

Viet Nam

Revised GDP estimates

October 31st, 2019



Importance of GDP

- **Comprehensive and timely national accounts estimates are important for decision-based policy making**
- **GDP is a crucial metric to evaluate the performance of the economy**
 - **GDP is used for international comparisons**
 - **GDP as the denominator for certain key ratios e.g. debt-to-GDP ratio**
- **It is essential that estimates of GDP are robust and the compilation approach is transparent**

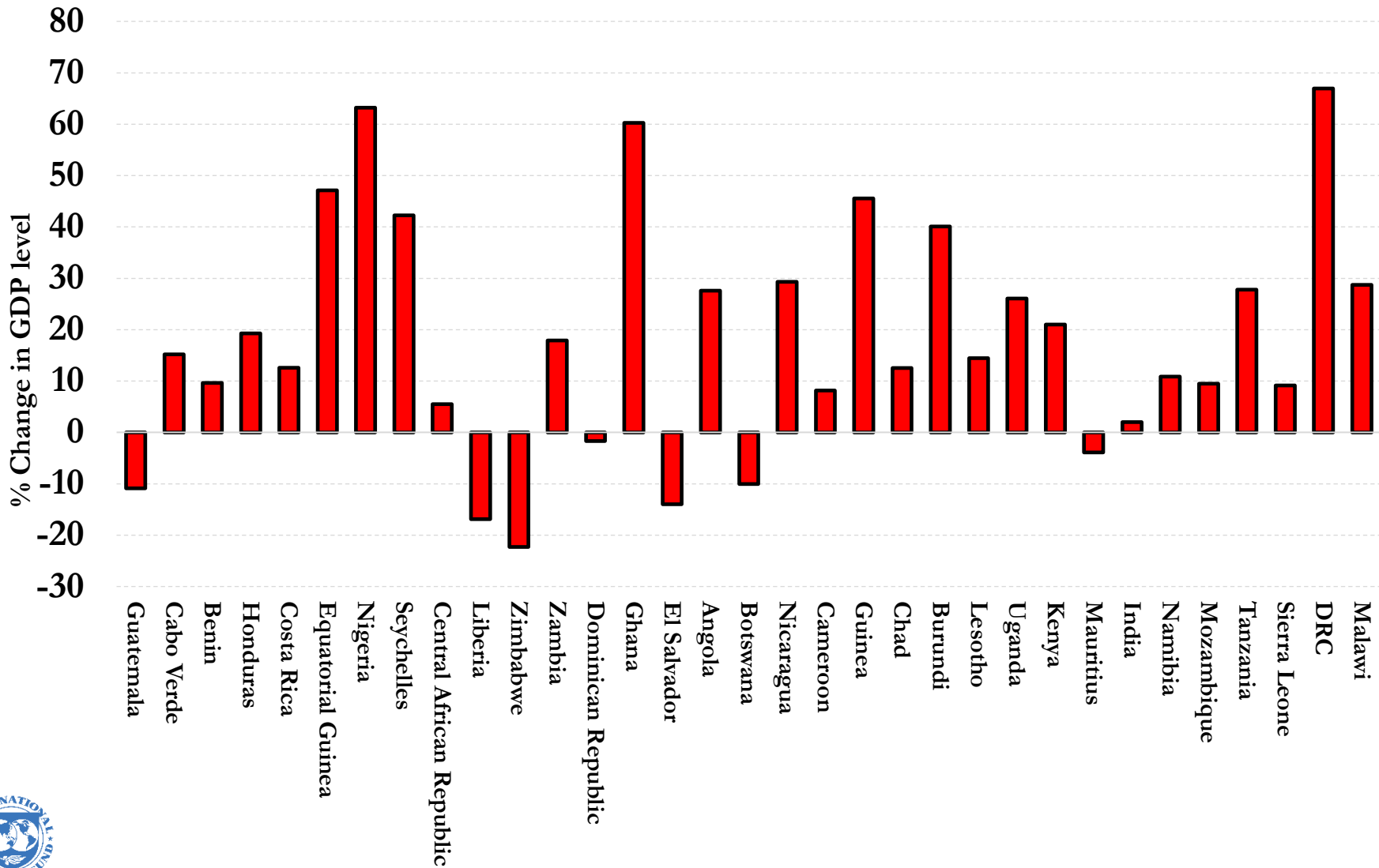
Viet Nam's structural changes

- **Viet Nam's economy has been undergoing rapid changes**
 - ✓ **High growth rates**
 - ✓ **Economic reforms and strong trade and investment integration to the global economy**
 - ✓ **Change in the economic structure (from agriculture to manufacturing and services)**
- **National accounts statistics are key to monitoring and understanding the economic changes**
- **At the same time the changes make measurement more difficult**

Why revise GDP?

- **Updating national accounting systems is the normal and recommended practice of national accounts compilation**
 - ✓ **Rebasing**
 - ✓ **New surveys or administrative data**
 - ✓ **Revised methodology**
 - ✓ **Capturing emerging industries**
- **The major factors driving the data revision depend on country circumstances**

Recent GDP revisions



Role of the IMF

- **IMF has been supporting Viet Nam to improve its National Accounts Statistics**
- **August 2017:** Help Viet Nam improve its compilation methods and adopt a more contemporary base year that better reflects the structure of the economy
- **April 2019:** Evaluate the revised GDP estimates, to ensure that the compilation process is aligned with the 2008 SNA and that the methodology employed for estimation is consistent and coherent
- **GSO's revised national accounts are a welcomed improvement**



Implications?

- **Higher GDP implies lower**
 - ✓ **Debt-to-GDP ratio (government and external)**
 - ✓ **Government budget deficit-to-GDP ratio**
 - ✓ **Government revenues-to-GDP ratio**
 - ✓ **Government spending-to-GDP, including capital spending**
 - ✓ **Current account-to-GDP ratio**
 - ✓ **Export and import-to-GDP ratios**
 - ✓ **Credit-to-GDP ratio**

- **But also, higher GDP per capita**

- **Detailed implications once the data is publicly released**

Thank you!

