	1,117.5	1,637.3	942.9	1,250.0	4,000.0
															%
Banks and Other Fin. Inst.	6.77	12.50	21.69	2.79		19.85	29.59	13.03	15.27	15.25	55.07	57.47	46.97	20.00	0.00
Ho/Hui	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Without Interest	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
With Interest	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Relatives, Friends, etc.	24.57	50.98	49.14	96.62		75.19	38.15	73.09	80.49	61.23	34.76	42.53	45.45	40.00	0.00
Without Interest	11.58	42.32	29.75	95.74		30.52	29.23	49.93	76.88	45.98	34.76	42.53	45.45	0.00	0.00
With Interest	12.99	8.66	19.39	0.88		44.67	8.91	23.16	3.61	15.25	0.00	0.00	0.00	40.00	0.00
Sellers	52.36	35.36	1.54	0.59		3.47	5.53	12.66	4.25	23.53	10.17	0.00	7.58	0.00	37.50
Government	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Money Lenders	16.30	1.15	27.64	0.00		1.49	26.74	1.22	0.00	0.00	0.00	0.00	0.00	40.00	62.50
Total Debits	100.00	100.00	100.00	100.00		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	Region 6					Region 7					1,000 VND
	1	2	3	4	5	1	2	3	4	5	
Banks and Other Fin. Inst.	1,885.2	89.3	132.1	197.7	233.6	942.9	874.8	1,605.0	1,622.9	4,230.9	
Ho/Hui	0.0	106.9	0.0	0.0	150.3	0.0	0.0	36.0	11.7	43.2	
Without Interest	0.0	106.9	0.0	0.0	150.3	0.0	0.0	2.2	0.0	0.0	
With Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.8	11.7	43.2	
Relatives, Friends, etc.	1,201.4	174.7	465.0	834.7	869.6	598.7	1,172.2	1,453.6	2,294.4	3,031.8	
Without Interest	617.7	121.3	349.4	551.5	380.3	231.2	533.2	347.5	534.4	436.8	
With Interest	583.6	53.5	115.6	283.2	489.3	367.6	639.0	1,106.1	1,760.0	2,595.0	
Sellers	477.8	76.5	14.7	239.0	330.1	397.0	181.6	227.2	578.5	1,384.2	
Government	180.8	213.9	62.5	8.6	219.8	422.7	136.9	142.5	118.6	708.5	
Money Lenders	258.2	203.4	120.1	574.9	0.0	422.7	314.2	174.1	224.6	463.1	
Total Debts	4,003.4	864.8	794.4	1,854.9	1,803.5	2,784.1	2,679.7	3,638.4	4,850.7	9,861.7	%
Banks and Other Fin. Inst.	47.09	10.33	16.63	10.66	12.95	33.87	32.65	44.11	33.46	42.90	
Ho/Hui	0.00	12.37	0.00	0.00	8.33	0.00	0.00	0.99	0.24	0.44	
Without Interest	0.00	12.37	0.00	0.00	8.33	0.00	0.00	0.06	0.00	0.00	
With Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.93	0.24	0.44	
Relatives, Friends, etc.	30.01	20.21	58.53	45.00	48.22	21.51	43.74	39.95	47.30	30.74	
Without Interest	15.43	14.02	43.98	29.73	21.09	8.30	19.90	9.55	11.02	4.43	
With Interest	14.58	6.18	14.55	15.27	27.13	13.20	23.84	30.40	36.28	26.31	
Sellers	11.93	8.84	1.85	12.88	18.30	14.26	6.78	6.24	11.93	14.04	
Government	4.52	24.73	7.87	0.46	12.19	15.18	5.11	3.92	2.44	7.18	
Money Lenders	6.45	23.52	15.12	30.99	0.00	15.18	11.73	4.78	4.63	4.70	
Total Debts	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table A21 Portfolio of assets by current expenditure quintiles

	Nation					Urban Area					1,000 VND
	1	2	3	4	5	Total	1	2	3	4	
Cash (dong & dollar)	577.6	1,122.6	1,668.2	3,014.6	6,855.2	2,648.4	495.0	1,748.1	1,501.7	3,396.8	7,493.7
Gold	277.9	1,077.0	2,088.9	3,163.7	2,656.1	1,853.4	971.7	1,472.7	1,261.9	2,742.0	2,513.5
Deposits	22.0	37.8	196.2	541.8	2,911.1	742.0	9.9	0.0	659.1	593.8	3,586.7
Shares	0.0	0.0	0.1	88.8	805.9	179.0	0.0	0.0	0.0	161.7	1,041.5
Contributions to Ho/Hui	31.2	51.5	22.0	118.1	225.9	89.3	0.0	32.2	4.1	46.7	191.1
Personal Loans (PL)	107.8	337.2	74.5	236.9	939.3	339.3	0.0	14.6	91.9	212.4	1,036.9
PL Without Interest	75.0	136.4	61.4	138.2	369.0	156.0	0.0	14.6	91.9	125.4	299.8
PL With Interest	32.8	200.9	13.1	98.7	570.3	183.3	0.0	0.0	0.0	87.0	737.1
Sales on Credit	15.9	113.0	60.0	253.6	920.7	272.7	0.0	0.0	8.4	86.0	1,038.6
Government Bond	0.0	49.5	3.8	5.8	28.8	17.6	0.0	0.0	0.0	14.7	10.5
Other Financial Assets	31.8	60.4	37.9	52.6	415.2	119.6	0.0	307.1	0.0	59.8	536.5
Inventories (excl. paddies)	182.5	223.4	179.3	276.9	659.3	304.4	0.0	60.5	5.9	143.7	725.6
Durable Consumption Goods	914.4	2,142.2	3,885.6	7,222.4	14,808.8	5,796.4	863.1	4,002.4	4,613.8	7,444.4	14,882.9
Durable Equipment	877.5	1,162.4	1,492.5	2,879.5	4,352.6	2,153.4	34.1	890.5	488.2	2,527.6	3,228.5
House and Land	14,492.1	32,655.4	48,991.7	95,517.5	199,785.7	78,312.8	9,732.8	48,090.2	61,102.5	109,092.6	206,137.4
Other Real Assets	311.9	714.6	399.4	528.6	3,344.6	1,060.1	468.7	744.0	180.0	253.3	3,788.7
Total Assets	17,842.7	39,746.8	59,100.3	113,900.6	238,709.2	93,888.8	12,575.2	57,362.3	69,932.5	126,771.2	246,238.9
											%
Cash (dong & dollar)	3.24	2.82	2.82	2.65	2.87	2.82	3.94	3.05	2.15	2.68	3.04
Gold	1.56	2.71	3.53	2.78	1.11	1.97	7.75	2.57	1.80	2.16	1.02
Deposits	0.12	0.10	0.33	0.48	1.22	0.79	0.08	0.00	0.94	0.47	1.46
Shares	0.00	0.00	0.00	0.08	0.34	0.19	0.00	0.00	0.00	0.15	0.42
Contributions to Ho/Hui	0.17	0.13	0.04	0.10	0.09	0.10	0.00	0.06	0.01	0.04	0.08
Personal Loans (PL)	0.60	0.85	0.13	0.21	0.39	0.36	0.00	0.03	0.13	0.17	0.42
PL Without Interest	0.42	0.34	0.10	0.12	0.15	0.17	0.00	0.03	0.13	0.10	0.12
PL With Interest	0.18	0.51	0.02	0.09	0.24	0.20	0.00	0.00	0.00	0.07	0.30
Sales on Credit	0.09	0.28	0.10	0.22	0.39	0.29	0.00	0.00	0.01	0.07	0.42
Government Bond	0.00	0.12	0.01	0.01	0.01	0.02	0.00	0.00	0.02	0.01	0.02
Other Financial Assets	0.18	0.15	0.06	0.05	0.17	0.13	0.00	0.54	0.00	0.05	0.22
Inventories (excl. paddies)	1.02	0.56	0.30	0.24	0.28	0.32	0.00	0.11	0.01	0.11	0.29
Durable Consumption Goods	5.12	5.39	6.57	6.34	6.20	6.17	6.86	6.98	6.60	5.87	6.04
Durable Equipment	4.92	2.92	2.53	2.53	1.82	2.29	0.27	1.55	0.70	1.99	1.31
House and Land	81.22	82.16	82.90	83.86	83.69	83.41	77.40	83.84	87.37	86.05	83.71
Other Real Assets	1.75	1.80	0.68	0.46	1.40	1.13	3.73	1.30	0.26	0.20	1.54
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Portfolio of assets by current expenditure quintiles

	Rural Area					Region 1					Region 2					1,000 VND
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	
Cash (dong & dollar)	579.3	1,065.4	1,726.3	2,549.1	4,671.5	693.1	1,411.3	1,615.3	3,631.8	6,971.3	365.1	1,106.9	1,626.9	2,388.5	6,858.9	
Gold	263.9	1,040.8	2,377.3	3,677.3	3,143.8	19.6	0.0	433.6	485.8	500.0	212.3	520.4	766.1	1,925.5	2,616.0	
Deposits	22.2	41.2	34.8	478.5	600.4	0.0	0.0	843.1	874.4	0.0	13.2	189.2	1,135.8	1,513.9	10,074.8	
Shares	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	595.0	4,721.0	
Contributions to Ho/Hui	31.8	53.3	28.3	205.0	344.8	17.6	0.0	0.0	129.5	0.0	85.2	212.5	75.3	51.0	134.1	
Personal Loans (PL)	109.9	366.7	68.4	266.8	605.8	123.3	131.5	58.8	58.3	5,125.0	150.8	402.4	304.0	346.8	1,164.3	
PL Without Interest	76.5	147.5	50.8	153.9	605.8	111.5	131.5	58.8	58.3	5,125.0	101.6	273.3	223.3	346.8	46.4	
PL With Interest	33.5	219.2	17.7	112.9	0.0	11.7	0.0	0.0	0.0	0.0	49.2	129.0	80.7	0.0	1,117.9	
Sales on Credit	16.2	123.3	78.0	457.6	517.2	0.0	303.8	19.3	683.4	0.0	35.4	226.0	145.2	265.3	2,598.7	
Government Bond	0.0	54.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	247.6	34.5	0.0	0.0	
Other Financial Assets	32.5	37.8	51.2	43.9	0.0	0.0	0.0	0.0	0.0	0.0	110.0	173.3	53.8	159.9	74.0	
Inventories (excl. paddies)	186.2	238.3	239.8	439.1	432.5	107.4	132.9	154.7	0.0	0.0	309.3	602.3	434.2	559.5	1,994.3	
Durable Consumption Goods	915.5	1,972.0	3,631.7	6,952.0	14,555.3	581.0	1,122.5	3,590.2	6,823.7	12,387.5	1,338.3	3,381.5	6,093.7	13,215.2	33,661.4	
Durable Equipment	894.6	1,187.2	1,842.6	3,308.0	8,197.3	605.4	1,186.0	1,188.9	1,287.4	50.0	560.5	858.7	812.0	6,262.7	6,157.4	
House and Land	14,588.4	31,243.8	44,769.3	78,986.5	178,061.7	10,611.8	13,578.1	32,348.2	32,598.4	45,000.0	16,881.9	48,493.8	89,884.7	141,847.6	235,045.9	
Other Real Assets	308.7	711.9	475.9	863.9	1,825.4	0.0	36.6	7.8	129.5	550.0	69.8	94.0	301.3	653.0	865.1	
Total Assets	17,949.3	38,135.8	55,323.7	98,227.7	212,955.8	12,759.1	17,902.7	40,259.7	46,702.2	70,583.8	20,131.6	56,508.6	101,668.3	169,784.0	305,965.9	
															%	
Cash (dong & dollar)	3.23	2.79	3.12	2.60	2.19	5.43	7.88	4.01	7.78	9.88	1.81	1.96	1.60	1.41	2.24	
Gold	1.47	2.73	4.30	3.74	1.48	0.15	0.00	1.08	1.04	0.71	1.05	0.92	0.75	1.13	0.85	
Deposits	0.12	0.11	0.06	0.49	0.28	0.00	0.00	2.09	1.87	0.00	0.07	0.33	1.12	0.89	3.29	
Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35	1.54	
Contributions to Ho/Hui	0.18	0.14	0.05	0.21	0.16	0.14	0.00	0.00	0.28	0.00	0.42	0.38	0.07	0.03	0.04	
Personal Loans (PL)	0.61	0.96	0.12	0.27	0.28	0.97	0.73	0.15	0.12	7.26	0.75	0.71	0.30	0.20	0.38	
PL Without Interest	0.43	0.39	0.09	0.16	0.28	0.87	0.73	0.15	0.12	7.26	0.50	0.48	0.22	0.20	0.02	
PL With Interest	0.19	0.57	0.03	0.11	0.00	0.09	0.00	0.00	0.00	0.00	0.24	0.23	0.08	0.00	0.37	
Sales on Credit	0.09	0.32	0.14	0.47	0.24	0.00	1.70	0.05	1.46	0.00	0.18	0.40	0.14	0.16	0.85	
Government Bond	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44	0.05	0.00	0.00	
Other Financial Assets	0.18	0.10	0.09	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.55	0.31	0.05	0.09	0.02	
Inventories (excl. paddies)	1.04	0.62	0.43	0.45	0.20	0.84	0.74	0.38	0.00	0.00	1.54	1.07	0.43	0.33	0.65	
Durable Consumption Goods	5.10	5.17	6.56	7.08	6.83	4.55	6.27	8.92	14.61	17.55	6.65	5.98	5.99	7.78	11.00	
Durable Equipment	4.98	3.11	3.33	3.37	3.85	4.74	6.62	2.95	2.76	0.07	2.78	1.52	0.80	3.69	2.01	
House and Land	81.28	81.93	80.92	80.41	83.61	83.17	75.84	80.35	69.80	63.75	83.86	85.82	88.41	83.55	76.82	
Other Real Assets	1.72	1.87	0.86	0.88	0.86	0.00	0.20	0.02	0.28	0.78	0.35	0.17	0.30	0.38	0.28	
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	





	Region 6					Region 7					%
	1	2	3	4	5	1	2	3	4	5	
Cash (dong & dollar)	1,842.3	1,597.7	1,943.2	3,679.1	7,946.4	292.8	743.9	1,485.8	2,951.7	1,000VND	
Gold	2,331.2	2,290.1	1,941.7	2,583.7	1,830.0	645.8	1,017.3	2,453.4	5,577.9	5,117.9	5,117.9
Deposits	748.4	0.0	6.2	542.0	1,786.7	2.9	0.0	1.3	143.9	365.5	365.5
Shares	0.0	0.0	0.0	0.0	154.5	0.0	0.0	0.0	0.0	104.4	104.4
Contributions to Ho/Hui	0.0	29.0	15.6	34.5	94.2	20.0	15.7	17.3	347.7	681.5	681.5
Personal Loans (PL)	0.0	19.8	60.7	36.2	360.4	174.6	1,108.1	73.4	637.9	946.9	946.9
PL Without Interest	0.0	19.8	56.5	36.2	231.7	145.5	145.6	62.2	228.4	633.5	633.5
PL With Interest	0.0	0.0	4.2	0.0	128.7	29.1	962.5	11.2	409.5	313.3	313.3
Sales on Credit	0.0	7.7	4.2	0.0	272.9	12.7	163.5	147.5	696.4	1,610.0	1,610.0
Government Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Financial Assets	0.0	157.4	0.0	0.0	617.9	0.0	0.0	1.8	0.0	0.0	0.0
Inventories (excl. paddies)	0.0	44.0	27.9	0.0	0.0	65.5	74.9	216.5	140.2	798.7	798.7
Durable Consumption Goods	1,102.2	1,847.9	2,434.8	3,954.5	9,399.8	1,032.0	1,474.2	3,319.2	8,769.3	12,221.1	12,221.1
Durable Equipment	59.9	564.6	623.4	576.3	2,949.9	1,085.1	2,174.0	2,031.9	4,743.4	6,556.3	6,556.3
House and Land	56,453.0	32,803.7	55,661.2	103,687.5	209,028.9	19,372.3	47,113.3	43,821.8	77,408.6	106,689.9	106,689.9
Other Real Assets	748.4	285.4	60.4	170.9	1,040.1	139.7	321.1	583.5	1,236.3	8,646.5	8,646.5
Total Assets	43,285.5	39,647.3	62,779.3	115,264.6	235,481.7	22,843.5	54,206.0	54,153.3	102,653.4	149,242.3	149,242.3
Cash (dong & dollar)	4.26	4.03	3.10	3.19	3.37	1.28	1.37	2.74	2.88	3.43	3.43
Gold	5.39	5.78	3.09	2.24	0.78	2.83	1.88	4.53	5.43	3.69	3.69
Deposits	1.73	0.00	0.01	0.47	0.76	0.01	0.00	0.00	0.14	0.24	0.24
Shares	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.07	0.07
Contributions to Ho/Hui	0.00	0.07	0.02	0.03	0.04	0.09	0.03	0.03	0.34	0.46	0.46
Personal Loans (PL)	0.00	0.05	0.10	0.03	0.15	0.76	2.04	0.14	0.62	0.63	0.63
PL Without Interest	0.00	0.05	0.09	0.03	0.10	0.64	0.27	0.11	0.22	0.42	0.42
PL With Interest	0.00	0.00	0.01	0.00	0.05	0.13	1.78	0.02	0.40	0.21	0.21
Sales on Credit	0.00	0.02	0.01	0.00	0.12	0.06	0.30	0.27	0.68	1.08	1.08
Government Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Financial Assets	0.00	0.40	0.00	0.00	0.26	0.00	0.00	0.00	0.00	0.00	0.00
Inventories (excl. paddies)	0.00	0.11	0.04	0.00	0.00	0.29	0.14	0.40	0.14	0.54	0.54
Durable Consumption Goods	2.55	4.66	3.88	3.43	3.99	4.52	2.72	6.13	8.54	8.19	8.19
Durable Equipment	0.14	1.42	0.99	0.50	1.25	4.75	4.01	3.75	4.62	4.39	4.39
House and Land	84.22	82.74	88.66	89.96	88.77	84.80	86.92	80.92	75.41	71.49	71.49
Other Real Assets	1.73	0.72	0.10	0.15	0.44	0.61	0.59	1.08	1.20	5.79	5.79
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00



Portfolio of liabilities by current expenditure quintiles

	Rural Area					Region 1					Region 2					1,000 VND
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	
Banks and Other Fin. Inst.	331.73	490.81	782.99	1720.67	2014.82	389.32	753.73	1951.17	562.97	750.00	119.83	125.78	824.60	126.29	2204.73	
Ho/Hui	23.30	22.47	12.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.83	0.00	15.06	135.99	0.00	
Without Interest	9.12	15.71	2.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.63	0.00	15.06	135.99	0.00	
With Interest	14.18	6.76	10.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49.20	0.00	0.00	0.00	0.00	
Relatives, Friends, etc.	456.91	653.01	2523.58	1453.39	4723.83	371.22	399.93	3637.55	1959.44	0.00	451.29	778.75	980.95	1686.46	13431.35	
Without Interest	256.17	328.48	2135.60	246.78	2316.68	58.69	236.33	613.43	1295.39	0.00	366.25	539.07	774.80	1333.45	10744.22	
With Interest	200.74	324.53	387.97	1206.61	2407.15	312.53	163.60	3024.13	664.05	0.00	85.04	239.68	206.15	353.01	2687.13	
Sellers	129.74	148.36	148.13	424.20	719.24	69.45	125.62	429.84	1021.76	0.00	101.98	67.53	98.00	31.80	1743.37	
Government	10.39	106.70	156.39	89.01	532.84	6.85	116.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Money Lenders	107.36	211.07	102.82	256.01	154.22	35.21	8.76	1.21	313.87	0.00	125.10	147.57	107.56	20.07	0.00	
Total Debits	1059.43	1632.42	3726.20	3943.29	8144.95	872.05	1404.90	6019.78	3858.03	750.00	879.03	1119.62	2026.17	2000.60	17379.45	
															%	
Banks and Other Fin. Inst.	31.31	30.07	21.01	43.64	24.74	44.64	53.65	32.41	14.59	100.00	13.63	11.23	40.70	6.31	12.99	
Ho/Hui	2.20	1.38	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.19	0.00	0.74	6.80	0.00	
Without Interest	0.86	0.96	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.60	0.00	0.74	6.80	0.00	
With Interest	1.34	0.41	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.60	0.00	0.00	0.00	0.00	
Relatives, Friends, etc.	43.13	40.00	67.73	36.86	58.00	42.57	28.47	60.43	50.79	0.00	51.34	69.55	48.41	84.30	77.28	
Without Interest	24.18	20.12	57.31	6.26	28.44	6.73	16.82	10.19	33.58	0.00	41.66	48.15	38.24	66.65	61.82	
With Interest	18.95	19.88	10.41	30.60	29.55	35.84	11.64	50.24	17.21	0.00	9.67	21.41	10.17	17.65	15.46	
Sellers	12.25	9.09	3.98	10.76	8.83	7.96	8.94	7.14	26.48	0.00	11.60	6.03	4.84	1.59	10.03	
Government	0.98	6.54	4.20	2.26	6.54	0.79	8.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Money Lenders	10.13	12.93	2.76	6.49	1.89	4.04	0.62	0.02	8.14	0.00	14.23	13.18	5.31	1.00	0.00	
Total Debits	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	



