

Review Article

# Vietnam's Economic Growth in the Period 2020-2022

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**Abstract** - The paper aims to research and evaluate Vietnam's economic growth in the period 2020-2022. On the basis of collected data and using comparative and analysis methods, the study results show that Vietnam's economic growth in 2020-2022 has achieved positive results. Both gross domestic product growth and growth quality have increased. In the period 2020-2021, due to the impact of the Covid-19 pandemic, Vietnam's economic growth rate slowed down and did not reach the set target. Facing that situation, the Government's macroeconomic policies have contributed to overcoming the epidemic's impact and recovering the economy. GDP in 2022 increased sharply to 8.02% compared to the previous year.

**Keywords** - Economic growth, Vietnam, GDP, 2020-2022.

## 1. Introduction

According to Vietnam's five-year socioeconomic development plan 2016-2020, the set economic indicators include: The average gross domestic product (GDP) in five years is 6.5 - 7% per year. The share of industry and services in GDP in 2020 is about 85%. Total social investment capital on average in 5 years is about 32-34% of GDP. The state budget deficit in 2020 is less than 4% of the GDP. Total factor productivity (TFP) contributes to about 30-35% growth. The average social labor productivity increases by about 5%/year [1]. The outbreak of the Covid-19 epidemic in 2020 has seriously affected all aspects of socioeconomic life and failed to achieve the goals of the proposed socioeconomic development plan. One of the important indicators to evaluate economic development results is the economic growth rate. Therefore, it is necessary to analyze and evaluate the current status of Vietnam's economic growth in the period 2020-2022.

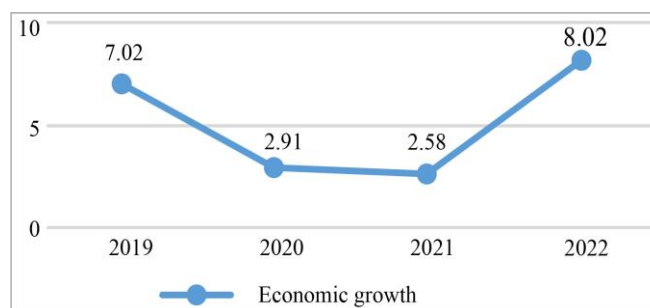
## 2. Methods

Methods of data collection: Secondary data was collected from an information site on acute respiratory infections Covid - 19 of the Ministry of Health of Vietnam, Instructions from the Government of Vietnam about regulations and measures to prevent and prevent epidemics, Report on the socioeconomic situation in the period 2020-2022 of the General Statistics Office.

Methods of processing and analyzing data: Data processing methods used are Synthesis, statistics, and the comparative method. Data collected is synthesized, statisticed and illustrated through tables and graphs. Data on Vietnam's economic situation is synthesized and compared with the pre-epidemic period to analyze and evaluate Vietnam's economic growth.

## 3. Results and Discussion

In the period 2020-2021, the economic growth rate decreased in the context of complicated developments of the Covid-19 epidemic, negatively affecting all socioeconomic fields. In 2020, economic growth was estimated at 2.91%. In 2021, it will reach 2.58%. Facing that situation, the Government's macroeconomic policies have contributed to overcoming the epidemic's impact and recovering the economy. GDP in 2022 was estimated to increase by 8,02% compared to the previous year, achieving the highest increase in the period 2011-2022 due to the economic recovery.



Source: General Statistics Office of Vietnam

Fig. 1 Vietnam's economic growth in the period 2019-2022

GDP in 2020 increased by 2.91% [6], although being the lowest increase of the period 2011-2020, in the context of the Covid-19 pandemic happened complicatedly, negatively affecting all socioeconomic fields, this is a great success for Vietnam with the growth rate in 2020 among the highest in the world. It suggests that the precision in the direction and administration to recover the economy, prevent disease and strive for agreement of the entire political system, the Government, the Prime Minister, efforts of people and the business community to effectively achieve the goal of "both



