

Chapter 8

VIET NAM

Socialist Republic of Viet Nam

Area:	329,315 km ²
Population:	82,032,300 (2004 average estimate)
Capital:	Hanoi
Language:	Vietnamese
Religion:	Buddhism, Christianity, Cao Dai, Hoa Hao, etc.
Government type:	Socialist republic
Chief of state:	President Tran Duc LUONG
Currency:	dong (VND) (US\$1 = 15,872 dong; as of 2005 yearend)
Fiscal year:	Calendar year

Achievement of High Growth While Preparing for the 10th National Party Congress

MINORU TERAMOTO and EMI KOJIN

For Viet Nam's current administration, 2005 was the year that marked the 30th anniversary of "the Liberation of South Viet Nam." In politics, the major issues were preparation for the 10th National Party Congress, coping with the problem of bird flu, and constructing legal infrastructure for membership in the World Trade Organization (WTO).

Looking at the economy, there was progress in multifaceted liberalization toward the integration into the global economy, and Viet Nam recorded a real economic growth rate of 8.4 percent. In restructuring of state-owned enterprises (SOEs) and reform of the financial sector, which progressed in tandem with the strengthening of the capital market, capital sources were diversified with a view to acquiring foreign capital. Inflow of foreign direct investment largely increased by virtue of stable economic growth and liberalization of the service sector in the past several years. Exports kept increasing, and trade liberalization continuously progressed. Additionally, Viet Nam's success in poverty alleviation since 1990 was appraised in international society. Much progress could be found in the economic sector in 2005, the final year of Viet Nam's five-year plan. However, more than a few issues remain, including an inactive real estate market and an electric power shortage.

In the diplomatic arena, Viet Nam was unable to realize its goal of membership in the WTO, but it did make progress toward that goal. Prime Minister Phan Van Khai's visit to the United States in June was the first ever by a Vietnamese prime minister. As if to balance deepening of its relationship with China, Viet Nam-US relations entered a new era in the 30th year after the war and the 10th year following normalization of diplomatic relations.

DOMESTIC POLITICS

Local Party Congresses Begin in Preparation for the 10th National Party Congress of the Viet Nam Communist Party

In 2005, the process of preparing for the 10th National Party Congress, which was formally begun by the 10th plenum of the Ninth Party Central Committee at the beginning of July 2004, started at the local administrative levels (commune [*cap xa*] level, district [*cap huyen*] level, and province [*cap tinh*] level). The 10th National Party Congress was scheduled to be held at the beginning of Viet Nam's second quarter (April–June). At the local levels, after preparation of the party congresses of local administrative levels were first discussed by the province-level party committees, party congresses were held in order starting from the commune level, and then continued at the district level and the province level. In the party congresses at each level, debate was conducted not only on the political and economic policies for 2006–10 at that level and the level of the party congress immediately above, but also on the policies of the 10th National Party Congress at the national level. The opinions of each locality, each organization, and each sector were added, and ultimately a national policy would be adopted at the 10th party congress.

Checking on articles in the newspaper *Nhan Dan*, the series of processes initiated from the party congresses at the commune level were underway at least by March 2005, and in December, party congresses were being held in political and economic centers of Viet Nam, such as Ha Noi City and Ho Chi Minh City.

At the 9th National Party Congress, there were experts who pointed out that the local party congresses were not being conducted smoothly, but the process in 2005 was smoother than in previous times (Table 8.1). At the previous congresses, there developed the “movement for self-criticizing and criticizing” (*tu phe binh va phe binh*); the then Party General Secretary Le Kha Phieu was frequently shown in the media in situations where he was directly giving leadership to local areas. Meanwhile, to the extent seen in the Vietnamese print media, the actions of Party General Secretary Nong Duc Manh this time were restrained compared to those of his predecessor. For example, he took action by unit of the party politburo, etc. It may be thought that the “moderate leadership,” together with the achievement of a high economic growth rate of 8.4 percent, led to the relative smoothness of the preparation process for the party congresses in FY2005.

Table 8.1. Comparison of the Opening Dates of Local-level Party Congresses for the 9th National Party Congress and for the 10th National Party Congress

<i>Examples</i>	<i>For the 9th Party Congress</i>	<i>For the 10th Party Congress</i>
Ho Chi Minh City's Party Standing Commission's Debriefing with the Commune Level Party Congress	July 19, 2000	July 4, 2005*
Party Congress of the Bar Dinh District in Ha Noi City	Nov. 27, 2000	Aug. 25, 2005
Ho Chi Minh City's Party Congress	Dec. 19, 2000	Dec. 6, 2005
Ha Noi City's Party Congress	Dec. 27, 2000	Dec. 21, 2005

Source: *Nhan Dan*.

*Reported on this day, but exact day remains unconfirmed.

Party General Secretary Nong Duc Manh stated guidelines which have significance for the planning of the direction of the 10th National Party Congress when he spoke at politically important local and sectoral party congresses held in December 2005, namely Ho Chi Minh City's Party Congress, Ha Noi City's Party Congress, the Party Congress of the Viet Nam People's Army, and the Party Congress of the Public Security Forces. The guidelines called for construction of a foundation so that Viet Nam can soon extricate itself from its underdeveloped status and essentially become an industrialized country by 2020 and also called for strengthening party leadership, strengthening discipline of the party and party members, and preventing schemes for peaceful evolution (*dien bien hoa binh*). While this gives the impression of a slightly more stringent political tone, it does not reveal any new, unprecedented viewpoints. Moreover, in an interview which appeared in *Nhan Dan* in early February, Director of the Party Central Committee's Organization Commission Tran Dinh Hoan mentioned, with regard to policy for party congresses at all levels, the need to secure positions for "the three ages" (*ba do tuoi*) (50 years old or less, from 51 years old to 60 years old, and 61 years old or above), while also recognizing the need to bring in younger personnel. Party General Secretary Nong Duc Manh also referred to the continuity of personnel in his guidelines. Judging from this, at the 10th National Party Congress, it appeared highly unlikely that there would be a change in the basic political framework that is premised on the single-party domination of the Communist Party.

The Central Party Committee: Major Focus on Party Congress Preparations

During January 17 to 25, the 11th Plenum of the Ninth Party Central Committee was held at the meeting hall of the central party committee which was built in October 2004. The major focus of the plenum was preparations for the 2006 National Party Congress, which is held once every five years and is one of the most important political events in Viet Nam. At the 11th Plenum of the Ninth Party Central Committee, debate was conducted on each document to be submitted at the 10th National Party Congress, and 261 opinions were expressed by groups at the meeting. Specifically, discussion was held on documents including the Report on the Party's Theoretical and Practical Issues during the 20 Years of Doi Moi, the Detailed Summary of the Political Report, the Report on Supplementary Articles for the 1991 Political Platform, the Report on Orientations and Socioeconomic Development Tasks for 2006–2010, the Report on Party-Building, and the Report on Amendments to the Party Statutes.

