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**ASSESSING THE IMPACT OF COVID-19 ON THE ECONOMICS OF
RUSSIA AND VIETNAM AND THEIR ECONOMIC RELATION.**

Abstract: The Covid-19 pandemic had a major effect on both Vietnam and Russia, but it did not significantly alter the framework or patterns of interaction between the two countries. Regardless of the negative impacts, both countries would potentially solve them in order to achieve economic growth and social stability. Both sides, however, must foster cooperation not only in terms of politics and security-defense, but also in other fields, especially bilateral trade, in order to help the national economy, recover more quickly and improve the efficiency of a substantive strategic relationship.

Key words: Covid-19, GDP growth, unemployment rate, Consumer price index, economy, M&A

INTRODUCTION

The new 2019 coronavirus (COVID-19) disease has spread globally and become one of the most serious medical crises ever. While the health is directly affected through inhalation transmission, the economies are impacted indirectly mostly by the result of preventive measures taken by the governments to limit the spread of the disease. The United Nations has warned: “The pandemic is not only causing the health crisis but is more focused on the profound economic and social impacts. While the magnitude of the pandemic's impact will vary from country to country, it can increase poverty and inequality at a global scale, further making the achievement of the sustainable development goals. becomes more urgent. Without quick socio-economic responses, the global suffering will escalate, threatening human lives and livelihoods for many years to come”. With this situation, some countries had rapid response and high precautions, therefore the pandemic's impact was not too significant, such as Laos, Thailand, New Zealand, Mongolia and Vietnam. Meanwhile, such developed countries like the United Kingdom, the United States of America, or Russia have been suffering a terrible loss of lives and properties due to later and less strict preventive measures. The main measures adopted by most countries to limit the spread include closing the borders, partially or entirely shutting down all economic activities including businesses, schools and social services; and implementing lock down. Time is key when it comes to the application of appropriate policies of the government. The effects of the pandemic on every single aspect of the economy will be analyzed and compared more detailed in this article in two contradictory nations in terms of development level and COVID-19 preparation level, namely Russia and Vietnam.

1. Assessing the world situation

Very bleak is the general picture of the situation of the economy and world trade in recent times, and also in the coming time. From December 8th 2019, the outbreak of Covid-19 epidemic in China has impacted severely on the global economy and was officially declared as a global pandemic by WHO on March 11th, 2020. So far, when the pandemic in China has calmed down, the other side of the globe has suffered phase 2 of the outbreak, even with a fiercer impact than the previous one. At the end of February, many leading economies have undergone complicated transformations such as the US, Russia, Italy, France, UK, Korea, ... etc. And this second wave increased rapidly, countries in Europe such as France, Germany, Russia were preparing to quarantine the whole society for the second time. As of November 30th, 2020, the epidemic has spread to all countries and regions, with more than 64.4 millions cases and nearly 1.5 millions deaths; of which, only in October and the first half of November 2020, the number of infections increased nearly 3 times. With extremely complicated epidemic situations, many countries, especially those in Europe and the USA had to drastically apply isolation and blockade measures, and many economic activities have to be stalled. The COVID 19 can be seen like bad news for the world economy and trade.

World trade was affected in both aggregate supply and demand. Due to lockdowns, quarantines, travel restrictions, Socio-economic activities are postponed, production and business procedures are discontinued, shortage of input leads to freezing or sharply decreasing supply and demand is significantly weak. The Economic recession has also hit export and import activities of many countries hard. A press released by WHO on April 8th, 2020, forecasts that global trade in 2020 would decrease by about 13 - 32% compared to the previous year, depending on disease severity. Fortunately, On October 6th, WTO's revised press predicts only a 9.2% decline in global trade in commodities by 2020, and hopefully

followed by a 7.2% increase by 2021. It means that the second prediction of trade decline is much less than the initial one, but there is still considerable uncertainty about the strength and level of the future recovery. The relatively rapid rebound action in certain countries like Vietnam, Thailand, New Zealand, providing fiscal and monetary support has helped mitigate certain of the negative economic impacts.

Unlike trade, because of a resurgence of COVID-19 in recent months, **GDP** fell more than expected in the first half of 2020, causing forecasts for the year to be downgraded. Consensus estimates now put the decline in world market-weighted GDP in 2020 at -4.8% compared to -2.5% under the optimistic scenario outlined in the WTO's April press. GDP growth is expected to pick up to 4.9% in 2021, but this is highly dependent on policy measures and on the severity of the disease.

In terms of **unemployment status**, Workplace closures with the rapid deterioration of economic conditions, resulted in immediate and significant losses in employment in the first half of 2020. Unemployment reached the range of 8 to 10% in most countries, except for some countries in South America and Africa with 10 - 15%. The International Labor Organization (ILO) points out that in the first quarter of 2020, an estimated 5.4% of global working hours were lost compared to the fourth quarter of 2019, and for the second quarter is at 14.0% on the global average. The reduced hours are different among countries and the reason for that difference varies. In certain countries, working hours are employed but not active, for example, people are brought in temporary leave, while in others, workers are forced into unemployment and inactivity. In addition, the crisis is hitting female workers harder than male workers. According to ILO, nearly 510 million, or 40% of employed women all over the world work in the front-line industries which are severely affected by the crisis, namely health and social care sector, tourism sector, accommodation and food services; wholesale and retail

trade. Female employees are highly vulnerable to containment measures and they are burdened by a higher risk of collapse and an increased unpaid work.

