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## **Hanoi raring to join world stage**

**By Andrew Symon**

**For the Straits Times, April 5 2006**

Looking out from a park in the old tree lined French quarter of Hanoi at the dynamic changes taking place in Vietnam today is a larger than life sized statue of Russian revolutionary, Vladimir Lenin. Not far from the mausoleum of Ho Chin Minh, the country's legendary Communist leader in war with French and Americans for independence and national union, the monument to the old Bolshevik recalls very distant times. If Ho and Lenin were alive today, they would be struck by the face of modern Vietnam.

And on the eve of the 10<sup>th</sup> Congress of the Vietnamese Communist Party this month, changes are set to alter life further in what was virtually a backwater after decades of war and then central economic planning following re unification in 1975. To see how far Vietnam might still go, one needs to appreciate the considerable distance it has already travelled.

Just 20 years ago - when the first cautious steps were taken towards economic and civil liberalisation - the Doi Moi reforms - Vietnam was an inward looking, tightly controlled and defensive country, part of the Soviet block and further isolated by a US trade embargo (the latter finally removed by then-president Bill Clinton in 1994.)

Today, Vietnam is enthusiastically pursuing ever-greater openness and integration of its economy and society with the rest of the world. This is not just in terms of trade and investment on the back of the world's highest GDP growth rates after China, and freedom for Vietnamese to do travel, study and do business abroad.

Vietnam also wants to play a role on the international political stage - to be an active participant in the community of nation states and international organisations.

Underlining this is Hanoi's bid for Vietnam to become a member of the non permanent group in the United Nations Security Council in 2008-09 - complete with the offer of Vietnamese support for UN peace keeping missions.

This could see some interesting permutations with Vietnamese soldiers working with French and even Americans. The Vietnamese are now lobbying internationally for support. The post 1975 Vietnam only became a member of the UN in 1997.

Another example is Hanoi's openness internationally regarding its problems with avian influenza, its readiness to draw on World Health Organisation (WHO) assistance and swift measures to combat the disease in contrast to the way some countries at first hid the presence of the disease.

This year will see Vietnam gain increasing international attention.

Attracting the spotlight will be meetings in Vietnam of the 21-country member Asia Pacific Economic Co operation (APEC) forum. These will culminate in the government leaders meeting in Hanoi in November along with various business meetings at the same time attended by a Who's Who of multinational corporate executives.

Hanoi also hopes that this year will be the year that Vietnam finally is able to join the World Trade Organisation. (WTO). After years of negotiation, Vietnam seems finally to have jumped all of the WTO's hurdles. Not only must a candidate country abide by the organisation's rules, it must also gain approval of individual members. This can mean accommodating some difficult demands. But Hanoi has worked hard, putting in place a range of new laws and regulations and making other undertakings to meet WTO requirements.

This is also quite a remarkable indicator of changed attitudes in Party and government. Vietnam's old guard leadership was very nationalistic and extremely suspicious of foreign capitalism.

Even in the mid 1990s, when there was a burst of foreign investor interest in Vietnam as the Doi Moi economic liberalisation began to bear fruit, many doubts and concerns remained among the leadership. Foreigners found that business development was not as easy as they might have wanted. As a result, there was a retreat from the country underway before the 1997/98 Asia financial crisis.

But today's determination to enter the WTO points to new thinking. There is confidence that Vietnam can deal with international economic forces without compromising social goals.

With WTO membership comes greater competition in trade and lowering of barriers to foreign investment. But officials say that Vietnam will gain by being part of the WTO. Vietnam can meet competitive challenges, and at the same time the country will be better protected from what they see as arbitrary anti trade actions against Vietnamese exporters by foreign countries.

Old reservations about foreign investment are fading. Last year a near record of foreign direct investments commitments were made – more than US\$ 6 billion – and the government aims to double this annual figure over the next five-year plan 2006-2010.

Life is better than ever before. Certainly in contemporary times. Annual GDP growth rates of 7-8 percent should most government and external analysts say be maintained for the rest of the decade and beyond. A common comment by ordinary Vietnamese is that there is more opportunity and more choice than ever before.

But there remain plenty of challenges. Vietnam is still a poor country with an annual average per capita income of US\$500 for its 82 million population. Much economic growth is concentrated in the main cities of Hanoi and Ho Chi Minh City and Da Nang in the centre. And alongside equity issues between rural village and city are emerging industrial and urbanisation problems. There are serious infrastructure constraints that could dampen growth.

Traffic congestion is looming as a problem with Jakarta or Manila-like proportions in Ho Chi Minh City especially with its nine million inhabitants. From being a bicycle city a decade ago, more and more cars are now vying for space in narrow roads with motor scooters. Water management is another concern. Serious drought last year revealed the country's vulnerability. Essentially there was not enough dammed water supply in the north and centre to both provide farmers for water for irrigation – Vietnam is the world's second largest rice exporter – and to meet demand from the power supply system, which is heavily reliant on hydro generation. Corruption in the government and state enterprises is another often-cited problem. Whether it is so much worse than in other countries in the region is debatable though. It may simply be that the Vietnamese are more ready to talk about it.

The big question for outsiders – and one that Lenin's statue does bring to mind - is: "Whither the Party." The Vietnamese Communist Party (VCP) retains a monopoly over power. But with more and more economic freedoms, will Vietnamese also want more political liberty? The VCP is still structurally a Leninist political organisation, that is, while members may debate issues within the party, once decisions are made by the majority there can be no dispute – and the party controls the government without any opposition parties.

But there is no suggestion of any groundswell for change to the system. With growing prosperity, more civil freedoms, and greater integration with the rest of the world, Vietnamese say that everyone is pretty happy.

Within the Party, reflection on what has been taking place and the pace of further policy change, domestically and internationally, will be concentrated at the Party Congress from April 18-25 in Hanoi. Directions and leadership for the next five years will be set. There is much to build on.

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