In the Communique of the 11th Plenum of the Ninth Party Central Committee, after indicating a certain evaluation of each report, the existence of “new points related to theory and practice” was pointed out, and it was stated that “a new breakthrough could be created” for the development of Viet Nam if these points were further developed, expressed more precisely, approved by the central party committee, and adopted by the 10th National Party Congress. While maintaining the basic course of support for one-party rule, it is possible that new developments that will appeal to those inside and outside the party may be under preparation, such as permitting, for instance, the operation of private companies by party members. (This policy has been the modest but established policy. So, this means that this policy will be promoted much more actively.) Moreover, it can be interpreted from the communique that the major issues for the current Vietnamese Communist Party are boosting the strength of the party leadership and its capacity for struggle to achieve the goal of “bringing the country out of its underdeveloped status, and clearly improving the cultural and material living conditions of the people by 2010, and leading the country in accordance with modernization, socialist orientation so that it essentially becomes one of the industrialized countries by 2020.” At the 11th plenum of the Ninth Party Central Committee, debate was also conducted on economic competitiveness, problems in structural economic changes, conditions and party-building schemes

involving political ideology, and ethical problems among the leader in the party, etc.

In continuation, the 12th Plenum of the Ninth Party Central Committee was held July 4 to 13. According to the communique of this plenum, documents to be submitted at the 10th National Congress, including the Political Report and the Report on Orientations and Socioeconomic Development Tasks for 2006–2010, were approved by this plenum (but were not publicly released at that time). The theme for the 10th National Party Congress was specified as “Enhancing the Party’s Leadership and Capacity for Struggle; Bringing into Play the Entire People’s Strength; Pushing Forward the *Doi Moi* cause; and Bringing the Country out of Its Underdeveloped Status Soon.” Regarding the party’s leadership and capacity for struggle, the importance of this was emphasized with the statement that “the party’s continued *Doi Moi*, reorganization, building of a clean and solid party, and boosting of the party’s leadership and capacity for struggle, together with meeting the real life needs and the demands and tasks required by new conditions are critical matters that will decide the survival of the party.” In the economic arena, the goal for annual GDP growth from 2006 to 2010 was set at 7.5 percent to 8 percent, and simultaneously an effort will be made to achieve a growth rate exceeding 8 percent per year.

Moreover, according to the 12th plenum’s communique, the following points are to be considered in the selection and composition of the new party central committee: (1) the quality of the party central committee members, (2) the quality of the party central committee overall, (3) maintenance of overall leadership in each field, region, and important political positions, (4) keeping of harmony among the three ages, (5) the ratio of young leaders, (6) the ratio of women, (7) the ratio of ethnic minorities, (8) the ratio of workers and farmers, and (9) the ratio of intellectuals.

It is reported in the communique of the 12th plenum of the Ninth Party Central Committee that paying special attention to ideological conditions and ideological schemes under current state of affairs, a specific policy was set forth to effectively combat conspiracies and peaceful evolution.

The Party Politburo and the Party Secretariat: Searching for Ways to Deal with Change

The main instructions issued by the Party Politburo and the Party Secretariat in 2005 are shown in Important Dates. From the actions of the

Party Politburo and the Party Secretariat, one can perceive first of all an effort to tighten the party, together with a direction favoring maintenance and preservation of the social status quo, like emphasizing the role of the family. In the education of high-ranking party leaders, an area conventionally resistant to change, one can perceive efforts to promote the survival of the Vietnamese Communist Party in its adaptation to the times where necessary while also strengthening direct management of party leadership.

The “Instructions concerning construction of families in the era of industrialization and modernization” issued by the Party Secretariat in February states “investment in families is an investment in solid development” and emphasizes the importance of the status and role of families. Values are also becoming increasingly diversified accompanying the development of a market economy, and as social mobility and social changes increase, social problems such as illegal drugs are also growing. It is thought that the instruction to place importance on the family unit may have been issued as one response to this state of affairs.

In April, the Party Secretariat issued an instruction notice on the continuation of exchange of party cards. Party members are placed on notice that they will be unable to acquire a new party card if they engage in problematic behavior.

In late July, the Party Secretariat issued instructions concerning development and management of electronic newspapers. The instruction positioned electronic newspapers as “an important and shrewd political and ideological weapon of the party, state, and groups that contribute effectively to the *Doi Moi* cause, for construction and protection of the homeland.” The instruction also stated that efforts would be made to improve the management capacities of supervisory organs and state management organs so as to conquer Internet services that cause dissipation into illegal and immoral life. It is thought that these instructions were also a policy to tighten the movement of the official organization.

Next at the end of July, the Party Politburo issued a resolution to reform and improve the quality of drilling, training of leaders, and scientific research at the Ho Chi Minh National Political Academy. The resolution clearly stated the position of the academy as “an enterprise unit that is directly affiliated with the party central committee and the government and that is under the direct, unchanging guidance of the Party Politburo and the Party Secretariat.” Moreover, concerning the role of the academy, the resolution states that the academy is “a national center for the drilling

and training of leading political theorists and of leading mid-level and high-level core leaders and directors of the party, state, and political and social organizations, and it conducts scientific research on Marxist-Leninist points of view and Ho Chi Minh thought, conducts research on courses and policies for the party and state, and conducts research on political science.”

The resolution also seeks adaptation to change, stating that “so that the academy is equal to the demands of industrialization and modernization of the homeland and construction, protection of the homeland, drilling and training maneuvers for leaders must be strengthened, the academy must be renovated overall, scientific research activities must be promoted, practices must be summarized, the quality of the ranks of leaders must be improved, and the physical and technological base must be strengthened.”

The content of the instruction is balanced in a certain sense, with promotion of changes on one hand to adapt to the environment of the era in which Viet Nam finds itself where industrialization and modernization are proceeding under the banner of globalization, and on the other hand with strengthening of guidance of the academy by the highest party organ. While a policy was set forth by the highest party organ for strengthened guidance of the academy, the party’s highest educational institution faced a state of affairs in which it was forced to adapt and change to keep up with the times.

Finally, with regard to the overall tone of the course of the Vietnamese Communist Party, attention is being paid to an essay that summarizes 20 years of *Doi Moi* which appeared in *Nhan dan* in October and was written by Secretary of Ha Noi City Party Committee and President of Communist Theory Council Nguyen Phu Trong. The essay not only states that “economic reform is central and party-building is the pillar,” but also expresses the idea that achievement of “cultural development, social progress, and fairness” is important. This orientation resonates with the statement of Party General Secretary Nong Duc Manh when he visited Ho Chi Minh City at the beginning of April and with the tone of party policy perceived in 2004.

