

# Vietnam's 2016 GDP seen up 6.3 pct, FDI to hit record \$15 bln

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**Vietnam is expected to post annual economic growth of 6.3 percent this year, slowing from last year but still topping a World Bank forecast of 6.0 percent.**

Foreign exchange reserves would reach a record \$41 billion, Prime Minister Nguyen Xuan Phuc said on Friday, noting that actual foreign direct investment (FDI) inflows could reach nearly \$15 billion, also a record.

Foreign investors, led by South Korean firms including Samsung and LG Display, have been pouring funds into a country viewed as a tariff-free shipments hub to major markets, while textiles and shoe factories, with lower wages than those in China, have been expanding to accommodate new overseas orders.

Last year, Vietnam received a record \$14.5 billion in FDI.

Previously, the government said it expected growth of 6.3 percent to 6.5 percent this year. Vietnam's economy expanded 6.68 percent in 2015, the fastest since 2007, and extending growth momentum that started in 2012.

"The macro-economy is stable, inflation is controlled and major balances of the economy have been maintained," Phuc told a development conference involving government officials, diplomats and international donors.

Phuc's estimate would mean Vietnam was enjoying faster growth than Indonesia, Malaysia, the Philippines and Thailand but behind neighbours China, Cambodia and Laos, as well as Myanmar, based on World Bank projections.

Phuc estimated exports would grow about 8 percent, and Vietnam would post a trade surplus of between \$2 billion and \$3 billion this year.

He said the Asian Development Bank and a Vietnamese private partner were planning to buy one of the country's weak banks as the government sought to step up dealing away banks' bad debts.

Phuc gave no further details.

Vietnam's consumer price index is expected to rise 3.14 percent, said Nguyen Duc Kien, deputy head of the National Assembly's Economic Commission, well within the government's target of less than 5 percent.

The government aims for an average expansion of 6.5 percent to 7 percent for the 2016-2020 period, Phuc said.

"We acknowledge there are still many shortcomings, limits and weaknesses which require determination and focus in overcoming to move towards a fast, sustainable and comprehensive growth target," he said.