SOME SOLUTIONS TO PROMOTE VIETNAM'S ECONOMIC GROWTH

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Abstract: ***During the period 2021-2025, despite facing many significant fluctuations, the Vietnamese economy maintained a positive recovery momentum, demonstrating good resilience and adaptability. However, the economy still faces many challenges regarding productivity, investment, macroeconomic stability, and competitiveness. In the coming period, growth prospects depend on strengthening the macroeconomic foundation, leveraging trade agreements, promoting innovation, and effectively responding to risks from the global economy. This article focuses on assessing the current situation, identifying growth drivers, and pointing out challenges and proposing solutions to promote Vietnam's economic growth.***

• Keywords: *economic growth, growth prospects, global risks*

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1. Vietnam's Economy in the Period 2021-2025 and Economic Growth Drivers

1.1. Vietnam's Economic Growth in the Period 2021-2025

During the period 2021-2025, Vietnam's economy faced many difficulties and challenges: the global economic context was unfavorable, complex, and unpredictable, with many unforeseen issues such as the Covid-19 pandemic, economic recession, and escalating and prolonged geopolitical tensions in many places like Russia-Ukraine and the Middle East; trade tensions and the trend of increased protectionism to safeguard domestic production, the trend of shifting consumption domestically, etc., in many major economies have significantly impacted an economy with a high degree of openness and heavy reliance on exports like Vietnam. Furthermore, the shaping and diversification of supply chains, the promotion of digital economic development, innovation, and the green economy have created significant pressure, requiring Vietnam to undergo even stronger reforms. Domestically, the economy faces major difficulties and challenges from the quality of growth, climate change, and an aging population. In this context, the economy has experienced significant fluctuations in growth rate, reflecting both the negative impacts of the Covid-19 pandemic and the economy's ability to recover. In 2021, GDP only increased by 2.55%, the lowest rate in over three decades, due to supply chain disruptions, a decline in consumption and production, and widespread social distancing measures. Entering 2022, with the economy fully reopened after the pandemic, GDP growth reached 8.54%, driven by a recovery in domestic consumption, increased FDI investment, and strong export growth of nearly 15%. In 2023 and 2024, despite slower global economic growth due to global inflationary pressures and tight monetary policies in many countries, Vietnam maintained macroeconomic stability, strengthened market confidence, and continued to attract foreign investment, with GDP growth rates of 5.07% and 7.09% respectively. For 2025, Vietnam aims for a GDP growth rate of 8.3% - 8.5%, and the actual growth rate for the whole year is projected at 8.02%.

Table 1: GDP growth rates by economic sector during the period 2021-2025

Growth rate (%)	2021	2022	2023	2024	2025
GDP	2,55	8,54	5,07	7,09	8,02
Agriculture, forestry, and fisheries	3,71	3,7	3,93	3,27	3,78
Industry and construction	3,21	8,18	3,74	8,24	8,95
Service	1,75	10,66	6,91	7,38	8,62
Product tax less subsidies	2,3	6,18	2,99	5,65	6,43

Source: Statistical Yearbook 2025; Report from the General Statistics Office

Regarding capital utilization: During the period 2021-2025, total social investment capital implemented at current prices reached VND 13,247.4 trillion, of which, state sector investment capital reached VND 3,538.9 trillion, accounting for 26.7% of total capital; non-state sector investment capital reached VND 7,569.6 trillion, accounting for 57.1%; and FDI sector investment capital reached VND 2,138.8 trillion, accounting for 16.2%. In 2025,

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investment activities are expected to continue to achieve positive results, with total capital estimated at VND 3,450 trillion, an increase of 6.8% compared to the same period last year, of which state sector capital increased by 19.6%, non-state sector capital increased by 7.8%, and FDI sector capital increased by 11.2%.