National Assembly: Bill Approval Rush for WTO Membership

In 2005, 29 bills were passed by the first term and the second term of the National Assembly (Table 8.2). One factor behind the rush to approve

Table 8.2. Laws Passed in 2005 by the National Assembly

<i>The 7th Meeting of the 11th National Assembly</i>	<i>The 8th Meeting of the 11th National Assembly</i>
Civil Code (amended); Trade Law (amended); Maritime Navigation Law (amended); Pharmaceutical Law; Railway Law; Law of Signing; Accession and Enforcement of International Treaties; Defense Law; State Auditing Law; Education Law (amended); Military Service Law (amended); Import-Export Tax Law; Customs Law (amended); Tourism Law; Minerals Law (amended), Emulation and Encouragement Law (amended)	Law for Practicing Thrift and Combating Waste; Negotiable Instruments Law; Intellectual Property Rights Law; Electronic Transactions Law; Environment Protection Law (amended); Youth Law; Public Security Law; Anti-Corruption Law; Housing Law; Special Consumption Tax Law (amended); Value Added Tax Law (amended); Law on Complaints and Denunciation (amended); Investment Law; Enterprise Law; Bidding Law

Sources: Nhan Dan and Saigon Giaiphong.

bills was Viet Nam's goal of becoming a member of the WTO in 2005, and the WTO Membership Agreement requires member countries and regions to implement certain laws and administrative processes. Therefore, meetings such as the meeting of the National Assembly Standing Committee and the meeting of the full-time National Assembly deputies, one of the roles of which is to study bills and prepare for the holding of the regular session of the National Assembly, were held frequently in 2005.

The 7th meeting of the 11th National Assembly was held from May 5 to June 14, and 15 bills were approved, including the Civil Code (amended) and the National Defense Law. In this session, a resolution was passed concerning intensive guidance of the Dung Quat project to build an oil refinery in central Quang Ngai Province, and the resolution sought to have the government complete the construction in 2008 and begin refinery operation in 2009. In this oil refinery construction project, which was approved in 1997 by the second meeting of the 10th National Assembly, a portion of the related facilities were installed along the sea-coast by a joint venture with a Russian company; however despite this, the joint venture was eventually cancelled, and as of the end of 2004, the large construction site enclosed by a wall was populated with the comings and goings of water birds. Following the approval of this resolution, construction of the refinery began on November 28, 2005.

The 8th meeting of the 11th National Assembly was held from October 18 to November 29, and 14 bills were approved, including the Enterprise Law, the Investment Law, and the Anti-Corruption Law. The Anti-Corruption Law is based on the Anti-Corruption Decree passed by the National Assembly Standing Committee in February 1998. Due to the elevation of the basic law, which is the foundation of the fight against corruption, from one of the law and decrees (*phap lenh*) approved by the National Assembly Standing Committee to a law approved by the regular session of the National Assembly, Viet Nam clearly displayed a stance of more full-scale efforts in the fight against corruption.

Moreover, in the same session, National Assembly Deputy Le Minh Hoan was stripped of his status as a National Assembly deputy due to misconduct involving bidding on electronic galvanometers during the time when he was president of Ho Chi Minh Electric Power Company.

Pressed for Measures against Bird Flu

The government was pressed to implement measures against bird flu all year long during 2005.

According to *Nhan Dan*, in the latter half of January, the Ministry of Health and the State Standing Steering Committee for Combating SARS and Flu (*thuong truc Ban Chi dao quoc gia phong, chong dich viem duong ho hap cap SARS-Cum*) sought to strengthen the activities of the steering committees at local levels, and cooperate closely with the Ministry of Agriculture and Rural Development for wiping out the disease in local areas. Moreover, medical stations were required to cooperate closely with veterinary facilities at all levels for early detection of infections, strengthened supervision, quarantine of infected persons, and taking of timely measures, and people's committees at all levels were asked to contact all households concerning measures for prevention, control, and detection of infections.

An official document sent at the beginning of February from Prime Minister Phan Van Khai to ministries, government organs equivalent to the ministries, government institutions, and people's committees at all levels demanded a temporary halt on new breeding and raising of water birds such as ducks and wild ducks and instructed the Ministry of Finance and the State Bank of Viet Nam to assist bird farms that suffered heavy damage with adequate guarantees for the expense of measures against the infection.

In July, Prime Minister Phan Van Khai issued instructions to all min-

istries, provinces, cities under direct control of the central government, the Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Finance, and related ministries and agencies calling for cooperation with each other to deploy vaccinations against the infection nationwide. According to *Nhan Dan*, chickens and ducks, etc., over 70 days old were to be vaccinated. According to the newspaper *Thoi bao kinh te Viet Nam*, vaccines produced in China and the Netherlands were to be used, and 700 billion dong were necessary for vaccines in 2005–6. This amount was to be borne half by the central government and half by the local governments. Permanent Deputy Prime Minister Nguyen Tan Dung called for local governments to pay a heavy share, saying that “If there is a reoccurrence of bird flu over a wide area, the primary responsibility will be on the local chairpersons of the people’s committees at local levels.”

In mid-October, Prime Minister Phan Van Khai issued new instructions, which stated, “No new infections have appeared in Viet Nam since August, but there is a continued potential threat. In view of global conditions and local conditions in each country, it is necessary to prepare for the possibility of an explosive outbreak,” and he directed that an emergency action plan in case of an outbreak of bird flu and in case of spread to humans be completed by the Ministry of Agriculture and Rural Development, Ministry of Health, the State Steering Committee for Combating Bird Flu, and the State Standing Steering Committee for Combating SARS and Flu.

Furthermore at the end of October, the Party Secretariat issued instructions that “party committees at all levels must themselves guide and instruct so that decisive measures are implemented in a rigorous manner.” This may be considered a move to ensure thorough implementation of measures at the local level by having the highest authorities in the local areas fulfill their responsibility.

According to an interview with Mr. Cao Minh Quang, head of the Bureau for Controlling Medicines, which appeared in *Thoi bao kinh te Viet nam* at the end of October, the stockpile of Tamiflu at the time of the interview was 599,000 tablets, enough for 60,000 persons, and a licensing agreement had been signed through negotiations with Roche, the Swiss pharmaceutical company with exclusive manufacturing rights for Tamiflu in Viet Nam. Even so, it is expected that Viet Nam will be dependent on imports for 50 percent to 60 percent of its overall supply.

At the beginning of November, a related government resolution was issued which stated instructions concerning inspections of slaughter,

strengthening of veterinary hygiene inspections for domestic livestock including fowl to guarantee food safety, temporary halt of imports of fowl, etc., and creation of a system for provision of correct knowledge and information,

In mid-December, a decision was made to have national commercial banks provide preferred loans to each basic unit engaged in slaughter and fowl production and processing that had suffered an economic blow due to bird flu.