	Region 6					Region 7					1,000VND
	1	2	3	4	5	1	2	3	4	5	
Banks and Other Fin. Inst.	0.00	447.99	389.94	210.84	224.59	623.31	1252.71	1099.56	2770.07	2865.08	
Ho/Hui	0.00	88.10	0.00	0.00	154.47	0.00	34.04	28.60	0.00	20.89	
Without Interest	0.00	88.10	0.00	0.00	154.47	0.00	0.00	1.77	0.00	0.00	
With Interest	0.00	0.00	0.00	0.00	0.00	0.00	34.04	26.84	0.00	20.89	
Relatives, Friends, etc.	748.43	734.93	257.36	367.78	1191.28	504.82	1189.92	1317.66	2078.46	3690.45	
Without Interest	748.43	392.45	218.37	222.55	595.85	387.07	311.82	482.83	181.63	1109.22	
With Interest	0.00	342.49	38.99	145.23	595.43	117.76	878.10	834.84	1896.83	2581.24	
Sellers	0.00	274.21	55.84	43.14	434.23	305.78	184.38	196.62	859.45	1102.88	
Government	0.00	357.55	0.00	45.80	200.16	116.43	192.49	442.07	194.50	117.08	
Money Lenders	0.00	132.15	310.83	356.59	64.85	72.77	498.10	228.30	343.29	154.05	
Total Debts	748.43	2034.94	1013.98	1024.16	2269.57	1623.12	3351.63	3312.81	6245.77	7950.43	
											%
Banks and Other Fin. Inst.	0.00	22.02	38.46	20.59	9.90	38.40	37.38	33.19	44.35	36.04	
Ho/Hui	0.00	4.33	0.00	0.00	6.81	0.00	1.02	0.86	0.00	0.26	
Without Interest	0.00	4.33	0.00	0.00	6.81	0.00	0.00	0.05	0.00	0.00	
With Interest	0.00	0.00	0.00	0.00	0.00	0.00	1.02	0.81	0.00	0.26	
Relatives, Friends, etc.	100.00	36.12	25.38	35.91	52.49	31.10	35.50	39.77	33.28	46.42	
Without Interest	100.00	19.29	21.54	21.73	26.25	23.85	9.30	14.57	2.91	13.95	
With Interest	0.00	16.83	3.85	14.18	26.24	7.25	26.20	25.20	30.37	32.47	
Sellers	0.00	13.48	5.51	4.21	19.13	18.34	5.50	5.94	13.76	13.87	
Government	0.00	17.57	0.00	4.47	8.82	7.17	5.74	13.34	3.11	1.47	
Money Lenders	0.00	6.49	30.65	34.82	2.86	4.48	14.86	6.89	5.50	1.94	
Total Debts	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Table A23 Monetary surplus and deficits, and changes in monetary assets and liabilities  
(1) Allocation of monetary surplus

	Nation	Urban Area		Rural Area		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Farmers	Non Farmers	Hanoi	HCMC
		Area	Area	Area	Area											
Number of Households	1676	566	1110	176	391	116	143	52	413	385	1017	659	124	272		
To increase dong balance	1,052.5	1,042.9	1,057.1	496.2	728.4	640.2	676.7	904.3	1,329.3	1,786.8	1,213.1	804.2	847.6	1,004.9		
To increase bank deposits	1,460.0	1,420.3	1,561.1	451.4	1,635.1	0.0	1,019.8	0.0	2,200.0	29.8	1,202.3	1,590.4	1,803.9	2,200.0		
To purchase gold	2,155.0	1,937.9	2,242.5	820.0	1,207.9	843.5	1,293.3	1,223.2	2,086.9	3,243.4	2,421.0	1,596.2	1,449.6	1,689.6		
To buy government bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
To lend to relatives etc.	1,201.5	1,038.3	1,229.9	1,067.1	1,018.9	1,000.0	0.0	0.0	2,000.0	1,552.9	1,310.3	870.0	1,200.7	0.0		
To pay for ho/hui	682.8	365.2	850.6	600.0	575.0	250.0	63.8	0.0	432.2	1,083.1	1,094.3	294.5	528.8	918.2		
To repay the debts	2,217.6	1,565.3	2,347.1	768.3	896.5	0.0	716.9	600.0	4,189.6	3,098.1	2,585.8	807.8	690.7	954.5		
To lend to buyers	2,041.1	8,549.7	839.7	2,800.0	1,196.5	360.0	4,261.7	75.0	225.0	813.7	934.1	4,679.9	1,173.0	225.0		
Total monetary savings	1,338.9	1,250.0	1,382.4	530.1	810.8	654.2	843.1	1,010.3	1,568.7	2,744.9	1,589.3	953.7	958.6	1,152.9		

(2) Financing monetary deficits

	Nation	Urban Area		Rural Area		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Farmers	Non Farmers	Hanoi	HCMC
		Area	Area	Area	Area											
Number of Households	1602	491	1111	175	385	114	142	57	348	381	1023	579	127	215		
To reduce the cash balance	1,549.6	2,937.6	977.8	472.9	1,844.6	810.3	1,434.2	509.3	2,509.0	1,219.6	908.0	2,712.8	3,416.9	3,165.2		
To withdraw bank deposits	15,679.7	23,148.7	5,678.5	0.0	18,477.2	0.0	4,975.0	0.0	0.0	0.0	4,907.4	28,270.3	22,818.2	0.0		
To sell gold	4,122.4	4,856.4	4,003.9	0.0	2,602.6	500.0	4,619.7	1,500.0	4,342.9	4,188.7	3,938.4	4,843.3	2,240.6	3,865.0		
To sell government bond	3.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0		
To recover personal loans	5,551.9	11,359.5	3,575.4	5,000.0	6,479.8	0.0	0.0	593.0	15,000.0	480.0	3,624.0	8,137.9	17,600.0	15,000.0		
To borrow from relatives, etc.	3,047.2	5,026.5	2,421.9	1,368.8	9,946.2	1,017.5	3,231.6	0.0	2,603.1	1,471.9	1,331.3	7,493.4	14,842.1	3,919.1		
To borrow from ho/hui	1,394.5	929.3	1,565.7	0.0	1,565.7	0.0	1,250.0	0.0	0.0	0.0	678.3	1,499.8	1,148.7	0.0		
To borrow from banks	2,006.7	3,152.7	1,912.0	2,128.0	1,050.7	1,686.4	1,370.0	1,244.5	2,357.5	2,247.2	1,867.7	3,222.1	1,966.8	3,890.0		
To borrow from government	1,628.5	893.6	1,701.9	533.3	528.3	750.0	1,845.7	0.0	2,387.6	1,852.4	1,832.3	775.4	0.0	300.0		
To borrow from sellers	1,548.9	4,815.8	1,072.5	868.8	3,928.4	0.0	939.7	745.3	2,316.4	1,672.7	1,077.8	4,000.1	8,637.9	0.0		
Total monetary deficits	1,873.3	3,456.9	1,215.6	604.1	2,456.9	900.0	1,785.8	535.6	2,620.5	1,820.3	1,108.0	3,240.0	4,897.5	3,232.4		

# Issues on Foreign Exchange Rate in Viet Nam

Masaaki Kuroyanagi

The Export- Import Bank of Japan

## I . Current Situation of Viet Nam's Foreign Exchange Rate

### 1 . Development of Vietnamese dong in the 1990s

One of the key factors of success in Vietnamese economic reform is the adoption of an open foreign exchange system and market-oriented exchange rate policy, which avoided overvaluation and maintained external competitiveness (Dodsworth et al. 1996). Also, this is one factor that made successful integration of Viet Nam into the world economy in the 1990s.

Reform of the foreign exchange rate started in the late 1980s, as an integral part of the comprehensive economic reform. Before March 16, 1989, a multiple exchange rate system comprised of three different exchange rates was being used. These exchange rates were substantially overvalued which caused distortions, which subsidized imports and discouraged exports, and as a result, exporters required support from the state budget. Authorities have carried out devaluation of these official exchange rates since September 1988 on four occasions, and on March 16, 1989, these exchange rates were unified and determined at a rate very close to the parallel market rate, which was considered as a market determined rate.<sup>1</sup> This devaluation and the unification of the exchange rate was intended to eliminate distortions caused by the former multiple exchange rate system. To introduce a market determined exchange rate to the economy, authorities started to open foreign exchange transaction floors, first at Ho Chi Minh City in August 1991, and at Hanoi in November 1991. After confirming that the dong rate had kept stable, authorities introduced an inter-bank foreign exchange market in October 1994.

The Vietnamese dong rate has kept stable at around VND 11,000 per US dollar since September 1991. Due to large capital inflows in the form of Foreign Direct Investment (FDI) and remittances, international reserves of the State Bank of Viet Nam (SBV) increased from \$27 million at the end of

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<sup>1</sup> In the former system, there were three kinds of exchange rates which were applied to: trade transactions within the central plan; invisible trade transactions; and trade transactions outside the central plan. The exchange rate which applied to trade transactions in the central plan was devalued on September 15, 1988 from VND 225 per US dollar to VND 900 per US dollar. The exchange rate for invisible trade transactions was devalued on November 10, 1988, from VND 368 per US dollar to VND 2600 per US dollar, and unified with the exchange rate applied outside the central plan, and this unified rate was devalued to VND 3500 per US dollar in March 8, 1989. And finally, these two rates were unified and devalued to VND 3500 per US dollar on March 13, 1989 (Dodsworth et al. 1996).

1991, to \$875 million at the end of 1994, and to \$1.8 billion at the end of 1996 (see Table 1). The stable exchange rate supported by the appropriate macroeconomic management opened the way for the inflow of foreign exchange in the form of FDI and remittances. At the same time, these large amounts of inflow of foreign currency were the main source for increasing international reserves, which supported confidence in the Vietnamese dong.

## 2. Existence of Currency Substitution

A notable feature of Viet Nam's financial sector is the existence of currency substitution.

Currency substitution, often referred to as "dollarization" has been widely seen in developing countries, particularly in Latin America in the 1980s, and recently in the former Soviet Union, and in Indochina, including Viet Nam. The definition of currency substitution has been made in various studies. Calvo and Vegh (1992) defines the situation of currency substitution where different currencies are used as the media of exchange; and Agenor and Montiel (1996) define the situation as a process where foreign currency substitutes for domestic money as a store of value, unit of account, and medium of exchange. In the case of Viet Nam, the situation can be considered as "dollarization with gold," where real and financial transactions are actually performed in US dollars and gold, relative to domestic currency.

A feature of the development of currency substitution in Viet Nam can be seen in the situation in which Viet Nam is both a developing economy, and, at the same time, an economy in transition. It was only in 1988 that the private sector was given legal status and rights, and also in 1988, state monopoly of foreign trade was eliminated and private sector was allowed to perform external trade. In addition, from 1976 to 1989, firms and households were not permitted to hold foreign currency. Therefore, except for the illegal activities such as smuggling, there was no way for the private sector to be involved in handling foreign currency before the economic reform.

As a part of the comprehensive economic reform, price liberalization started in 1987, which made firms and households to become aware of portfolio choices. A new set of financial regulations introduced in October 1988 had a significant impact on usage of the US dollar, and in 1989, foreign currency deposits (FCDs) were allowed.<sup>2</sup>

Duc (1997) points out in his study on currency substitution that a high level of continuing inflation, its wide magnitude of fluctuations, the persistent budget deficits, lack of developed financial and capital markets, and distrust of the formal banking system were behind the wide use of the US dollar and gold for transaction purposes as well as purpose for store of value. The US dollar was widely used before 1976 in the southern part of Viet Nam, but after 1976, its use was limited, and from 1981, ownership of foreign currency was banned. However, macroeconomic instability, loss of confidence in the dong due to the failure of currency reform, and the shortage of goods accelerated dollar holding.<sup>3</sup> This tendency was intensified particularly after the massive shift of funds of dong deposits following

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<sup>2</sup> These measures allow the firms to open foreign currency deposits, and also allow banks to operate in transactions in foreign currency.

<sup>3</sup> There is the view that the new currency exchange in September 1975, after the unification, had a psychological effect leading to distrust of the currency. In 1975, the new regime issued a new currency (dong), which was circulated only in the southern part of the country, to replace "Piasters" which were issued by the deposed South Vietnamese government. At that time, the exchange rate was 1 dong to 500 Piasters, and on theory, all Piasters were exchangeable for new currency. However, in reality, each family having less than 1 million Piasters was allowed to exchange 100,000 Piasters (approximately \$1,000) for 400 dong and rest was deposited with the Central Bank. Small businesses with certified licenses were able to exchange an additional 300,000 Piasters for an additional 600 dong (G. Nguyen 1977).



the collapse of credit cooperatives in 1989.

### 3 . Level and Effect of Currency Substitution

There exists difficulty in evaluating the degree or the level of currency substitution. As in most countries where the dollarization has been substantially developed, foreign currency deposits are freely allowed in Viet Nam. After the legalization of the foreign currency deposits in 1988, they increased substantially, and in 1991, their share to total deposits exceeded 50%. However, in 1996, this share declined to approximately to 30%. An interesting fact is that, on the other hand, the share of foreign currency denominated loans increased from 19% to 39% in the same period.

Behind the initial increase of the foreign currency deposits is that the efforts of the authorities to bring in dollars circulating in the informal sector to the formal sector proved a success, and the declining share of dollar deposits might indicate that the dong based deposits became more attractive afterwards. This means that remonetization of the dong occurred. On the other hand, the increase of dollar loans also reflects the increasing public's confidence to owe dollar based debit, which reflects confidence in the Vietnamese dong in the recent years.

Another peculiar case in Viet Nam is that gold is also used as medium of transactions for expensive durable consumer goods and real estate, and the storage of value. However, the SBV is prohibiting use of gold for clearing any kind cross border transactions. There are no limits to bringing gold (as well as other precious metals and gems) into Viet Nam, but approval from the SBV is required to take them out of Viet Nam (Huong 1997). In Agenor and Montiel (1996), two aspects of the parallel market are introduced. One aspect of the parallel market is derived from the application of the trade theory which emphasizes illegal activities such as smuggling, and illegal foreign exchange transactions to finance them. In Kamin (1983), it is explained that considering a country without access to the international capital markets, the value of legal exports must be equal to the value of legal imports, and the value of illegal exports must be equal to the value of illegal imports. In this situation, parallel market premium is determined by the tariff rate, rate of the export tax of the exporting country, penalties of smuggling, and risk of getting caught. Another approach to explain the activity of the parallel market is the portfolio balance, or currency substitution models. This model emphasizes that foreign exchange is a financial asset rather than medium of transaction, which the economic agents hold as stock of value.

In the case of Viet Nam, the existence of the parallel market can be explained by the combination of both models mentioned above. Many people we have interviewed suggested that the parallel market is in equilibrium on a flow basis, since the parallel market exchange rate is not moving very much and the parallel market premium is low, and thus the inflow amount should be equal to the amount of smuggling. An unofficial estimate of smuggling can be as large as one-third of imports. When we take the import value of the 1996, the estimated amount could be as high as \$3.4 billion. If we take this estimation, flow amount of the parallel market could be estimated at as large as \$3 billion. On the other hand, in estimating the volume of the parallel market, an article in *Far Eastern Economic Review*<sup>4</sup> published in 1995 quotes the unofficial estimate as from \$600 million to as high as \$2 billion. There is an alternative estimate in Duc (1997) that the unofficial amount of the US dollars is \$2 billion and that of gold is \$3 billion. These US dollars and gold are kept in corporate and household savings. It has been pointed out that on average, the share of gold to the total household savings is 44%, while cash and bank deposits only comprise 17.7%.<sup>5</sup>

<sup>4</sup> *Far Eastern Economic Review*, March 30, 1995 (Ding Dong Dollar)

<sup>5</sup> This is based on the joint study by UNDP and SPC on income, savings and credit for 1994, which is analyzed in Hattori (1995.)

From the various estimates mentioned above, the amount of FCD and the dollar in the parallel market can be estimated at least about \$2.6 billion, or 15% of GNP.<sup>6</sup> Considering that the dong based M2/GDP is about 19%, the amount of informal foreign currency is very large. This massive amount of foreign currency has a large effect on economic management.<sup>7</sup> Particularly, on the monetary side, circulation of foreign currency means that this part of the monetary aggregates is out of control of the monetary authorities. And as a result, the effectiveness of the monetary policy will be relatively small, and the monetary policy will be influenced by the exchange rate.

## II . Assessment of Current Level of Foreign Exchange Rate

### 1 . Stability of Nominal Exchange Rate and Appreciation of Real Exchange Rate

As a result of the various reforms taken in the late 1980s, the dong rate in the 1990s was stable. Particularly, at the end of 1992, both the official exchange rate<sup>8</sup>, and parallel market rate fluctuated in a small range near VND11,000 per US dollar (see Figure 1). To examine the export competitiveness, I have calculated several kinds of "real exchange rates" and they are shown in Figure 2. First taking the consumer price index (CPI) as a deflator, the real exchange rate appreciated 60% in the period of December 1991 to January 1993. Also, calculating real effective exchange rate (REER) with the estimated trade weight, it appreciated 40% in the same period.<sup>9</sup> However, both rates were stable since the end of 1992, until very recently. Taking other indicators such as consumer goods and staple goods price indices for Viet Nam, and the consumer goods price index in the United States, these real exchange rates were depreciated substantially due to the low price increase of these goods in Viet Nam, possibly due to the price control.

It is difficult to judge whether the current level of the exchange rate is overvalued or not. One way of looking at this issue is to attach importance to the stability of the real effective exchange rate for four years, with exports growing at the rate of 30% in 1996. From this view, we may judge that the exchange rate is not overvalued. On the other hand, it can be said that with the 46% increase of imports in 1996, the exchange rate is overvalued.

### 2 . Parallel Market Exchange Rate

In chapter II, I mentioned that the existence of a large-scale parallel market is a distinct characteristic of the Vietnamese financial sector. Usually, parallel market premium has been considered as an indicator to judge the misalignment of the foreign exchange rate. In the case of Viet Nam, since the market determined system of the foreign exchange rate was set up in 1991, the spread between the official market determined exchange rate and parallel market has been very small, at the maximum of 3%.

Due to the massive increase of imports since the later half of 1995, the current account deficit

<sup>6</sup> GNP of Viet Nam was estimated at \$17,634 million in 1995 (The World Bank 1997.)

<sup>7</sup> The problems regarding the existence of currency substitution is that diminishing demand for the domestic money reduces the base for inflation tax and raises the rate of inflation to finance the same amount of fiscal deficit.

<sup>8</sup> From August 1991 to September 1994, the market based foreign exchange rate was determined at foreign exchange rate floors, and since October 1994, this rate was determined in the inter-bank market.

<sup>9</sup> In estimation of the trade weight used for calculating REER, I used 1995 data. These weights were, Japanese yen 20%, Singapore dollar 15%, Deutsche mark 8%, and Korean wong 7%, as the simple average of the share of export and imports. The US dollars' weight was taken as the residual of the total shares mentioned above.

widened and it increased as high as 12% of the GDP in 1996. Influenced by this widening of the current account deficit, the expectation for devaluation became stronger in the latter half of 1996. Since the autumn of 1996, SBV officials mentioned on several occasions that the level of the exchange rate was overvalued, and this increased expectations of devaluation of the dong. The dong rate in the parallel market quickly responded to the stronger pressure for devaluation, and it began to depreciate, and thus the parallel market premium widened to the level of 5%. However, international reserves of the SBV kept increasing reflecting the increase of capital inflows. It seems that expectation for the devaluation was not reflecting the total demand and supply condition of foreign exchange, but rather focusing on the current account imbalance.