In the matter of the **financial markets**, according to the OECD, stock markets have declined over 30%. At first, stock markets seem to ignore the pandemic until 21 February 2020. From then, it reacted strongly to the increase in the number of infected people in each country. Such indices like S&P 500, STOXX 600, NIKKEI 225 started to decline sharply by approximately 25 - 30% at the end of February compared to the beginning of the year. It took only one month for the S&P 500 to lose one-third of its value in March. This means volatilities of equities have reached crisis levels; and credit spreads on non-investment grade debt have widened sharply as investors reduce risks. At the end of May, those indices started to show signs of recovery and prices rebounded all around the world with an intervention of central banks. This turmoil in global financial markets is still occurring despite the substantial financial policies in the post-crisis era.

Regarding the **aviation industry**, at the beginning of 2020, travel restrictions have been imposed, air travel and transport have collapsed as strict social distancing measures. Global commercial flights were down by 74% between January 5th and April 18th, 2020. The decline suggests a simultaneous slowdown in both merchandise trade and commercial services trade since international flights are linked to trade services such as travel and air transport. From mid-June, flights have recovered about 50%, which possibly indicates that the beginning of a recovery as the pandemic has eased, but prevention and quarantine measures still have to be followed closely.

In short, among many other detrimental consequences of COVID-19 causing to the global economy and each national economy, the following are signs of global recession:

- GDP growth declined sharply, even negative growth

- The stock market dropped deeply by 25 - 30%, the risk in the market increased suddenly, meaning a low level of investor's confidence and corporate's credit
- Oil price movements plummeted downward (over 50%) due to a sharp decline in demand, partly resulting in a fall in GDP
- Gold price fluctuates strongly, with a high range of fluctuations
- Unemployment increased rapidly, especially in the US
- Manufacturing indexes in most countries plummeted, indicating the breakdown of the supply chain and production suspension
- Global trade and retail sales declined along with a weak consumer demand.

2. Assessing Russia's situation

Same situation with many other countries in the world, some industries had to stop their operations completely and their employees were dismissed without any income during the pandemic. Most affected were the travel industry (including airports, hotels), the entertainment industry (museums, cultural institutions, sports, bars and restaurants, conference and exhibition companies). Most shops were closed except for groceries and pharmacies. Many small and medium-sized enterprises were heavily hit. But many other centres of production including Russia's vast oil fields and natural resource extraction sites remained opened throughout the pandemic.

The closure and contraction of the most affected industries from the pandemic crisis formed a structure of unemployment, as well as people who are formally employed, but are on unpaid dismissals.

Russia is a significant crude oil producer, contributing for 13% of global output. At the same time, oil prices essentially decide the Russian economy, as about 14% of GDP comes from the base materials market. Russia's level of oil supply remains

virtually stable, whereas oil prices are extremely unpredictable. This suggests that the volatility of Russia's super-profits is dictated not by the amount of production, but by the oil price, which does not depend on Russia. Due mainly to the COVID-19 pandemic, the implementation of quarantines in nearly all countries and regions of the world has caused major shifts in the energy markets. A gradual decrease in the price of natural supplies has been caused by reduced demand for crude oil.

2.1. Impacts on key industries

Economic sustainability

With negative growth in most markets in 2020, Russia is moving for a recession. Manufacturing contracted 10%, with serious adverse effects on the production of metals and transport vehicles. Mineral-resource mining fell by 3.2%.

The pandemic of COVID-19 resulted in lower fiscal receipts and a weaker ruble. The federal budget reported a deficit of RUB 406.6 billion in the first five months of 2020, compared to a surplus of RUB 1283.3 billion in the same timeframe in 2019. A baseline scenario indicates that Russia's GDP could contract by as much as 6.0 percent in 2020, an 11-year low, while projections are subject to strong uncertainty. A modest recovery could commence if containment steps are completely removed in the second half of 2020. It is expected that some optimistic momentum will carry over to 2021, driving GDP growth to 2.7 percent, and 3.1 percent in 2022.

Household consumption is projected to lead the turnaround as volatility reduces, and spending is expected to rise by around 3 percent in 2021. However, GDP levels in 2022 will only catch up to pre-pandemic levels, even with positive GDP growth ahead.