According to a report from Ministry of Health that appeared in *Nhan Dan*, between the start of 2005 and November 20, bird flu had been contracted by 66 persons, and of those, 22 had died.

Problem of Ethnic Minorities in the Central Highlands: Beginning of the Repatriation Process

During the two days starting January 24, a three-party meeting was held in Ha Noi by Viet Nam, Cambodia, and the Office of the United Nations High Commissioner for Refugees (UNHCR). The meeting was on measures for the approximately 750 persons belonging to an ethnic minority who had fled to Cambodia and had been living in a temporary camp there ever since the protest action against the authority in Viet Nam's Central Highlands which occurred in April 2004 (and also previously in February 2001). A memorandum was exchanged by the meeting participants on January 25 which set the course toward fulfilling the wishes of those who wished to settle in a third country as well as those who wished to repatriate to Viet Nam. According to *Nhan dan*, based on this agreement, at the end of March 13 ethnic minority persons from Gia Lai Province, Dak Nong Province, and Dak Lak Province voluntarily returned to Viet Nam through the Moc Bai border gate in Tay Ninh Province, with representatives of the UNHCR and the governments of Viet Nam and Cambodia present as observers. Prior to this, 21 persons had been repatriated. In April, *Nhan Dan* reported that 24 persons said to have created a disturbance in the Central Highlands voluntarily turned themselves into the police in Gia Lai Province. Subsequently after the middle of the year, UNHCR and US Embassy personnel visited the region and observed the daily living conditions of the ethnic minorities who returned to Viet Nam. At the beginning of August, the UNHCR press secretary gave a positive evaluation to the living conditions of the returned people. The Central Highlands is one of the poorest regions in Viet Nam, but at the donor country meeting held in December, four countries including Canada

expressed high regard for the efforts of the Viet Nam government for socioeconomic development and the reduction of poverty.

The problems surrounding the protest action against the authority in the areas and their crossing of the border into Cambodia seemed to be subsiding, at least superficially, in 2005.

Initiatives for Administrative Reform

The government continued to engage in administrative reform in 2005. At the beginning of April, Prime Minister Phan Van Khai enforced instructions concerning continued promotion of administrative reform. The instructions were issued to all the ministers, heads of government organs equivalent to the ministries, and chairpersons of people's committees at the ministerial level. The instructions ordered that more effort be put into promotion of administrative reform (an area for immediate action was listed as issuance of family registers, resident registration, and land usage rights certificates), continued deployment of the one-stop policy, *phan cap* (by giving some management responsibilities to lower bodies), and *xa hoi hoa* (usage of people's vitality) as well as auditing and inspection of official business.

Looking at specific action taken, the decree concerning registration and management of family registers issued by the government in August was enforced following the Ministry of Public Security's instructive notice concerning implementation of the decree on resident registration and management came into effect. A local government will permit recording of a family register if applicants meet the following conditions: legal acquisition of a residence, stable employment, and residence over three years in the given area. Traditionally, people were basically obligated to have family registers in their birthplaces and they could not be easily transferred to a new location, placing people who relocated "illegally" in disadvantaged position with regard to receiving public services. According to *Nhan Dan*, there are, for example, 800,000 long-term temporary residents in Ho Chi Minh City, Viet Nam's large economic hub, and of those, 500,000 are qualified to record their family registrations.

Moreover, in continuation from the previous year, an initiative was undertaken to raise the salaries of public employees, and as of October 1, the minimum wage of public employees was raised from 290,000 dong per month to 350,000 dong per month.

Looking at future action related to the administrative reform, the National Public Administration Reform Committee conducted talks at the

end of November in cooperation with the United Nations Development Program (UNDP) where it summarized initiatives in the first-half period in Viet Nam's Public Administration Reform Master Program (2001–10) and discussed the overall direction and the important missions for the coming five years. After that in mid-December at a meeting of the National Public Administration Reform Committee, discussion was conducted concerning the above-mentioned topics. On December 28, Prime Minister Phan Van Khai's conclusion was conveyed at the meeting, wherein various problems were pointed out, including that "many central and local cadres do not yet possess proper recognition and clear awareness of the administrative reforms, and they do not yet truly view administrative reforms as one important method for socioeconomic development." With achievement of quick economic development being given highest priority, there seems to be a tendency to postpone initiatives for administrative reform, which require time to produce an outcome and are accompanied by pain.

(by Minoru Teramoto)

ECONOMY

Economic Growth Rate Achieved 8 Percent Range

Viet Nam was unable to achieve its goal of becoming a member of the WTO in 2005, but it did record its highest GDP growth rate in the past nine years, at 8.4 percent (in real terms), surpassing the goal for average annual GDP growth rate during 2001–5 of 7.5 percent. In continuation from the previous year, domestic prices increased due to soaring international prices of oil and fertilizers, etc. However, due to the government's unflagging efforts to adjust customs tax on petroleum products and its financial policy, the inflation rate was restrained to 8.4 percent, which was lower than the previous year, and so economic growth did not suffer a heavy blow from inflation.

In GDP growth by sector high growth was recorded by the industrial and construction sector, at 10.6 percent, and the service sector, at 8.5 percent. In the industrial and construction sector, the growth of manufacturing (13.1 percent) was striking. In the service sector, tourism-related businesses such as hotels and restaurants (17.0 percent) and transportation, postal service, and tourism (9.6 percent) recorded prominent growth, with an increase in visitors from overseas (3.47 million persons,

an increase of 18.4 percent YOY). Finance and insurance (9.4 percent) also contributed to growth in the service sector. Meanwhile, the agricultural sector has been faced with successive difficulties such as natural disasters and the reoccurrence of bird flu, and the growth rate was only 4.0 percent. As many as four million birds were destroyed when bird flu reoccurred, and total damages amounted to 2 percent of total agricultural GDP (General Statistics Office, website: <http://www.gso.gov.vn>; *Thoi bao kinh te Viet Nam* newspaper, December 30).

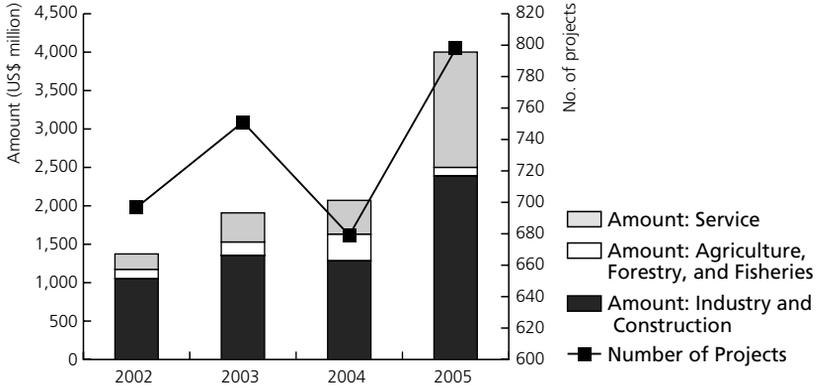
The growth in industrial output by ownership was, according to the data of General Statistics Office, state 8.7 percent, non-state 24.1 percent, and foreign investment sector 20.9 percent. While continued growth was seen in the non-state sector, where private companies are the main force, growth in foreign investment has also been conspicuous. The foreign investment sector has come to account for 37.2 percent of the industrial output and 57.4 percent of total exports.