preventing pandemics and developing socioeconomic". In the general growth rate of the whole economy, the agriculture, forestry and fishery sector increased by 2.68%, contributed 13.5% to the growth rate of the total added value of the whole economy; industry and construction increased by 3.98%, contributed 53%; the service sector increased by 2.34%, contributed 33.5%. In the agriculture, forestry, and fishery sector, due to the production of several perennial crops, major livestock products, and shrimp in 2020 increased fairly, so the growth rate of this area was higher in 2019. Of which, the agricultural sector increased by 2.55%, only lower than the growth rate of 2011, 2012 and 2018 in the period 2011-2020, contributing 0.29 percentage points to the growth rate of the total value-added of the whole economy. The forestry sector increased by 2.82% but accounted for a low proportion, so it only contributed 0.02 percentage points; the fishery sector increased by 3.08%, higher than 2.80% in 2015 and 2016 for the period 2011-2020, contributing 0.1 percentage points. In the industry and construction sector, the industry in 2020 increased by 3.36% over the previous year and contributed 1.12 percentage points to the growth rate of the total added value of the whole economy. Of which, the processing and manufacturing industry played a key role in driving the growth of the economy with an increase of 5.82%, contributed 1.25 percentage points; electricity production and distribution increased by 3.92%, contributed 0.19 percentage points; water supply, waste and wastewater management and treatment rose by 5.51% and contributed 0.04 percentage points; mining decreased by 5.62% (due to a decrease of 12.6% in crude oil production and an 11.5% decrease in natural gas), causing a reduction of 0.36 percentage points in the overall growth rate. The construction industry increased by 6.76%, higher than the growth rate of 2011, 2012, and 2013 in the period 2011-2020, which contributed 0.5 percentage points. The Covid-19 pandemic evolved too complicated, seriously affecting commercial and service activities. The service sector in 2020 reached the lowest growth rate of the period 2011-2020. Contribution of some market services to the growth rate of total added value in 2020 was as follows: Wholesale and retail increased by 5.53% over the previous year, contributed 0.61 points percent; finance, banking, and insurance increased by 6.87%, contributed 0.46 percentage points; transportation and warehousing down 1.88%, caused a decrease of 0.06 percentage points; the accommodation and catering services sector down 14.68%, caused a decrease of 0.62 percentage points. Regarding the economic structure in 2020, the agriculture, forestry, and fishery sector accounted for 14.85%; industry and construction accounted for 33.72%; the service sector accounted for 41.63%; Product tax minus product subsidies accounted for 9.8%.

Regarding the use of GDP in 2020, final consumption, asset accumulation, exports of goods and services, and imports of goods and services respectively rose by 1.06%;

4.12%; 4.97%; 3.33%. The labor productivity of the whole economy at current prices in 2020 was estimated at 117.9 million VND/employee (equivalent to 5,081 USD/employee, an increase of 290 USD compared to 2019); labor productivity at a constant price increased by 5.4% due to an increase in qualifications of workers (the rate of trained workers with diplomas and certificates in 2020 was 24.1%, higher than 22.8% in 2019). The incremental output ratio (ICOR coefficient) decreased from 6.42 in 2016 to 6.11 in 2017, 5.98 in 2018, and 6.08 in 2019. On average, in the period 2016-2019, the ICOR coefficient reached 6.13, lower than the coefficient of 6.25 for the period 2011-2015. Especially in 2020, due to the negative impact of the Covid-19 pandemic, production and business activities of the economy were stalled, and the projects completed and put into use could not be fully utilized, so the ICOR in 2020 was 14.28; on average, in the period 2016-2020, ICOR was 7.04 [3].

GDP in 2021 was increased by 2.58% (the first quarter increased by 4.72%; the second quarter by 6.73%; third quarter by 6.02%; the fourth quarter increased by 5.22%) [7] over the previous year due to the Covid-19 seriously affected all areas of the economy. Especially in the third quarter of 2021, many focused economic localities had to implement prolonged social distancing to prevent the Covid-19 epidemic. In the general growth rate of the whole economy, the agriculture, forestry, and fishery sector increased by 2.9%, contributing 13.97% to the growth rate of total value added of the economy; the industry and construction sector increased by 4.05%, contributing 63.80%; the service sector up 1.22%, contributing 22.23%. In the field of Agriculture, forestry, and fishery, the productivity of most crops was quite good compared to the previous year, livestock has grown steadily, and the export turnover of some agricultural products increased in 2021, contributing to maintaining the growth rate of the field. The Agricultural sector increased by 3.18%, contributing 0.29 percentage points to the growth rate of the total added value of the economy; the forestry sector up 3.88%, contributing 0.02 percentage points; the fisheries sector increased by 1.73%, contributing 0.05 percentage points. In the industry and construction field, the processing and manufacturing sectors continued to be the economic engine with a growth rate of 6.37%, contributing 1.61 percentage points to the growth rate of total value added to the economy. The electricity production and distribution industry increased by 5.24%, contributing 0.19 percentage points. The mining industry decreased by 6.21%, down 0.23 percentage points due to the 5.7% decrease in crude oil production and the 19.4% decrease in gaseous natural gas. The construction industry increased by 0.63%, contributing 0.05 percentage points. The complicated development of the Covid-19 epidemic since the end of April has seriously affected commercial and service activities. The negative growth of some service industries accounted for a large proportion, reducing the overall growth rate of the service