### 3. Allowing More Flexibility in the Exchange Rate Determination

Since September 1994, the exchange rate of Viet Nam has been determined by the inter-bank market. Everyday, the SBV announces official reference rate and the inter-bank transactions were determined within the band of plus for minus 0.5% from the reference rate. To cope with the depreciation in the parallel market, the SBV widened this band to 1% in December 1996, and in late February 1997, further widened the band to 5%. The exchange rate in the inter-bank market quickly responded to the widening of the band and it moved from VND11,200 per US dollar at the beginning of March to VND11,655 in the middle of March. This was an approximately 4.5% depreciation, which made the official exchange rate adjust to the level of the parallel market rate. Since, the official reference rate is kept at VND11,100 per US dollar, the inter-bank exchange rate is in the lower band of 5%. Since March 1997, the exchange rate has been stable. For example, on July 29, 1997, buying rate of the US dollar was USD11,650, and the selling rate was VND11,683, and the parallel market premium was small. The actual movement of the dong shows that the widening of the band was intended to adjust the official exchange rate to the parallel market, and not to depreciate it because of the widening of the trade deficit.

This type of gradual depreciation of the foreign exchange rate can be seen in the case of Indonesia.<sup>10</sup> The similarity of the two countries is that they both are widening the intervention band to make the exchange rate more flexible. In the case of Indonesia, the band itself moves towards gradual depreciation, and the depreciation does not have significant influence on the capital inflows. The aim of this policy is to keep the real effective exchange rate constant to maintain export competitiveness under the appreciation pressure caused by heavy capital inflows.

On October 14, 1997, SBV widened the band to 10 %, and the market rate depreciated to 11,970 dong per US dollar. This widening of the band is to align with the recent depreciation of the neighboring ASEAN countries.

## III. Perspective for Medium- and Long-term Exchange Rate

### 1. Exchange Rate Projection in the New Five-year Plan

The exchange rate projection in the New Five-year Plan is not apparently shown in any of the official documents. However, macroeconomic indicators of 1996 to 2000 submitted by Dr. Nguyen Quang Thai at the Tokyo Workshop in March 1997, show that the possible projection of the exchange rate in 1996 is VND11,050 per US dollar, and that of 2000 is VND12,810 per US dollar, which in a

<sup>10</sup> Indonesia moved to a flexible exchange rate system and remove the Rupia's trading band on August 14, 1997.

yearly average of 3.0% depreciation from 1996 to 2000. The consumer price inflation rate, which was 12.7% in 1995, is expected to go down to 5%, which means that the average inflation rate of CPI from 1996 to 2000 will be 7.5%. When estimating the real exchange rate, I took dollar-based inflation from IMF (1996), 2.1% for 1996, and the estimation is 2.5% for the period from 1997 to 2000. As a result, the real exchange rate for 1998 to 2000 will be approximately 10% higher than 1995 level.

## **2 . Balance of Payments Projection and the Exchange Rate**

In Chapter 4 of the main text, we discussed that to keep the trade deficit approximately in the level of 15% of GDP in the period of 1996 to 2000, if the growth rate of exports is 28%, growth rate of imports must be kept at 24%, which is substantially lower than the average growth rate in the period of 1991 to 1995, which was 34.2%. Inconsistency exists between the assumption of implicit real appreciation of the dong rate, and the high growth rates of exports, and relatively low growth of imports.

Regarding capital inflow and trade deficits, there exists two scenarios. One scenario which has less probability is that the trade deficit will remain as projected (15% of GDP) with capital inflow is substantially larger than the predicted amount. In this situation, there will be pressure for the appreciation of the dong, and at the same time this will cause an inflationary pressure through increase of money. However at the current stage of underdeveloped financial sector, Viet Nam lacks a tool of sterilization, such as operation of government bonds in the secondary market. If the SBV attempts to prevent the growth of money by strengthening the current policy of credit ceilings on commercial banks, this in itself will discourage development of the market-based financial market. In this case, issuing central bank securities to absorb liquidity might be one solution, but the interest burden on these securities could be a source of quasi-fiscal deficit.

An alternative scenario is that even with capital inflow as designed in the plan, the trade deficit will widen substantially. In this case there will be strong pressure for the depreciation of the dong. But under the existence of currency substitution, expectation for a substantial devaluation rate will cause a drastic change of the asset holding of the economy. This means that if this occurs, confidence in the national currency will be lost, and the stability of the economy will be endangered. The plan is on knife-edge in this respect.

## **IV. Evaluation of Foreign Exchange Management Policy**

### **1 . Current Situation of Foreign Exchange Management**

As a part of the comprehensive economic reform, liberalization of the foreign exchange control was accomplished based on the decree of October 21, 1988. Under this new liberalized system, all surrender requirements were abolished, and foreign currency obtained from commercial transactions were allowed to be used for payments to the foreign counterparts. Also, firms were allowed to keep foreign currency obtained from exports in foreign currency deposits, and individuals were allowed to hold foreign currency, in the form of deposits and foreign currency notes.

However, to encourage the use of the dong, decision 396/TTg was issued by the Prime Minister on August 4, 1994. This decision ruled that all activities concerning foreign exchange must be carried out through the banking system, and all monetary and financial transactions, with some exceptions such as duty free stores, must be made in Vietnamese dong. And also, partial surrender requirements were reintroduced, and institutions and individuals opening foreign currency deposits abroad was restricted

(Huong 1997).<sup>11</sup>

## 2. Criticism on the Foreign Exchange Management Policy

Along with various administrative measures, such as circulars and decrees issued periodically, liberalization at the early stage, and the backdown on enforcing the policy afterwards made foreign exchange management unclear and complicated.

From the comments of foreign businessmen working in Viet Nam, there were two views of evaluating foreign exchange management. First, like other developing countries, Viet Nam's foreign exchange management policy has been severely criticized. Criticisms are: the policy is unclear; and interpretation of the rules is among those to whom you make inquiries or where you inquire.<sup>12</sup> There are other opinions on the function of the inter-bank foreign exchange market, which was opened in October 14, 1994. We often hear the criticism that this market is not functioning very well because the SBV is not functioning as a "central bank" in adjusting demand and supply, and participants often face difficulty in obtaining foreign currency to meet their needs. This situation is similar to the domestic money market, where the liquidity is not smoothly supplied by the SBV.

On the other hand, there are still other opinions that the foreign exchange system differs little from other developing countries. A few believe that the foreign exchange management in Viet Nam is clear, once you understand the mechanism well.

In response to the criticism, the SBV prepared a comprehensive document on foreign exchange management, and the preliminary English translation is attached. This guideline is planned to be enforced when the new banking laws are approved by the parliament in the near future (see Appendix I).

The guideline is comprised of various circulars, decrees, decisions, and regulations, issued from 1989 to 1995, are arranged so that firms and individuals who conducts foreign exchange operations will be able to understand the comprehensive overview of the regulations. Since this is not yet enforced, we cannot evaluate it now, but at least from reading the document, it seems that the regulations are quite clear, needing further clarification on details.

## V. Concluding Remarks

1) From their past economic performance, Vietnamese authorities are implementing an appropriate foreign exchange rate policy and foreign exchange management. This success is not only the result of the foreign exchange policy, but also the adoption of appropriate fiscal and monetary policy to contain inflation. The favorable macroeconomic conditions were the base for increasing inflows of FDI, and the increase of external aid. This inflow of capital was the important factor to promote economic growth. This suggests that a prudent macroeconomic policy is necessary for appropriate foreign exchange rate management.

2) Concerning the external balance of Viet Nam, we believe that the trade balance deficits cannot easily be reduced, and there is no reason to expect the increase in the inflow of capital when trade

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<sup>11</sup> However, in reality regulations under this decision are being enforced loosely (Dodsworth et al. 1996). But on the other hand, Huong (1997) claims that the limitation of the foreign exchange management policy is that authorities have not succeeded in managing the "individual's" holdings and the use of foreign exchange, and the existence of activities such as inter-enterprise transactions of foreign exchange.

<sup>12</sup> It is pointed out that interpretation of regulations are different between SBV in Hanoi and Ho Chi Minh City, and this causes confusion for foreign businessmen in Viet Nam..

deficits increase. In this case, there will be depreciation pressure on the exchange rate. Under currency substitution with existence of a large parallel market, this is a dangerous situation because an expectation for substantial level of devaluation will trigger asset shift, which will weaken confidence in domestic currency. To avoid this situation, Viet Nam must push forward with structural reforms in the external and financial sectors in order to maintain a sound macroeconomic situation.

3) The dong rate is quite stable, "dollarization" still exists, and authorities have not succeeded in eliminating the use of dollars and gold, particularly in the parallel market. If authorities attempt by regulation to force the use of the dong and try to stop the use of dollars, the only result will be to encourage the development of an underground economy. But on the other hand, the high level of currency substitution and the existence of parallel market will have unfavorable effects on fiscal and monetary aspects. To discourage the development of parallel market, structural reforms, such as further trade liberalization to reduce the tariff rate are required so that smugglers have no incentive. But the preference for dollars and gold came about because of the historical reasons, and still there exists "hysteresis." The most important policy promoting prudent macroeconomic situation, as mentioned in Chapter 4 of the main text, is to develop institutionalized financial system and an improved preference for dong based financial assets.

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Table 1 International reserves of the State Bank of Viet Nam (SBV)

(million of US dollars)

	Dec-91	Dec-92	Dec-93	Dec-94	Dec-95	Mar-96	Jun-96	Sep-96	Dec-96
International Reserves	26.566	456.083	403.747	875.536	1,375.321	1,629.520	1,640.518	1,753.260	1,800.527
1-Gold	24.586	33.652	48.303	57.750	55.390	43.551	56.044	56.027	78.047
2-Foreign currencies	0.081	0.071	0.027	0.029	0.019	0.004	0.010	0.009	0.018
3-Foreign investment	0.008	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
4-Deposits with foreign banks	1.891	422.351	355.408	817.747	1,319.903	1,585.956	1,584.455	1,697.215	1,722.453
Exchange Rate	12742.5	10736	10850	11052	11018	11020	11018	11025	11125

Note Exchange rates are; for December 1991, "Official rate of the SBV, and others are selling rate of the Vietcom Bank".

Monthly average rates are applied tentatively.

Data Source State Bank of Viet Nam.

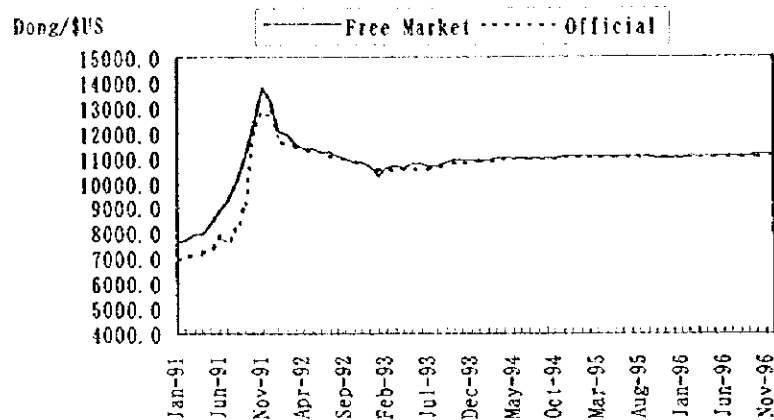


Figure 1 Monthly development of Vietnamese dong (dong/\$US)

Note Free Market: Hanoi Free Market Selling Rate, Official: For 1991, official rate of the State Bank. Since 1992, selling rate of Vietcom Bank.  
Data Source The State Bank of Viet Nam.

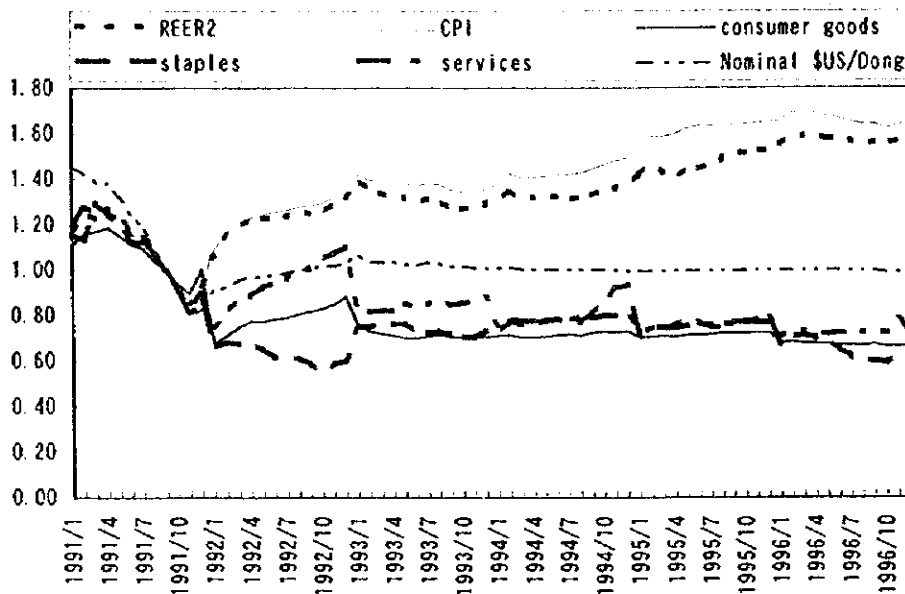


Figure 2 Real exchange rate of Vietnamese dong (Sep. 1991 = 100)

Note

$$1. \text{ CPI} = \frac{\text{CPI (Viet Nam)}}{\text{CPI (USA)}}$$

$$\text{Consumer goods} = \frac{\text{Consumer goods (Viet Nam)}}{\text{Consumer goods (USA)}}$$

$$\text{Staples} = \frac{\text{Staples (Viet Nam)}}{\text{Consumer goods (USA)}}$$

$$\text{Services} = \frac{\text{Services (Viet Nam)}}{\text{Wages (USA)}}$$

REER2=Real Effective Exchange Rate. Weight Estimated by the author based on trade weight; US dollar 50%, Japanese yen 20%, Singapore dollar 15%, Deutch mark 8%, Korean wong 7%

Data Source General Statistical Office (Viet Nam), IMF, IFS.



## **Appendix I**

# **Guideline Documents for Implementing Operations on Foreign Exchange Management**

**The State Bank of Viet Nam**

**(Preliminary translated by JICA Project Office with the supervision of the author)**

## I. Remittance of Foreign Currencies from Abroad and Transferring Foreign Currencies within the Banking System in Viet Nam

### 1. By Individuals-Foreigner or Vietnamese

#### (1) By foreigner or Vietnamese who are living abroad

Transaction	The transaction is accepted or not (Y/N)	Procedures required	Guiding documents	Note
Remittance of currency from abroad to banks in Viet Nam		To identify the source of money abroad and purpose in Viet Nam	-Circular No.33/NH-TT dated 15/3/89 -Decision No. 48/QĐ-NH7 dated 23/2/95	
a. By transfer	yes			
b. By cash	yes			
-Less US\$ 7,000	yes, if there are documents proving the money is brought from abroad	To check the custom declaration, or bill of money withdrawn from bank, or money paid in advance.	Decision No. 3S2-OD-NH7 dated 28/12/95	It is necessary to have mutual agreement between the related banks to deal the normal cheque
-Over US\$ 7,000	only for cheque issued by foreign bank, or must be proved to be legally received from abroad			It is necessary to have confirmation that the cheque bearer is the owner and the cheque is in conformity with regulation of bank
c. By cheque (bill of exchange)				
2/ Opening account in banks	yes		Circular No.33/NH-TT dated 15/3/89	
3/ Transferring foreign currencies to the banking system in Viet Nam	yes, including money transferred to: -foreign individuals or organizations -Vietnamese individuals	To the present: -Investment license (joint venture) -Loan contract and license of the State Bank (if it is foreign loan)	Circular No. 33/NH-TT dated 15/3/89	
	Vietnamese organizations (including Foreign owned capital enterprises in VN) Vietnamese organizations (including Foreign owned capital enterprises in VN)			

4/ Converting from VND to foreign currencies	In case of foreign currencies brought from abroad to be converted into VND but have not used up and needs to re-convert	-Contract and invoice (buying or selling of goods/services) To check the custom declaration and the order of currency converting	Decision No. 103/QD-NH7 dated 3/4/95	
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(2) By Vietnamese in Viet Nam

Transactions	Accepted or not	Procedures required	Guiding documents	Note
1/ Remittance of money from abroad	yes		Circular No. 33/NH-TT dated 15/3/89	The foreign currency is used only for the purpose of: -to be sold or sent to bank -purchasing goods at shops which are permitted to accept foreign currencies
2/ Opening foreign currency account at bank	yes	in accordance with account opening procedures	regulated by bank where the account is opened	
3/ Depositing in foreign currencies	yes	in accordance with procedures for saving deposits	regulated by bank where the account is opened	
4/ Transferring money within Viet Nam territory	yes	the transferor must have foreign currency account at the bank	Decision No. 08/NH-QD dated 14/1/91 and Decision No. 08/QD-NH7 dated 25/1/92	Payment or transfer to other individuals or organizations who have account at the bank
5/ Withdrawing cash from bank	yes	by the requirement of the account owner	Circular No. 33/NH-TT dated 15/3/89	

## 2. By Foreign or Vietnamese Organization

## (1) Foreign organizations to be defined as "non-resident" organizations

Transactions	Accepted or not	Procedures required	Guiding documents	Note
1/ Remittance of money from abroad	yes	To identify the money is remitted regularly for the operations of the organization	Circular 33/NH-TT dated 15/3/89	
2/ Transferring money within Viet Nam territory into bank	yes		Circular 33/NH-TT dated 15/3/89	There are no legal documents allowing foreign currencies within Viet Nam to be remitted in to bank account
3/ Withdrawing cash from bank	yes	by the requirement of the account owner		Money withdrawn can be in VND or foreign cash

## (2) The foreign party of a business co-operation contract, foreign contractor who are non-resident organization in Viet Nam

Transactions	Accepted or not	Procedures required	Guiding documents	Note
1/ Remittance only from abroad	yes		Circular 33/TT-NH7 dated 14/3/89	
2/ Transferring money to yes the banks in Viet Nam	yes	Payment order, services or related documents must be identified that the transfer is legal	Circular 203/NH-TT dated 31/10/91	The circular regulates that account owner of foreign currencies can pay foreign individuals or organizations in foreign currencies for rendered services or purchased goods

(3) Enterprises operation in accordance with the law on foreign investment in Viet Nam

Transactions	Accepted or not	Procedures required	Guiding documents	Note
1/ Remittance of money from abroad	yes	To present the Investment License (if it is joint venture company and other documents indicating the purpose of money remittance)	Circular 06/TT-NH7 dated 18/9/93 Circular 07/TT-NH7 dated 26/3/94	Foreign currency remitted must be foreign partners capital contribution or foreign currency loan
2/ Transferring money to banks in Viet Nam				
+ In VND	yes	Deposit in VND account	Circular 12/TT-NH7 dated 5/9/94	
+ In foreign currencies	yes (only in case of*)			
3/ Buy foreign currencies from banks	yes	Obtain license from the State Bank allowing the purchase	Official Letter 700/CV-NH7 dated 14/12/95	Enterprises which producing import substitutes or operating in the construction of infrastructure do not have to obtain license

Payment in foreign currencies within Viet Nam territory is only available in following cases:

- \* Payment for goods and services of import/export from the owners to the agents.
- \* Money remittance among legal entities or among dependent accounting branches belonging to that entity.
- \* Purchase import/export insurance or insurance for air/marine transportation of petroleum, gas by projects operated by foreign capital or foreign individuals/organizations.
- \* Payment for international postal fees by postal organizations which are allowed to operate international postal and communication services.
- \* Payment and commission payment of tickets, freight for international airline/marine or their agents.