In foreign trade, total exports reached US\$32.2 billion, an increase of 21.6 percent YOY. The export value of crude oil and coal grew significantly due to rising international prices in continuation from the previous year, increasing by 30.3 percent and 85.2 percent YOY. Also conspicuous were the increase in electronic parts exports due to the establishment of production bases by foreign companies and the increase in rice exports due to a bumper crop and rising international rice prices. The export value of electronic parts reached US\$1.44 billion (an increase of 34.1 percent YOY), and export volume of rice reached 5.2 million tons, with a total export value of US\$1.4 billion (an increase of 47.3 percent YOY). Compared to exports, total import value, at US\$36.9 billion, displayed a moderate increase, at 15.4 percent YOY, and the trade deficit, at US\$4.6 billion, was smaller than the previous year.

Through stable economic growth, the inflow of foreign capital increased markedly in both the private and public sectors. In foreign direct investment according to the data of the Ministry of Planning and Investment, new investments amounted to US\$4 billion (798 projects; see Figure 8.1) and capital increased amounted to US\$1.9 billion (512 projects). The total capital registered increased 38 percent YOY to reach US\$5.9 billion, the highest amount in the past eight years. The pledged ODA capital amount reached US\$3.74 billion. Foreign remittances from overseas Vietnamese also increased 20 percent YOY to US\$4 billion, due to the effects of deregulation and improvement of the financial system.

The fiscal condition was also solid in continuation from the previous

Figure 8.1. Foreign Direct Investment (new investment) by Sector



Sources: *Vietnam Economic Times*, various annual editions.

Note: Statistics for 2003 are for the period up to December 31. Statistics for all other years are for the period up to December 20.

year, with the budget deficit restrained to 4.9 percent of the GDP. Boosted by an increase in revenue from exports and revenue from crude oil (more than 46.1 percent over the estimate) given the soaring international oil prices, national revenue reached 210.4 trillion dong, an increase of 16.6 percent YOY and 15 percent over the estimate. Meanwhile, expenditures also grew due to expansion of subsidy expenditures to suppress the rise in domestic oil prices. National expenditures were 258.5 trillion dong, an increase of 12.5 percent over the estimate.

Progress in Restructuring of State-owned Enterprises

Under a plan to make state-owned enterprises (SOEs) into strong companies that are capable of competing in global economy, measures were issued including Decision 528 in June which approve the list of 253 equitized companies to be auctioned, listed or registered at Viet Nam's securities trading centers and Decree 101 in August which concerns asset appraisal for the purpose of promoting SOEs' restructuring. Thus, efforts in the policy arena to promote SOEs' restructuring are visible, but the number of companies equitized, at 724 companies, was fewer than in the previous year (*Viet Nam News*, February 4, 2006). Even so, progress on the following points is visible in the restructuring of SOEs in response to globalization.

In equitization, where mobilization of various sources of capital through listing on the securities market has become a topic, a system has

been put into place to accelerate the mobilization of capital from foreign investors. In Directive 4 issued in March concerning promotion of equitization of SOEs, related ministries and agencies were requested to push forward the preparation of an operating environment for SOEs following equitization, and the Ministry of Finance was requested to submit proposals for deregulation of investment in and purchases of stock of Vietnamese companies by foreign investors. In response to this, Decision 238 was issued on September 29 to hike the maximum equity share of foreign investors from 30 percent to 49 percent for listed and over-the-counter companies.

Moreover, in the process of restructuring SOEs other than equitization, there was action that took into consideration the mobilization of foreign investors' capital. Through Decree 80 issued on June 22, it became possible for foreign investors to purchase 100 percent of SOEs whose business performance had deteriorated. Furthermore, a positive stance could also be seen toward incorporating management know-how of outside managers into corporate reform. In October, Viet Nam Shipbuilding Industry Corporation (Vinashin) was allowed to hire a foreign CEO (Decision 247). The company would become the first SOE to do that.

There was also movement in the reform of large-scale SOEs, where progress has been delayed. In the trial restructuring of large-scale general corporations under the prime minister, Viet Nam Posts & Telecommunications Corporation (VNPT) and Viet Nam Coal Corporation (Vinacoal) selected to shift to a parent-subsidiary group (Decision 58 in March and Decision 198 in August). Regarding VNPT, Decision 236 was issued, which allowed division of VNPT into a postal service and a communications business and which allowed private and foreign investment in the communications business.

Furthermore in June, a new type of SOEs, the State Capital Investment Corporation (*Tong cong ty Dau tu kinh doanh von nha nuoc*) was established. This is a self-sustaining company that conducts direct and indirect investment in various fields both domestically and overseas with the national budget and capital of SOEs as funding sources. It is expected to play a role as a promoter of SOEs reform by efficiently investing government funds.

Strengthening the Securities Market and Reforming the Financial Sector

Progress is being made in strengthening the securities market, which is an

issue in the promotion of SOEs' reform and financial sector reform. In March, the Hanoi Securities Trading Centre was opened as the second securities exchange in the country. The exchange differs from the Ho Chi Minh City Securities Trading Centre in that it was set up for fund procurement mainly by small and medium companies and for equitization of SOEs. In addition to the fact that registered capital required for being listed is set relatively low, at 5 billion dong, on July 14 an over-the-counter market system went into operation, and transactions of non-listed stock were also promoted. SOEs' stock is sold to private companies using the bidding method. On the Hanoi Securities Trading Centre, there were six companies listed when it initially opened. On December 26 the listing of three more companies was approved, including But Son Cement Company, and at the end of 2005, there were nine companies listed on the Hanoi Securities Trading Centre. On the Ho Chi Minh City Securities Trading Centre, there were 33 companies listed at the end of 2005, and on December 28, the new listing of Viet Nam Daily Products Joint Stock Company (VINAMILK) was approved.