sector and the whole economy. The wholesale and retail industry decreased by 0.21% over the previous year, reducing 0.02 percentage points in the growth rate of the total added value of the whole economy; the transportation and warehousing industry decreased by 5.02%, decreasing by 0.3 percentage points; the accommodation and foodservice industry dropped sharply by 20.81%, down 0.51 percentage points. The health sector and social assistance activities achieved the highest growth rate in the service sector with an increase of 42.75%, contributing 0.55 percentage points; financial, banking, and insurance activities increased by 9.42%, contributing 0.52 percentage points; information and communication industry increased by 5.97%, contributing 0.36 percentage points.

Regarding the economic structure in 2021, the agriculture, forestry, and fishery sector accounted for 12.36%; industry and construction accounted for 37.86%; the service sector accounted for 40.95%; product tax minus product subsidies accounted for 8.83%. Regarding GDP use in 2021, final consumption increased by 2.09% compared to 2020; accumulated assets increased by 3.96%; exports of goods and services increased by 14.01%; imports of goods and services increased by 16.16%. Labor productivity of the whole economy at current prices in 2021 is estimated at 171.3 million VND/employee (equivalent to 7,398 USD/employee, an increase of 538 USD compared to 2020). At constant prices, labor productivity in 2021 increased by 4.71% due to improved qualifications of workers (the proportion of trained workers with degrees and certificates in 2021 reached 26.1%, higher than 25.3% in 2020) [4].

GDP in 2022 was estimated to increase by 8.02% compared to the previous year, achieving the highest increase in the period 2011-2022 due to the economic recovery. Of the increase in the total added value of the whole economy, the agriculture, forestry, and fishery sector increased by 3.36%, contributing 5.11%; the industry and construction sector increased by 7.78%, contributing 38.24%; the service sector increased by 9.99%, contributing 56.65%. The agriculture, forestry, and fishery sector continue to play a supporting role in the economy, in which the output of the number of perennial industrial crops has increased, livestock production has grown steadily, and the export of agricultural products has achieved impressive results by improving product quality, promoting trade promotion and diversifying export markets. The agricultural sector increased by 2.88%, contributing 0.27 percentage points to the growth rate of the total added value of the whole economy; forestry increased by 6.13%, contributing 0.03 percentage points; the fisheries sector increased by 4.43%, contributing 0.12 percentage points. In the industrial and construction sectors, businesses have been more proactive regarding labor and production and business plans, overcoming difficulties to recover and expand production. The processing and manufacturing industry continued to be the growth engine of the whole

economy, with an increase of 8.10%, contributing 2.09 percentage points to the growth rate of the total added value of the whole economy. Water supply, management, and treatment of waste and wastewater increased by 7.45%, contributing 0.04 percentage points. Electricity production and distribution increased by 7.05%, contributing 0.26 percentage points. The mining industry increased by 5.19%, contributing 0.17 percentage points. The construction industry increased by 8.17%, contributing 0.59 percentage points. The service sector recovered and grew stronger, with the growth rate in 2022 reaching 9.99%, the highest in the period 2011-2022. Some market service industries increased sharply, contributing much to the growth rate of the total added value of the whole economy as follows: Wholesale and retail increased by 10.15% compared to last year, contributing 0.97 percentage points; transportation and warehousing increased by 11.93%, contributing 0.69 percentage points; the accommodation and food service sector had the highest increase in the service sector with an increase of 40.61%, contributing 0.79 percentage points; financial, banking and insurance activities increased by 9.03%, contributing 0.53 percentage points; information and communication industry increased by 7.80%, contributing 0.5 percentage points. Particularly, the health sector and social assistance activities decreased by 7.6%, down 0.13 percentage points because the Covid-19 epidemic was under control, so spending on disease prevention and control decreased compared to 2021. Regarding the economic structure in 2022, the agriculture, forestry, and fishery sector accounted for 11.88%; industry and construction accounted for 38.26%; the service sector accounted for 41.33%; product tax minus product subsidies accounted for 8.53%.

Regarding GDP use in 2022, final consumption increased by 7.18% compared to 2021, contributing 49.32% to the overall growth rate; accumulated assets increased by 5.75%, contributing 22.59%; exports of goods and services increased by 4.86%; imports of goods and services increased by 2.16%; the difference between import and export of goods and services contributed 28.09%. GDP scale at current prices in 2022 was estimated to reach 9,513.3 million billion VND, equivalent to 409 billion USD. GDP per capita in 2022 at current prices was estimated at 95.6 million VND/person, equivalent to 4.110 USD, up 393 USD compared to 2021. Labor productivity of the whole economy in 2022 at current prices was estimated at 188.1 million VND/ employee (equivalent to 8.083 USD/employee, up 622 USD compared to 2021). At constant prices, labor productivity in 2022 was up 4.8% due to improved qualifications of workers (the proportion of trained workers with diplomas and certificates in 2022 reached 26.2%, higher than 0.1 percentage points compared to 2021) [5].