## (4) By Vietnamese organizations

Transactions	Accepted or not	Procedures required	Guiding documents	Notes
1/ Remittance of money from abroad	yes		Circular No. 12/TT-NH7 dated 5/9/94	Regulation on borrowing and repayment and Circular 07/TT-NH7 dated 26/3/94 referred to foreign currencies
2/ Transferring money within Viet Nam territory	yes (only in following cases*)		Circular No. 12/TT-NH7 dated 5/9/94	
3/ Sending foreign currencies into bank	yes	must have license by the State Bank allowing for foreign currency operation	Circular No. 12/TT-NH7 dated 5/9/94	In case has no license, the sender can not deposit the money in their account and must sell them to the banks

\* Payment for goods and services of import/export from the owner to agents .

\* Money remittance among legal entities or among dependent accounting branches belongs to that entity.

\* Purchase import/export insurance or insurance for air/marine transportation of petroleum, gas by projects operated by the foreign capital in foreign individuals/organizations.

\* Payment for international postal fees by postal organizations which are allowed to operate international postal and communication services.

\* Payment and commission payment of tickets, freight for international airline/marine or their agents.

## II. Foreign Currencies to be Remitted Abroad by Individuals or Organizations

### 1. By Individuals

#### (1) By foreigners (including overseas Vietnamese)

Transactions	Procedures required	Guiding documents	Notes
1/ Foreign currencies which had been deposited in the banks	-Documents proving that the amount sent abroad is not larger than the amount which had previously been sent or brought in from abroad -Copy of the labor contract -Certificates of payment of all taxes & duties	Circular 33/NH-TT dated 15/3/89	
2/ Salary and income receivable in Viet Nam		Circular 06/TT-NH7 dated 18/9/93	

#### (2) By Vietnamese

Transactions	Procedures required	Guiding documents	Notes
1/ Foreign currencies which had been deposited in the banks	-Certificates of the foreign currency is already remitted from abroad or legally earned in Viet Nam -Documents proving that the amount to be sent abroad is not larger than the amount which had previously been sent or brought in from abroad	Decision 455/QD-NH7 dated 24/8/95 Decision 383/QD-NH7 dated 28/12/95	
2/ Send money abroad for purposes of education, tourists, medical care or visits	-License from the State Bank allowing the remittance	Circular 33/NH-TT dated 15/3/89	the applicant can buy up to US\$ 7,000 without permission; but must present Passport and exit visa when buying foreign currency

## 2. By Vietnamese and Foreign Organizations

## (1) By organization or enterprises established under law on foreign investment in Viet Nam

Transactions	Procedures required	Guiding documents	Notes
1/ Remittance of investment capital and re-investment capital	<ul style="list-style-type: none"> <li>-Report on implementation progress of capital contribution and re-investment (certified by MPI)</li> <li>-Minutes of liquidation of the firm (certifies by competence taxation authority)</li> <li>-Certificates of finishing the payment of all tax duties by local taxation authority</li> <li>-An approval by MPI is required in case of the remitted amount is larger than the investment or/and re-investment capital.</li> </ul>	Circular 06/TT-NH7 dated 18/9/89	Investment or re-investment capital shall be remitted abroad only when the enterprise is terminated or liquidated its operation.
2/ Profits Remittance	<ul style="list-style-type: none"> <li>-Certificates of finishing all tax duties (including profit tax) by local taxation authority</li> </ul>	Circular 06/TT-NH7 dated 18/9/93	Profit remittance is available only after the end of every fiscal year
3/ Payment for services in foreign countries or for technical transfer	<ul style="list-style-type: none"> <li>-Copy of related contracts</li> <li>-Certificates of finishing all tax duties</li> </ul>	Decision 49/HDBT dated 4/3/91	
4/ Any money or asset legally belongs to the foreign party	<ul style="list-style-type: none"> <li>-Certificates of the foreign currency is legally belongs to the foreign party</li> <li>-Certificates of finishing all tax duties</li> </ul>	Decree 18/CP by Government dated 16/4/93	
5/ Repayment of principles and payment of interests on foreign loans	<ul style="list-style-type: none"> <li>-Copy of the loan contract</li> <li>-Certificates of the loan had been received or loan confirmation</li> </ul>	Circular 06/TT-NH7 dated 18/9/93 Circular 07/TT-NH7 dated 26/3/94	
6/ Payment for imports	<ul style="list-style-type: none"> <li>-Import/export business license</li> <li>-Copy of purchasing contract, bill of loading, invoice and order</li> </ul>	Circular 12/TT-NH7 dated 5/9/94	
7/ Payment for others items	<ul style="list-style-type: none"> <li>-Copy of related invoices</li> <li>-Related papers concerning to expenses</li> </ul>	Circular 12/TT-NH7 dated 5/9/94	



(2) By foreign economic organizations

Transactions	Procedures required	Guiding documents	Notes
1/ Any money or asset legally belongs to the foreign party	-Certificates of the foreign currency is legally belongs to the foreign party	Decree 18/CP by Government dated 16/4/93	
2/ Foreign currencies deposited in the bank	-Documents proves that the amount to be sent abroad is not more than the amount which had previously been sent or brought in from abroad	Circular 33/NH-TT dated 15/3/89 Circular 12/NH-TT dated 5/9/94	
3/ Income from import/export	-Import/export business license and contract which had been registered in the Ministry of Trade -Certificates of finishing all tax duties (including profit tax) by local taxation authority -Copy of related contracts -Certificates of finishing all tax duties	Circular 203/NH-TT dated 31/10/91	
4/ Income from rendered services		Decree 18/CP by Government dated 16/4/93	

(3) By Vietnamese economic organizations

Transactions	Procedures required	Guiding documents	Notes
1/ Payment for imports and foreign services		Circular 12/TT-NH7 dated 5/9/94	
2/ Repayment for principles and interests of foreign loan		Circular 12/TT-NH7 dated 5/9/94 Circular 07/TT-NH7 dated 26/3/94	
3/ Remittance investment capital to foreign country		Circular 12/TT-NH7 dated 5/9/94	The matter shall be regulated in the Law on Investment abroad

### III. Regulations Applied to Commercial Banks

Transactions	Accepted or not	Procedures required	Guiding documents	Notes
1/ To declare official exchange rate of VND and foreign currencies				For the purpose of calculating import/export tax, commercial bank shall declare exchange rate for currencies trading
2/ To decide exchange rate in currencies trading by some credit institutions who are allowed to operate in currencies trading				
3/ Regulation on identification, adjustment and declaration of exchange rate between VND and foreign currencies			Decision 206/QD-NH7 dated 20/9/94	
4/ Temporary Regulation Foreign exchange trading status of some credit institutions who are allowed to operate in currencies trading		To add sanctions to any credit institution which violates limitation in regulation on foreign exchange trading status -To unify limitation in regulation on foreign exchange trading status for every branches of foreign banks	Decision 204/QD-NH7 dated 20/9/94	Foreign bank branches in Viet Nam must commit with the State Bank to follow the regulation on foreign exchange trading status
5/ Regulation on Management of the Foreign Reserve Fund of the State Bank			Decision 208/QD-NH7 dated 26/7/95	
6/ To issue permission for foreign cash and traveller's cheques carried out to foreign countries	yes	to check all related papers in accordance with Decision 455/QD-NH7 dated 24/8/95 and Decision 383/QD-NH7 dated 28/12/95 and	Decision 455/QD-NH7 dated 24/8/95 and Decision 383/QD-NH7 dated 28/12/95 and	If foreign cash and traveller's cheque carried out to foreign countries is over the limitation of the regulation, they need permission by the State Bank
7/ To apply for operation foreign currencies trading and opening foreign currencies account abroad for this purpose	yes	It is required to meet all conditions regulated in the Circular 12/TT-NH7 dated 5/9/94	Circular 12/TT-NH7 dated 5/9/94	

8/ Borrowing foreign currencies from foreign countries	yes	must be approved by the State Bank	Decree 58/CP dated 30/8/93 and Circular 07/TT-NH7 dated 26/3/94	
9/ Lending foreign currencies to economic organization in Viet Nam	yes		Instruction 08/CT-NH1 dated 29/10/92 and the Instruction 05/CT-NH1 dated 6/6/96	"Strictly forbid any foreign currencies lending to be spent within the country's market"
10/ To guarantee and re-guarantee for foreign loan borrowing	yes		Regulation on guarantee and re-guarantee for foreign loans, attached by Decision 23/QĐ-NH14 dated 21/2/94	Notice: Instruction 06/NH7-CT dated 6/6/96 and Official Letter 434/CV-NH7 dated 5/8/96
11/ Opening L/C for deferred payment to customer	yes		Instruction 06/NH7-CT dated 6/6/96 and the Official Letter 434/CV-NH7 dated 5/8/96	
12/ Regulations on entrusting to import gold		It is available to import gold on entrusting for condition of obtaining license from the State Bank	Instruction 07/NH-TT dated 29/10/93 and Decree 63/CP dated 24/9/93	



# Macroeconomic Developments Focusing on Monetary Economy

Kojiro Sakurai

The Japan Economic Research Institute

## I . Before Doi Moi

### 1. Start of Socialist Industrialization

In 1976 the Vietnamese government decided to embark on socialist industrialization. They made the second five-year plan (1976-80), stipulating that heavy industry is their target. There seemed to be an expectation that socialist industrialization can be achieved in a short time by rapid economic growth.

They adopted the central planning system which had already existed in the North. In this system, the state supplied materials to each economic unit at a fixed price under the central plan, and each economic unit brought in products they produced under the plan. Wages were set low, but consumer necessities were offered to labors were offered at subsidized prices.

In spite of their expectation, the plan did not work well. Agricultural production stagnated because of lack of incentives. Stoppages of international aid to Viet Nam in the late 70s further aggravated the Vietnamese economy.

### 2. New Economic Policy and its Failure

In 1979 the government decided to modify the socialist policy and adopted new economic policy which partly applied the market mechanism. But, the system of subsidizing consumer necessities was maintained, and this caused serious inflation through budget deficit financing.

### 3. "Price, Wage and Money" Reform in 1985 and Chaos

In 1985 the government carried out "price, wage and money" reform, including: (1) wage adjustment and abolition of subsidized supplies of consumer necessities, (2) abolition of the system of subsidizing agricultural products, and liberalization and unification of prices, and (3) introduction of new currency with new denominations. However, with the old SOE structure still remaining, this reform did not work well and the result was namely higher prices. Hyperinflation surged as a result of the expanded money supply, the bottleneck in production, and people's expectations. The inflation rate in 1986 was as high as 700 percent.

#### 4. Doi Moi Policy

In December 1986, the government decided to carry out overall economic reform called "Doi Moi." Doi Moi policy consists of the following four points. (1) Socialism cannot be achieved in a short time. Thus, it is rational for Viet Nam to introduce capitalistic factors for the time being. (2) It is necessary to shift priority from heavy industry to foods, consumer goods and export goods. (3) Capitalistic management is to be allowed. (4) Viet Nam should find its place in the division of labor, and international economic cooperation.

## II . After Doi Moi

### 1. Curbing Inflation

The most important macroeconomic issue after introduction of Doi Moi was how to curb inflation. The inflation rate was three digit during 1986-88 (see Table 11). The main reason for this was the increasing money supply, which was brought about by the State Bank's financing of the budget deficit and SOEs. The government succeeded in curbing hyperinflation by reducing the budget deficit and controlling the State Bank's credit to SOEs in the late '80s and early '90s (see Table 15).

In 1996 the inflation rate was further down to one digit, reflecting the low inflation rates of rice and the industrial sector (see Tables 4 and 12) Contributing factors were slow growth of credit, good harvests, and increases in imports of paper, cement and steel.

### 2. Financial Sector Reform

In a centrally planned economy, financial institutions such as banks do not function as financial intermediaries, but rather as conduits of the state budget. The financial system of Viet Nam until 1988 was a mono-bank system, which is typical of a centrally planned economy. The State Bank of Viet Nam played the roles of both central bank and commercial bank. There were also Vietcombank (The Bank for Foreign Trade of Viet Nam) which specialized in trade finance and foreign exchange dealing, and BIDV (The Bank for Investment and Development of Viet Nam) which specialized in financing public investment and SOEs' capital investment.

In July 1988 the State Bank was deprived of its commercial banking function, and two state-owned commercial banks were established, namely Incombank (The Industrial and Commercial Bank of Viet Nam) which specializes in short-term finance, and Agribank (The Agricultural Bank of Viet Nam) which specializes in agricultural finance. These reforms led to the abolition of the mono-bank system and to the introduction of a two-tier banking system.

It may be of some interest to look at the ratio of total domestic credit to the central bank's domestic credit and see to what extent the financial system of Viet Nam has developed from the mono-bank system. This ratio is equal to one in the case of mono-bank system, and increases as financial intermediation develops. In international comparisons, the ratios of transitional economies tend to be smaller than those of capitalist countries (see Table 25). This ratio in Viet Nam is small, indicating that the financial intermediation function is underdeveloped. But it has been increasing after the establishment of a two-tier banking system, and it exceeded that of China in 1995.

### 3. Interest Rate Policy Reform

Interest rate policy reform has also contributed very much to the improvement of the financial system.

First, the nominal savings deposit interest rate was raised to a large extent in 1989, making the real interest rate positive. This contributed to a domestic savings increase in Viet Nam, where currency substitution between dong and dollar or gold was active. This also contributed to curbing inflation by increasing money demand.

Second, the interest rate spread (lending rate minus deposit rate) became positive in late 1992. This gave banks normal incentives for financial intermediation.

At present, there are two kinds of regulation on interest rate, namely maximum lending rate regulation and interest rate spread regulation. There is argument that the spread regulation ignores characteristics of differentiated banks, and that this hampers flexibility of banking activities.

### 4. Good Performance in Economic Growth

Economic growth in terms of the real GDP growth rate was 3-8 percent during 1987-91, and 8-9 percent during 92-96, indicating good economic performance (see Table 1).

By sectors, secondary and tertiary industries contributed much to economic growth (See Table 2).

By type of expenditures, gross capital formation grew rapidly. The ratio of gross capital formation to nominal GDP increased from 15.0% in 1991 to 27.1% in 1996 (see Table 6). This active investment was largely done by the state sector, and was financially supported by domestic savings. But FDI also played an important role in capital investment (see Table 7).

The share of the state sector in nominal GDP increased from 37.6% in 1986 to 42.2% in 1995, indicating the greater presence of the state sector in the transition. This was mainly due to rapid growth of SOEs in the secondary industries.

### 5. Exchange Rate Policy

Viet Nam used a multiple exchange rate system until March 1989, and under this system the dong was overvalued. This caused problems such as price distortion, and a situation in which importers gained excess profits at the expense of exporters. To cope with these problems, the government devalued the dong step by step, and unified the multiple exchange rates in March 1989.

Foreign exchange dealing floors were established in HCMC and Hanoi in 1991, and the interbank market was opened in 1994.

As in other developing countries, there was a well-developed parallel market in Viet Nam, due to the existence of smuggling and regulation on trade and foreign exchange. Official rate tended to be overvalued compared with parallel rate.

In addition to legitimate market development, the authorities made efforts to reduce the budget deficit and control the money supply. Under the ensuing macroeconomic stability, since around 1992, the official rate has been stabler and closer to the parallel rate.

However, the dong exchange rate to the dollar has been gradually depreciating since autumn 1996, reflecting a growing trade deficit. The State Bank of Viet Nam expanded the trading band around the reference rate from 1% to 5% in February 1997.

## 6. Activities in the Banking Sector

Credits and deposits in the banking sector have been growing since around 1992, though the growth rate declined in 1996 (see Tables 15, 16, and 24). However, the degree of "financial deepening" which is represented by M2/GDP has been stagnating after increasing rapidly from 1986 to around 1990 (see Table 26). The level of Viet Nam's financial deepening is lower than those of other transitional economies such as China, Myanmar, and East European countries. Of course, we should be careful at comparing these indices, because they inherently depends on individual financial systems, but at least we can say that unlike other countries, financial deepening has not increased very much. As far as this index reveals, the banking sector has not grown adequately in Viet Nam. Some factors behind this includes people's distrust in the government and the banking sector, and people's fear that their income and wealth could be monitored by the government.

The four state-owned commercial banks had their share in total loan outstanding decrease from 95% in 1991 to 88% in 1994, and to 75% in 1996. Accordingly, other private banks increased their share from 5% to 12% , to 25% in 1996 (see Table 22). The Agribank (ABV) had its share decrease from 27% in 1991 to 20% in 1996 reflecting a change in the industrial structure toward industrialization, and the Incombank (VCOM) had its share decrease from 30% to 20% over the same time frame, due partly to the intensifying competition with the emerging private banks. The BIDV increased its share from 12% in 1991 to 20% in 1996, reflecting a strong demand for long-term loans for capital investment (its specialty). The share of long-term loans in total loan outstanding for non-government sectors increased from 16% in 1991 to 32% in 1996.

As for the distribution of credits by borrowers, the SOE sector accounted for 90% in 1991, followed by the private sector (5%) and other (5%) (see Table 23). In 1996, the SOE sector share decreased to 54%, the private sector increased to 26% and other increased to 22%. But we have to pay attention to the fact that the number of samples increased between 1991 and 1996 (samples in the monetary survey: 1991-93, 16; 1993-96, 28).

As to the Agribank, its major borrower was the SOE sector in 1991 (80% share), but this was replaced by the private sector which in 1996 occupied a 79% share. The BIDV and the Vietcombank extend loans mainly to the SOE sector. The Incombank and other private banks have gradually shifted their loans from the SOE sector to the private sector and other.

It is said that the required conditions to acquire loans, especially from the state-owned commercial banks, are stricter for the private sector than the SOE sector, and this needs to be changed to a level playing field.



Table 1 GDP by industrial sector

## (1) GDP (billion dong)

		1985	1986	1987	1988	1989	1990
Current Price	First	na	228	1,164	7,139	11,818	16,252
	Second	na	173	814	3,695	6,444	9,513
	Third	na	198	892	4,586	9,831	16,190
	GDP	na	599	2,870	15,420	28,093	41,955
Constant Price (1989)	First	na	10,705	10,649	11,069	11,818	12,003
	Second	na	5,769	6,297	6,630	6,444	6,629
	Third	na	7,220	7,616	8,313	9,831	10,894
	GDP	na	23,694	24,562	26,012	28,093	29,526

		1991	1992	1993	1994	1995	1996*
Current Price	First	31,058	37,513	40,796	48,865	63,219	70,334
	Second	18,252	30,135	39,472	50,481	66,804	79,501
	Third	27,397	42,887	56,303	70,912	92,817	108,774
	GDP	76,707	110,535	136,571	170,258	222,840	258,609
Constant Price (1989)	First	12,264	13,132	13,634	14,169	14,892	15,551
	Second	7,228	8,242	9,324	10,631	12,113	14,002
	Third	11,794	12,617	13,777	15,182	16,792	18,335
	GDP	31,286	33,991	36,735	39,982	43,797	47,888

## (2) Growth rate of GDP

		1985	1986	1987	1988	1989	1990
Current Price	First	na	na	410.5%	513.3%	65.5%	37.5%
	Second	na	na	370.5%	353.9%	74.4%	47.6%
	Third	na	na	350.5%	414.1%	114.4%	64.7%
	GDP	na	na	379.1%	437.3%	82.2%	49.3%
Constant Price (1989)	First	na	na	-0.5%	3.9%	6.8%	1.6%
	Second	na	na	9.2%	5.3%	-2.8%	2.9%
	Third	na	na	5.5%	9.2%	18.3%	10.8%
	GDP	na	na	3.7%	5.9%	8.0%	5.1%

		1991	1992	1993	1994	1995	1996*
Current Price	First	91.1%	20.8%	8.8%	19.8%	29.4%	11.3%
	Second	91.9%	65.1%	31.0%	27.9%	32.3%	19.0%
	Third	69.2%	56.5%	31.3%	25.9%	30.9%	17.2%
	GDP	82.8%	44.1%	23.6%	24.7%	30.9%	16.1%
Constant Price (1989)	First	2.2%	7.1%	3.8%	3.9%	5.1%	4.4%
	Second	9.0%	14.0%	13.1%	14.0%	13.9%	15.6%
	Third	8.3%	7.0%	9.2%	10.2%	10.6%	9.2%
	GDP	6.0%	8.6%	8.1%	8.8%	9.5%	9.3%

## Notes

First Industry Includes Agriculture, Forestry And Fishery.

