

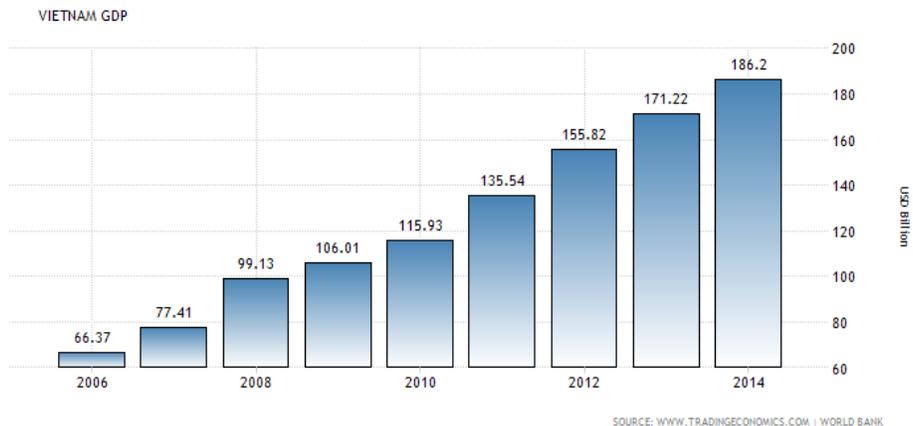
1. Introduction

An overview of the “Vietnam’s” Economy

In spite of the fact that politically “Vietnam” is “communist-state”, it has as of late received a large portion of the elements of industrialist/business sector economies. “Vietnam” has huge prospective in Asia, evidenced by higher rate of growth; the administration has additionally attempted “investment in infrastructure”, privatization, and cutting of corporate expense rates to support “FDI”. The market of Vietnam has been developing every year at an overwhelming pace after they became an associate of the WTO since “2007”. Numerous thoughts have been raised towards keeping this sustained development path. However, have a few disadvantages to manage in the coming years. In this report, we would concentrate on examining “GDP”, unemployment rate, inflation rate factors, which would furnish us with a summary of “Vietnam's” present economic position. (Economics Research, 2011)

2. Production output performance analysis

2.1. GDP



Source: (www.economywatch.com, 2016)

Vietnam	Last	Previous	Highest	Lowest	Unit	
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“GDP”						
“GDP” Growth Rate	7.01	6.08	8.46	3.14	percent	(+)
“GDP” Annual Growth Rate	7.01	6.44	8.48	3.12	percent	(+)
“GDP”	186.20	171.22	186.20	6.30	USD Billion	(+)
“GDP” per capita	1077.91	1028.62	1077.91	262.95	USD	(+)s

Source: (data.worldbank.org, 2016)

Vietnam’s “GDP” Growth (Constant Prices, National Currency)	Indicator Value
2007	5.329 %
2008	6.262 %
2009	5.398 %
2010	6.423 %
2011	6.24 %
2012	5.247 %
2013	5.421 %
2014	5.5 %

Source: (www.economywatch.com, 2016)

2.2. GDP Growth Rate



Source: (www.tradingeconomics.com(b), 2016)

Performance of the economy

The rate of “Vietnam's “GDP”” could give us a review of our present level of wellbeing and development of the economy. The chart above demonstrates that during 2007 the “GD”” of “Vietnam” was 5.3 %, and in next 2 years there was a sharp decrease in “GDP” figures, just achieving 6.2 % and 5.3 % in 2008 and 2009 separately. Here are a couple explanations behind this:

The principal reason was because of exports. Vietnam was extremely fruitful in creating commercial enterprises for export; however, during the year of 2009 the requirement for export was fundamentally diminished. The exports of Asian nations were descended at the shocking rate since buyers in the “U.S., Europe” and different markets were bringing down on expenses (www.tradingeconomics.com(b), 2016).

The next basis was created by purchaser spending. With the increase of the joblessness rate (because of issues emerging in regions of manufacturing exports) and decreased workers' wage because of higher inflation during 2008 (22%), family units burning was chopped down (Van & Sudhipongpracha*, 2015).

The other reason was due to investment, Investment development rates in current years had come about because of money inflows of “FDI” into “Vietnam”. Yet, with the credit emergency and worldwide financial depression, capital streams were influenced extremely (Van & Sudhipongpracha*, 2015).

