



(REVIEW ARTICLE)



Solutions to recover Vietnam's economy after the nCOV-19 pandemic

Nguyen Thi Van Anh *

Faculty of Business Management, Hanoi University of Industry, No 298 Cau Dien Street, Minh Khai Ward, Bac Tu Liem District, Hanoi City, Vietnam.

World Journal of Advanced Research and Reviews, 2022, 14(03), 051–053

Publication history: Received on 24 April 2022; revised on 31 May 2022; accepted on 02 June 2022

Article DOI: <https://doi.org/10.30574/wjarr.2022.14.3.0485>

Abstract

The Vietnamese government has made significant efforts to restore the country's economic development, with important responsibilities to boost national competitiveness and provide a larger space for enterprises. In addition, the Vietnamese government also offers synchronous solutions from supporting people's lives, developing social security and healthcare, and promoting national security. Policymakers and experts are also discussing specific solutions before being applied nationwide. This promises to be a driving force to recover soon Vietnam's economy, which has been severely affected by the nCOV-19 pandemic.

Keywords: Ncov-19 Pandemic; Social Security; Vietnam's Economy; Economic Growth Rate; Global Economic Shock

1. Evolution of the nCOV-2019 epidemic in Vietnam

As of April 14, 2022, the Ministry of Health reported that the nation had documented approximately 10.2 million cases of Covid-19. The number of patients in the community dropped by over 40 percent, while fatalities fell by more than 26 percent. The number of deaths dropped by approximately 30 percent compared to the previous month. According to the Ministry of Health, from the end of December 2021, when the first case of the Omicron variation was recorded, the number of cases throughout the country surged the most during the first three weeks of March, when the Omicron variant predominated and has since declined dramatically. Infections, severe cases, and fatalities in provinces and cities have decreased day by day during the previous three weeks. In Vietnam, the pandemic is essentially under national control. Reasons include the high vaccination rate, the identification of priority topics for effective and appropriate immunization, and the progressive improvement of Vietnam's medical capability to satisfy needs [1-2] better.

According to the Ministry of Health, 1,179 new cases of COVID-19 have been registered since May 23, bringing the total number of cases throughout the country to 10,710,066 [3]. They are all domestic infections found in 43 different places, including Ha Noi (332), Vinh Phuc (75), Quang Tri (72), Yen Bai (60), Quang Ninh (56), Tuyen Quang (42), Da Nang (40), Nghe An (39), Phu Tho (38), Thai Binh (37), Quang Binh (37), Hai Duong (36), Thai Nguyen (30), Lao Cai (26), Son La (22), Bac Kan (19 (1). In addition, 3,862 individuals were pronounced virus-free on the same day, bringing the total number of recovered patients to 9,405,908. Additionally, according to the ministry, one additional death was confirmed, bringing the total number of COVID-19 deaths to 43,076 or 0.4 percent of the total national caseload. The number of COVID-19 vaccination doses delivered throughout the country has risen by 35,735 since Monday to 219,119,853.

* Corresponding author: Nguyen Thi Van Anh

Faculty of Business Management, Hanoi University of Industry, No 298 Cau Dien Street, Minh Khai Ward, Bac Tu Liem District, Hanoi City, Vietnam.

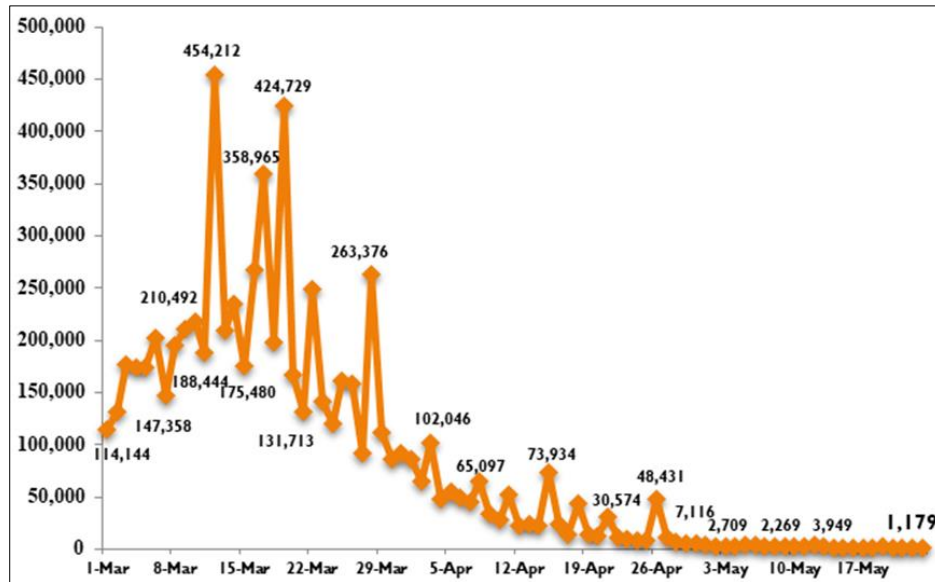


Figure 1 The number of daily new COVID-19 cases from March 1-May 23, 2022 [3]

2. The Vietnam economy's recovery trajectory after the COVID-19 epidemic

The first quarter of 2022 is expected to rise by 5.03 percent over the same time last year, higher than the 4.72 percent growth rate in the first quarter of 2021 and 3.66 percent growth rate in the first quarter of 2020. However, this is still lower than the 6.85 percent growth rate seen in the first quarter of 2019. The agricultural, forestry and fisheries sector grew by 2.45%, providing 5.76% of total growth; the industrial and construction sector grew by 6.38 percent, giving 51.08 percent; and the service sector grew by 4.58 percent, contributing 43.16 percent [4].

