

VIETNAM BUSINESS UPDATE AND NEWS REGULATIONS

ADB KEEPS VIETNAM 2022 GROWTH FORECAST UNCHANGED AT 6.5%

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The Asian Development Outlook (ADO) Update 2022 says Vietnam's economy is performing reasonably well amid uncertainties in the global economy. Restored global food supply chains will boost agriculture production this year, but high input costs will still constrain the recovery of the agriculture sector, it said.

Softening global demand has slowed manufacturing. The manufacturing purchasing managers' index in August softened to 52.7 from 54.0 in June. However, the outlook for the manufacturing sector remains bullish given strong foreign direct investments in the sector.

Fully normalised domestic mobility and the lifting of COVID-19 travel restrictions for foreign visitors will support a robust rebound in tourism in the second half of the year, driving the growth of the services sector, the report said.

Increasing inflation in the US and the European Union has heightened inflationary pressure in the country. However, Vietnam's prudent monetary policy and effective price controls, especially for gasoline, should keep inflation in check at 3.8% in 2022 and 4.0% in 2023, unchanged from the projection made in April's Asian Development Outlook.

The country's economic outlook continues

to face heightened risks. The global economic slowdown could weigh on Vietnam's exports. Labour shortage is expected to weigh on the fast recovery of the services and labor-intensive export sectors in 2022.

The slow delivery of planned public investment and social spending, especially the implementation of the government's Economic Recovery and Development Programme, can slow growth this year and the next, the report said.

VTV

VIETNAM'S ECONOMIC GROWTH COUNTS ON HIGH-TECH FDI

Vietnam's economic growth has been accelerating in 2022, with experts considering high-tech foreign investments as a driver.

The World Bank (WB), International Monetary Fund (IMF) and others have sharply revised up their GDP growth forecasts for the country, with an increasing number of economists now expecting it to exceed 8% this year. High-tech foreign investments will continue to propel Vietnam's economic growth for years to come, said Michael Kokalari, chief economist at investment fund VinaCapital, has said.

In a note, Kokalari said, quoting newly published research by economists at Harvard University, that one reason Vietnam is an economic outlier is that FDI is supporting the country's manufacturing while also driving an increase in the complexity of products produced in Vietnam.

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