Second Industry Includes Industry And Construction.

\* : Quick Estimates

Source GSO

Table 2 Contribution to GDP by industrial sector

## (1) Contribution

		1985	1986	1987	1988	1989	1990
Current Price	First	na	na	156.3%	208.2%	30.3%	15.8%
	Second	na	na	107.0%	100.4%	17.8%	10.9%
	Third	na	na	115.9%	128.7%	34.0%	22.6%
	GDP	na	na	379.1%	437.3%	82.2%	49.3%
Constant Price (1989)	First	na	na	-0.2%	1.7%	2.9%	0.7%
	Second	na	na	2.2%	1.4%	-0.7%	0.7%
	Third	na	na	1.7%	2.8%	5.8%	3.8%
	GDP	na	na	3.7%	5.9%	8.0%	5.1%

		1991	1992	1993	1994	1995	1996*
Current Price	First	35.3%	8.4%	3.0%	5.9%	8.4%	3.2%
	Second	20.8%	15.5%	8.4%	8.1%	9.6%	5.7%
	Third	26.7%	20.2%	12.1%	10.7%	12.9%	7.2%
	GDP	82.8%	44.1%	23.6%	24.7%	30.9%	16.1%
Constant Price (1989)	First	0.9%	2.8%	1.5%	1.5%	1.8%	1.5%
	Second	2.0%	3.2%	3.2%	3.6%	3.7%	4.3%
	Third	3.0%	2.6%	3.4%	3.8%	4.0%	3.5%
	GDP	6.0%	8.6%	8.1%	8.8%	9.5%	9.3%

## (2) Share of contribution

		1985	1986	1987	1988	1989	1990
Current Price	First	na	na	41.2%	47.6%	36.9%	32.0%
	Second	na	na	28.2%	23.0%	21.7%	22.1%
	Third	na	na	30.6%	29.4%	41.4%	45.9%
	GDP	na	na	100.0%	100.0%	100.0%	100.0%
Constant Price (1989)	First	na	na	-6.5%	29.0%	36.0%	12.9%
	Second	na	na	60.8%	23.0%	-8.9%	12.9%
	Third	na	na	45.6%	48.1%	72.9%	74.2%
	GDP	na	na	100.0%	100.0%	100.0%	100.0%

		1991	1992	1993	1994	1995	1996*
Current Price	First	42.6%	19.1%	12.6%	24.0%	27.3%	19.9%
	Second	25.1%	35.1%	35.9%	32.7%	31.0%	35.5%
	Third	32.2%	45.8%	51.5%	43.4%	41.7%	44.6%
	GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Constant Price (1989)	First	14.8%	32.1%	18.3%	16.5%	19.0%	16.1%
	Second	34.0%	37.5%	39.4%	40.3%	38.8%	46.2%
	Third	51.1%	30.4%	42.3%	43.3%	42.2%	37.7%
	GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note \*: Quick estimates

Source: GSO

Table 3 Share of GDP by industrial sector

		1985	1986	1987	1988	1989	1990
Current Price	First	na	38.1%	40.6%	46.3%	42.1%	38.7%
	Second	na	28.9%	28.4%	24.0%	22.9%	22.7%
	Third	na	33.1%	31.1%	29.7%	35.0%	38.6%
	GDP	na	100.0%	100.0%	100.0%	100.0%	100.0%
Constant Price (1989)	First	na	45.2%	43.4%	42.6%	42.1%	40.7%
	Second	na	24.3%	25.6%	25.5%	22.9%	22.5%
	Third	na	30.5%	31.0%	32.0%	35.0%	36.9%
	GDP	na	100.0%	100.0%	100.0%	100.0%	100.0%
		1991	1992	1993	1994	1995	1996*
Current Price	First	40.5%	33.9%	29.9%	28.7%	28.4%	27.2%
	Second	23.8%	27.3%	28.9%	29.6%	30.0%	30.7%
	Third	35.7%	38.8%	41.2%	41.6%	41.7%	42.1%
	GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Constant Price (1989)	First	39.2%	38.6%	37.1%	35.4%	34.0%	32.5%
	Second	23.1%	24.2%	25.4%	26.6%	27.7%	29.2%
	Third	37.7%	37.1%	37.5%	38.0%	38.3%	38.3%
	GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note \* : Quick estimates  
Source GSO

Table 4 GDP deflator

		1985	1986	1987	1988	1989	1990
1989=100	First	na	2.1	10.9	64.4	100.0	135.0
	Second	na	3.0	12.9	56.3	100.0	143.7
	Third	na	2.7	11.7	55.2	100.0	148.6
	GDP	na	2.5	11.7	59.3	100.0	142.1
Growth Rate (%)	First	na	na	419.0%	490.8%	55.3%	35.0%
	Second	na	na	330.0%	336.4%	77.6%	43.7%
	Third	na	na	333.3%	371.8%	81.2%	48.6%
	GDP	na	na	368.0%	406.8%	68.6%	42.1%
		1991	1992	1993	1994	1995	1996*
1989=100	First	253	286	299	345	425	452
	Second	253	366	423	475	552	568
	Third	232	340	409	467	553	593
	GDP	245	325	372	426	509	540
Growth Rate (%)	First	87.6%	12.8%	4.7%	15.3%	23.1%	6.5%
	Second	75.7%	44.8%	15.8%	12.2%	16.1%	3.0%
	Third	56.3%	46.3%	20.2%	14.3%	18.3%	7.3%
	GDP	72.5%	32.6%	14.3%	14.5%	19.5%	6.1%

Note \* : Quick estimates  
Source GSO

Table 5 Share of GDP by state/non-state sector

		1985	1986	1987	1988	1989	1990
Current Price	State	na	37.6%	35.8%	32.5%	33.2%	32.5%
	Non-state	na	62.4%	64.2%	67.5%	66.8%	67.5%
GDP		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

		1991	1992	1993	1994	1995	1996*
Current Price	State	33.3%	36.2%	39.2%	40.2%	42.2%	
	Non-state	66.7%	63.8%	60.8%	59.8%	57.8%	
GDP		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note \* : Quick estimates

Source GSO

Table 6 GDP by expenditures and their share (current price) (billion dong, %)

	1985	1986	1987	1988	1989	1990
Final consumption	122	592	2829	14925	27096	40736
Gross capital formation	17	70	314	2216	3259	6025
Trade balance	-15	-59	-253	-1706	-2867	-3876
Error	-5	-4	-20	-15	605	-930
GDP	119	599	2870	15420	28093	41955
Final consumption	102.5%	98.8%	98.6%	96.8%	96.5%	97.1%
Gross capital formation	14.3%	11.7%	10.9%	14.4%	11.6%	14.4%
Trade balance	-12.6%	-9.8%	-8.8%	-11.1%	-10.2%	-9.2%
Error	-4.2%	-0.7%	-0.7%	-0.1%	2.2%	-2.2%
GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1991	1992	1993	1994	1995	1996
Final consumption	68959	95314	116719	141175	180522	
Gross capital formation	11506	19498	34020	43375	60488	
Trade balance	-3925	-4516	-12296	-16866	-20819	
Error	167	239	-1872	2574	2649	
GDP	76707	110535	136571	170258	222840	258609
Final consumption	89.9%	86.2%	85.5%	82.9%	81.0%	
Gross capital formation	15.0%	17.6%	24.9%	25.5%	27.1%	
Trade balance	-5.1%	-4.1%	-9.0%	-9.9%	-9.3%	
Error	0.2%	0.2%	-1.4%	1.5%	1.2%	
GDP	100.0%	100.0%	100.0%	100.0%	100.0%	

Source GSO

Table 7 Investment and fund sources in Five-year Plan (1995 billion USD, %)

	1991-1995		1996-2000	
	(Actual)		(Plan)	
Investment	18.0	100.0	41.0-42.0	100.0
State	7.7	43.0	15.6	37.1
FDI	4.9	27.0	14.0	33.3
Private	5.4	30.0	12.4	29.5
Fund Sources	18.0	100.0	41.0-42.0	100.0
ODA	2.0	11.1	8.0	19.0
FDI	4.5	24.7	14.0	33.0
Domestic	11.5	63.9	21.0	50.0

Source Government Report to CG

Table 8 GDI disbursement

	1991	1992	1993	1994	1995
FDI Disbursement (Mil U)	260	535	1001	1772	1780
FDI Disbursement (billion dong)	2300	5990	10663	19441	19644
Ratio to gross capital formation	20.0%	30.7%	31.3%	44.8%	32.5%
Gross capital formation(billion dong)	11506	19498	34020	43375	60488

Yearly exchange rates are used in calculating FDI in terms of dong.

Source GSO, MPI

Table 9 Budgetary Operations

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Revenue and Grants	84	379	1740	3899	6153	10353	21025	30500	42125
Current Expenditure(exc.Interest)	82	393	2141	4338	6156	8728	15452	25700	31121
Capital Expenditure	38	120	673	1626	2124	2135	6450	9600	11715
Overall Primary Balance	-36	-134	-1074	-2065	-2127	-510	-879	-4800	-711
Interest (Scheduled)	1	2	26	817	1242	2333	3218	3675	3734
Overall Balance (Accrual Basis)	-37	-136	-1100	-2882	-3369	-2843	-4097	-8475	-4445
Ratio to GDP	-6.2%	-4.7%	-7.1%	-10.3%	-8.0%	-3.7%	-3.7%	-6.2%	-2.6%
Overall Balance (Cash Basis)	-37	-136	-1100	-2113	-2437	-1160	-1879	-6510	-2945
Financing	37	136	1100	2113	2437	1160	1879	6510	2945
Foreign Grants and Loans (net)	14	43	370	414	1264	767	2673	1925	622
Domestic Loans (net)	23	92	467	1700	1173	393	-794	4585	2323
State Bank (net)	23	89	450	1931	832	689	-2208	2044	415
Government Securities (net)	0	3	17	-231	341	-296	1414	2541	1908
Arrears			263						
Financing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Foreign Grants and Loans (net)	37.8%	31.6%	33.6%	19.6%	51.9%	66.1%	142.3%	29.6%	21.1%
Domestic Loans (net)	62.2%	67.6%	42.5%	80.5%	48.1%	33.9%	-42.3%	70.4%	78.9%
State Bank (net)	62.2%	65.4%	40.9%	91.4%	34.1%	59.4%	-117.5%	31.4%	14.1%
Government Securities (net)	0.0%	2.2%	1.5%	-10.9%	14.0%	-25.5%	75.3%	39.0%	64.8%
Arrears			23.9%						

Source World Bank

Table 10 Trade balance  
(1) Yearly data (million USD, %)

	1985	1986	1987	1988	1989	1990
Export(Mil. USD)	na	789	854	1038	1916	2404
Import(Mil. USD)	na	2155	2455	2757	2566	2752
Balance(Mil. USD)	na	-1366	-1601	-1719	-620	-348

	1991	1992	1993	1994	*1995	*1996
Export(mil. USD)	2,087.1	2,580.7	2,985.2	4,054.3	5,448.9	7,255.8
Import(mil. USD)	2,338.1	2,540.7	3,924.0	5,825.8	8,155.4	11,144.0
Balance(mil. USD)	-251.0	40.0	-938.8	-1,771.5	-2,706.5	-3,888.2
Export/GDP	24.1%	26.1%	23.3%	26.1%	27.0%	31.0%
Import/GDP	27.0%	25.7%	30.6%	37.5%	40.4%	47.6%
Balance/GDP	-2.9%	0.4%	-7.3%	-11.4%	-13.4%	-16.6%

(2) Recent quarterly data\*

	1995/1Q	1995/2Q	1995/3Q	1995/4Q	Total
Export(mil. USD)	940	1,260	1,500	1,749	5,449
Import(mil. USD)	1,025	1,345	2,006	3,779	8,155
Balance(mil. USD)	-85	-85	-506	-2,031	-2,707

	1996/1Q	1996/2Q	1996/3Q	1996/4Q	Total
Export(mil. USD)	1,345	1,705	2,136	2,070	7,256
Import(mil. USD)	2,523	2,477	3,425	2,719	11,144
Balance(mil. USD)	-1,178	-772	-1,289	-649	-3,888

Note \*: Including business having foreign direct investment  
In calculating balance, export and import are converted to dong using yearly exchange rate.  
Source GSO

Table 11 Consumer price index (1)  
(1) Growth rate of consumer prices by month (%)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	26.5	11.8	18.3	7.4	2.9	13.2	4.4	1.7	1.8	3.8	0.9
February	24.3	11.2	14.0	9.2	3.8	8.7	5.5	1.9	3.7	3.4	2.5
March	19.2	14.4	28.4	5.4	1.9	0.5	0.5	-0.5	-0.4	0.2	0.8
April	20.6	12.7	23.8	3.5	2.5	2.2	0.9	-0.2	0.3	1.0	0.1
May	21.0	13.2	27.6	-0.2	2.6	3.0	1.3	1.5	0.6	1.8	-0.5
June	21.0	13.4	16.8	-2.9	2.1	1.7	0.1	-0.3	0.9	0.8	-0.5
July	14.8	13.5	9.6	-1.5	3.6	2.5	0.3	-0.2	0.2	0.0	-0.7
August	16.8	9.0	7.5	0.2	5.8	3.4	0.3	0.5	0.9	0.3	-0.4
September	17.2	7.9	6.5	1.6	4.7	3.7	0.0	-0.1	1.6	0.5	0.3
October	20.3	7.2	8.0	2.5	6.4	2.8	-0.2	-0.3	1.3	0.1	0.1
November	16.5	6.5	8.3	2.6	7.8	5.6	2.0	0.0	1.7	0.1	0.9
December	20.0	5.8	5.3	3.0	8.9	6.1	1.4	1.2	1.1	0.3	1.0

(2) Consumer price index (Jan. 1986 = 100)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	100.0	773.0	2713.7	12164.7	15695.6	28925.0	44706.8	51217.5	53975.0	63030.8	69182.7
February	124.3	859.6	3093.6	13283.9	16292.0	31441.4	47165.7	52190.6	55972.1	65173.8	70912.3
March	148.2	983.4	3972.2	14001.2	16601.6	31598.6	47401.5	51929.7	55748.2	65304.2	71479.6
April	178.7	1108.3	4917.6	14491.3	17016.6	32293.8	47828.1	51825.8	55915.5	65957.2	71551.1
May	216.2	1254.6	6274.9	14462.3	17459.0	33262.6	48449.9	52603.2	56251.0	67144.4	71193.3
June	261.6	1422.7	7329.1	14042.9	17825.7	33828.1	48498.3	52445.4	56757.2	67681.6	70837.4
July	300.3	1614.7	8032.7	13832.2	18467.4	34673.8	48643.8	52340.5	56870.7	67681.6	70341.5
August	350.8	1760.1	8635.1	13859.9	19538.5	35852.7	48789.8	52602.2	57382.6	67884.6	70060.1
September	411.1	1899.1	9196.4	14081.7	20456.8	37179.3	48789.8	52549.6	58300.7	68224.1	70270.3
October	494.6	2035.8	9932.1	14433.7	21766.1	38220.3	48692.2	52392.0	59058.6	68292.3	70340.6
November	576.2	2168.2	10756.5	14809.0	23463.8	40360.6	49666.0	52392.0	60062.6	68360.6	70973.7
December	691.4	2293.9	11326.6	15253.2	25552.1	42822.6	50361.4	53020.7	60723.3	68565.6	71683.4
Annual index (Jan. 1986=100)	321.1	1514.4	7181.7	14059.7	19177.9	35038.2	48249.4	52292.4	57251.5	66941.7	70735.5
Annual index (1989=100)	2.3	10.8	51.1	100.0	136.4	249.2	343.2	371.9	407.2	476.1	503.1
Annual growth rate	na	371.6%	374.2%	95.8%	36.4%	82.7%	37.7%	8.4%	9.5%	16.9%	5.7%
Dec/Dec growth rate	na	231.8%	393.8%	34.7%	67.5%	67.6%	17.6%	5.3%	14.5%	12.9%	4.5%

Source GSO

Table 12 Consumer price index (2) (previous December = 100)

	1991	1992	1993	1994	1995	1996
	December	December	December	December	December	December
CPI	167.5	117.5	105.2	114.4	112.7	104.5
Staples	154.2	85.3	106.3	139.0	120.6	100.2
Other food	183.5	118.2	107.8	116.3	119.3	106.3
Consumer goods	170.4	121.7	99.6	105.9	106.8	103.2
Services	140.5	141.1	119.2	113.0	109.8	108.5

Source GSO



Table 13 Interest rates

## (1) Short-term lending rate (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.7	2.1	2.1	1.75
February	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.7	2.1	2.1	1.75
March	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.7	2.1	2.1	1.75
April	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.3	2.1	2.1	1.75
May	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.3	2.1	2.1	1.75
June	4.0	4.0	4.0	4.0	4.0	4.0	3.5	2.3	2.1	2.1	1.75
July	4.0	4.0	4.0	4.0	4.0	4.0	4.2	2.3	2.1	2.1	1.60
August	4.0	4.0	4.0	4.0	4.0	4.0	4.2	2.3	2.1	2.1	1.60
September	4.0	4.0	4.0	4.0	4.0	3.5	3.5	2.3	2.1	2.1	1.40
October	4.0	4.0	4.0	4.0	4.0	3.5	3.5	2.1	2.1	2.1	1.25
November	4.0	4.0	4.0	4.0	4.0	3.5	2.7	2.1	2.1	2.1	1.25
December	4.0	4.0	4.0	4.0	4.0	3.5	2.7	2.1	2.1	2.1	1.25

## (2) Medium and long-term lending rate (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	0.45	0.48	2.01	3.50	3.50	3.50	3.00	1.80	1.20	1.70	1.70
February	0.45	0.48	2.01	3.50	3.50	3.50	3.00	1.80	1.20	1.70	1.70
March	0.45	0.48	2.01	3.50	3.50	3.60	3.00	1.80	1.20	1.70	1.70
April	0.45	0.48	2.01	3.50	3.50	3.60	3.00	1.50	1.20	1.70	1.70
May	0.45	0.48	2.01	3.50	3.50	3.60	3.00	1.50	1.20	1.70	1.70
June	0.45	0.48	2.01	3.50	3.50	3.60	3.00	1.50	1.20	1.70	1.70
July	0.45	3.30	2.01	3.50	3.50	3.60	3.00	1.50	1.20	1.70	1.65
August	0.48	3.30	2.01	3.50	3.50	3.60	2.40	1.50	1.70	1.70	1.65
September	0.48	3.30	2.01	3.50	3.50	3.00	2.40	1.50	1.70	1.70	1.45
October	0.48	3.30	2.01	3.50	3.50	3.00	1.80	1.20	1.70	1.70	1.35
November	0.48	2.01	2.01	3.50	3.50	3.00	1.80	1.20	1.70	1.70	1.35
December	0.48	2.01	2.01	3.50	3.50	3.00	1.80	1.20	1.70	1.70	1.35

## (3) Three months deposit rate (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	0.25	0.25	0.25	0.25	7.00	4.00	3.50	2.00	1.40	1.40	0.90
February	0.25	0.25	0.25	0.25	7.00	4.00	3.50	2.00	1.40	1.40	0.90
March	0.25	0.25	0.25	12.00	4.00	4.00	3.50	2.00	1.40	1.40	0.90
April	0.25	0.25	0.25	12.00	4.00	4.00	3.50	1.70	1.40	1.40	0.90
May	0.25	0.25	0.25	9.00	4.00	4.00	3.50	1.70	1.40	1.40	0.90
June	0.25	0.25	0.25	7.00	4.00	4.00	3.00	1.70	1.40	1.40	0.85
July	0.25	0.25	0.25	7.00	4.00	3.50	3.00	1.70	1.40	1.40	0.85
August	0.25	0.25	0.25	7.00	4.00	3.50	2.30	1.70	1.40	1.40	0.80
September	0.25	0.25	0.25	7.00	4.00	3.50	2.30	1.70	1.40	1.40	0.60
October	0.25	0.25	0.25	7.00	4.00	3.50	2.00	1.40	1.40	1.40	0.55
November	0.25	0.25	0.25	7.00	4.00	3.50	2.00	1.40	1.40	1.40	0.65
December	0.25	0.25	0.25	7.00	4.00	3.50	2.00	1.40	1.40	1.40	0.80