The yield of winter rice in the Mekong Delta increased significantly compared to the previous year's crop. In addition, the livestock industry is gradually recovering, with the output of live meat for slaughter in the first quarter of 2022 increasing compared to the same period last year. The wood processing and export have many positive signs; aquaculture has developed steadily, with prices of farmed pangasius and shrimp increasing. The agricultural sector's added value increased by 2.35 percent in the first quarter of 2022 over the same period last year, contributing 0.22 percentage points to the overall increase in total added value. Furthermore, the forestry increased by 3.86 percent but only contributed 0.02 percentage points; and the fisheries sector increased by 2.54 percent, contributing 0.05 percentage points. In the first quarter of 2022, the industrial and construction sector rose by 7.07 percent over the previous year, higher than the 6.44 percent rise in the first quarter of 2021, adding 2.42 percentage points to the overall growth economy's total value-added growth rate. With a gain of 7.79 percent and a contribution of 2.05 percentage points, the processing and manufacturing sector continued to lead the economy's expansion. The mining sector climbed by 1.23 percent (coal mining increased by 3.2 percent, and metal ore increased by 5%), boosting the overall added value of the economy by 0.04 percentage points. The construction business expanded by 2.57 percent, 0.16 percentage points lower than the 6.53 percent growth rate in the first quarter of 2021. When numerous service operations became engaged again in the first quarter of 2022, the service industry thrived.

The following are some of the market service industries that contributed a significant amount to the rise in total added value in the first quarter of this year: Transportation and warehousing increased by 7.06 percent, contributing 0.43 percentage points; wholesale and retail increased by 2.98 percent, contributing 0.31 percentage points; and accommodation and catering services decreased by 1.79 percent, down 0.04 percentage points, over the same period last year. Furthermore, The Asian Development Bank (ADB) predicts 6.5 percent in 2022 and 6.7 percent in 2023 - recovery may be reached by Vietnam's high COVID-19 vaccination rates, changing towards a more flexible strategy to pandemic prevention, and the government's economic recovery and development agenda (ERDP). As of March 22, 79.4% of the over 18 was thoroughly inoculated, and 47.5% got the third dosage. The government has been able to abandon rigorous, disruptive pandemic control tactics due to high vaccination rates. The timely adjustment in the illness management approach restores economic activity and decreases business environment uncertainty. 81.7% of respondents to a General Statistics Office study on business trends in the manufacturing and processing sector anticipated that business conditions will improve in 2022.

3. Economic recovery solutions after the ncov-19 pandemic

First of all, it is necessary to continue to buy vaccines and implement vaccinations. We need to understand that between now and 70% of the population is being vaccinated. There is always the possibility of a rebound in new infections. But it must be ensured that three factors such as the economy's arteries are protected and maintained: the food supply, labor supply, and transportation.

Second, increasing government spending on social security is necessary, significantly to increase direct support for vulnerable groups such as informal workers and the unemployed. Vietnam's spending on social security during the pandemic is modest compared to other countries in the region. The support implementation needs to be more flexible to ensure that the money is transferred quickly and promptly to the target groups. There will be errors, but not so that there is a delay in implementation.

Third, accelerate the disbursement of public investment capital. More importantly, Vietnam must disburse all allocated public investment capital. About 250,000 billion VND (equivalent to 10 billion USD) of public investment capital planned for 2021 has yet to be paid. Each reason for slow disbursement should be considered so that it can be resolved quickly.

Finally, it is the method to operate the banking system. Pressure is growing on this system to lower interest rates. However, rising bad loans, currently estimated at 7% of total outstanding loans, could affect the economic recovery in the medium term. In addition, banks are bound to a rate of 40% of short-term capital used for medium and long-term loans. Businesses with healthy cash flow but no collateral will not be able to access loans. An innovative and urgent funding mechanism can help fill this gap to support enterprises without putting too much pressure on banks. One of the options could be to arrange a credit guarantee for the banks, as other countries are doing so, for the government to share the risk with the banks.

4. Conclusion

This article reviewed and analyzed the effect of the nCOV-19 pandemic on Vietnam's economy and proposed solutions to recover. In general, the pandemic in Vietnam has been essentially under national control. Reasons include the high vaccination rate, identifying priority topics for effective and appropriate immunization, and the progressive improvement of Vietnam's medical capability. However, to recover the economy, Vietnam's government needs to act as suggested in this study, including vaccination increase, social security, disbursement of public investment capital acceleration, and Banks' support for businesses. The results of the article will be suggestions for the early recovery of Vietnam's economy

Compliance with ethical standards

Acknowledgments

The author would like to thank the support of the Faculty of Business Management, Hanoi University of Industry, Vietnam.

References

- [1] Vietnam among six countries with highest vaccine coverage rate: govt data [Internet]. Hoang Thuy, Viet Tuan, © 2022 [cited 2022 April 02]. Available from <https://e.vnexpress.net/news/news/vietnam-among-six-countries-with-highest-vaccine-coverage-rate-govt-data-4412534.html>.
- [2] Safe Journeys - Protect yourself, your family and your loved one. UNICEF, the Ministry of Health (MOH) and WHO, © 2022 [cited 2022 April 02]. Available from <https://www.unicef.org/vietnam/press-releases/unicef-moh-and-who-launch-campaign-safe-journeys-protect-yourself-your-family-and>.
- [3] Health ministry confirms 1,179 new COVID-19 cases. The Ministry of Health, © 2022 [cited 2022 April 02]. Available from <https://en.baohinhphu.vn/health-ministry-confirms-1179-new-covid-19-cases-111220523185920883.htm>.
- [4] Report on socio-economic situation in the first quarter of 2022. General Statistics Office of Vietnam, © 2022 [cited 2022 April 02]. Available from <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2022/03/bao-cao-tinh-hinh-kinh-te-xa-hoi-quy-i-nam-2022>.