Performance trends of the economy

There were a few obstructions which happened in a couple of years before. When contrasted with other Asian nations, the economy of Vietnam had officially recovered and enhanced much quicker in generally of “GDP” performance before the end of 2009, and after that they are in the course of building up the economy for 2010 and the years after that. “Vietnam's GDP growth rate” is estimate to be around “6.4 %” and “6.2 % during 2010 and 2011”, as indicated by “Asian Development Bank (ADB)” in its recent report of 2010. The following years “Vietnam’s GDP rate” were; “5.2% during 2012”, “5.4% during 2013” and “5.5% in 2014”, which was high than the last two years (www.tradingeconomics.com(b), 2016).

2.3. GDP Per Capita



“GDP” is the whole value of every “goods and services” produced in a nation (Vietnam) in a year. It is measured to be an extremely significant “indicator” of the economic strength of a nation and a positive alteration is an “indicator” of “economic” development. From “2012, the GDP per capita within Vietnam amounted to approximately 1,753 U.S. dollars”.

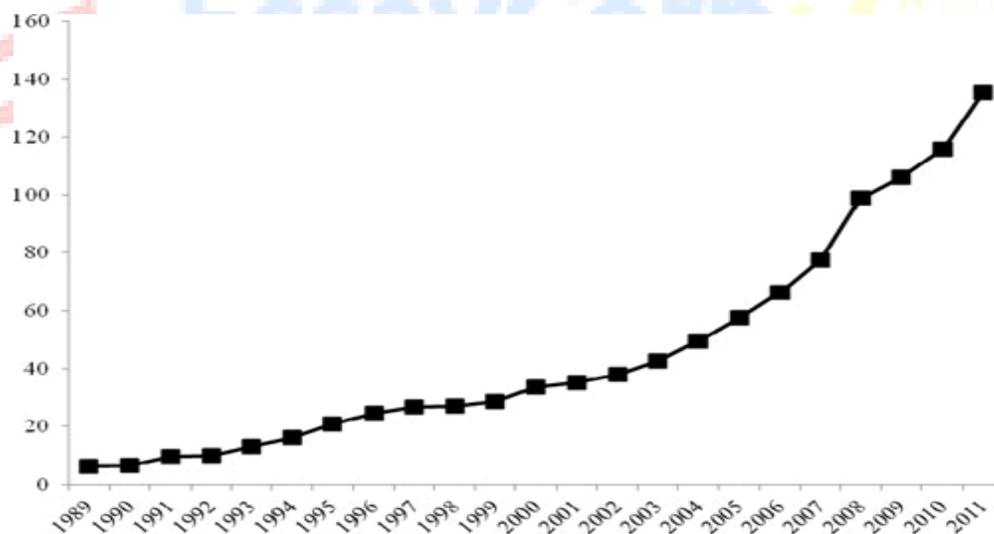
The GDP in the “United Kingdom” is tremendously diverse from “Vietnam”. To demonstrate this, the “United Kingdom’s GDP” is “\$37,300” for each individual, while “Vietnamese’s GDP” is “\$4,000” for each individual (www.tradingeconomics.com(b), 2016).

Environmental damage is not included - “Gross domestic product” is a measure of merchandise and “services” created by an economy yet it is not deducted the expense of “bad” society creations like “pollution, natural resources”. In the event that a “soap or tobacco” contaminates the “air and water resources”, the estimation of “soap/tobacco” item is incorporated into “GDP” whilst the expenses of “pollution” are not taken away. The environment is specifically influenced by the monetary activities such as “industry or agricultural” division like “exhausted smoke, deforestation, contaminated air and water”, and so forth. In the event that we have a higher real “GDP”, the environmental harms, “Vietnam” couldn't anticipate to have a decent way of life.

Leisure time is not included in real GDP – “leisure time” and happiness is the things that add up to way of life however it is hard to illustrate these things through “GDP”. The time spent working is esteemed as a major aspect of “GDP”, whilst, their “leisure time” is definitely not. The additional time a nation’s individual spent on working, the higher is the “GD”P they got. Despite what might be expected, the less time they have to appreciate the life; it implies “leisure time” diminishes of a nation.

2.4. Government's measure

During 1986, "Vietnam's" "central government" initiated a nationwide restoration procedure ("Doi Moi") with an objective of building up a "socialist-oriented market economy". From that time, an extensive variety of strategies and plans were taken up to advance financial improvement and reconciliation with the global society. Not just did monetary liberalization in "Vietnam" triggered quick development of horticultural production, it additionally supported global trade as well as overseas investment. "Doi Moi" likewise intended for "macroeconomic" constancy (Van & Sudhipongpracha*, 2015). The measures of stabilization incorporated "inflation lessening, government spending cap, and taxation reform". Yet the "Vietnamese" administration confronts an imperative test in controlling its expenses, especially in the wellbeing, learning, and other social administration areas. A vital measurement of the "Doi Moi" is "the decrease of the function of the state in the proprietorship and control of financial action" (www.tradingeconomics.com, 2016).