## (4) Spread ( (1)-(3) ) (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	3.75	3.75	3.75	3.75	-3.00	0.00	0.00	0.70	0.70	0.70	0.85
February	3.75	3.75	3.75	3.75	-3.00	0.00	0.00	0.70	0.70	0.70	0.85
March	3.75	3.75	3.75	-8.00	0.00	0.00	0.00	0.70	0.70	0.70	0.85
April	3.75	3.75	3.75	-8.00	0.00	0.00	0.00	0.60	0.70	0.70	0.85
May	3.75	3.75	3.75	-5.00	0.00	0.00	0.00	0.60	0.70	0.70	0.85
June	3.75	3.75	3.75	-3.00	0.00	0.00	0.50	0.60	0.70	0.70	0.90
July	3.75	3.75	3.75	-3.00	0.00	0.50	1.20	0.60	0.70	0.70	0.75
August	3.75	3.75	3.75	-3.00	0.00	0.50	1.90	0.60	0.70	0.70	0.80
September	3.75	3.75	3.75	-3.00	0.00	0.00	1.20	0.60	0.70	0.70	0.80
October	3.75	3.75	3.75	-3.00	0.00	0.00	1.50	0.70	0.70	0.70	0.70
November	3.75	3.75	3.75	-3.00	0.00	0.00	0.70	0.70	0.70	0.70	0.60
December	3.75	3.75	3.75	-3.00	0.00	0.00	0.70	0.70	0.70	0.70	0.45

## (5) Spread ( (2)-(3) ) (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	0.20	0.23	1.76	3.25	-3.50	-0.50	-0.50	-0.20	-0.20	0.30	0.80
February	0.20	0.23	1.76	3.25	-3.50	-0.50	-0.50	-0.20	-0.20	0.30	0.80
march	0.20	0.23	1.76	-8.50	-0.50	-0.40	-0.50	-0.20	-0.20	0.30	0.80
April	0.20	0.23	1.76	-8.50	-0.50	-0.40	-0.50	-0.20	-0.20	0.30	0.80
May	0.20	0.23	1.76	-5.50	-0.50	-0.40	-0.50	-0.20	-0.20	0.30	0.80
June	0.20	0.23	1.76	-3.50	-0.50	-0.40	0.00	-0.20	-0.20	0.30	0.85
July	0.20	3.05	1.76	-3.50	-0.50	0.10	0.00	-0.20	-0.20	0.30	0.80
August	0.23	3.05	1.76	-3.50	-0.50	0.10	0.10	-0.20	0.30	0.30	0.85
September	0.23	3.05	1.76	-3.50	-0.50	-0.50	0.10	-0.20	0.30	0.30	0.85
October	0.23	3.05	1.76	-3.50	-0.50	-0.50	-0.20	-0.20	0.30	0.30	0.80
November	0.23	1.76	1.76	-3.50	-0.50	-0.50	-0.20	-0.20	0.30	0.30	0.70
December	0.23	1.76	1.76	-3.50	-0.50	-0.50	-0.20	-0.20	0.30	0.30	0.55

## (6) Three months deposit interest rate in real terms (%/month)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
January	-26.25	-11.55	-18.05	-7.15	4.10	-9.20	-0.90	0.30	-0.40	-2.40	0.00
February	-24.05	-10.95	-13.75	-8.95	3.20	-4.70	-2.00	0.10	-2.30	-2.00	-1.60
March	-18.95	-14.15	-28.15	6.60	2.10	3.50	3.00	2.50	1.80	1.20	0.10
April	-20.35	-12.45	-23.55	8.50	1.50	1.80	2.60	1.90	1.10	0.40	0.80
May	-20.75	-12.95	-27.35	9.20	1.40	1.00	2.20	0.20	0.80	-0.40	1.40
June	-20.75	-13.15	-16.55	9.90	1.90	2.30	2.90	2.00	0.50	0.60	1.35
July	-14.55	-13.25	-9.35	8.50	0.40	1.00	2.70	1.90	1.20	1.40	1.55
August	-16.55	-8.75	-7.25	6.80	-1.80	0.10	2.00	1.20	0.50	1.10	1.20
September	-16.95	-7.65	-6.25	5.40	-0.70	-0.20	2.30	1.80	-0.20	0.90	0.30
October	-20.05	-6.95	-7.75	4.50	-2.40	0.70	2.20	1.70	0.10	1.30	0.45
November	-16.25	-6.25	-8.05	4.40	-3.80	-2.10	0.00	1.40	-0.30	1.30	-0.25
December	-19.75	-5.55	-5.05	4.00	-4.90	-2.60	0.60	0.20	0.30	1.10	-0.20

Three months deposit rate - CPI growth rate

Source State Bank of Viet Nam, GSO

Table 14 Exchange rate (dong/dollar)

	1991	1992	1993	1994	1995	1996
	official rate	Vietcombank selling				
January	7,000.0	11,749.0	10,520.0	10,870.0	11,053.0	11,018.0
February	7,000.0	11,527.0	10,551.0	10,879.0	11,058.0	11,020.0
March	7,150.0	11,529.0	10,538.0	10,931.0	11,059.0	11,020.0
April	7,200.0	11,418.0	10,551.0	10,953.0	11,055.0	11,018.0
May	7,300.0	11,306.0	10,569.0	10,966.0	11,056.0	11,018.0
June	7,880.0	11,267.0	10,595.0	10,981.0	11,056.0	11,018.0
July	7,600.0	11,116.0	10,619.0	10,991.0	11,052.0	11,018.0
August	8,225.0	10,987.5	10,677.0	10,997.0	11,046.0	11,019.0
September	9,200.0	10,956.5	10,762.0	11,002.0	11,036.0	11,025.0
October	12,065.7	10,914.5	10,781.0	11,006.0	11,019.0	11,028.0
November	12,793.3	10,853.0	10,821.0	11,028.0	11,015.0	11,110.0
December	12,742.5	10,736.0	10,850.0	11,052.0	11,018.0	11,125.0
Average	8,846.4	11,196.6	10,652.8	10,971.3	11,043.6	11,036.4

Source: State Bank of Viet Nam

Table 15 Monetary survey (1) (billions of dong)

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Foreign assets (net)	-23	210	284	1004	2626	8503	10593	6231	7221
Net domestic assets:	135	261	2285	6416	8732	11797	16550	26055	34052
of which:									
Domestic credit	153	532	2633	6717	9960	14111	17122	27079	35688
Government (net)	19	80	669	2600	4032	3956	1913	3870	4503
Non-fin. public enterprises	117	376	1709	3606	5308	9129	12439	15511	19562
Non-state sector	17	76	255	511	620	1026	2770	7698	11623
Other items (net)	-18	-271	-348	-301	-1229	-2314	-572	-1024	-1636
Total liquidity (m2)	111	471	2569	8575	11357	20301	27144	32288	41273
Currency in circulation	55	205	1024	2352	3735	6419	10579	14218	18652
Deposits (in dong)	54	237	1303	4127	3943	5528	8352	10665	14429
Deposits (in foreign currency)	1	29	242	2096	3680	8354	8213	7406	8192

Contribution to the growth rate of domestic credit and total liquidity (M2)

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Domestic credit	na	247.7%	394.9%	155.1%	48.3%	41.7%	21.3%	58.2%	31.8%
Government (net)	na	39.9%	110.7%	73.3%	21.3%	-0.8%	-14.5%	11.4%	2.3%
Non-fin. public enterprises	na	169.3%	250.6%	72.0%	25.3%	38.4%	23.5%	17.9%	15.0%
Non-state sector	na	38.6%	33.6%	9.7%	1.6%	4.1%	12.4%	28.8%	14.5%
Total liquidity (m2)	na	324.3%	445.4%	233.8%	32.4%	78.8%	33.7%	19.0%	27.8%
Currency in circulation	na	135.1%	173.9%	51.7%	16.1%	23.6%	20.5%	13.4%	13.7%
Deposits (in dong)	na	164.9%	226.3%	109.9%	-2.1%	14.0%	13.9%	8.5%	11.7%
Deposits (in foreign currency)	na	25.2%	45.2%	72.2%	18.5%	41.2%	-0.7%	-3.0%	2.4%

Source: World Bank

Table 16 Monetary survey(2)(billion dong)

	dec-94	dec-95	dec-96
Net foreign assets	6,940	10,850	14,249
SBVN	6,559	10,999	14,040
Commercial banks	381	-149	209
Net domestic assets	36,066	41,860	50,429
Government (net)	4,551	4,472	4,428
State enterprises	20,464	24,079	26,809
Private/other sectors	12,905	18,231	23,980
Claims on NBFIs	31	61	105
Interbank float	-2,323	-2,295	-1,025
Capital and reserves	-4,010	-6,101	-7,292
SBVN	-660	-809	-1,055
Commercial banks	-3,350	-5,292	-6,237
Net unclassified	4,448	3,413	3,424
Broad money	43,008	52,710	64,678
	33.2%	22.6%	22.7%
Narrow money(m1)	23,683	26,536	33,438
growth rate	24.6%	12.0%	26.0%
Currency in circulation	18,624	19,170	22,639
growth rate	31.0%	2.9%	18.1%
Demand deposit	5,059	7,366	10,799
growth rate	5.5%	45.6%	46.6%
Quasi-money	19,324	26,173	31,239
growth rate	46.4%	35.4%	19.4%
Time/savings deposits	5,212	9,622	12,445
growth rate	60.4%	84.6%	29.3%
Deposits substitutes	4,582	5,490	5,635
growth rate	80.1%	19.8%	2.6%
Foreign currency deposits	9,530	11,061	13,159
growth rate	28.7%	16.1%	19.0%
Other	1	1	1

Source: State Bank of Viet Nam

Table 17 Summary accounts of the State Bank of Viet Nam (billion dong)

	Dec-94	Dec-95	Dec-96
Net foreign assets	6,558	10,999	14,040
foreign assets	9,676	15,153	20,031
foreign liabilities <sup>1)</sup>	3,118	4,154	5,991
Net domestic assets	17,979	17,053	19,236
Government(net)	4,009	3,018	5,193
Credit	9,640	9,593	12,576
Deposits	5,631	6,575	7,383
State enterprises	0	0	0
Commercial banks	7,784	6,839	7,798
State-owned banks	7,690	6,741	7,640
Others	94	98	158
o.w. foreign currency	1,252	1,113	1,027
Other items	6,186	7,196	6,245
Assets	23,599	32,465	36,999
Liabilities	17,413	25,269	30,754
Liabilities	24,538	28,052	33,275
Currency in circulation	19,396	20,017	23,803
Bank deposits	4,414	6,325	7,830
Reserve requirement	1,675	0	0
Transaction balances	2,739	6,325	7,830
SBVN bills	14	405	0
Other deposits	54	496	587
Capital and reserves	660	809	1,055

Note 1) includes liabilities to IMF

Source State Bank of Viet Nam

Table 18 Distribution of Bank Credit by Borrower (billion dong)

	Dec-94				Dec-95				Dec-96									
	ABV	BIDV	BICV	VCOM	OTHERS	TOTAL	ABV	BIDV	BICV	VCOM	OTHERS	TOTAL	ABV	BIDV	BICV	VCOM	OTHERS	TOTAL
1.State enterprises and others																		
(1)Total	7,853	6,461	7,057	5,687	3,535	30,593	9,575	7,937	8,601	7,534	9,449	43,096	11,368	9,121	9,955	7,874	12,428	50,746
o.w.overdue	1,123	194	541	926	129	2,923	1,331	259	803	653	285	3,331	1,697	409	1,147	931	517	4,701
ratio	14.3%	3.0%	7.7%	16.5%	3.6%	9.6%	13.9%	3.3%	9.3%	8.7%	3.0%	7.7%	14.9%	4.5%	11.5%	11.8%	4.2%	9.3%
o.w.foreign currency loans	1,438	2,406	1,156	3,791	1,788	10,579	1,820	2,719	1,700	4,679	5,444	16,382	2,330	2,781	1,954	4,243	7,299	18,607
ratio	18.3%	37.2%	16.4%	66.7%	50.6%	34.6%	19.0%	34.5%	19.8%	62.1%	57.6%	38.0%	20.5%	30.5%	19.6%	53.9%	58.7%	36.7%
(2)State enterprises	2,679	6,193	3,751	4,891	1,498	19,012	2,736	7,230	4,795	6,095	3,224	24,078	2,910	8,275	4,440	6,403	4,779	26,807
o.w.overdue	364	179	328	880	91	1,842	364	227	303	624	81	1,599	498	354	392	605	236	2,055
ratio	13.6%	2.9%	8.7%	18.0%	6.1%	9.7%	13.3%	3.1%	6.3%	10.2%	2.5%	6.6%	17.1%	4.3%	8.8%	9.4%	4.9%	7.8%
Short-term	1,442	1,686	2,963	3,447	1,382	10,920	1,455	2,869	3,854	3,835	2,628	14,641	1,233	3,366	3,366	4,127	3,475	15,557
o.w.foreign currency loans	199	338	512	2,105	881	4,035	511	357	863	2,019	1,994	5,744	698	474	1,022	1,754	2,337	6,285
Long-term	1,237	4,507	788	1,444	116	8,092	1,281	4,361	941	2,258	596	9,437	1,677	4,909	1,084	2,276	1,304	11,250
o.w.foreign currency loans	1,088	2,044	508	1,299	116	5,055	1,145	2,343	599	2,084	595	6,766	1,478	2,271	694	2,144	1,245	7,832
(3)Private Sector	4,867	196	2,530	267	1,053	8,913	6,458	576	1,879	387	1,925	11,225	8,041	654	1,612	299	2,574	13,180
o.w.overdue	729	12	135	25	20	921	910	28	405	4	77	1,424	1,118	41	630	58	120	1,967
ratio	15.0%	6.1%	5.3%	9.4%	1.9%	10.3%	14.1%	4.9%	21.6%	1.0%	4.0%	12.7%	13.9%	6.3%	39.1%	19.4%	4.7%	14.9%
Short-term	4,092	162	2,351	209	1,023	7,837	4,734	521	1,476	326	1,820	8,877	5,813	590	1,229	264	2,354	10,250
o.w.foreign currency loans	16	1	24	17	196	254	11	10	15	52	126	214	0	7	10	26	148	191
Long-term	775	34	179	58	30	1,076	1,724	55	403	61	105	2,348	2,228	64	383	35	220	2,930
o.w.foreign currency loans	0	0	35	20	27	82	4	0	38	6	101	149	16	3	41	3	118	181
(4)Other sector	307	72	776	529	984	2,668	381	131	1,927	1,054	4,300	7,793	417	192	3,903	1,172	5,075	10,759
o.w.overdue	30	3	78	31	18	160	57	4	95	25	127	308	81	14	125	268	161	649
ratio	9.8%	4.2%	10.1%	5.9%	1.8%	6.0%	15.0%	3.1%	4.9%	2.4%	3.0%	4.0%	19.4%	7.3%	3.2%	22.9%	3.2%	6.0%
Short-term	239	62	667	354	862	2,194	295	119	1,677	828	2,634	5,553	301	178	3,549	888	3,692	8,608
o.w.foreign currency	124	18	31	201	469	843	110	29	92	376	1,815	2,422	73	25	73	162	2,258	2,591
Long-term	68	10	109	165	122	474	86	12	250	226	1,666	2,240	116	14	354	284	1,383	2,151
o.w.foreign currency	11	5	46	149	99	310	39	0	93	142	813	1,087	65	1	114	154	1,193	1,527
Central Government(excl)	-746	-1,321	60	1,770	171	-66	-749	-1,442	1,284	823	936	852	-1,195	-436	56	800	11	-764
Credits	48	7	116	2,350	179	2,700	66	71	1,319	1,765	950	4,171	0	54	97	1,819	61	2,031
Deposits	794	1,328	56	580	8	2,766	815	1,513	35	942	14	3,319	1,195	490	41	1,019	50	2,795
3.Overall bank credits	7,019	5,140	6,997	7,457	3,706	30,319	8,826	6,495	9,885	8,357	9,566	43,129	10,173	8,685	10,011	8,674	12,439	49,982

Source State Bank of Viet Nam

Table 19 Overdue Loan Ratio (overdue loan/loan outstanding)

	Dec-94				Dec-95				Dec-96									
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL
1.State enterprises and others	14.3%	3.0%	7.7%	16.5%	3.6%	9.6%	13.9%	3.3%	9.3%	8.7%	3.0%	7.7%	14.9%	4.5%	11.5%	11.8%	4.2%	9.5%
(1)Total	14.3%	3.0%	7.7%	16.5%	3.6%	9.6%	13.9%	3.3%	9.3%	8.7%	3.0%	7.7%	14.9%	4.5%	11.5%	11.8%	4.2%	9.5%
(2)State enterprises	13.6%	2.9%	8.7%	18.0%	6.1%	9.7%	13.3%	3.1%	6.3%	10.2%	2.5%	6.6%	17.1%	4.3%	8.8%	9.4%	4.9%	7.8%
(3)Private Sector	15.0%	6.1%	5.3%	9.4%	1.9%	10.3%	14.1%	4.9%	21.6%	1.0%	4.0%	12.7%	13.9%	6.3%	39.1%	19.4%	4.7%	14.9%
(4)Other sector	9.8%	4.2%	10.1%	5.9%	1.8%	6.0%	15.0%	3.1%	4.9%	2.4%	3.0%	4.0%	19.4%	7.3%	3.2%	22.9%	3.2%	6.0%

Source State Bank of Viet Nam

Table 20 Long-term loan ratio (long-term loan/total loan outstanding)

	Dec-94				Dec-95				Dec-96									
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL
1.State enterprises and others	26.5%	70.4%	15.2%	29.3%	7.6%	31.5%	32.3%	55.8%	18.5%	33.8%	25.1%	32.5%	35.4%	54.7%	18.3%	33.0%	23.4%	32.2%
(1)Total	26.5%	70.4%	15.2%	29.3%	7.6%	31.5%	32.3%	55.8%	18.5%	33.8%	25.1%	32.5%	35.4%	54.7%	18.3%	33.0%	23.4%	32.2%
(2)State enterprises	46.2%	72.8%	21.0%	29.5%	7.7%	42.6%	46.8%	60.3%	19.6%	37.1%	18.5%	39.2%	57.6%	59.3%	24.4%	35.5%	27.3%	42.0%
(3)Private Sector	15.9%	17.3%	7.1%	21.7%	2.8%	12.1%	26.7%	9.5%	21.4%	15.8%	5.5%	20.9%	27.7%	9.8%	23.8%	11.7%	8.5%	22.2%
(4)Other sector	22.1%	13.9%	14.0%	31.2%	12.4%	17.8%	22.6%	9.2%	13.0%	21.4%	38.7%	28.7%	27.8%	7.3%	9.1%	24.2%	27.3%	20.0%

Source State Bank of Viet Nam

Table 21 Foreign currency loan ratio (foreign currency loan/total loan outstanding)

	Dec-94				Dec-95				Dec-96									
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL
1.State enterprises and others	18.3%	37.2%	16.4%	66.7%	50.6%	34.6%	19.0%	34.5%	19.8%	62.1%	57.6%	38.0%	20.5%	30.5%	19.6%	53.9%	58.7%	36.7%
(1)Total	18.3%	37.2%	16.4%	66.7%	50.6%	34.6%	19.0%	34.5%	19.8%	62.1%	57.6%	38.0%	20.5%	30.5%	19.6%	53.9%	58.7%	36.7%
(2)State enterprises	48.0%	38.5%	27.2%	69.6%	66.6%	47.8%	60.5%	37.3%	30.5%	67.3%	80.9%	52.0%	74.8%	33.2%	38.6%	60.9%	75.0%	52.7%
(3)Private Sector	0.3%	0.5%	2.3%	13.9%	21.2%	3.8%	0.2%	1.7%	2.8%	15.0%	11.8%	3.2%	0.2%	1.5%	3.2%	9.7%	10.3%	2.8%
(4)Other sector	44.0%	31.9%	9.9%	66.2%	57.7%	43.2%	39.1%	22.1%	9.6%	49.1%	61.1%	45.0%	33.1%	13.5%	4.8%	27.0%	68.0%	38.3%

