

The Policy of Vietnam's Economic Recovery and Development in the Context of the COVID-19 Pandemic

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Abstract: The COVID-19 pandemic has very complicated and unpredictable developments. In Vietnam, the fourth outbreak of the disease caused by the fast-spreading Delta variant has had a great impact on all aspects of socio-economic life, production and business activities of businesses and people as it spreads to the world, and most provinces and cities, especially in Ho Chi Minh City, Hanoi, Bac Giang, Bac Ninh, Binh Duong, Dong Nai, etc. where densely populated areas, industrial parks, export processing zones and other areas are located. In the context of the fourth outbreak of the Covid-19 pandemic, which has had a negative impact on all aspects of socio-economic life, the issuance of urgent mechanisms and policies and an appropriate roadmap. It is very necessary to strongly promote production and business activities, and to recover the economy due to the impact of the COVID-19 pandemic. The National Assembly Standing Committee have always accompanied and stood side by side with the Government, promptly promulgating resolutions as a legal basis allowing the Government to immediately apply special, specific and special measures. meet the requirements of epidemic prevention and control and socio-economic recovery.

Keywords: Vietnam's economic policy, recovery and development, Covid-19 pandemic.

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INTRODUCTION

The COVID-19 pandemic is still having very complicated and unpredictable developments in Vietnam. In particular, the fourth outbreak of the epidemic, which started on April 27, 2021, has seriously affected all aspects of socio-economic life, production and business activities of enterprises and people when spreading. spread to most provinces and cities, especially in big cities and provinces such as Ho Chi Minh City. Ho Chi Minh City, Hanoi, Bac Giang, Bac Ninh, Binh Duong, Dong Nai, etc. where densely populated areas, industrial parks, export processing zones and large enterprises in the global value chain are, make great contributions to economic development and budget revenue.

In the first 6 months of 2021, our country's GDP growth rate only reached 5.64%, lower than the set target. Although it has improved significantly over the same period in 2020 (1.82%), it has not yet recovered the growth rate as in the same period in 2018 and 2019 (7.05% and 6.77%). Attracting development investment capital of the non-state sector and the FDI sector is low. Investment of the non-state sector in 2020 only increased by 3.1%, in the first 6 months of 2021 only increased by 7.4% over the same period. Total foreign investment capital into Vietnam in 2020 decreased by 25% compared to 2019, in the first 6 months of 2021, it decreased by 2.6%. Unemployment and underemployment rates increase. In the second quarter of 2021, the unemployment rate and the

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underemployment rate of workers were 2.4% and 2.6% respectively, both increased compared to the first quarter of 2021 (2.19% and 2.2%, respectively) (General Statistics Office, 2021).

The current COVID-19 pandemic is posing unprecedented challenges and enormous difficulties to the entire economy. Over the past time, the Government has taken resolute and correct steps to curb the spread of the COVID-19 pandemic. That is a very proud achievement. However, in order to win the epidemic on both medical and economic fronts, right now, besides limiting the epidemic, it is necessary to have reasonable policies to: i) strengthen resistance (tolerance) of the economy; ii) prepare enough capacity to cope with prolonged epidemic; iii) thereby enhancing the potential for a quick economic recovery as soon as the epidemic is controlled, preventing the economy from falling into recession.

RESEARCH RESULTS AND DISCUSSION

Assessment Of The Economic Situation Before The Impact Of The Covid-19 Pandemic

In 2020, Vietnam is one of the world's economies that can maintain growth momentum, but economic growth is only 2.91%, the lowest in the 2011-2020 period; GDP growth rate in the first 6 months of 2021 is only 5.64%, lower than the set target. Although significantly improved over the same period in 2020 (1.82%), it has not yet recovered the growth rate as in the same period in 2018 and 2019 (7.05% and 6.77%). Attraction of development investment capital by the non-state sector and the foreign direct investment (FDI) sector is low. Investment of the non-state sector in 2020 only increased by 3.1%, in the first 6 months of 2021 only increased by 7.4% over the same period. Total foreign investment capital into Vietnam in 2020 decreased by 25% compared to 2019, in the first 6 months of 2021, it decreased by 2.6%. Unemployment and underemployment rates increase. In 2020, the unemployment rate of working-age workers is 2.48% (in 2019 it was 2.17%), the underemployment rate was 2.51% (it was 1.5% in 2019). In the second quarter of 2021, the unemployment rate and the underemployment rate of workers were 2.4% and 2.6% respectively, both increased compared to the first quarter of 2021 (2.19% and 2.2%, respectively) (General Statistics Office, 2021).