"GDP" growth rate from 1989 – 2011 – Source: (www.tradingeconomics.com(b), 2016)

3. Labor market analysis

Year	Unemployment rate	Percent Change
1990	12.327	
1991	10.393	-15.69%
1992	11	5.84%
1993	10.6	-3.64%
1994	10.3	-2.83%
1995	5.82	-43.50%
1996	5.88	1.03%
1997	6.01	2.21%
1998	6.85	13.98%
1999	6.74	-1.61%
2000	6.42	-4.75%
2001	6.28	-2.18%
2002	6.01	-4.30%
2003	5.78	-3.83%
2004	5.6	-3.11%
2005	5.31	-5.18%
2006	4.82	-9.23%
2007	4.64	-3.73%
2008	4.65	0.22%
2009	4.6	-1.08%
2010	4.29	-6.74%
2011	4.513	5.20%
2012	2.74	-39.29%
2013	2.75	0.36%



5 years
★★★★★

2014	2.45	-10.91%
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Source:

(www.indexmundi.com, 2015)

3.1. Types of Unemployment

In financial matters, unemployment happens when individuals are without job while effectively looking for employment. The “unemployment rate” is a percentage, and computed by partitioning the numeral of unemployed people by the numeral of each and every presently employed people in the work force. The reasons, outcomes, and resolutions fluctuate in light of the particular kind of unemployment that is available inside of a nation (Dwivedi, 2010).

There are 3 essential classifications of unemployment in the economy that are normally talked about. They are “structural, frictional, and cyclical unemployment” (www.econport.org, 2006).

- “Structural unemployment” is about the structural problems within of a financial system and incompetence within the labor markets
- “Frictional unemployment” is the time phase among occupations when an employee is looking down or transitioning starting with an employment then move onto the next one.
- “Cyclical unemployment” is a kind of unemployment that occurs when there is an inadequate aggregated demand inside the financial system to provide employments to everyone who wants to work

3.2. Unemployment trends based on unemployment rates in Vietnam



Source: (www.indexmundi.com, 2015)

Within “Vietnam”, the “unemployment rate” measures the number of individuals effectively who are seeking for a job as a rate of the work force. “Unemployment Rate in Vietnam” diminished to “2.31%” in the “4th quarter” of 2015 from “2.36%” in the “3rd quarter” of 2015. “Unemployment Rate in Vietnam” arrived at an average of “2.41%” from “1998 until 2015”, achieving an untouched high of “4.50%” in the “4th quarter” of “1998” and a recorded a lower rate of “1.81%” in the 4th quarter of “2012”. “Unemployment Rate in Vietnam” is accounted for by the “General Statistics Office of Vietnam” (www.tradingeconomics.com(c), 2016).

Unemployment in “Vietnam”

The “unemployment rate in Vietnam” is a major issue. The “Vietnam's” joblessness had several reasons: the increases in populace, nationwide market, economic and inflation. These reasons intensified the expansion in joblessness. In Vietnam it makes “demand and supply” of work uneven, basically, more supply than requirement for which unemployment had raised. Initially, Vietnams' populace development has come to “87 million” individuals during “2009”, the 6th in “Southeast Asia”. The half of populace is in functioning ages. It made the financial advancement and making new occupations constantly under the stress. A large portion of “Vietnamese” employees graduated secondary school and the other people who completed school or college are ineffectively qualified towards employment or bad at specialized abilities since “Vietnamese”

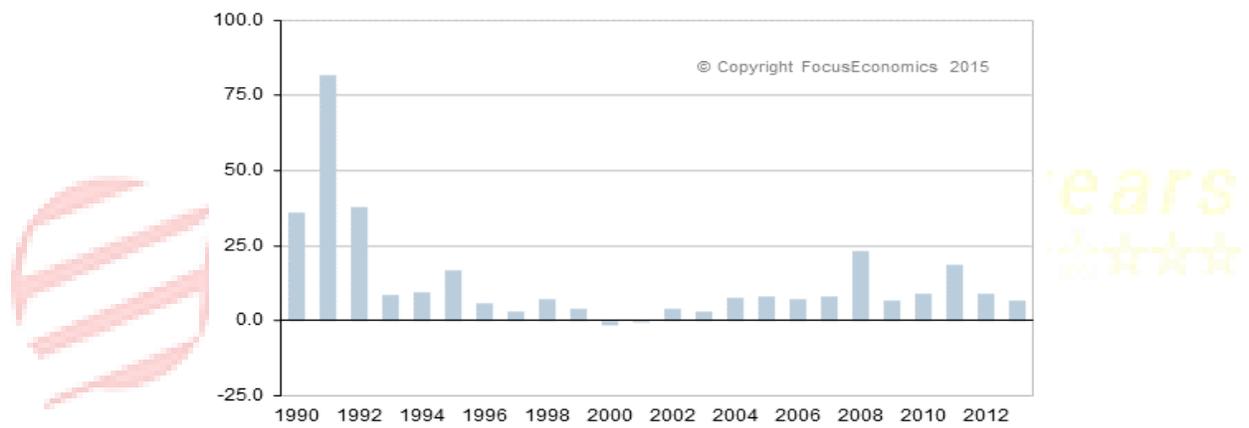
instruction framework and preparing framework had several issues. Also, the inadmissible populace unbalanced the arrangements amongst several regions and commerce lines. The majority of the immigrants are from the provincial regions. They shift to the big cities for better life and employment which makes the urban populace crowded. So on, the joblessness rates are constantly high (www.universityworldnews.com, 2013).