Regarding unemployment rates (figure 1), according to statistics, the termination of temporary measures to support employment, as well as an objectively occurring change in the structure of the economy may lead to a further increase in

unemployment. Furthermore, the unemployment rate for non-working August rose to 6.4%, which is considered the maximum in four year, meanwhile the unemployment rate at the end of 2019 was 4.6%. The unemployment rate in Russia rose dramatically in the 2nd and 3rd quarters of 2020 as a result of the crisis triggered by the COVID-19 pandemic. The number of reported unemployed people rose by a further 1.4 million and reached 2.3 million in May 2020. With the highest unemployment rate observed in the North Caucasian Federal District at 15 percent of the population, the condition has worsened in almost all regions of the world. Compared to the first quarter of 2020, the unemployment rate in the Central Federal District grew by 1.5%.

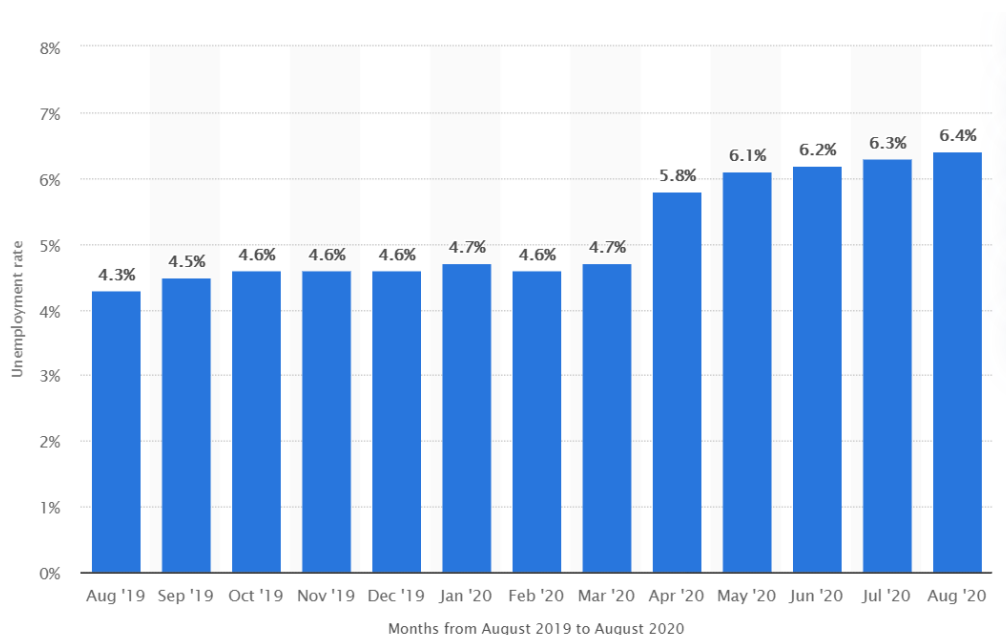


Figure 1. Unemployment rate of Russia (08/2019 - 08/2020)

The COVID-19 pandemic and the unprecedented restrictive measures imposed in place by the Russian government to fight the virus have had a major effect on various market aspects, and continue to do so. M&A transactions are undoubtedly not an exception to this.

The first quarter of 2020 did not fully reflect the crisis in the M&A sector triggered by the pandemic. Statistics indicate that the M&A market saw growing demand in the first quarter relative to the same time last year. This was most likely, however, due to the arrangements binding on the parties to the M&A transactions on their closing dates, which were enforced in the first quarter of 2020. Meanwhile, in those industries which maintained business activity during the quarantine period: industries such as medicine / pharmaceuticals, online services, and IT, active growth in M&A transactions is expected. In those sectors and for those companies that need redistribution of property due to financial difficulties caused by restrictive policies, an increase in M&A operation is also expected. The number of economic sectors in which M&A activities are recorded has been reduced and will continue to be. As investors are less interested in the industries that suffered during the time of quarantine, this trend will increase. Secondly, there will be a reduction in international involvement in M&A transactions. This is related not only to the negative impacts of the quarantine process, but also to the ongoing sanctions against Russia. Thirdly, a change in the structure of M&A transactions is expected. M&A transactions are usually structured as a sale of company shares when the buyer acquires an active business with its assets and liabilities. As a result of quarantine and the crisis, it is expected that M&A transactions will be structured as a sale of assets, and not as a sale of shares. Fourth, the conditions for closing transactions will be tightened. This trend is already actively in place, and not only in relation to M&A transactions. The buyer seeks to assess the degree of negative consequences for the target in connection with the crisis. Fifth, there will be a change in the procedure for evaluating a business and, accordingly, determining the value of a transaction. When determining the value of a business, mechanisms for adjusting the price of a business will be more actively used based on the financial condition of the company at the closing date of the transaction, and

not, for example, at the date of the latest reporting. Such an evaluation of the business will most realistically reflect the financial condition of the target and will ensure the interests of the buyer in terms of the fair value of the acquired business.