Among the main trading partners of Vietnam, including the US, Japan, the European Union (EU) and East Asian economies, the US economy has the most positive economic recovery. The \$1.9 trillion fiscal stimulus package of President Joe Biden's administration was approved on March 11, 2021, contributing to increasing disposable

income and boosting household consumption. Economic growth expectations are higher as the J. Biden administration ramps up public investment and the Federal Reserve shows its stance of maintaining accommodative monetary policy through 2023 (Tuan & Ngoc, 2021).

The above figures clearly reflect the very difficult operating situation of enterprises. In 2020, the number of newly registered enterprises decreased by 2.3% compared to 2019; the number of enterprises suspending business for a definite time, stopping operations waiting for dissolution procedures and completing dissolution procedures increased by 13.9%. Most of the enterprises had to suspend their business and have dissolved their activities in the field of commerce and services; Larger firms withdraw from the market more. In the first eight months of 2021, compared to the same period last year, the number of newly established enterprises decreased by 8% in number of enterprises, decreased by 7.5% in registered capital and decreased by 13.8% in number of employees over the same period last year. prior to; total additional registered capital into the economy decreased by 17%; the number of businesses returning to operation decreased by 0.6%. Business was hit across the board, most notably with micro and small businesses. Production and business activities of cooperatives, unions of cooperatives and groups of cooperatives (hereinafter referred to as cooperatives) are seriously affected. More than 90% of cooperatives reduced revenue and profit; The number of employees who are cut or quit without pay accounts for more than 50% of the total number of employees. The People's Credit Fund faces difficulties.

In the first 6 months of 2021, due to the impact of social distancing in some localities, the service sector continued to grow at a low rate, reaching only 3.96% over the same period in 2020; accommodation and food services continued to decline deeply (5.12%), transportation and warehousing services decreased by 0.39%. The real estate business is strongly influenced in the segments of social housing, low-priced commercial housing, offices for rent, tourism and resort real estate; The trend of shifting investment channels to the real estate market makes the market more exciting in other segments, but it leads to land fever, land speculation, and disturbance of land planning information, especially in areas where the market is located. the periphery of large urban areas, causing the risk of asset bubbles and macroeconomic risks. Consumption of fresh/frozen and highly seasonal agricultural and aquatic products was greatly affected; There was a situation where the price of agricultural products decreased on the spot, there

was a local stockpile, but the selling price of agricultural products to domestic consumers did not decrease. Some other industries and fields that were greatly affected at the beginning of the outbreak include textiles and garments and leather production, leather products, consumer electronics, automobile manufacturing and assembly, etc.

Policy Orientation

Due to the impact of the pandemic, many economic activities have been halted or reduced, negatively affecting state budget revenue, while the demand for spending on prevention and overcoming the consequences of the epidemic has increased. Due to budget deficits persisting for many years, coupled with monetary policy being tied to inflation and exchange rate targets, Vietnam cannot pursue macroeconomic policies in the same way as other big countries in the world. Large-scale monetary policy easing can lead to devaluation of the local currency, making the investment environment more risky, delaying foreign investment flows into Vietnam.

Therefore, in order to implement policies to support epidemics as well as natural disasters, in the coming time, the Government should take measures to mobilize financial resources in the following order of decreasing priority: (i) reduce regular expenditures of at least 10%, especially expenses that are not really necessary such as seminars, conferences, domestic and foreign business trips, etc.; (ii) take advantage of preferential loans (no interest or very low interest rates) if available from international organizations with the aim of preventing and overcoming the consequences of epidemics and natural disasters; (iii) issue government bonds with low interest rates in the context of the current excess liquidity in the financial system.

The method of raising capital through issuing government bonds should be used in moderation to ensure that the private sector can easily access capital, especially in the post-epidemic period. The principle that needs to be maintained when making policies is to always maintain macroeconomic stability. Regardless of how long the epidemic lasts, many businesses may go bankrupt, the Government still needs to ensure macroeconomic stability. It is necessary to keep inflation and interest rates low, the exchange rate stable, public investment to be properly implemented and well supervised, and the investment environment to be improved, then the economy will recover quickly after the pandemic. fast. On the contrary, it will take the next many years to solve non-epidemic problems, the economy will

stagnate for a long time like the post-crisis period of 2007-2008.

Experience In Some Countries

The long-term effects of the COVID-19 pandemic have resulted in a long-term health crisis and a major economic challenge. Many APEC economies have made some achievements in economic recovery through the issuance of effective policies such as: support for people and businesses, vaccine coverage and restoration and reopening of economic zones. domestic economic activity. However, the general trend also shows that APEC economies are cautious in restoring economic activities.