The economic structure has shifted from the agriculture, forestry, and fisheries sector to the other two sectors:

- The agriculture, forestry, and fisheries sector has undergone a strong transformation, with many synchronized strategies and policies across all fields, strengthening the application of science and technology in crop cultivation and livestock farming; deep processing with the application of technology for high-value, high-quality products has developed strongly, helping to increase product value and meet the stringent requirements of high-end markets. On average, during the period 2021-2025, this sector is estimated to achieve a growth rate of 3.7% per year and its scale continues to expand. In 2025, the added value at current prices of the agriculture, forestry, and fisheries sector is estimated to reach VND 1,501.3 trillion, 1.4 times higher than in 2021.

- The industry and construction sector is estimated to achieve an average growth rate of approximately 6.69% per year. In 2021, the industrial and construction sector only grew by 3.21% (industry growth reached 4.06%) due to the strong negative impact of the Covid-19 pandemic and global economic and political instability. However, in 2022, the growth of the industrial and construction sector improved significantly, reaching 8.18% thanks to economic opening measures and production promotion. In 2023, the industrial growth rate decreased sharply, reaching only 2.99%; the lowest level in the past 15 years, even lower than in 2020, causing the overall growth of the industrial and construction sector to reach only 3.74%. In 2024, the industrial sector experienced a strong recovery, achieving a growth rate of 8.32%, the highest since 2020. This recovery is expected to continue in 2025, with a target growth rate for industry and construction estimated at 9.8% - 10.1%. The scale of added value is expected to continue expanding. In 2025, the size of this sector is estimated to reach over 4,800 trillion VND, more than 1.5 times higher than in 2021.

Since 2011, the industrial sector has formed several key sectors of the economy, creating an important foundation for long-term growth and promoting the industrialization and modernization of the country. On average, from 2011 to 2024, the industrial sector grew by 6.93%, with a target of 9.6% - 9.8% growth in 2025. Specifically during the strategic period (2011-2020), industry achieved the highest growth rate among national economic sectors, contributing 30.75% to GDP and becoming the country's key export sector. It is estimated that by 2025, the industrial and construction sector will account for 37.69% of GDP, an increase of 0.30 percent compared to 2021 (37.39%). Within this, the industrial sector will increase from 30.75% to 31.59%.

- The service sector's value-added growth rate for the period 2021-2024 is estimated at 6.95%. Specifically, in 2025, the growth is estimated at 8.5% - 8.6% (the added value of the service sector in the first nine months of 2025 increased by 8.49% compared to the same period of the previous year, only lower than the 11.37% increase in the same period of 2022 during the 2011-2025 period). This is a positive result while some service sectors continue to be heavily affected by the Covid-19 pandemic, especially the tourism sector. The structure of the service sector in GDP also tends to increase; in 2021, the proportion of added value of the service sector in GDP reached 41.26%, and is estimated to reach 42-43% in 2025. In addition, the service sector is also developing diversely, the quality of services is improving, some sectors are modernizing, and the application of digital technology is being promoted. On average, during the period 2011-2024, the size of the service sector reached over 1,896 trillion VND, increasing by an average of 6.76% per year. It is estimated that in the first nine months of 2025, it will reach approximately 2,167.5 trillion VND, an increase of 8.49% compared to the same period.

1.2. Demand-side economic growth drivers

Final consumption plays a leading role in economic growth, accounting for more than 60% of GDP. In the first 9 months of 2025 alone, final consumption increased by 8.07% compared to the same period in 2024, contributing 73.83% to the overall growth rate of the entire economy. In which: (1) Final consumption of households increased by an average of about 5.5%, contributing about 55% to GDP. In 2025, household consumption continued to improve, with total retail sales of goods and consumer service revenue excluding price factors increasing by 7.2%, higher than the 5.8% of the same period in 2024, estimated to contribute about 53% to GDP in 2025; (2) Government final consumption contributes about 6.5% - 10% of GDP, playing an important role, especially in periods when it is necessary to stimulate the economy and support aggregate demand when investment declines.