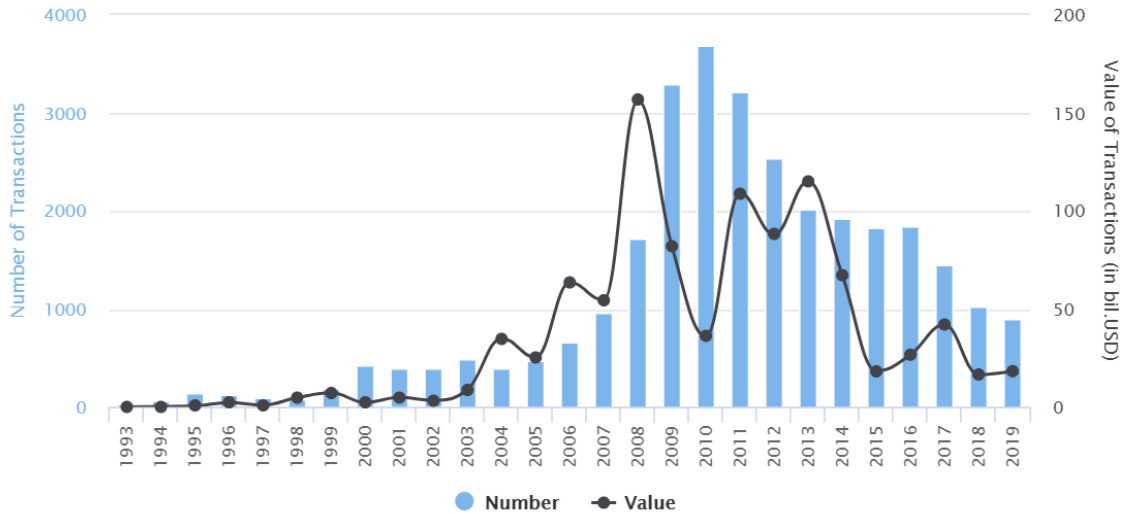


Figure 2. Mergers and Acquisitions of business in Russia (1993 - 2019)

Oil industry

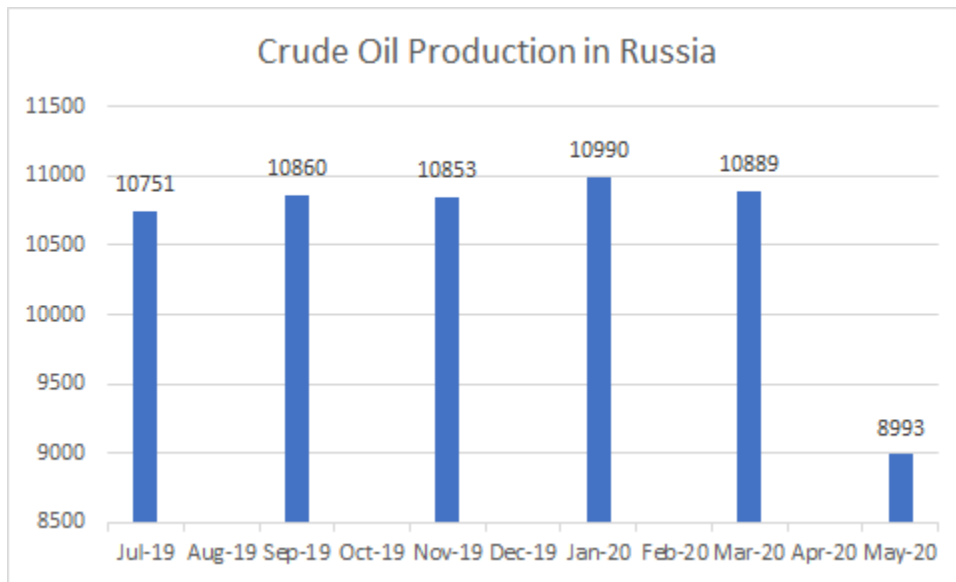


Figure 3. Crude Oil Production in Russia (07/2019 - 05/2020)

Experts believe that this situation will cause the global demand for oil to drop by a record 9.3 million barrels to 90.5 million barrels per day in 2020, compared to 2019, even if countries lift quarantine restrictions on the movement of people in the second half of this year. The fall in oil prices itself could lead to a more than 8% drop in GDP. As the research has shown, the Russian oil industry profitability level in the humanitarian crisis context should decrease to 60% of the pre-crisis period by the end of 2021, and this trend may continue for a long time period. In the context of demand stagnation in the domestic and foreign markets, the development does not imply output growth, but rather quality improvement and product range expansion, which makes it necessary to implement the open innovations strategy to ensure industry competitiveness.

Oil and gas revenues for the federal budget were planned at about 7.5trn rubles, equivalent to 6.6% of GDP and to 113.7bn USD at the projected exchange rate. The break-even oil price for the 2020 budget was 42.45 USD per barrel. As the oil price and the ruble fell, analysts and policymakers struggled to keep up.

On March 12th, Audit Chamber head Aleksey Kudrin was quoted as saying that if the average oil price in 2020 was 35 USD per barrel and the ruble averaged 72 to the dollar, the loss of oil and gas revenue to the budget would be 3 trillion rubles. There would be a federal-budget deficit of 2% of GDP and the economy would flatline.

