

RESEARCH SUMMARY

Topic: Evaluating the Vietnam's sustainability of external debt

Research group: Pham Thi Thao

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Prize: Second prize at UEB level

1. Theatrical contributions

- The research analyzed and systemized the evaluation criteria about sustainability of external debt of some international financial organizations such as: International Monetary Fund (IMF), World Bank (WB); The research analyzed and systemized the supervision criteria about sustainability of external debt which National Assembly of Vietnam recommended.
- The research used the expansive static Jaime De Pines Model to evaluate and predict Vietnam's sustainability of external debt. This model not only studied the impact of the balance of current account (export and net transference, import) but also studied the impact of overspending of government budget to Vietnam's sustainability of external debt. In addition, overspending of government budget is a factor which is inspected, influenced partly the sustainability of government's loans.

2. Practical contributions

- Based on the evaluation criteria about sustainability of external debt of IMF, WB and the supervision criteria about sustainability of external debt of National Assembly of Vietnam, the research indicated that at the present, Vietnam's external debt is sustainable. If it mentioned the non guaranteed external loans and the fluctuation of debt all over the world in recent years, Vietnam's external debt is still evaluated at low risk level.

- The result of calculating and using Jaime De Pine's Dynamic Debt Model: in the present period, Vietnam's debt – to – export ratio is less than 100%. That infers Vietnam's external debt is sustainable.
- By using the expansive static Jaime De Pines Model, the research surveyed, predicted Vietnam's sustainability of external debt from now to 2020. The research group generally calculated 27 different projects. As a result, from now to 2020, Vietnam will be able to have debt crisis if the import growth ratio is higher than the export growth ratio, Vietnam may deep into the external debt crisis, which starts by 2018. Therefore, to ensure the sustainability of external debt in medium-term and long – term, Vietnam needs to maintain the import growth ratio at the level that is not over export growth ratio.

3. Recommends from research result

Based on the evaluation criteria about sustainability of external debt of Vietnam now and the prediction about the debt crisis ability in the future, the research group offer:

- Creating borrowing strategies.
- Enhancing the control and effects of using external debt.
- Publicizing and transparency of the information.
- Enhancing the role of test system, finance supervision.
- Reducing the government budget deficit and the balance of current account deficit.
- Toward to savings – investment balance.
- Enhancing management of borrowing the non guaranteed external loans.