

August 15, 2015

## COUNTRY REPORT ON IMPLEMENTED SNA IN VIETNAM

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### **1. Introduction**

Since 1989, the System of National Account have been studied and implemented in Vietnam in order to replace the old Material Product System (MPS), which had been in effect from 1960 to 1992. This conversion inherited old content and methods which was in line with SNA and absorbed new concepts and methods of SNA. Pursuing Prime Minister's Decision 183/TTg, dated 25/12/1992, Vietnam has officially applied the SNA since 1993. Soon then, Vietnam has basically conversed its integrated statistics system- its contents, scope, and methods- into SNA statistics.

### **2. Main results**

After more than 20 years studying and putting into practice, with assistance of UN Statistics Division, and Asian Development Bank (ADB), SNA statistics in Vietnam has achieved certain progress, and playing vital role in economic planning and monitoring.

#### **a. Compiling major economic indicators**

##### *a.1. Gross Domestic Product (GDP)*

- Annual GDP: Annual GDP in current price and in 2010 price have been calculated for the country and at regional categorize. This indicator is first estimated in September, December of the present year and officially calculated in September of the next year. At present, GDP is estimated by income approach, production approach and final consumption approach.

- GDP: Quarterly GDP first calculated in 1999 in constant price and current price. At regional level, about one third of provinces have been calculated quarterly GRP. This indicator was first estimated by the end of the

last month of the reference quarter, then revised 2<sup>nd</sup> time by middle of the next month. The last revision of quarterly GDP is taken by the time annual GDP is officially calculated. Quarterly GDP is estimated by, production approach and final consumption approach.

- Source of input data:

+ Data from Enterprises Survey; Household's non-farm production Survey Agriculture and Aquaculture survey; Household Living Standard Survey.

+ Typical statistic reports from other statistic department, such as gross output of agriculture and aquaculture; gross output of industry; Trading volume records; and price indices (Consumer's price index, Producer's price index...)

+ Other statistic information provided by ministries: National budget statistics, money and banking statistics and employment statistics.

#### *a.2. Other economic statistics*

- Use of GDP:

+ Final consumption: Final consumption of household and government, Gross Capital Formation (fixed assets and inventories); Export, Import. These indicators are calculated annually and quarterly.

+ For the country, these statistics are valued in current price and in fixed price (2010 price). For regional disaggregated level, these indicators are not computed regularly due to the lack of information and its accuracy.

- Distribution and redistribution of GDP

SNA Statistics Division in GSO has been tabulating a set of indicators that reflect process of distribution and redistribution of GDP such as Gross National Income (GNI); National Income (NI); National Disposable Income (NDI); Gross Saving; Gross Capital Formation Income; Current Transaction... on national scope, by institutional sectors. These indicators are disseminated annually.

#### **b. Compiling major National Accounts**

The General Statistics Office have been compiled several accounts, such as Production Account, Income Account, Rest of the World Account and Financial Account.

### **c. Input/Output Table**

Since 1989, Vietnam have been compiles four IO tables: 1989 IO table with 54 products; 1996 IO table with 97 products; 2000 one with 112 products and 2007 IO with 138 products. Now we have just finished samlpe survey for compiling 2012 IO table with 168 products and we prepare to publish. The compilation of IO table requires a large volume of detailed information and a certain level of statistics and information technology. This is a proof for the success of SNA statistics in Vietnam. IO table have played in crucial role in quantitatively economic forecasting and economic impact analysis in Vietnam.

### **d. Integrated Indicators in SNA by region**

In Vietnam, integrated indicators in SNA are not only estimated for whole economy but also at regional level. Statistics information system, included integrated indicators helps local government understand real economic situation of province/ city and help them planning development strategies, implementing and monitoring these strategies and policy in practice.

The General Statistics Office has 63 provincial offices, who plays an important role in data collection and processing. They also have the duties to calculate major economic indicators within province's scope, such as Gross Output and Valued Added by industries and by economic sectors, and Gross Regional (Provincial) Production by production approach. The estimation of integrated indicators at local level, especially GRDP is one of the main tasks of statistics organizations to meet the demand of statistics information of local government

### **e. Pricing**

SNA statistics in constant price is often used for the purpose of comparing over time. Valuation of GDP/ National Income at constant price aims to exclude the effect of price changes due to inflation and change of GDP at constant price only describing the change of production volume.

In Viet Nam, the first year of economic - development planning period of country (of five or ten years) was often chosen as base year in estimation of GDP at constant price. For example, long time back, National Income indicator (in MPS's term) was estimated at 1960, 1970 and 1980 prices. For the period of 1989 - 1994, base year of 1989 was chosen to estimate GDP at constant price and was base year of 1994 for period of 1995 onward- Although in short period (1989 - 1994) two base years was selected in consistent with economic development period to meet the demand of economic studying and management. At present, 2010 is chosen to be the base year for the period after 2010.