According to the Skolkovo Energy Centre, 60% of export revenue and 30% of budget revenue will account for total losses. In the first quarter of 2020, Rosneft - one of the leading companies in the oil industry in Russian, has already experienced a \$2.1 billion loss and expects a 10 percent decrease in oil and gas production. For Rosneft, which is bound by long-term supply commitments under prepaid contracts with China, oil cuts and well preservation would be especially painful. Russian brownfields are overflooded and 50% can never resume

production after their shutdown, making the decision on which wells to close incredibly difficult.

Rosneft, which contributes to about 40 percent of Russia's overall oil output, also said it decreased its oil and gas condensate production by 2.2% from the previous year in the first three months of the year to 4.64 million barrels per day due to the pandemic

Because of the global pact, Rosneft, in which BP holds a 19.75% stake, expects to slash spending by about \$2.7 billion, or 21%, this year.

2.2. Scenerio of Post-COVID-19

The recovery of the Russian economy is planned in three stages.



Figure 4. Planned recovery stages of the Russian economy

The Russian government's economic recovery plan is designed in three stages. It contains 500 new measures with a budget of approximately RUB 5 trillion over two years.

First step: Until the end of Q3/2020.

Stabilize the situation, prevent a further drop in household income

Second phase: Up to Q2/2021.

Complete the economic recovery process, reduce the unemployment rate, ensure the growth of citizens' incomes to a level comparable to 2019.

Stage three: Until Q3 - Q4/2021.

Reaching sustainable economic growth

In July 2020, from the decree on the national development goals of Russia until 2030, the goal for Russia to enter the five largest economies in the world disappeared, which was formulated in the decree of 2018. The reason is the unfavorable market conditions.

Return to gdp growth expected in 2021

The fall in GDP in 2020 is greater than in 2014, but less than 2009

At the end of June, the IMF worsened its forecast for Russia, announcing a fall in GDP in 2020 by 6.6% (in April, the forecast was for a fall of 5.5%). In contrast, the forecast for 2021 was raised to 4.1% from 3.5% in April 2020. The main reason for the decline is the crucial drop in oil prices. The reason for the projected sharp decline in Russia in 2020 is the significant decline in disposable income due to the rapid decline in oil prices.

The IMF predicts gradual recovery. The COVID-19 pandemic had a more negative impact on economic activity in the first half of 2020 than expected, according to the World Economic Outlook Update. The recovery is forecasted to be more gradual than previously predicted.

2.4. Urgent policies for the economic recovery

The government has developed a plan to restore the economy and incomes of Russians. It should provide access to a GDP growth rate of 2.5% by the end of 2021

On behalf of the President, the government bodies prepared a National Action Plan to ensure the restoration of employment and incomes of the population, economic growth and long-term structural changes in the economy.

Prime Minister Mikhail Mishustin said the plan consists of nine sections and contains about 500 events. The implementation of the plan, according to the prime minister, will allow "not only to reverse the situation resulting from the spread of

the new coronavirus infection, but also to begin long-term structural changes in the economy." The draft plan contains both already announced and a number of new measures to support the economy and population. The target performance indicators are achieving sustainable growth in real income (the target growth rate is not given), reducing the unemployment rate to less than 5%, as well as ensuring GDP growth rates at a level of at least 2.5% per year by the end of 2021.

Labor market and social support

To ensure the growth of real incomes of the population, the restoration of employment and demand, the draft plan contains already announced and launched support measures (such as direct payments for children and an increase in unemployment benefits to the minimum wage level of 12.13 thousand rubles) and new initiatives. For instance:

the establishment of a minimum hourly rate from October 2020 when hiring part-time workers for up to three months "in order to combat shadow wages and protect the interests of employers and their part-time employees";

the creation of a "social treasury" performing the functions of providing social support measures providing the opportunity to transfer state and municipal employees to remote work.

The implementation of the national plan, according to the authorities, should ensure by the end of 2021 an increase in real wages of Russians at a level of at least 2.5% on an annualized basis, as well as a reduction in the poverty level compared to 2019 (12.3% of the population).

Investment activity launch

The closure of the economy and the decline in business revenue led to a decline in business activity. Investment in fixed assets in 2020 will collapse by 12% after

growing by 1.7% in 2019, the Ministry of Economic Development expects. According to Putin's May decree, the share of investment in GDP by the end of the current presidential term (by 2024) was to have grown to 25%. But in the baseline forecast of the ministry, it will remain at 21.3% by 2023.

Assistance in sectors

As part of sectoral support measures, the authorities plan to stimulate demand through state purchases, as well as help with subsidies and state guarantees. The Ministry of Finance will provide 23.4 billion rubles in 2020 to support Russian airlines through compensation for costs incurred. The aviation industry will receive government guarantees on loans for the purchase of new aircraft in the amount of 139.6 billion rubles.

To support housing construction, the draft plan envisages measures to reduce the weighted average rate on mortgage loans to less than 8%, including through the implementation of a 6.5% mortgage subsidy program for new buildings. In addition, the Ministry of Construction will direct RUB 30 billion this year. to finance the completion of construction of problematic facilities and the restoration. To support the tourism industry, the authorities are ready to reduce the VAT rate to 7% for companies from January 1st 2021, which will lead to a drop in budget revenues of 11.7 billion rubles. next year, the draft plan says. And the enterprises of the hotel and tourism sector are planned to reimburse half of the interest payments and postpone payments of the principal debt on previously issued loans for the period from July to December of this year.