Source State Bank of Viet Nam

Table 22 Share of each bank in credit

	Dec-94						Dec-95						Dec-96						
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	
1.State enterprises and others																			
(1)Total	25.7%	21.1%	23.1%	18.6%	11.6%	100.0%	22.2%	18.4%	20.0%	17.5%	21.9%	100.0%	22.4%	18.0%	19.6%	15.5%	24.5%	100.0%	
(2)State enterprises	14.1%	32.6%	19.7%	25.7%	7.9%	100.0%	11.4%	30.0%	19.9%	25.3%	13.4%	100.0%	10.9%	30.9%	16.6%	23.9%	17.8%	100.0%	
Short-term	13.2%	15.4%	27.1%	31.6%	12.7%	100.0%	9.9%	19.6%	26.3%	26.2%	17.9%	100.0%	7.9%	21.6%	21.6%	26.5%	22.3%	100.0%	
Long-term	15.3%	55.7%	9.7%	17.8%	1.4%	100.0%	13.6%	46.2%	10.0%	23.9%	6.3%	100.0%	14.9%	43.6%	9.6%	20.2%	11.6%	100.0%	
(3)Private Sector	54.6%	2.2%	28.4%	3.0%	11.8%	100.0%	57.5%	5.1%	16.7%	3.4%	17.1%	100.0%	61.0%	5.0%	12.2%	2.3%	19.5%	100.0%	
Short-term	52.2%	2.1%	30.0%	2.7%	13.1%	100.0%	53.3%	5.9%	16.6%	3.7%	20.5%	100.0%	56.7%	5.8%	12.0%	2.6%	23.0%	100.0%	
Long-term	72.0%	3.2%	16.6%	5.4%	2.8%	100.0%	73.4%	2.3%	17.2%	2.6%	4.5%	100.0%	76.0%	2.2%	13.1%	1.2%	7.5%	100.0%	
(4)Other sector	11.5%	2.7%	29.1%	19.8%	36.9%	100.0%	4.9%	1.7%	24.7%	13.5%	55.2%	100.0%	3.9%	1.8%	36.3%	10.9%	47.2%	100.0%	
Short-term	10.9%	2.8%	30.4%	16.1%	39.3%	100.0%	5.3%	2.1%	30.2%	14.9%	47.4%	100.0%	3.5%	2.1%	41.2%	10.3%	42.9%	100.0%	
Long-term	14.3%	2.1%	23.0%	34.8%	25.7%	100.0%	3.8%	0.5%	11.2%	10.1%	74.4%	100.0%	5.4%	0.7%	16.5%	13.2%	64.3%	100.0%	
3.Overall bank credits	23.2%	17.0%	23.1%	24.6%	12.2%	100.0%	20.5%	15.1%	22.9%	19.4%	22.2%	100.0%	20.4%	17.4%	20.0%	17.4%	24.9%	100.0%	

Source State Bank of Viet Nam



Table 23 Share of borrower in each bank

	Dec-91						TOTAL
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	
1.State enterprises and others							
(1)Total	102.9	114.3	100.4	87.1	100.0	99.5	99.5
(2)State enterprises	80.1	112.9	92.6	84.2	91.8	89.6	89.6
(3)Private Sector	12.8	0.4	3.4	0.0	4.6	4.8	4.8
(4)Other sector	10.0	1.0	4.4	2.9	3.7	5.1	5.1
2.Central Government(net)	-2.9	-14.3	-0.4	12.9	0.0	0.5	0.5
3.Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source World Bank, "Viet Nam, Financial Sector Review", 1995

	Dec-94						Dec-95						Dec-96					
	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL	ABV	BIDV	BICV	VCOM	OTHS	TOTAL
1.State enterprises and others																		
(1)Total	111.9	125.7	100.9	76.3	95.4	100.9	108.5	122.2	87.0	90.2	98.8	99.9	111.7	105.0	99.4	90.8	99.9	101.5
(2)State enterprises	38.2	120.5	53.6	65.6	40.4	62.7	31.0	111.3	48.5	72.9	33.7	55.8	28.6	95.3	44.4	73.8	38.4	53.6
(3)Private Sector	69.3	3.8	36.2	3.6	28.4	29.4	73.2	8.9	19.0	4.6	20.1	26.0	79.0	7.5	16.1	3.4	20.7	26.4
(4)Other sector	4.4	1.4	11.1	7.1	26.6	8.8	4.3	2.0	19.5	12.6	45.0	18.1	4.1	2.2	39.0	13.5	40.8	21.5
2.Central Government(net)	-10.6	-25.7	0.9	23.7	4.6	-0.2	-8.5	-22.2	13.0	9.8	9.8	2.0	-11.7	-5.0	0.6	9.2	0.1	-1.5
3.Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source State Bank of Viet Nam

Table 24 Loan outstanding of four state-owned commercial banks and other banks  
(billion dong, %)

		Dec-91	Dec-92	Dec-93	Dec-94	Dec-95	Dec-96
ABV	Short term	2661	3730	4499	5535	6398	8073
	Med, long term	186	276	1613	2303	2918	3840
	Joint-venture	4	3	14	17	260	248
	Total	2851	4009	6126	7855	9576	12161
	growth rate	N.A	40.6%	52.8%	28.2%	21.9%	27.0%
BIDV	Short term	375	475	902	1860	3525	3900
	Med, long term	1055	1565	2823	4516	4411	4454
	Joint-venture	57	57	58	58	58	58
	Total	1487	2097	3783	6434	7994	8412
	growth rate	N.A	41.0%	80.4%	70.1%	24.2%	5.2%
BICV	Short term	2916	3928	5352	5550	6787	8241
	Med, long term	116	262	836	1073	1601	2077
	Joint-venture	0	0	0	0	28	38
	Total	3032	4190	6188	6623	8416	10356
	growth rate	N.A	38.2%	47.7%	7.0%	27.1%	23.1%
VCOM	Short term	1941	3160	3932	4023	4905	5722
	Med, long term	222	434	969	2088	2408	2083
	Joint-venture	29	24	75	126	221	241
	Total	2192	3618	4976	6237	7534	8046
	growth rate	N.A	65.1%	37.5%	25.3%	20.8%	6.8%
Joint stock others	Short term	536	1199	2032	4552	6991	9349
	Med, long term	0	12	94	1101	1544	890
	Joint-venture	11	14	36	104	133	145
	Total	547	1225	2162	5757	8668	10384
	growth rate	N.A	123.9%	76.5%	166.3%	50.6%	19.8%
Total	Short term	8429	12492	16717	21520	28606	35285
	Med, long term	1579	2549	6335	11081	12882	13344
	Joint-venture	101	98	183	305	700	730
	Total	10109	15139	23235	32906	42188	49359
	growth rate	N.A	49.8%	53.5%	41.6%	28.2%	17.0%

Source State Bank of Viet Nam

Table 25 Ratio: Total domestic credit/central bank's credit

	1989	1990	1991	1992	1993	1994	1995
Viet Nam	1.5	1.5	1.8	1.8	2.5	3.2	4.8
China	2.8	2.8	2.9	2.9	3.0	3.5	4.1
Indonesia	4.9	5.9	13.2	21.7	na	na	na
Korea	29.1	47.5	52.1	58.0	60.0	80.2	114.3
Poland	na	na	6.5	3.6	4.0	4.2	8.6
Hungary	1.6	1.6	1.6	1.9	2.1	2.0	na
Japan	20.9	18.9	19.0	19.2	19.4	21.7	21.3
U.S.	32.8	34.1	24.3	18.1	17.6	20.3	23.6

Source State Bank of Viet Nam; IMF, "IFS"

Table 26 International Comparison of M2/GDP (%)

	Viet Nam	China	Myanmar	Indonesia	Philippines	Thailand	Malaysia	Korea	Singapore	Poland	Hungary	Japan	U.S.
1973	na	na	32.2	14.1	30.0	37.3	45.5	40.4	67.8	na	na	123.6	63.6
1974	na	na	23.9	13.2	25.2	35.5	56.9	35.4	63.8	na	na	118.4	62.0
1975	na	na	23.3	15.4	25.0	37.8	67.2	33.4	69.2	na	na	125.0	64.4
1976	na	na	22.1	16.3	25.3	39.3	68.0	32.7	75.1	na	na	128.4	65.4
1977	na	27.3	21.4	15.8	28.7	40.5	68.2	35.4	77.7	na	na	130.5	64.6
1978	na	24.8	23.0	16.2	30.9	39.6	73.4	34.8	78.8	na	na	134.8	61.8
1979	na	33.3	24.2	15.9	28.5	39.9	74.6	34.0	82.4	na	na	138.2	60.3
1980	na	37.4	25.9	16.4	29.1	41.2	80.4	36.4	84.7	63.1	na	140.5	60.5
1981	na	41.4	28.0	17.2	29.9	41.6	88.8	37.1	89.4	72.2	na	146.4	60.1
1982	na	43.6	29.2	18.6	32.4	46.9	102.0	40.9	97.3	48.6	51.8	152.1	64.4
1983	na	46.7	31.8	19.7	34.2	52.6	101.8	39.8	96.8	44.1	49.5	157.3	66.3
1984	na	51.7	34.7	20.9	28.7	59.1	104.0	39.0	95.4	42.0	47.9	158.6	66.6
1985	na	57.0	32.7	24.9	28.8	62.1	118.3	41.2	102.7	41.7	50.3	161.5	68.0
1986	18.5	65.5	40.7	28.0	27.3	65.8	144.3	41.9	89.2	42.6	51.9	168.9	71.5
1987	16.4	70.4	26.3	28.5	27.5	68.0	133.0	44.8	121.5	44.1	50.4	176.7	69.7
1988	16.7	68.3	30.6	31.1	29.1	67.0	127.1	47.7	118.2	41.1	44.2	180.8	68.5
1989	30.5	71.2	24.8	36.8	32.8	70.8	na	54.5	123.8	64.4	43.0	189.5	67.6
1990	27.1	79.0	27.9	45.4	33.9	75.6	na	54.7	123.0	34.1	45.7	188.6	68.3
1991	26.5	85.7	28.6	45.9	34.0	78.3	na	55.8	124.7	32.3	49.3	186.6	68.5
1992	24.6	91.2	33.7	47.9	35.3	80.4	113.2	62.2	125.9	36.5	na	185.6	66.5
1993	23.6	88.2	na	na	41.2	85.3	124.6	69.9	123.0	36.4	na	190.4	64.0
1994	25.3	(85.5)	na	na	(41.2)	(74.2)	(83.9)	(40.6)	(83.6)	(31.7)	(43.4)	(112.1)	(60.5)
1995	23.7	(92.4)	na	na	(45.4)	(73.8)	(85.0)	(40.9)	(82.6)	(31.8)	(43.0)	(112.7)	(59.4)
1996	25.0	na	na	na	na	na	na	na	na	na	na	na	na

Source GSO, State Bank of Viet Nam, World Bank, "World Tables 1995".  
Data in the parenthesis are from World Bank, "World Development Report".



# An Examination of Statistics of Capital Formation in Viet Nam

Ryozo Hattori

Daiwa Institute of Research Ltd.

## I . Introduction

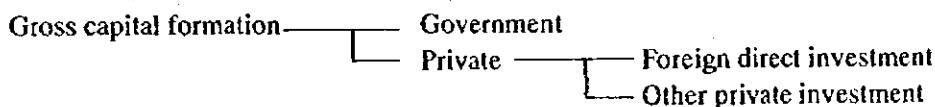
In this essay, various statistics of capital formation are examined in preparation for analyzing capital formation.

We have obtained macroeconomic data on capital formation mainly from four sources. The first is from the International Monetary Fund (IMF), the second from the General Statistical Office of Viet Nam (GSO), the third from the Ministry of Planning and Investment of Viet Nam (MPI), and the fourth from the Ministry of Finance of Viet Nam (MOF). These statistics are examined and compared with each other, then discrepancies among them are scrutinised.

## II . The Examination of Statistics Published by IMF

First, the statistics published by IMF are examined (see Table 1). These data of "Gross Capital Formation" are cited from "Gross Domestic Product by Expenditure Category" in *Recent Economic Developments*, various issues, published by the IMF, which are based on the System of National Accounts (SNA)<sup>1</sup>.

According to them "gross capital formation" is classified into "government investment" and "private investment," and the latter into "foreign direct investment" and "other private investment." This "government investment" is equivalent to "government capital expenditure" of "Functional Classification of Government Expenditure" in IMF's statistical tables, and is roughly equal to "government capital expenditure" in statistics provided by MOF (see Table 2<sup>2</sup>).



<sup>1</sup> Applying SNA to macroeconomic data is at experiment in present Viet Nam. Most of SNA-based statistics are "Gross Domestic Product." The statistics of "Gross Domestic Expenditure" only include balance of foreign trade, gross capital formation and final consumption (see GSO (1996a)). There is little data on distribution. The year of which we can obtain SNA-based data in detail is the only year 1989 when SNA was applied by way of trial. See Le Van Toan(1992).

<sup>2</sup> The data of budgetary operations provided by MOF have greatly amended year by year. It can, however, be considered that they use identical categories since some data are identical to IMF's data (see Table 3).

Observe the trends of investments using IMF's data. The investment rate (share in GDP, in percent) had showed a little increases after the introduction of "Doi Moi" (11.7% in 1986 → 15.0% in 1991), and has risen rapidly after 1992 (27.1% in 1995). Among components government investment has been nearly unchanged<sup>3</sup> (5.1% in 1988 → 6.0% in 1995), while private investment has grown (4.9% in 1989 → 21.2% in 1995), in particular, foreign direct investment (1.4% in 1989 → 8.8% in 1995).

Judging from this table, although there remains a significant problem that large Savings - Investment gaps exist (see Figure 1), it leaves a favourable impression that foreign direct and domestic private investments have been healthy, while government investment have increased slightly resulting in the reduction of fiscal deficits.<sup>4</sup> Is that an accurate impression? This issue will be analysed in the next section.

We must pay attention to other problems on IMF's statistics. "Consumption" is calculated as a residual, however, the changes in inventory are classified not into "investment" but into "consumption."<sup>5</sup> In addition, IMF pointed out that investment and savings may be underestimated.<sup>6</sup> It can, however, be considered that GDP must be much more underestimated,<sup>7</sup> therefore, the actual rates of investment may be lower than those in Table 1.

### III. The Examination of Statistics Published by GSO

#### 1. Construction Funds

Secondly, statistics published by General Statistical Office are examined. In GSO's statistics "state investment outlays" is a central key concept, although there is no definition in them. For example, The chapter "Construction" of *Statistical Yearbook* supplies the data of "state investment outlays," by type of outlays, by type of management, by sectors, by kind of economic activities, etc. (see GSO (1996a)). So are other GSO's Statistics (see GSO (1996b)).

The category "state investment outlays" had, therefore, been considered to be the most comprehensive category in GSO's statistics. However, *Infrastructures of Viet Nam in 10 Years of Renovation (1985 - 1995)*, a statistical book recently published by GSO, has one table "Implemented construction funds by economic sectors." According to this, "construction funds" is classified into "state sector" and "non-state sector" construction funds, and the amount of "state sector" is identical to "state investment outlays." It can hence be considered that "construction funds" is equivalent to "gross capital formation" in SNA (see Table 4). If so, "state investment outlays" is equivalent to "gross capital formation" by "state sector."

$$\text{Construction funds} \begin{array}{l} \text{-----} \\ \text{-----} \end{array} \left\{ \begin{array}{l} \text{State investment} \\ \text{Non-state investment} \end{array} \right. \geq \text{Government investment}$$

Observing the trends of "construction funds" (see Table 5), the changes in "construction funds" of

<sup>3</sup> The decreases of government investments in 1991 resulted from a tight fiscal policy, and a reaction occurred in 1992 and 1993.

<sup>4</sup> See IMF (1996), "Consumption, savings and investment."

<sup>5</sup> See IMF (1996), Note 9.

<sup>6</sup> See IMF (1996), Note 7.

<sup>7</sup> See Puruta (1996).

course correspond with those in "gross capital formation" (14.7% in 1990 → 22.4% in 1994<sup>8</sup>). Examining components, on the contrary to IMF's data, construction funds by "state sector" have rapidly risen (6.4% in 1990 → 12.4% in 1994), while those by non-state sector have increased slightly (8.2% in 1990 → 10.0% in 1994).

It can hence be concluded that the classification between government and private in IMF's is distinct from that between state and non-state in GSO's. Factors which have bolstered a boom in investment exist in "private sector" and in "state sector." Then components of "state investment outlays" must be scrutinized.

### ["Gross" or "Net"]

The category "construction funds" used only in GSO(1996c) may correspond to "construction funds" (蓄積基金 *xuji jijin*) in China<sup>9</sup>. Vietnamese authorities have often used "basic construction" instead of "capital formation by the state" in documents<sup>10</sup> and interviews, which may correspond to "basic construction" (基本建設投資 *jiben jianshe touzi*) in China.<sup>11</sup>

As Viet Nam's "state investment" includes "value of net increase in fixed assets,"<sup>12</sup> it must be a "gross" concept, not "net." However, as the ratio of it in state investment has fluctuated (see Table 5), the accuracy is doubtful. On the other hand, the maintenance of "government investment" is classified not into capital expenditure but into current expenditure ("other" in economic classification and "economic services" in functional classification).<sup>13</sup> Most of "government investment" may, therefore, be a "net" investment. The classification of gross and net is not explained clearly in statistics of Viet Nam.

## 2. State Investment Outlays

As we can collect the data of "state investment outlays" for long years<sup>14</sup>, it can be considered that the statistics have been used from the era of planned economy. We can also know the components by type of outlays, by type of management, by kind of economic activities, in industry, in agriculture, in transport, etc. as mentioned before (see Table 5). These categories cannot explain the discrepancy between government/private and state/non-state classifications.

On the other hand, only total amounts are recorded on non-state sector (see GSO (1996c), P.32), and nothing is mentioned on its components.

Compare "state investment outlays" with "government investment" (see Table 6). In 1988 the state investment outlays was nearly equal to the government investment, the gaps between them have gradually widened, and in recent years (from 1993 to 1995) the former has been roughly half of the latter. It can be argued that all of "state investment outlays" had been financed by the state budget under the planned economy, and state projects financed by non-budget funds have been expanding gradually in the transition to a market economy, which have raised a boom in investment. As mentioned above GSO's statistics cannot explain the finance form of investment. Then scrutinise

<sup>8</sup> Exclude the data of 1995 because of its reliability.

<sup>9</sup> See Ishikawa (1984), p.23.

<sup>10</sup> For Example, MOF states "Before 1995, the investment for basic construction had been implemented by the bank for development". See MOF (1997), "Expenditure of the National Investment Assistance Fund."

<sup>11</sup> See Ishikawa (1984), p.118.

<sup>12</sup> It may correspond to "new increase in fixed assets" (新增固定資產額 *xinzen guding zichen*) in China.

<sup>13</sup> There are cases that the central government conducts investment in infrastructure and its maintenance is financed by local governments. See World Bank (1994).

<sup>14</sup> For example, GSO (1996a) supplies the data of state investment from 1980.

MPI's statistics.

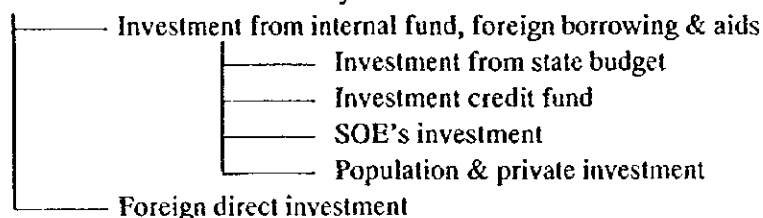
#### IV. The Examination of Statistics Provided by MPI

These MPI's statistics (Table 7) are to be written out for five years together after a Five-year Plan has finished, therefore, the accuracy of the data is doubtful.<sup>15</sup>

The title of the table "Total Investment of the Whole Society"<sup>16</sup> with which we are not familiar, may correspond to "Fixed Capital Investment in the Whole Society" [全社会固定資產投資 quanshehui guding zichan touzi] in China.<sup>17</sup> If so, it includes co-operative's fixed capital investment and personal housing investment in addition to public fixed capital investment, and excludes labour accumulation (see chapter V). This table is, however, produced as a residual deducting consumption from GDP,<sup>18</sup> therefore, the total amount of the residual accordingly includes labour accumulation on the presupposition that the estimation of GDP is accurate.