In addition to improving the facilities and equipment of the markets, there are institutional changes toward diversifying the listed companies. On July 29, the State Security Commission issued Instruction 238 which permits the listing on the securities market of foreign-invested enterprises which convert to joint-stock companies. Following this, on December 2 Taya Viet Nam Electric Wire and Cable Joint Stock Company became the first foreign-invested company that was approved for listing. This company was one of the six foreign-invested companies that received approval of trial equitization in an Instruction issued in September 2004. Moreover, expansion of capital sources was also realized. Following the decision in September to increase the maximum equity share of foreign investors from 30 percent to 49 percent for listed and over-the-counter companies as stated above, purchases of listed stock by foreign investors accelerated and stock prices rose abruptly.

With strengthening of the securities market underway, progress was also seen in reform of the financial sector through the securities market. In September a decision emerged to equitize state-owned commercial banks during 2006–7, such as the Bank for Foreign Trade of Viet Nam (Vietcombank), the Mekong Delta Housing Bank (MHB), the Bank for Investment and Development of Viet Nam (BIDV), and the Industrial and Commercial Bank of Viet Nam (Incombank). Vietcombank issued convertible bonds in December to obtain funds for equitization in 2006. The

convertible bonds sold extremely well, selling out in 30 minutes. In addition, the first listing of a bank on a securities exchange was approved in November. The largest commercial bank corporation, Saigon Thuong Tin Commercial Joint-stock Bank (Sacombank), received permission to be listed from the State Bank of Viet Nam and began preparation for listing on the Ho Chi Minh City Securities Trading Centre during 2006. Attention is also being paid to activity by foreign banks to invest in commercial bank corporations such as Sacombank. In March, the Australia and New Zealand Banking Group Limited (ANZ) purchased 10 percent of Sacombank's stock and promised to provide support in human resources training and technology introduction in the future.

Toward Globalization of the Capital Market and Lack of Revitalization in the Domestic Real Estate Market

While the domestic capital market was developing, a major step was taken toward integration with the international capital market. On October 27, 10-year Vietnamese government bonds in the amount of US\$750 million were issued on the New York Stock Exchange. This was the first time for Viet Nam to issue government bonds on a foreign market. With Credit Suisse First Boston as the underwriter, Vietnamese government bonds with an annual yield of 7.125 percent were listed on the Singapore Exchange. It may be said that the sale of these bonds was highly successful. Purchase orders for the bonds reached US\$4.5 billion, six times the amount available, and sale of the bonds was completed in a little over a minute after the offering. The main purchasers were Asian and European asset management companies and financial institutions.

The fact that Vietnamese government bonds attracted so much demand on the international capital market proves that foreign investors have high regard for the Vietnamese economy and gives confidence to Vietnamese companies to expand their fund procurement in the future to overseas sources. The funds obtained through this sale of government bonds are expected to be used mainly to finance Vinashin, and a number of companies, including Viet Nam Oil and Gas Corporation (PetroVietnam) and Electricity of Viet Nam (EVN) are petitioning the Ministry of Finance so that they can issue corporate bonds overseas.

Meanwhile, transactions in the domestic real estate market underwent a sudden change from their vitality in the previous year and stagnated. This was influenced by the fact that land prices rose too high due to rampant speculative land deals and the fact that soaring gold prices caused

stagnancy in real estate transactions by gold. Another factor is the fact the system for real estate is still in an unstable condition. The discussion on whether or not to unify title deeds for land and buildings has been dragging on endlessly, and so potential real estate buyers are tending to wait in hopes of saving time and expense in registration. Due to the fact that real estate deals were in a slump for the entire year, many realtor companies are faced with the risk of bankruptcy.

Rapid Expansion of the Foreign Investment Sector

The foreign investment sector further expanded its share in export and industrial output. Its importance also grew in job creation, with this sector providing as many as 870,000 employment positions in 2005. Behind this, there is the positive stance of the Vietnamese government toward attraction of foreign investment. Directive 13 issued on April 8 prescribes, as a new policy for attracting foreign investment, (1) progressive elimination of protective policies and opening of markets to global integration, (2) attraction of various sectors and types of foreign investment and preparation of favorable conditions for project implementation, and (3) implementation of international commitments such as AFTA, the US-Viet Nam Bilateral Trade Agreement, and the Japan-Viet Nam Investment Agreement with a view to WTO membership, and so on.

The presence of Viet Nam has increased as a site for spreading the risk of investing exclusively in China, due to the progress in Viet Nam's open policies and its political and economic stability. Capital increases by Japan in particular has expanded notably. Many large-scale capital increases were approved in the industrial sector by Japanese companies such as Mabuchi Motor and Honda, and Japan was the largest source of capital increases in 2005, at US\$433.54 million. Additionally in 2005, a large expansion was noted in new investment given the increase in large-scale projects in the service sector. The increased investment in the service sector was a reflection of expansion of domestic demand for services accompanying economic growth and the spread of more open markets to the service sector. In the first half of 2005, the large-scale projects approved were a cellular phone service project by a Luxembourg company (US\$656 million) and a high-rise office building construction project (US\$114.6 million). Moreover, investment by US companies in the service sector became more active, and in June the major US insurance companies New York Life and ACE received approval to establish local subsidiaries for life insurance. The opening of the life insurance market is one of the condi-

tions placed by the United States on Viet Nam for membership in the WTO.

There was also significant progress in the preparation of the investment environment system-wise. The National Assembly passed a new Investment Law and Enterprise Law in November, and there were visible signs of correction in the gap in investment and operation environments of foreign and local companies, an issue which had long been considered a problem.

Some Industries Faced with Difficulties While Trade Liberalization Proceeded

Trade liberalization made steady advances in 2005. In March, it was decided (Decision 46) to eliminate the import duty quotas on corn, cotton, and material milk, effective April 1. These items are items in which a strong interest is held by the United States and New Zealand, with whom bilateral negotiations on WTO membership have not been completed. At the end of May, it was decided to begin preparation to enforce the Technical Barriers to Trade Agreement (TBT) (Decision 444), and it was expected that progress would be made in abolishment of trade barriers such as lack of transparency in transactions. Bilaterally, in April it was decided to lower tariffs on some imports from Thailand (36 items including fodder, ceramics, air conditioners, and washing machines). This was to compensate for Viet Nam's delay in implementing the ASEAN Free Trade Area Common Effective Preferential Tariff (CEPT) program for the motorbike components and spares, and assembled automobiles. On December 6, a bilateral economic agreement was signed with Singapore covering the six fields of investment, commercial services, transportation, IT, finance, and human resources development.