3.3. Government's measures

“Vietnam” is a rising nation which needs to recuperate from the decimations of war for the last thirty five years. During “1986” the legislature has presented the “Doi moi” approach (“renovation”), which had made a great impact in the economy. Keeping in mind the end goal to update the economy and deliver more competing, raising the export; Vietnam’s governors have altered the arrangement to increment financial liberalization and establish structural improvements. The financial system has been changed from a centrally structured to a business sector economy since 1986. It achieved extensive accomplishments, for example, keeping up higher development for quite a while. Vietnam has partly lessened poverty, standard of living of individual in a steady political establishment. In any case, “Vietnam” is as yet confronting to higher rate of unemployment and particularly underemployment (Youth Employment in Vietnam, 2016).

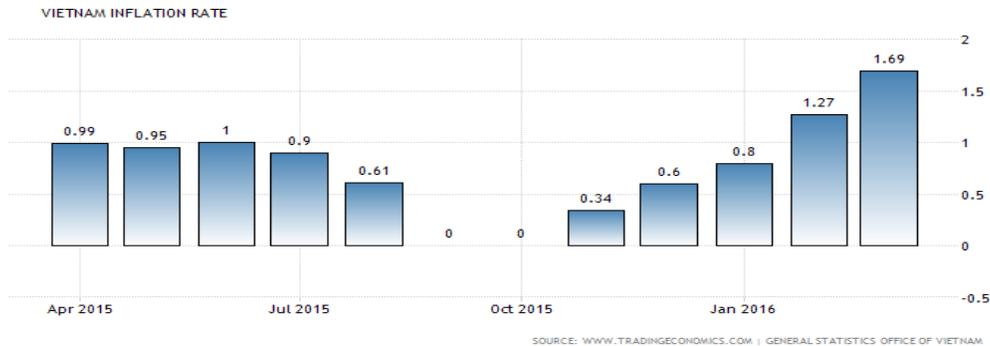
In this way, the strategies of government backing in advancing its HR are conducted more broadly, for example, enhancing excellence of teaching, particularly for tertiary training and professional preparing. So therefore, in the following couple of years, Vietnam would have a good number of specialists with higher abilities to draw in more outside organizations' speculation, furthermore have the capability to contend with talented and educated outsiders functioning in “Vietnam” (Youth Employment in Vietnam, 2016).

4. Price level analysis



“Vietnam Inflation Chart” - Source: (www.focus-economics.com, 2016)

4.1. The inflation trend based on inflation rate in Vietnam



Source: (www.focus-economics.com, 2016)

The causes of “inflation” in the “Vietnam” economy

Financial policies are the main reasons for Vietnam’s “inflation” (www.thanhniennews.com, 2011). Presently, the “Vietnam's inflation rate” remains at “7.0%”, making them 4th highest within Asia. “Financial authorities have done generally little towards controlling the danger of inflation”, and “political contemplations” would priorities development prior to constancy (english.vietnamnet.vn, 2013). The key reasons are the absence of national bank autonomy, and incapability for government towards “throttle-back spending” because of substantial percentage of the labor force is employed by the “communist” administration. “Inflation” represents a danger to business because of “duty bracket-creep, puzzling value signs to makers and slower extension of business, hypothesis crowding out production, wastage of resources and uplifted strain and social interruption” (Van & Sudhipongpracha*, 2015).