This table is a mixture of expenditure accounts and capital finance accounts of SNA. "Total investment in the whole society" is roughly equal to "gross capital formation" (see Table 4). It is classified into "investment from internal fund, foreign borrowing and aids" and "foreign direct investment," and the former into "investment from state budget," "investment credit fund," "SOE's investment" and "population and private investment."<sup>19</sup>

##### Total investment in the whole society



##### ▪ Investment from State Budget

It can be considered to be identical to "government investment" in IMF's.

##### ▪ Investment Credit Funds

This is a investment financed by bank loans. According to MPI officials, this category excludes government loan and includes credit not only to SOEs but also to private companies. Judging from the statistics of medium and long term loan extended by four state owned commercial banks (see Table 8), it can be reasoned that most of credits are extended to SOEs.

##### ▪ SOE's investment

This is financed by SOE's owned funds and other sources excluding bank loan. Components are as follows:

<Depreciation> Depreciation funds had been remitted to the budget in some periods, or retained by SOEs in other periods. After the end of 1994 SOEs can retain the funds.

<sup>15</sup> MPI officials admitted that figures of the table were roughly estimated.

<sup>16</sup> The original is written in Vietnamese, and is translated into English by MPI officials.

<sup>17</sup> See Kojima ed. (1989).

<sup>18</sup> According to MPI officials.

<sup>19</sup> As far as I know, GSO's statistics have no tables like this, however, they have the same concept. See "funds, comprising various resources like Government budget, credit, enterprise owned capital, people's contribution and foreign direct investment" in GSO (1996c).



<After-tax profits> After-tax profits are divided into “production development fund,” “bonus” and “social welfare fund.”<sup>20</sup> Sixty percent of after-tax profits are to be retained as production development funds. According to MPI officials, social welfare fund is expended on hospitals, kindergarten and so on, and a portion of the fund is remitted to local governments, which corresponds to “tax outside tax,” so called (攤派 tanpai) in China.<sup>21</sup>

- Population and private enterprises

This category is calculated as a residual, therefore, portions of housing and plant & equipment investments are not divided.

- Foreign direct investment

Is “foreign direct investment” in MPI’s identical to that in the statistics of GDE? It isn’t. Compared them with the statistics of FDI in billions of dollar by IMF (see Table 9<sup>22</sup>), it can be argued that MPI’s category includes investment by domestic joint-venture partners, and the category of GDE in IMF’s excludes it. Then, most of domestic joint-venture partners are SOEs.

Which categories of MPI’s correspond to “state investment” of GSO’s? Judging from values, the sum of “investment from state budget,” “investment credit fund” and “SOE’s investment” may be equal to “state investment” (see Figure 2). In addition to them, FDI investment by domestic joint-venture SOEs referred to above may be included.

However, China’s “state investment” (國家投資 guojia touzi) means (國家預算內投資 guojia yusuannei touzi), which is the sum of government investment and investment financed by bank loan, and excludes SOE’s investment. It is supposed that the concept “state investment” has been expanding gradually corresponding with the diversification of the finance of state projects.<sup>23</sup>

At the conclusion of the comparison of the statistics, see Figure 3. “State investment” which is represented by the area with shadow is much larger than “government investment.” A boom in investment has occurred in “state investment” excluding “government investment.” We can conclude that the judgement is completely misleading that private investment has been healthy in the transition to a market economy.

## V. Investments outside Statistics

In this chapter investments which are not comprehended in the statistics above are examined.

### 1. Capital Formation in Agriculture

There are many investments in agriculture which are not listed in statistics. It is natural that it is difficult to estimate various investments by peasants themselves. In addition, there exist investments outside statistics in Viet Nam.

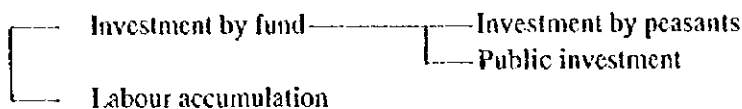
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<sup>20</sup> “Production development fund” may correspond (生產發展基金 shengchan fazhan jijin), “bonus” (職工獎勵基金 zhigong jiangli jijin), and “social welfare fund” (職工福利基金 zhigong fuli jijin) in China.

<sup>21</sup> It is well known that peasants and SOEs are burdened with compulsory charges outside taxes in China. See Kojima ed. (1989) and Ishikawa (1997). On Vietnamese tax outside tax problems in detail, Takeuchi (1997) is only and most significant thesis written in Japanese.

<sup>22</sup> Exchange rates for conversion are not recorded.

<sup>23</sup> The reform of financing SOE’s investment from by the state budget to by state owned banks is so called (撥改貸 bogaidai) in China.



### (1) Public Investments in Communes

Public finance of communes are not incorporated into public finance of the government. According to Iwai(1996), there is an example that an agricultural co-operative whose size is equivalent to that of a village “thon,” and the co-operative is a self-government agency which collects taxes and spend capital expenditures like purchasing a transformer and making roads. This type of capital expenditure is not included in capital formation by government.

### (2) Labour Accumulation

Labour accumulation<sup>24</sup> is the form of fixed capital formation by the labour power of the masses, in particular, making arable land, irrigation and drainage, and so on. In Viet Nam “The Ordinance on Public Service Labour” in 1988 states that every Vietnamese within a certain age range (from 18 to 45 for men and from 18 to 25 for women) contribute ten days a year. However, provinces have not estimated the values of labour accumulation there. It can, therefore, be considered that the values are not comprehended in GSO statistics, but, may be mixed in “population and private investment” of MPI statistics, as mentioned above.

## 2. Extra-Budget

So called “extra-budget funds” (预算外资金 *yusuanwai zijin*) in China are those public finance funds which are managed by local governments and SOEs, however, are not incorporated into state planning. In Viet Nam the prime minister’s decision on the formation of the investment in urban development fund for Ho Chi Minh city was issued in 1996<sup>25</sup>. According to it, the purpose of the fund is “to raise capital for projects developing the socio-economic infrastructure of Ho Chi Minh city.” The registered capital at the foundation comes from the revenue of the city, and the fund can mobilise funds by issuing bonds, borrowing from banks, project financing and so on. Extra-budget like this may not be included in public finance statistics of local governments. However, there are no major achievements on the fund up to the present.

<sup>24</sup> It corresponds to “labour accumulation” (劳働積累 *laodong jilei*) in China. It is very difficult to estimate the value of labour accumulation. See Ishikawa (1984) and Kojima ed. (1973).

<sup>25</sup> The prime minister’s decision, No.644/Ttg, Hanoi, September 20, 1996.

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Table 1 International monetary fund: gross capital formation

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Nominal GDP	512	2469	13266	24308	41955	76707	110535	136571	170258	222840
Gross capital formation	60	270	1906	2817	6350	11506	19498	34020	43375	60488
Government			673	1626	2126	2135	6450	9600	9215	13306
Private			1233	1191	4224	9371	13048	24420	34160	47182
Foreign Direct				334	629	2023	2907	8852	11505	19646
Other private investment				857	3594	7348	10141	15568	22655	27536
										(Share in GDP, in percent)
Gross capital formation	11.7	10.9	14.4	11.6	15.1	15.0	17.6	24.9	25.5	27.1
Government			5.1	6.7	5.1	2.8	5.8	7.0	5.4	6.0
Private			9.3	4.9	10.1	12.2	11.8	17.9	20.1	21.2
Foreign Direct				1.4	1.5	2.6	2.6	6.5	6.8	8.8
Other private investment				3.5	8.6	9.6	9.2	11.4	13.3	12.4

Source International Monetary Fund, *Recent Economic Developments*, various issues.

Table 2 Government expenditure (billion dong)

	1989	1990	1991	1992	1993	1994	1995	1996
Total Capital Expenditure	2208.2	2122.0	2135.2	8413.0	13018.0	14542.0	15210.0	17368.0
Industry and Construction	766.1	799.2	490.1	3134.0	5591.0	2870.0	6690.0	6700.0
Agriculture, Forestry and Irrigation	200.3	333.7	367.1	922.0	1169.0	1970.0	1963.0	3110.0
Transportation and Communications	196.5	399.0	507.9	1180.0	1808.0	3198.0	3570.0	4498.0
Commerce and Services	47.5	47.8	28.8	962.0	1691.0	1833.0	1162.0	2164.0
Non-Productive Sector	410.8	533.3	757.1			1600.0	1673.0	696.0
Contingency Fund								200.0
Other	587.0	9.0	4.2	2215.0	2759.0	3071.0	152.0	

Source Ministry of Finance

**Table 3 The comparison among statistics of government capital formation (billion dong)**

	1989	1990	1991	1992	1993	1994	1995	1996
IMF	1626	2126	2135	6450	9600	9215	13306	
MPI		2237	2604	8098	11846	10963	13500	
MOF (1)	2208.2	2122.0	2135.2	8413.0	13018.0	14542.0	15210.0	17368.0
MOF (2)			2135	6450	9600	11300	11460	14900

Notes

1) MOF, "Government Capital Expenditure"

2) MOF, "Expenditure of the National Investment Assistance Fund"

Source IMF, MPI and MOF.

**Table 4 The comparison among gross capital formation, construction funds and total investment of the whole society**

		1990	1991	1992	1993	1994	1995
IMF	Gross Capital Formation (a)	6350	11506	19498	34020	43375	60488
GSO	Construction Funds (b)	6150.7	9933.9	18430.7	29751.5	38141.8	41500.0
MPI	Total Investment of the Whole Society (c)	6747	11884	21608	34655	49483	58800
	(b) / (a)	0.97	0.86	0.95	0.87	0.88	0.69
	(c) / (a)	1.06	1.03	1.11	1.02	1.14	0.97

Source General Statistical Office, Ministry of Planning and Investment and International Monetary Fund

Table 5 GSO: Construction funds and state investment outlays

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Nominal GDP	512	2469	13266	24308	41955	76707	110555	136571	170258	222840
Construction Funds					6150.7	9933.9	18430.7	29751.5	38141.8	41500.0
State sector	30.8	118.2	668.5	1919.8	2703.7	4503.9	7566.4	16751.5	21141.8	21500.0
Non-state sector					3447.0	5430.0	10864.3	13000.0	17000.0	20000.0
(Share in GDP, in percent)					14.7	13.0	16.7	21.8	22.4	18.6
State sector	6.0	4.8	5.0	7.9	6.4	5.9	6.8	12.3	12.4	9.6
Non-state sector					8.2	7.1	9.8	9.5	10.0	9.0
<hr/>										
State Investment Outlays	30.8	118.2	668.5	1919.8	2703.7	4503.9	7566.4	16751.5	21141.8	21500.0
By type of outlays										
Construction and assembly works	22.5	88.4	501.1	1334.4	2044.1	3007.2	5386.6	9873.9	13318.9	
Machinery and equipment	4.5	17.9	103.6	332.6	396.8	1140.8	1425.4	5041.4	5283.8	
Others	3.8	11.9	63.8	252.8	262.8	355.9	754.4	1836.2	2539.1	
By type of management										
Central	18.2	69.4	429.6	1348.2	1694.2	2705.8	4956.3	12238.4	12345.8	12285.0
Local	12.6	48.8	238.9	571.6	1009.5	1798.1	2610.1	4513.1	8796.0	9215.0
By sectors										
Material productive sector	25.0	94.4	572.5	1623.2	2119.7	3737.0	6390.9	14713.5	15571.2	15835.6
Non-material productive sector	5.8	23.8	96.0	296.6	584.0	766.5	1175.5	2038.0	5570.6	5664.4
Value of net increase in fixed assets	13.2	61.4	277.9	952.4	1806.2	2310.9	3693.4	7739.1	16245.7	
(Share in GDP, %)	2.6	2.5	2.1	3.9	4.3	3.0	3.3	5.7	9.5	
(Share in State Investment Outlays, %)	42.9	51.9	41.6	49.6	66.8	51.3	48.8	46.2	76.8	

Sources: General Statistical Office(1996a), do.(1996b) and do.(1996c).

Table 6 The comparison between government capital formation and state investment outlays

	(billion dong)							
	1988	1989	1990	1991	1992	1993	1994	1995
Government capital formation	673	1626	2126	2135	6450	9600	9215	13306
State investment outlays	668.5	1919.8	2703.7	4503.9	7566.4	16751.5	21141.8	21500
The ratio between the both	1.01	0.85	0.79	0.47	0.85	0.57	0.44	0.62

Sources General Statistical Office and International Monetary Fund

Table 7 Ministry of Planning and Investment: *Total Investment of the Whole Society*

	(billion dong)						
	1990	1991	1992	1993	1994	1995	
Total investment	6747	11884	21608	34655	49483	58800	
Investment from internal fund, foreign fund, foreign borrowing and aids	5757	9964	16308	24655	30563	40100	
Investment from state budget	2237	2604	8098	11846	10963	13500	
Investment credit fund	300	1060	636	2391	3200	6000	
SOE's investment	420	1300	574	2418	2000	5600	
Population and private enterprises	2800	5000	7000	8000	14400	15000	
Foreign direct investment	990	1920	5300	10000	18920	18700	

Source Ministry of Planning and Investment.  
The original table is in Vietnamese. Translated by MPI officials.

Table 8 Amount of Outstanding Loan (medium and long term)

		1991	1992	1993	1994	1995
		(Outstanding)				
BIDV	State enterprises	1055	1585	2823	4516	4411
	Private enterprises					
	Private farmer households	5	10	10	15	30
	Other individuals					
	Others					
	Total	1060	1595	2833	4531	4441
		(Outstanding)				
BFTV	State enterprises	181	391	844	2036	2339
	Private enterprises		22	23	52	17
	Private farmer households					
	Other individuals					
	Others					52
	Total	181	413	867	2088	2408
		(Outstanding)				
ICBV	State enterprises	102	215	628	788	938
	Private enterprises	12	14	61	108	260
	Private farmer households					
	Other individuals	2.2	33.2	44	177	403.5
	Others					
	Total	116.2	262.2	733	1073	1601.5
		(Outstanding)				
VBARD	State enterprises	58	68	508	1236	1318
	Private enterprises	9	17	21	21	48
	Private farmer households	7	61	369	521	1047
	Other individuals	112	130	418	525	505
	Others					
	Total	186	276	1316	2303	2918
		(Outstanding)				
4SOCBs	State enterprises	1396	2259	4803	8576	9006
	Private enterprises	21	53	105	181	325
	Private farmer households	12	71	379	536	1077
	Other individuals	114.2	163.2	462	702	908.5
	Others	0	0	0	0	52
	Total	1543.2	2546.2	5749	9995	11368.5
		(Flow)				
4SOCBs	State enterprises		863	2544	3773	430
	Private enterprises		32	52	76	144
	Private farmer households		59	308	157	541
	Other individuals		49	298.8	240	206.5
	Others		0	0	0	52
	Total		1003	3202.8	4246	1373.5

Source: State Bank of Viet Nam



**Table 9 The Comparison of Statistics of Foreign Direct Investment(In billions of dong / dollar)**

		1989	1990	1991	1992	1993	1994	1995
MPI	(dong)		990	1920	5300	10000	18920	18700
IMF (1)	(dong)	334	629	2023	2907	8852	11505	19646
IMF (2)	(dollar)				463	1002	1500	2000
IMF (3)	(dollar)				260	832	1048	1780

Source MPI & IMF(1996)

Notes

1) FDI in GDE

2) Total Distribution of FDI including investment by domestic joint-venture partners

3) Total Distribution of FDI excluding investment by domestic joint-venture partners

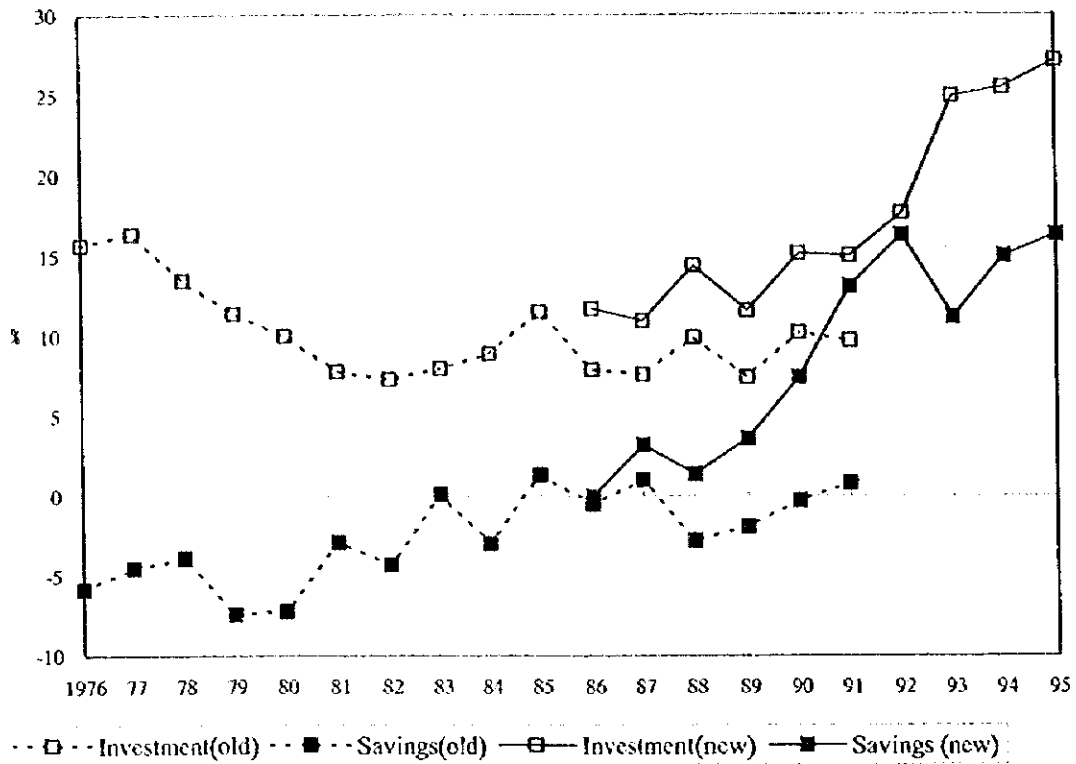


Figure 1 Savings-Investment balances

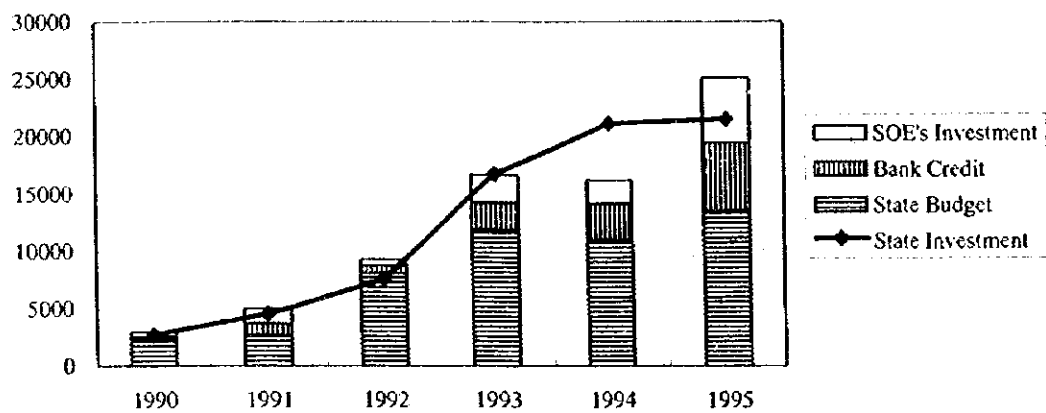


Figure 2 State investment and its finance (billion dong)

General Statistical Office		Ministry of Planning & Investment			International Monetary Fund	
Implemented Construction Funds	State Investment Outlays (Government Construction Funds)	Total Investment in the Whole Society	Investment from Internal Fund, Foreign Borrowing & Aids	Investment from State Budget	Gross Capital Formation	Government
	Non-State			Investment Credit Fund		
		Non-State	SOE Investment	Other Private Investment		
			Non-State			Population & Private Investment
						FDI including investment by domestic joint-venture partners

Figure 3 The Relation among Statistical Tables on Capital Formation

Source Written by the author.