- Public investment has made a huge contribution to Vietnam's economic growth and social development in recent years. Especially in difficult economic years, the promotion of public investment to stimulate aggregate demand and compensate for the decline in the private sector has maintained stable growth. It is estimated that by the end of 2025, the total disbursed public investment capital will reach 440.4 trillion VND, reaching about 50% of the plan assigned by the Prime Minister (if calculated based on the plan assigned at the beginning of the year, it will reach 55% of the plan), which is 4.5% higher in percentage and 132.6 trillion VND higher in absolute terms compared to the same period in 2024. For the National Target Program, the total disbursed capital from the central budget is estimated at 16.4 trillion VND, equivalent to 53.3% of the assigned plan. Assuming public investment is development investment expenditure from the state budget, in the period 2021 - 2024, public investment will directly contribute approximately 0.8 - 1.4 percentage points to GDP growth (estimated contribution of about 1.4 percentage points in 2022, about 0.72 percentage points in 2023, and about 0.8 percentage points in 2024).

The World Bank (WB) (2024) noted that expanding public investment by 1% of GDP in emerging and developing countries with higher public investment efficiency and concerns about low fiscal sustainability could increase GDP by 1.6% within 5 years, while potentially boosting private investment by 2.2%, labor productivity by 1.9%, and TFP by 0.8%, and potential output by 1.1% in the medium term. This shows that public investment in addition to being a driver of economic growth in the medium term, has even greater spillover benefits for the economy.

- Exports are one of the important drivers of economic growth; increasing by an average of nearly 10% from 2021 to the present. Rapid export growth caused Vietnam's trade balance to shift from a prolonged deficit to a trade surplus in 2012. From 2016 to the present, Vietnam's trade surplus has continuously increased, reaching over US$28.36 billion in 2023; US$24.77 billion in 2024; and US$16.82 billion in the first nine months of 2025. A trade surplus contributes to improving the balance of payments, stabilizing the macroeconomy, stabilizing exchange rates, and controlling inflation. The World Bank (2025) estimates that in the first half of 2025, the driving force for Vietnam's GDP growth will come from exports, as businesses boost orders amidst uncertainty in global trade policies, with a growth rate of 14.4% year-on-year.

From 2010 to the present, the export structure has shifted positively, towards increasing the proportion of processed industrial goods and decreasing the proportion of minerals, fuels, and agricultural products; export items have become increasingly diverse; in particular, in the first nine months of 2025, Vietnam had 32 items with export turnover exceeding 1 billion USD, accounting for 93.1% of total export turnover (with 7 items exceeding 10 billion USD, accounting for 67.9%); the processed industrial goods group accounted for 88.6% of total export turnover in the first nine months of 2025; the fuel and mineral group accounted for only about 0.6%; whereas in 2000, the proportions of these groups were 33% and 20% respectively.

1.3. Maintaining and strengthening macroeconomic stability is a crucial foundation for rapid and sustainable growth.

Over the past five years, Vietnam has maintained economic stability and quickly recovered from the crisis. The average CPI for the period 2016-2020 remained low, at approximately 3.15% per year, lower than the target set by the National Assembly. In 2021, the CPI only increased by 1.84%, the lowest level in six years, despite cost pressures due to the pandemic. During the period 2022-2025, when global energy and raw material prices rise sharply and inflation in many countries exceeds 8-10%, Vietnam will still maintain it below 4%, affirming the flexible management capabilities of its macroeconomic policies.

To control inflation and stabilize the macroeconomic economy, fiscal policy has proactively, flexibly, and effectively coordinated with monetary policy. Typically, Vietnam has implemented the Socio-Economic Recovery and Development Program according to Resolution No. 43/2022/QH15, and in 2025, fiscal policy will continue to implement solutions to exempt and reduce taxes, fees, and charges, such as continuing to reduce VAT by 2%, reducing the environmental protection tax on gasoline, diesel, and lubricants applicable in 2025 as applied in 2024; preferential registration fees for battery-powered electric vehicles; reducing the collection of 46 fees and charges by 50%, etc. Monetary policy is managed flexibly, synchronously, and closely coordinated with fiscal policy, contributing to the stability of the monetary and foreign exchange markets and controlling inflation. The State Bank of Vietnam promptly handles incidents, ensuring liquidity and system safety. Interest rates tend to decrease, and exchange rates are managed flexibly to stabilize the macroeconomy.