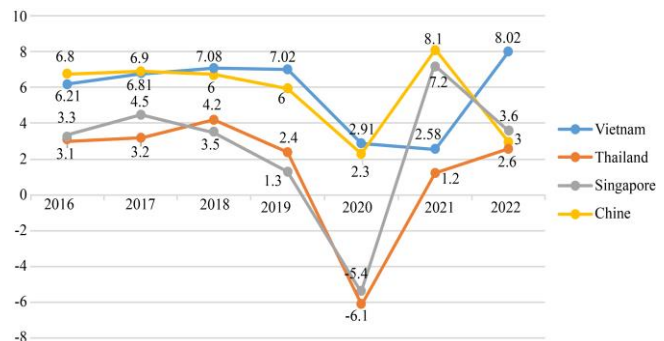
Due to the impact of the Covid-19 epidemic, Vietnam's economic growth rate in 2020 only reached 2.91% and 2.58% in 2021, the lowest growth rate in the period 2010-

2021. Vietnam did not reach the GDP growth target in 2020 and 2021. In 2020, although all three sectors had positive growth, the growth rate of the industry and construction sector and the service sector decreased, and only the agricultural sector had a higher growth rate than in 2019. In 2021, the growth rate of the service sector has decreased, and the industry and construction sector and agricultural sectors have a higher growth rate than in 2020. However, in the context of the COVID-19 epidemic that negatively affects all socioeconomic sectors, thanks to the right policy solutions of the Government, Vietnam has had great success in reviving and developing economic development. In the context of a pandemic, the State has quickly taken drastic measures, first to limit the spread of epidemics and then to economic development. The solutions have proved to be initially successful in controlling the epidemic and recovering and developing socioeconomic.

The socioeconomic situation of Vietnam in 2022 takes place in the context of rapid and unpredictable world economic changes that increase risks to financial markets, currency, energy security, and food security. Global. With the determination to recover and develop the economy, creating momentum to complete the socioeconomic goals of 2022 and the period of 2021-2025. According to the Resolution of the XIII Party Congress, the Government and Prime Minister have directed the Ministry, branches, and localities drastically implement the tasks and solutions of Resolution No. 01/NQ-CP, Resolution No. 02/NQ-CP, Resolution No. 11/NQ-CP on the Program on economic recovery and development socioeconomic. Macro-economy continues to remain stable; inflation is under control, major balances are ensured, and Monetary and fiscal policies are operated proactively, flexibly and effectively. The business investment environment has been positively improved, contributing to socioeconomic recovery and development and creating the trust and support of the People and the business community. On that basis, our country's socioeconomic development in 2022 will prosper in most fields, and many industries have recovered strongly with high growth rates. Production and business activities recovered positively in all three economic sectors. GDP in 2022 increased sharply to 8.02% compared to the previous year, the highest increase in years in the period 2011-2022.

In the period 2020-2022, Vietnam's economic growth rate is higher than that of some other countries in Asia, such

as Thailand, Singapore and China. In 2020, due to the influence of the Covid-19 pandemic, most economies in the region and the world fell into recession, even with negative economic growth like Thailand (- 6.1%) and Singapore (- 5.4%). Although the economic growth rate has been reduced, Vietnam is still one of the countries with a positive growth rate (2.91%) and one of the countries with the highest growth rate in the world. In 2021, Vietnam's economy still grew due to the continued influence of the Covid-19 pandemic. However, the growth rate decreased to 2.58%, not meeting the set target and lower than some countries in the region, such as Singapore (7.2%) and China (8.1%) [10]. In 2022, Vietnam's economic growth reached 8.02%, higher than some countries in the region, such as Thailand (2.6%), China (3%), and Singapore (3.6%) [8].



Source: World Bank

Fig. 2 Economic growth rate of some countries in Asia in the period 2016-2022

#### 4. Conclusion

The results of the study show that Vietnam's economic growth in the period 2016-2019 has achieved positive results. Both gross domestic product growth and growth quality have increased. In the period 2020-2021, due to the impact of the Covid-19 pandemic, Vietnam's economic growth rate slowed down and did not reach the set target. Facing that situation, the Government's macroeconomic policies have contributed to overcoming the epidemic's impact and recovering the economy.

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