Basing on information source and specific feature of each sector (kind of economic activity) to set up the methodology of estimation of GDP at constant price. Different methods of estimation are used to serve the purpose of excluding the effect of price change in valuation of GDP. In Viet Nam, following methods were applied:

- Set up "the Fixed Price Table of Base Year" for major products in Agriculture; Forestry; Fishery sectors. Gross output of one sector is estimated by multiplying product's volume with base year price of products in that sector . The current table is 2010 price table.

- Industry sector: Mining and quarrying, Manufacturing and Electricity and Water supply sector at constant price have been calculating based on Production Price Index (PPI).

- Services activities is based on CPI and PPI to calculate in constant price.

- Value added at constant price is the residual between Gross Output and Intermediate Consumption .

Indicator of National Income in the past and GDP was estimated by two approaches: Production and Expenditure approach and it appears a statistical discrepancy item between two approaches. In order to avoid big statistical discrepancy and linking logically of time series data among the indicators: GDP, Final consumption, Gross capital formation, Export and Import of goods and services, it should be noted that:

Result of final estimation at constant price was often checked in both absolute figure and deflated indexes among indicators in the source and the use sides for estimated year and time series data.

### **3. Some problem of SNA statistics in VietNam**

a. Quality of calculating GRP at provincial level and the need to harmonized of GDP at nation-wide scope

Integrated indicators in SNA are not only estimated for whole economy but also by provinces. However, lack of methods and experiences in compiling SNA statistics at regional level lead to inconsistent in trend, volatility and real volume between nation-wide GDP and GRP from 63 provinces. Problems should be solved in estimates of GRP are:

Reconciling the difference between nation-wide GDP and summing up GDP by province. Although PSO has responsibility to collect data of all business units that are located in province, the following data are insufficient: (i) Operation of nation-wide corporations, data of conglomerates, such as: railway corporation, airline corporation, post and communication corporation, banks and insurance corporation; (ii) Value of such activities as administrative management, defense and security at central level.... (iii) Information reflecting informal sector.

Statistics and observation of the movement of residents is still weak and haven't been took shape to a system from the center to the local. In order to ensure the rule of activities and area, statistics of national account has base on statistic unit which is enterprise. Up to now, a list of enterprises for the whole country by activities and local area is not available.

An united process from center to local for calculating national account indicators, in which, input information, IC ratio, and output indicators are linked by clearly and science steps hasn't been built. That is significant base for the user to well understand the information source and approach of national account statistics

To solve those problem of disparity between the central figure and local, National Accounts Statistics Department (NASD) has try to applied the concept

of resident units at provincial boundary and provide better supervision of method that is used in estimates of GRP and other indicator. GSO decides to calculate GRP of 63 provinces and cities. That mission will begin from 2017. PSOs are responsible for collecting input data which is volume and value of production of some sectors. For the nation-wide corporation, GSO will collect and allocated to 63 provinces and cities. GSO will also compile price index and Intermediate consumption by region and set the common regulation to calculate GRP.

#### b. Application of 1993 SNA and preparation 2008 SNA

VietNam is applying 1993 SNA, but until now, national account statistics hasn't thorough performed some contents suggested by 1993 SNA such as statistics of ouput of informal sector; quarterly GDP by institutional sector, by region, export and import by provinces...

The General Statistics Office is being in the process of preparing conditions for applying the 2008 SNA in Vietnam national account system, which is supposed to be carried out in 2017-2018. Staff of the National Account Department translated the 2008 SNA to Vietnamese and are revising the Handbook on sources and methods of the Vietnam System National Accounts.

As well as 1993 SNA, in order to implement 2008 SNA, we face the problem in lack of information, such as:

- Information relating to expenses on military weapon: it is considered as secret information in State budget.

- Information to compile the output of Science and development, current information is mainly collected from State budget and enterprise survey.

- Information of estimate and allocate according to the suggested method in 2008 SNA

- Information on non-observed sector ...

#### **4. Plan in future:**

- Learn experiences of other countries in order to aply in Vietnam

- Carry out the project of calculating gross regional domestic products for provinces, allocate output of national corporations for their branches

- Prepare to apply 2008 SNA : Complete the guide book on applying SNA 2008, set up input information base; revise the management statistic report, add more detail questions to surveys in order to get further information...

### **5. Questions for teachers and expectations from the course**

- Study about practical model in the implementation 2008 SNA, such as : How to collect full information for the R&D; Understand more about the allocation of Fisim, what different between 1993 SNA and 2008 SNA? How to allocate output of national corporations to provinces?...

- Experiences on building the action plan for implement 2008 SNA