APEC member economies have also successfully applied fiscal and monetary policy tools to respond to the COVID-19 pandemic in terms of economy and finance, enhancing long-term sustainability and resilience. bear the negative impacts on socio-economic life due to the pandemic, while ensuring social security, towards a strong, sustainable, balanced and inclusive economic recovery. Fiscal policy and enhanced budget system to maintain jobs, support the disadvantaged and hard-hit areas have played a key role in limiting the negative impact of the pandemic. Economies reached consensus on maintaining supportive policies appropriate to each economy's situation, however, caution is needed to ensure the long-term goal of stabilizing the financial system.

At the beginning of 2020, the Chinese Government deployed a 4.9 trillion yuan (equivalent to 4.7% of GDP) relief package with specific fiscal measures to boost anti-epidemic spending and control the pandemic spread of viruses; manufacture of medical equipment; accelerate disbursement of unemployment insurance and expanded benefits for migrant workers; tax exemption and reduction and the obligation to pay social insurance premiums; increase public spending. (PWC, 2021).

The Japanese Government has approved economic stimulus and recovery packages to deal with the economic and social impacts of the pandemic. On April 7, 2020, the Japanese Government approved an emergency economic rescue package worth 117.1 trillion yen (equivalent to 20.9% of GDP in 2019) in addition to the economic stimulus package (effective from January 2020) and two epidemic response packages (announced in February and March 2020) have been deployed before. These huge economic stimulus packages are built on five goals, including: Developing plans to prevent, control and contain the spread of the disease, and improve the treatment capacity of the health system. ; ensuring jobs for

people and stabilizing production and business activities of enterprises; restarting economic activities after the blockade and distance; rebuild an economic structure that is resilient to disaster; strengthen resilience to future disasters.

The Thailan Government has approved the economic relief package phase 1, 2 and 3 equivalent to 9.6% of GDP (about 1.5 trillion baht). Purpose of spending on issues related to public health and people's health; support workers and businesses affected by the COVID-19 pandemic; supporting individuals and businesses through preferential loans and tax exemption and reduction; reduce electricity and water bills and social insurance premiums to be paid; implemented measures to support local tourism with 22 billion baht in subsidies for tourists and 100 billion baht in subsidies for small and medium-sized businesses in the industry in the form of concessional loans. To support people and businesses during the last 2nd and 3rd outbreak of the epidemic, the Thai Government has approved cash support packages (each person will receive 3,500 baht/month for a period of 2 months with the batch). 2nd epidemic and 3,000 baht/month for 6 months with the 3rd wave (Mezzadri & Ruqanpura, 2021).

In addition, the Thai Ministry of Finance applies a policy to reduce the excise tax on jet fuel. For tourism and travel businesses, the Thai Government supports through tax incentives and a loan program worth \$4.8 billion. The Bank of Thailand also provided loans to small and medium-sized businesses worth US\$15.9 billion, including US\$317.5 million for tourism-related businesses. The Thai government has also earmarked about US\$12.7 billion for economic and social revitalization projects, including projects related to the tourism industry, quality improvement and restoration of tourist destinations. tourism, enhancing security and health for tourists, high-tech services, and capacity building for businesses.

Policy of The Vietnamese Government

To remove difficulties, promote production and business development and economic recovery, the Politburo, National Assembly, National Assembly Standing Committee, Government, Prime Minister, ministries and branches have issued Many guidelines, policies and solutions with a total of measures, mainly short-term, to cope with the epidemic such as: The Politburo issued Conclusion No. 77-KL/TW on June 5, 2020 on advocates overcoming the impact of the COVID-19 pandemic to recover and develop the country's economy; Conclusion No. 07-KL/TW dated June 11, 2021 of the Politburo on a number of key tasks to strengthen the prevention and control of COVID-19 epidemic

and socio-economic development and Official Letter No. 1133- CV/VPTW dated June 25, 2021 of the Office of the Party Central Committee dated July 1, 2021.

The National Assembly promulgates Resolution No. 116/2020/QH14 dated June 19, 2020 on the reduction of corporate income tax payable in 2020 for enterprises, cooperatives, non-business units and other organizations; Resolution No. 124/2020/QH14 dated 11/11/2020 on the socio-economic development plan in 2021; Resolution No. 30/2021/QH15 dated July 28, 2021 on the first session, the 15th National Assembly. The National Assembly Standing Committee issued Resolution No. 979/2020/UBTVQH14 dated July 27, 2020 and Resolution No. 1148/2020/UBTVQH14 dated December 21, 2020 amending and supplementing subsection 2, Section I, of the Insurance Tax Schedule. environmental protection specified in Clause 1, Article 1 of Resolution No. 579/2018/UBTVQH14 dated September 26, 2018 of the National Assembly Standing Committee on the Environmental Protection Tariff; Resolution No. 268/NQ-UBTVQH15 dated August 6, 2021 on allowing the Government to issue a Resolution has a number of different contents than the law to meet the requirements of COVID-19 epidemic prevention and control.