Credit growth is controlled safely and effectively, focusing on production and business sectors and priorities. At the same time, many solutions are being implemented to support businesses and people in accessing capital, such as debt restructuring, interest rate and fee reductions, promoting consumer credit and electronic lending, contributing to socioeconomic recovery and development.

2. Risks, Challenges, and Prospects for Vietnam's Economic Growth in the Coming Period

Vietnam is entering the next phase of its 5-year socio-economic development plan (2026-2030) with many advantages; the export structure has diversified, public investment has accelerated, and the domestic market is large; but it also faces significant risks: External risks (trade protectionism, decline in global demand), fiscal and financial risks (public debt, efficiency of public investment), climate and environmental risks, and institutional/human resource risks. In particular, some immediate risks and challenges need to be identified, such as:

Firstly, the rate of labor productivity growth tends to slow down, averaging 5.24% per year during the 2021-2025 period, lower than the average growth rate of 6.05% per year during the 2016-2020 period and lower than the target of 6.5% per year in the 5-year plan for the 2021-2025 period as set out in Resolution No. 31/2021/QH15 of the National Assembly. Vietnam's current labor productivity level is still very low compared to other countries in the region in terms of purchasing power parity. Specifically, calculated according to PPP 2021, Vietnam's labor productivity in 2024 will reach US$25,850, only 11.64% of Singapore's labor productivity; and 15.63% of Brunei's; 37.48% of Malaysia; 64.94% of Thailand; 87.22% of Indonesia.

Secondly, Vietnam's exports still face many problems: The export capacity of the domestic sector is weak, and exports depend mainly on the FDI sector; Key products and high-tech goods are also mainly held by FDI enterprises; Supporting industries are not yet fully developed, and Vietnamese enterprises have not deeply participated in the global value chain. Besides, Vietnam is relatively dependent on major export markets, especially the United States, China, and the EU. Furthermore, because Vietnam's production and exports still use a significant proportion of imported intermediate products, while the import structure is increasingly concentrated on China and South Korea, this poses high risks in the event of trade conflicts between major countries such as the United States and China. The Asian Development Bank (ADB) (2025) noted that Vietnam may currently face short-term growth risks due to the retaliatory tariffs imposed by the United States, effective from August 7, 2025: 20% on imports and 40% on transit goods, which could disrupt FDI and trade activities.

Thirdly, economic sectors have not yet shifted strongly towards productivity growth, especially in the industrial and service sectors. Industrial production still heavily depends on economic recovery and purchasing power in major export markets. Although the processing and manufacturing industry is a growth driver for the entire sector, the industrial production capacity of some foundational industries has been slow to improve and has not met development expectations; it still relies heavily on imported inputs for production.

Fourthly, challenges for the development of the digital economy. One of the main issues hindering the development of the digital economy in Vietnam is the insufficient technical infrastructure to support the deployment of information and telecommunications technology, failing to meet the needs for big data processing, artificial intelligence deployment, and the Internet of Things (IoT); there are significant disparities in digital infrastructure between regions. The national data center system is still limited in scale and technical standards. Currently, Vietnam only has three data centers that meet Tier III standards (FPT, VNPT, Viettel) and one data center (CMC) that meets Uptime Tier III standards (with the potential to upgrade to Tier IV). In addition, there is a significant shortage of high-quality human resources, especially those with in-depth knowledge and skills in information technology, particularly in specialized fields such as cybersecurity, artificial intelligence, data science, cloud computing, and blockchain.