3. Vietnam's situation

In general, Vietnam's economy has a positive outlook. Vietnam is considered to be one of the few countries that will continue to grow in 2020, although the rest of the

world is projected to fall into a recession. At the very beginning, the Party, the Government, the ministries and local authorities of Vietnam have been very drastic and serious in implementing the anti-epidemic prevention, zoning off potentially infected people to apply quarantine measures in a timely and effective manner. WHO and the international community highly appreciate measures to prevent, control and control the Covid-19 epidemic in Vietnam. However, there are significant fluctuations in current and future forecasts, showing significant uncertainties still likely to occur in the late 2020 and early 2021 months.

3.1. Possible scenarios for the future of economics

In early 2020, in addition to Covid's outbreak, in the world, there were also tense events such as the ongoing US-China trade war, the geopolitical tensions between the US and Iran, and the sharp fall in crude oil prices due to the tension. and between Saudi Arabia and the Russian Federation, along with climate change and so on. So the Vietnamese economy started to stagnate. GDP in Q1 / 2020 was estimated to increase by only 3.82% over the same period of 2019, the lowest growth rate in the recent 10-year period. Furthermore, tourism, trade, import and export activities were seriously affected. Enterprises were also the direct victims of the pandemic. Plenty of businesses have to suspend productions or go bankrupt, dissolve or narrow the scale of operation. Notably, in Vietnam, the number of enterprises suspending their own business reached 18.6 thousand which soared 26% and up to 4.1 thousands dissolved enterprises.

Thus, in April 2020, based on the economic growth scenarios of the world and the situation of each sector, 3 scenarios were proposed to minimize the losses (table 1).

Table 1. Predicted scenarios of the economic development in Vietnam

Baseline scenario	Positive scenario	Negative scenario
<p>The world is positively recovering, the pandemic is under control.</p> <p>Vietnam's average GDP growth (2020): 3.00%, average CPI: 4.2%</p> <p>Exports, consumption, investment and tourism would increase gradually.</p> <p>Oil prices are at low levels, corresponding to 2020 of 45 USD / barrel.</p> <p>in which production gradually recovers investment in the domestic sector grows at 7%</p>	<p>Vietnam's average GDP growth forecast (2020): 4.00%.</p> <p>the world could control and achieve positive results by the end of August 2020.</p> <p>Trading activities would be reopened in September 2020. The total import-export turnovers rise slightly by 0.5-1%</p> <p>But tourism revenue in 2020 is forecast to decrease by about 50% compared with the level without the outbreak.</p> <p>Investment may face some difficulties, the investment environment was guaranteed, FDI could decrease by 1% but public investment and</p>	<p>Vietnam's average GDP growth (2020): 1.00%</p> <p>The second wave of the outbreaks may occur globally, and couldn't be controlled until the end of 2020</p> <p>Vietnam would face challenges in trading with important partners (especially the US, China, EU, ASEAN, Japan and Korea).</p> <p>Domestic consumption decreases when people give priority to saving and change consumption behavior.</p> <p>tourism revenue forecast may decrease by 75-85%.</p> <p>import-export decreases by 5.5-8% compared to the level with no diseases</p>

	private investment would go up by 2-3%.	Investment was impacted strongly, FDI decreased by 7-8%.
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In any scenario, there still exists a stagnant growth due to the impact on the Vietnamese economy. It is predicted that the strongest effect would start from Q2 / 2020, even by that time the epidemic is already under control. In general, to control the epidemic, nations must take lockdown actions, which means economic stagnation, while labor costs, financial costs, factory rental and so on, have not decreased.