The Government issued Resolution No. 42/NQ-CP dated April 9, 2020 and Resolution No. 154/NQ-CP dated October 19, 2020 on measures to support people facing difficulties due to the COVID-19 pandemic; Resolution No. 84/NQ-CP dated May 29, 2020 on tasks and solutions to continue to remove difficulties for production and business, promote disbursement of public investment capital and ensure social order and safety. society in the context of the COVID-19 pandemic; Resolution No. 63/NQ-CP dated June 29, 2021 on key tasks and solutions to promote economic growth, disbursement of public investment and sustainable exports in the last months of 2021 and early 2022 ; Resolution No. 68/NQ-CP dated July 1, 2021 on a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic; many decrees stipulating specific policies, etc.

The Prime Minister issued Directive No. 11/CT-TTg dated March 4, 2020 on urgent tasks and solutions to remove difficulties for production and business, ensure social security in response to the COVID-19 pandemic; Decision No. 15/2020/QD-TTg dated April 22, 2020, Decision No. 32/2020/QD-TTg dated October 19, 2020 on the implementation of policies to support people facing difficulties due to COVID-19; Decision 23/2021/QD-TTg dated

7/7/2021 stipulating the implementation of a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic, etc. Ministries and sectors issued many circulars, support instructions according to authority, etc.

Some Comments And Reviews

The 4th wave of the COVID-19 pandemic has caused comprehensive and profound effects around the world, including Vietnam. However, with the control of the epidemic and the acceleration of vaccination, so far the epidemic has been gradually prevented and repelled; Production and business activities and goods circulation began to be eased and returned to normal. Accordingly, the economic situation also prospered, the budget balance remained close to the set targets.

In general, the promulgated policies have a combination of fiscal policy, monetary policy and other sectoral or social security support policies, which includes a group of short-term solutions, mechanisms, policies in a number of specific industries and fields, groups of fundamental and long-term solutions to remove difficulties for economic growth, and support people and businesses; basically consistent with the evolution and impact of the epidemic, similar to the new approach of many countries around the world.

Policies are also implemented at a low cost, so they do not affect the major balances of the economy, and at the same time, they reserve room to continue developing and implementing solutions in the next period. . Many policies and solutions are highly appreciated by the people and business community. As a result, it has made an important contribution to stabilizing the macro economy, ensuring social security, helping Vietnam achieve a positive economic growth rate in 2020, maintaining the country's positive economic outlook. in the medium and long term and strengthen the confidence of people and businesses in the policies of the Party and the State.

In order to cope with the impacts of the COVID-19 pandemic, in 2021, Vietnam will continue to maintain supportive policies on taxes and fees to remove difficulties and promote production and business, such as delaying and delaying payment. tax, corporate income tax reduction, value-added rental for a number of fields affected by the COVID-19 epidemic in the fourth quarter of 2021; allocating resources to purchase vaccines, medical equipment and epidemic prevention and control, supporting workers who lost their jobs, as well as using fiscal tools effectively and in line with the current situation. figure of each stage; Maintaining targeted

support measures focusing on subjects and fields heavily impacted by the pandemic will continue to be Vietnam's policy priorities in the coming time. In order to achieve a sustainable, balanced and comprehensive recovery, Vietnam continues to pursue flexible and tight fiscal policy, combined with monetary policy to ensure macroeconomic stability and target growth in the medium and long term.

CONCLUSION

Over the past time, we have achieved certain results in promulgating and implementing policies to help mitigate the impact of the epidemic and ensure the successful implementation of dual goals. However, the actual implementation has shown a number of shortcomings, while the COVID-19 pandemic is unprecedented, putting great pressure on the time and workload of promulgating policies.

From the economic point of view, the general view is that supporting businesses, cooperatives and people to promote production and business development will most directly serve the goals of economic growth and stabilizing social life. Therefore, support must be drastic, strong, continuous, transparent, public, transparent, right for the right audience, timely and easily accessible; the scale of support must be commensurate with the severe impact of the epidemic; conditions and standards of support packages must be feasible; processes and procedures to receive support must be simplified to the maximum; at the same time, there is a mechanism to closely monitor and inspect the implementation and handle sanctions to avoid taking advantage of and taking advantage of the policy.

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