Fifthly, risks to growth prospects include both internal and external factors. If the global economic environment worsens more than expected due to slower growth in major trading partners and increased financial market volatility, challenges to the economy will increase, particularly through weakened exports and investment flows. The application of retaliatory tariffs on transit goods, which is still unclear, could reduce trade and investment. Domestically, although reforms to public investment have yielded results, the disbursement of public investment capital remains low, and it is unlikely that 100% of the planned capital will be disbursed. Furthermore, inflation risks remain significant due to the government's continuous upward adjustments in healthcare, education, and electricity costs, coupled with accelerated public

investment disbursement and high credit growth, which could increase the prices of materials and services. Currency depreciation could further fuel inflation through higher import costs. In addition, risks from the banking system remain, with new non-performing loans expected to increase in the medium term if banks loosen lending standards.

3. Some Solutions to Promote Economic Growth in Vietnam in the Coming Period

Based on the current situation, to promote economic growth, Vietnam needs to focus on the following solutions:

Firstly, perfecting institutions and continuing to improve the investment and business environment, promptly removing barriers and regulations that are no longer appropriate. Focus on creating a transparent, stable, and fair business environment; removing barriers to market entry, protecting property rights and the freedom of business. Comprehensively review conflicts and overlaps in investment, land, construction, and environmental laws, ensuring consistency and reliability of policies. Promote administrative procedure reform towards openness, transparency, and reduced compliance costs. Strengthening the participation and consultation of the business community and investors in the policy-making process to ensure a safe, healthy, and equitable legal environment, protecting the legitimate rights and interests of businesses and citizens.

***Secondly*,** persistently maintaining macroeconomic stability; ensuring major economic balances; ensuring the supply of goods, controlling prices and markets. Continuously updating growth and inflation scenarios, coordinating closely and effectively, and harmonizing macroeconomic policies to maintain the stability and growth of the economy; implementing appropriate solutions for managing interest rates, exchange rates, and credit growth in line with economic growth targets. Closely monitoring the price fluctuations of gasoline, oil, and energy, while ensuring supply and appropriate prices for essential goods serving the people's lives.

Thirdly, continuing the policy of openness and international integration; Strengthen economic and trade cooperation with partners worldwide; maximize opportunities from signed FTAs and expand negotiations on FTAs with countries and partners around the world; promote negotiations with the United States to ensure cooperation on trade, economics, and the US export market to facilitate export businesses and attract FDI. Diversify export markets and import sources.

Fourth, establish a new growth model suitable to the practical context, restructure the economy, promote industrialization and modernization; focus investment on key areas identified in the Strategy for Science and Technology Development, Innovation, Digital Transformation, basic research, strategic research, policy, and public service areas as stipulated by the State; improve the national credit rating and reduce the cost of capital mobilization.

Fifth, continue to accelerate the disbursement of public investment capital. Accordingly, accelerate the disbursement of public investment capital, supplement and apply specific mechanisms and policies, especially for large-scale and key projects; focus on removing difficulties and obstacles in the implementation of large-scale infrastructure projects and projects that are stalled or slow to be implemented to unlock resources and contribute to growth, especially in land clearance, compensation and resettlement support, and promptly resolving arising problems; ensure sufficient conditions for disbursement for large projects, especially regarding raw materials; address wasted resources such as: suspended planning, projects with procedural obstacles, unused public land, disputed assets and protracted cases.

Sixth, strengthen fiscal policy to support the resilience and growth of the economy. Currently, the room for monetary policy easing is limited due to relatively low real interest rates and the narrowing interest rate differential with international markets. With low public debt and a positive state budget balance, Vietnam still has ample fiscal space to respond to external risks, such as contingency planning for potential short-term negative impacts on certain sectors due to US tariff policies; further expanding public investment to boost growth, especially in areas such as energy, logistics, and transportation.

Seventh, upgrading domestic supply chains and developing supporting industries. Vietnam needs to encourage and promote further linkages between FDI sectors and domestic state-owned and private enterprises to increase localization rates, reduce vulnerability, and mitigate passive dependence on external supply chains.

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