Total export value expanded significantly, led by crude oil, coal, electronic parts, and rice, etc., but in some industries there were problems that prevented expansion of exports. Exports to the United States of the textile and garment industry continued to be subject to quotas in 2005 due to the delay in gaining membership in the WTO. Aiming for the efficient distribution of quotas, in February Prime Minister Phan Van Khai allowed the transfer of export quotas to cope with competition over exports to the United States from WTO member countries such as China, for which quotas were abolished when the Multi Fiber Arrangement (MFA) expired. Even so, exports of textile and garment products in the first half of the year did not flourish, and the government moved to dis-

continue the export quota fees at the end of July (Decision 52 of the Ministry of Finance). Moreover in October, the Ministry of Trade and the Ministry of Industry announced that export visas, acquisition of which had required a separate procedure from acquisition of exports quotas, would be issued automatically starting in January 2006 for selected textile and garment categories (Circular 18 of Inter-Ministry of Trade and Industry). As a result, exports of items eligible for automatic issue of export visas in particular rebounded in the second half of the year, and total annual export value increased 9.6 percent YOY, to US\$4.8 billion.

In 2005 there were multiple accusations of dumping from the EU, and to a greater or lesser extent, the accused industries suffered a blow. The EU charged Viet Nam with dumping footwear and bicycles in July and stainless fastener parts in November. The largest export destination of Vietnamese bicycles is the EU, and so export of bicycles in particular took a beating when the EU decided to levy an antidumping tax of 34.5 percent maximum. Total bicycle exports in 2005 decreased 39.2 percent YOY. Directive 20 was issued in June, whose purpose is to cope with increased dumping accusations in recent years, starting with the United States' accusation of dumping of catfish in 2002.

Viet Nam's Achievement in Poverty Reduction Appraised by International Society and New Poverty Line Established

Viet Nam was commended for its efforts to reduce poverty since 1990 at the UN Summit held in September. The percentage of poor households in Viet Nam (based on the Viet Nam Living Standard Survey) decreased from 58.1 percent in 1993 to 28.9 percent in 2002. It can be said that Viet Nam had already achieved in 2002 one of the UN Millennium Development Goals, which is to reduce the poor population by half between 1990 and 2015. Viet Nam's success in reducing poverty in a short time frame was highly praised by international aid organizations. The poverty reduction achieved up to 2005 exceeded even the goal of the Viet Nam government's five-year plan. At the Ninth National Party Congress held in 2001, a goal was set to reduce the percentage of poor households to less than 10 percent by 2005, based on the poverty line in the standards for 2001–5 of the Ministry of Labor, War Invalids and Social Affairs (MOLISA). In fact, at the end of 2005, the percentage had been reduced to less than 7 percent.

In July, a new poverty line was established for 2006–10 by MOLISA. The new poverty line raised the overall standards to further reduce poverty in Viet Nam. Whereas the 2001–5 poverty line was set at monthly

income per capita of 150,000 dong in urban areas, 100,000 dong in rural areas, and 80,000 dong in mountainous areas and islands, in the 2006–10 standards, it is raised to 260,000 dong in urban areas and 200,000 dong in rural areas. In the 2006–10 standards, the same poverty line is applied to mountainous areas and islands as to other areas, so that regional gaps are more clearly reflected. This may be an expression of the government's drive to correct regional economic gaps. Moreover, raising MOLISA's poverty line narrowed the gap that has existed between two poverty lines in Viet Nam, one being based on the Viet Nam Living Standard Survey used for the purpose of international comparisons, and the other being based on the standards of MOLISA used to set goals for domestic economic development. The percentage of poor households at the end of 2005 based on the new poverty line was 22 percent.

Electric Power Problem

While there was stable growth and liberalization in many areas, 2005 was also a year when problems involving the electric power supply became apparent. Through the first half of 2005, northern Viet Nam, which was suffering from a drought, was plagued by the most serious electric power shortage in 20 years. The government and Electricity of Vietnam (EVN) were pressed to take measures such as importing electric power from China, increasing the amount of electric power sent from southern Viet Nam, and calling on ministries, agencies, and local governments to conserve electricity.

Discussion concerning the price of electricity became complicated. The rate-setting system for electricity was revised starting January 1. Under the new system, while the gap in electricity rates paid by foreign-owned companies and local companies was reduced, rates were greatly increased for electricity consumption by households exceeding 300 kilowatts. This gave rise to severe criticism from households, and on February 4, the government instructed EVN to delay the application of the revised electricity rates for households. Moreover, in November EVN submitted a plan to raise electricity rates for 2006–8 to the Ministry of Industry, citing soaring international prices of the oil and coal necessary for generating electricity, but the plan was not approved during 2005 due to concerns over diminishment of foreign investment and the negative reaction of households.

These newly arisen problems of electric power shortages and price hikes may be said to expose the low ability to raise capital and the low

management ability of the electric sector. With concerns over further deterioration in the situation given expectations of the increase in electric power demand anticipated to occur in tandem with economic development, construction began on a new power generation plant and another went into operation during 2005. On April 10, the Phu My Power Complex started operating in Ba Ria-Vung Tau Province. In addition, construction began on December 2 on the Son La Hydroelectric Power Plant, which will be the largest hydroelectric power plant in Viet Nam, located in the north in Son La Province. Furthermore, in a genuine effort to overcome capital shortages and poor management performance in the electric sector, trial application of the new Electricity Law started on July 1, and it was also decided to establish a Department of Electricity Adjustment under the Ministry of Industry on October 19 (Decision 258).

(by Emi Kojin)

FOREIGN RELATIONS

Relations with the United States: First Visit to the United States by a Vietnamese Prime Minister

There were various happenings in US-Vietnamese relations, including issues of human rights and bilateral negotiations on Viet Nam's membership in the WTO, but the largest event in relations between the two countries in 2005 was the visit to the United States by Prime Minister Phan Van Khai in June. Prime Minister Phan Van Khai himself highly regarded the trip, stating that "this visit indicates a shift to a new stage in US-Vietnamese relations." Not only did the prime minister hold talks with President Bush and other government officials, but he also visited leading US companies such as Microsoft.

According to *Nhan Dan*, the talk between US President Bush and Prime Minister Phan Van Khai took place on June 21 Viet Nam time. At the talk, while opinions were discussed concerning Viet Nam's WTO membership and trade issues, President Bush also praised Viet Nam's progress not only in the economic area but also in human rights and religious issues. In regard to this, the joint statement mentions that "both national leaders agreed to talk unreservedly and frankly concerning matters of interest, including human rights, religious beliefs, and ethnic minorities."

Following the talk with President Bush, Prime Minister Phan Van Khai indicated the importance of the United States in an indirect manner, say-

ing, “Viet Nam considers it possible that the United States sees Viet Nam as one latent cooperative partner. Viet Nam’s population of 80 million people is a large market for US companies.”

There is no change in the fact that a latent threat is posed by China, which has a record of historical conflict with Viet Nam. The deeper Viet Nam’s relations grow with China, the more important the role of the United States as a balancer becomes. That is one point which makes the Vietnamese prime minister’s visit to the United States very significant. Prime Minister Phan Van Khai expressed welcome of President Bush’s official visit to attend the APEC Summit to be held in Viet Nam in November 2006, and President Bush likewise displayed a positive stance.