3.2. Economic update after policies

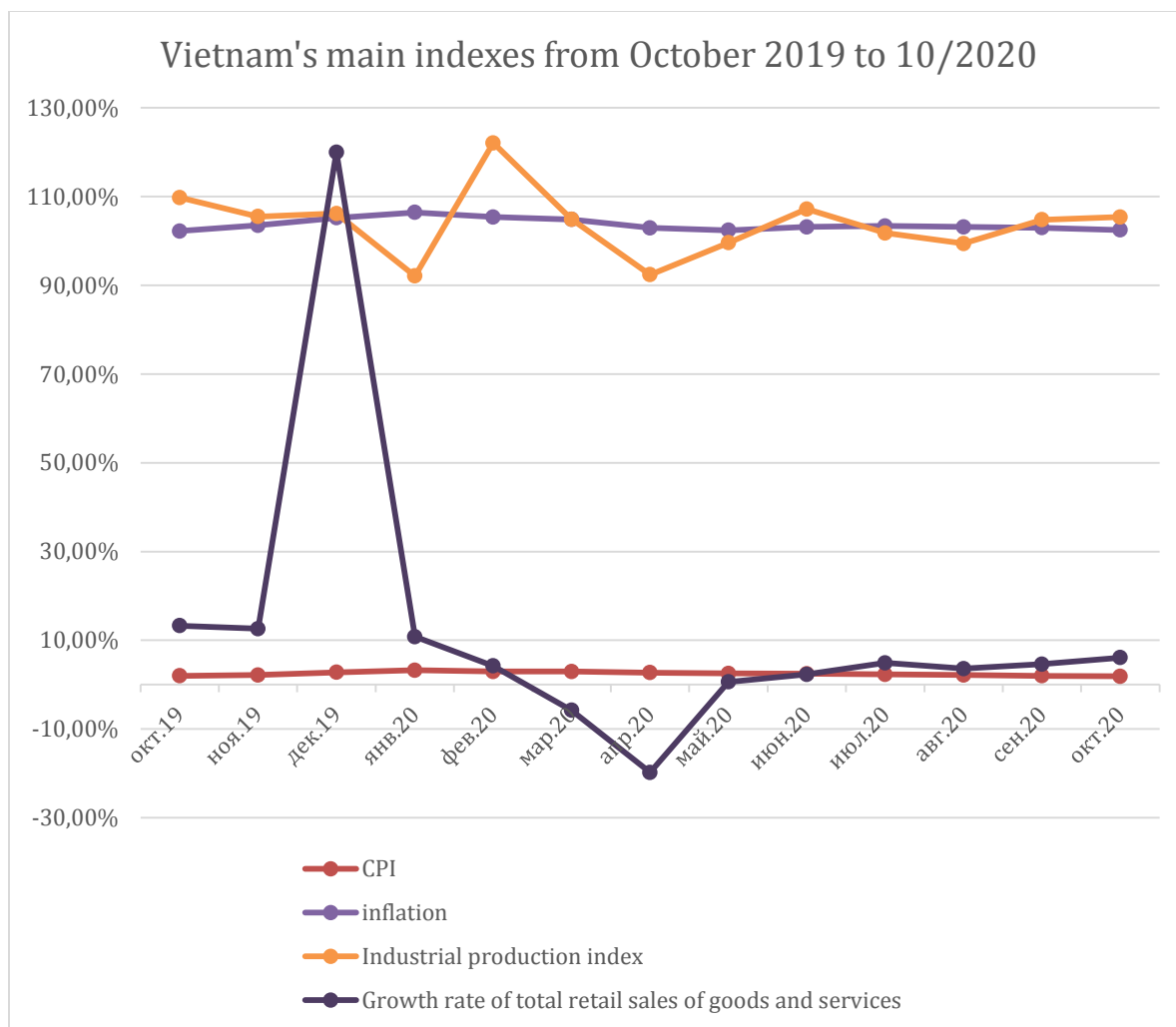


Figure 5. Vietnam's key indicators (10/2019-10/2020)

Consumer price index (CPI): CPI in October 2020 reached 102.47%, down 0.5% compared to September 2020 and up by 0.2% compared to October 2019 - all the lowest in the last 5 years, mainly due to the increase in electricity prices for living have increased due to the need to use electricity in hot weather; higher exported domestic rice prices. Furthermore, the 9-month good trade rate decreased by 0.72% over that same period in 2019, indicating that the price of goods exported abroad is more unfavorable compared to the price of imported goods.

The growth rate of total retail sales of goods and services increased sharply in the last 2 months of 2019 but plummeted in January and hit the bottom in April, then thanks to government policies, it has gradually recovered, although not as before.

In terms of businesses and firms, The Vietnamese business community has quickly changed directions, implemented many solutions to maintain production and activities such as: promoting e-commerce activities; converting key products and services; actively searching for new markets for input materials as well as markets for output products. It can be clearly seen that Industrial production is one of the two most directly affected industries by COVID-19. The industrial production index has dropped 3 times since the beginning of the year: one in January due to the lunar new year, one in April due to 1st lockdown and the last in August due to the 2nd lockdown, among which the strongest were the first 2 times. However, due to the well-controlled epidemic diseases, sectors of the economy are entering a state of operation in new normal conditions, industrial production in September 2020 has prospered, opening up hope for soon recovery and growth again in the last months of the year. The national labor situation in the third quarter of 2020, though decreasing compared to the second quarter, is still at the highest level in the past 10 years and the wage of wage earners has gradually improved over the same period in 2019.

In addition to the industrial field, tourism revenue also suffered heavy losses due to the shutdown of many tourist attractions, the number of domestic and international tourists canceled the tour because of the health concerns (figure 6). Moreover, the number of foreigners dropped to negative figures from 390% at the end of 2019, so international visitors to our country in Q3 / 2020 were only 1% compared to the same period in 2019 because Vietnam has not opened up to international tourism. The visitors are mainly foreign experts, professional and technical workers working in Vietnam.