Consumer worth within Vietnam rose “1.27%” in 2016, next to a “0.8%” rise in the preceding month. This was the uppermost figure from 2014, as increasing prices demands was recorded for: “food services and drink services (+2.38%); beverages, tobacco (+2.73%); garments, hats, footwear (+2.66%); housing (+2.37%); household appliances (+1.38%); drugs (+1.74%); learning (+3.49%); culture, amusement, tourism (+2.24%) and other goods and services (+2.13%)”. In comparison, descending prices stress comes from “transportation (-7.22%) and posts and telecoms (-0.62%)”. Center inflation rose to “1.94%” in comparison to a “1.73%” in the earlier

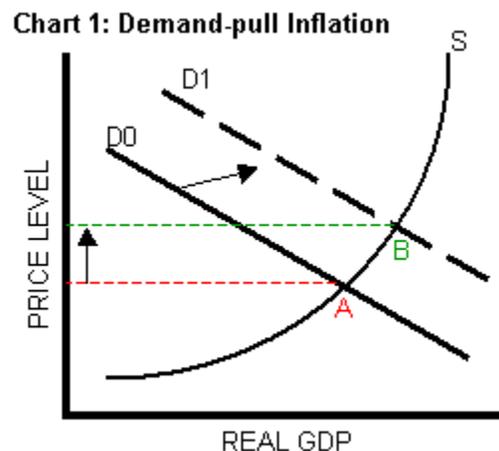
month. On a month to month basis, customer costs rose “0.43%”, in the wake of staying unaltered in the former month. “Inflation Rate in Vietnam” arrived at the average of “6.81%” from “1996 until 2016”, achieving an untouched high of “28.25%” during 2008 and a recorded low of “- 2.60%” during 2000 (www.tradingeconomics.com, 2016).

4.2 Causes of Inflation

“Inflation” is the long-standing rise in the costs of merchandise as well as services brought on by the deflation of cash (www.frbsf.org, 2002).

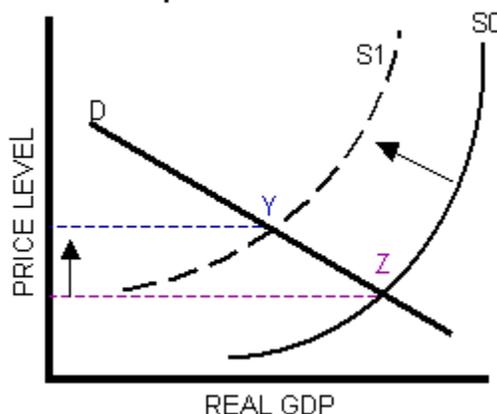
Financial specialists recognized 2 sorts of “inflation”, they are; “Demand-Pull Inflation and Cost-Push Inflation”. Both of these sorts of “inflation” caused an increment in the general “price level” inside of a market (www.frbsf.org, 2002).

“Demand-Pull Inflation”- This theory could be abridged as “too much of cash pursuing excessively couple of products”. Therefore, if “demand” is growing quicker than “supply”, costs would augment. This one for the most part happens in developing economies (www.frbsf.org, 2002).



“Cost-Push Inflation” - When a corporation’s expenses rise, they need to build up costs to sustain their earnings margins. Expanded prices could include things, for example, earnings, taxations, or expanded operating expense of “imports” (www.frbsf.org, 2002).

Chart 2: Cost-push Inflation



4.3. Government’s measures

The actions to achieve stable price are; “Quantitative and prudential controls” using a credit and cash development, signaling an extreme position against “inflation”, standardize the “interest rate” framework and recapture “demand for dong”, ensuring that finances goes to profitable and export situated divisions, tightening the hold of monetary spending and dropping the financial plan shortfall to “5% of GDP” (lessens “leakages” into utilization), money owing to diminish useless spending and open debt, which could make difficult the fiscal arrangement, normalization of “exchange rate” administration, and moving towards market-situated pricing administration (Economics Research, 2011).

5. Conclusion

The development of Vietnam's economy as of late has pulled in additional consideration of multinational corporations, particularly in “IT fields”, putting their foundation in production services and making an active “IT industry”. During 2010, Vietnam intends to achieve “6.6%” in

“Gross domestic product”. The adjustment in a positive number of “Gross domestic products” could let us know that “Vietnam” is approaching towards enhancing the wellbeing and development of the economy after the worldwide financial depression in 2008. Conversely, the administration is attempting to keep the “CPI rate” steady at “8.4%”, furthermore bringing the “inflation rate” down up to “7%”. Additionally, the administration likewise has a few arrangements to make commerce surroundings for financial specialists so as to expand “FDI”; the more funds in ventures, the more the nation's resources would build up. Meanwhile, considering the work force could be considered as much fundamental as improving prosperity of financial system, and also the element of natural assets additionally plays an imperative part in Vietnam's monetary advancement.

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