Figure 6. Growth rate of international visitors (10/2019 - 10/2020)

Moreover, in figure 1, inflation is still stable at a high position with 4 main reasons: international and domestic demand is still weak, so inflation due to low demand pull, oil prices are rising again, but The average of the whole year is still about 20-25% lower than the average of 2019, sharply reducing the cost push factor, although pork prices still fluctuate (slightly increase), but will basically stabilize gradually until the end of 2020. and monetary factor inflation continues to decline (core inflation in the first 6 months of 2020 is 2.81%, gradually decreasing from 3.25% at the beginning of the year compared to the same period last year) and will follow the downtrend. With the forecast of money supply (M2) in 2020, it will increase by 10-12% and credit will increase by 8-10%.

Thus, depending on the evolution of the Covid-19 epidemic in Vietnam and around the world, the efforts and determination of the whole system and the Vietnamese economy in 2020 under the base scenario can achieve a growth rate of 3%. . the international trade disruption has caused consequences for Vietnam's production, exports and imports. Unemployment and underemployment rates are high.

However, up to this point, when economies restart after a blockade caused by Covid-19, the forecast for world economic growth has shown more positive signs. Global trade, commodity prices are slowly recovering, global stock markets have shown high levels thanks to the loosening of central banks and the gradual reopening of some economies. The major economies such as WLifeMan, Japan, and the European Union are still facing many difficulties.

4. Effects on the relationship between Vietnam and Russia

Vietnam - Russia relation is currently developing positively with the establishment of a comprehensive strategic partnership model and through the Vietnam-Eurasian Economic Union (EAEU) Free Trade Agreement. In an effort to deepen bilateral economic and trade links, leaders of the two countries have set a target to bring trade turnover between Vietnam and Russia to 10 billion USD by the end of 2020. However, the outbreak of the Covid-19 epidemic made this goal more difficult to come true.

According to the General Department of Vietnam Customs, bilateral trade between Vietnam and Russia in the first four months of 2020 only reached \$ 1.4 billion, declined nearly 7% over the same period last year. If the disease situation persists, Hanoi and Moscow will hardly achieve their goal of bringing import and export turnover to 10 billion USD by the end of 2020. The weak economic interdependence has reduced the quality of the comprehensive strategic partnership model of Vietnam - Russian Federation. Since 2012, Russia is in the list of 10 potential markets for Vietnamese tourism with stable growth. Only in the first quarter of 2020, there were about 120 000 Russian tourists visiting Vietnam. The temporary entry ban and the disruption of the Vietnam-Russia international route from the end of March have damaged the tourism industry. However, to recover the post-pandemic economy, both Vietnam and Russia have their own strategies. The trade stagnation does not pose serious risks for either side because Russia is

not a major trading partner of Vietnam and the share of Vietnam's trade in the Russian economy is very small. As for Russia, according to financial analysts A. Gabuev and T. Umarov, it is likely to become more dependent on China. because the pandemic will reduce trade with Russia's traditional European markets. Meanwhile, China is the only major country whose economy is gradually recovering, so its energy demand will continue to increase. As early as March, China bought from Russia 1.6 million tons of oil. In the situation that Russia needs to limit its dependence on the Chinese market and the main export markets of Vietnam, the US and Europe are unable to recover due to the pandemic, Moscow and Hanoi can consider the possibility. ability to promote each other's market exploitation. With a population of over 180 million people, the Eurasian Economic Union (EAEU) with an economic structure complementing Vietnam can become the export destination for Vietnam's strong commodities such as agricultural products. , textiles and footwear; while Russia can export to Vietnam machinery equipment, chemicals, high-tech products and energy. Promoting cooperation with Vietnam will create favorable conditions for Russia to penetrate the regional market of ASEAN countries, proceeding to build an EAEU-ASEAN Free Trade Area.

CONCLUSION

Russia has only slowly stabilized after the tensions caused by the Ukraine crisis, recently facing economic shocks caused by oil price wars and now the SARS-CoV-2 pandemic. The ruble has depreciated, the unemployment rate has risen, the living standards and social conditions of the Russian people are deteriorating. While the federal government's budget revenue will continue to decline. This means that the government will face financial difficulty to defuse the consequences of the pandemic in the country as well as promote projects that serve the country's foreign policy. Vietnam is considered by the international media to be one of the most effective anti-epidemic countries, but it cannot avoid negative socio-economic impacts. The World Bank predicts that Vietnam's GDP growth will be recorded low for more than two decades. Vietnam is likely to fall into the "economic trap set by Covid-19" as two traditional growth drivers, both foreign demand and private consumption, are plummeting. The Covid-19 pandemic had a significant impact on Vietnam and the Russian Federation, but it did not fundamentally change the structure or trends of cooperation in Russia-Vietnam relations. Effective international cooperation in repelling the epidemic as a new non-traditional security challenge further confirms the comprehensive strategic partnership between the two countries. Despite the negative impacts, both countries will quickly overcome them for economic development and social stability. However, both sides need to promote cooperation not only in terms of politics, security-defense but also other areas, especially bilateral trade, to facilitate the recovery of the national economy later as well as improving the quality of a comprehensive strategic partnership.

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