Human rights issues (see “Problem of Ethnic Minorities in the Central Highlands” under Domestic Politics above) continue to be a source of concern between the two countries, with the United States deciding on continued inclusion of Viet Nam in its “List of Countries of Particular Concern with Regard to Freedom of Religion.”

No WTO Membership in 2005

Viet Nam had been aiming to gain membership in the WTO at the WTO ministerial meeting held in Hong Kong in December 2005, but the issue was carried over into 2006. The tenth multilateral negotiation concerning Viet Nam’s membership in the WTO was held in September in Geneva following preparations at an informal meeting in May. The details have not been disclosed, but according to the newspapers *Saigon Giaiphong* and *Nhan Dan*, there was debate on the following three points: (1) careful examination of points achieved in bilateral negotiations concerning opening of markets for goods and services, (2) proposed revisions of the first draft of the multilateral negotiations bulletin report, and (3) evaluation of Viet Nam’s legislation program.

According to the newspaper *Thoi bao kinh te Viet Nam*, Viet Nam did not express a wish at this venue for membership approval at the WTO ministerial meeting to be held in Hong Kong in December but only expressed the desire that the negotiations conclude early.

Not only was there the problem of treatment of Viet Nam’s SOEs, but another factor why Viet Nam did not achieve WTO membership within the year was its difficulties in bilateral negotiations with the United States. On September 22 following the conclusion of the multilateral negotiations, the US Ambassador to Viet Nam Michael W. Marine, speaking in an interview with the newspaper *Tuoi tre*, pointed out “the importance of

implementation of the law within Viet Nam, together with the importance of establishment of a legal infrastructure for WTO membership,” and he suggested that “only when that is achieved will the US government be able to submit the Viet Nam Permanent Normal Trade Relations (PNTR) bill to Congress. In my personal opinion, the US Congress is working on many tasks, and so a vote within the year is impossible.” Moreover, he stated, “Negotiations between the United States and Viet Nam are entering their most difficult stage, including issues that are of utmost concern to Viet Nam such as tax on beef and pork imports. The timing of Viet Nam’s membership in the WTO is not as important to the United States as it is to Viet Nam.” In his analysis, although the United States has no objection overall to the early membership of Viet Nam in the WTO, when it comes to individual issues and concrete problems, some obstacles still remain. At the time of the tenth multilateral negotiations, Viet Nam still had not come to terms in bilateral negotiations with the United States, Australia, New Zealand, Mexico, Honduras, and the Dominican Republic.

Among Viet Nam’s diplomatic experts, there are those with the opinion that “it is more important to conduct sound negotiations than to hurriedly become a member of the WTO.” However, it cannot be definitively stated that failure to become a member during 2005 had no effect if it is true that WTO membership is one means of accelerating domestic economic reform, which includes reform of SOEs. Moreover, whether WTO membership happens prior to the Party Congress or following the Party Congress is likely to be one factor that affects the tone of the Party Congress.

However, at the eighth meeting of the 11th National Assembly, important bills indispensable for WTO membership were passed, such as the Investment Law, Enterprise Law, Intellectual Property Rights Law, and the Special Consumption Tax Law (amended). Thus, steady progress is being made toward WTO membership in 2006. (This article was written by Minoru Teramoto and Emi Kojin.)

Relations with China: Deepening of a Substantial Relationship

In Viet Nam’s relations with China, an incident did occur in January when the Marine Police of China fired on a Vietnamese fishing boat. But 2005 was a year when friendly relations were in the forefront, given the visit to China by President Tran Duc Luong, Permanent Deputy Minister Nguyen Tan Dung, and Minister of Defence Pham Van Tra as well as the visit to

Viet Nam by Chinese President Hu Jintao. When President Tran Duc Luong visited China in July, they signed a bilateral agreement on Viet Nam's membership in the WTO, and when Chinese President Hu Jintao visited Viet Nam in October, he gave a speech in Viet Nam's National Assembly.

In the field of finance, the Agriculture and Rural Development Bank of Viet Nam (Ngan hang Nong nghiep va Phat trien nong thon Viet Nam) signed an agreement in April concerning management cooperation in international trade settlements with the Bank for Construction of China (Ngan hang Kien thiet Trung Quoc). In the field of electric power, a 110 kV power network was installed in June between Yunnan Province, China, and Ha Giang Province, Viet Nam, and in October five agreements to cooperate were signed, including on electric power purchases and on borrowing of funds for investment in electric power facilities. In the area of national defense, during the visit of Minister of Defence Pham Van Tra in October, the two countries signed an agreement on joint naval patrols by Viet Nam and China in the Gulf of Tongkin region. Moreover, based on another agreement, China provided Viet Nam with 1.5 million yuan for measures against bird flu. Thus, ties between the two countries steadily deepened, in functional matters as well as in fields related to security.

Relations with Neighboring Countries: Progress in Relations with Cambodia

Viet Nam's relations with its neighboring countries are relatively smooth. Party General Secretary Nong Duc Manh visited Laos and Cambodia in March, and Cambodian Prime Minister Hun Sen visited Viet Nam in October. The advanced political theory course for leaders of the Lao People's Revolutionary Party, which is an annual event, was held as usual at the Ho Chi Minh National Political Academy. In April, visits were made one after the other to Viet Nam by Myanmar's Prime Minister Soe Win in April and Indonesian President Susilo Bambang Yudhoyono in May. Political consultations were held at the expert level (mainly by the Ministry of Foreign Affairs) with Myanmar in August, Thailand in September, and Malaysia in October. These interchanges among the experts will underpin the relationship among leaders and those countries.

Among the smooth relations with neighboring countries, one that stood out was the relations with Cambodia. At the second meeting to develop cooperation in the border area between Viet Nam and Cambodia (Hoi nghi ve phat trien cac tinh giap bien gioi chung) held at the end of

September in Phnom Penh with the Permanent Deputy Prime Minister Nguyen Tan Dung in attendance, specific agreements were reached on a broad range of items including the economy and trade, transportation, agriculture and rural development, energy, healthcare, society, security, and social order. When Cambodian Prime Minister Hun Sen visited Viet Nam in October, six documents were signed, including a supplementary treaty to complete the existing 1985 treaty that covers border delineation between the two countries, an agreement for eradication of human trafficking, and an agreement to cooperate in assistance of victims of human trafficking.

Relations with Japan

In relations with Japan, the third bureau-level discussion was held in Tokyo in February with the participation of both countries' ministries of foreign affairs, the Japan Defense Agency, and Viet Nam's Ministry of Defense. When Prime Minister Phan Van Khai visited the United States in June, he stopped in Japan both on his outbound and his return trip, and on his return trip, he talked with Japanese Prime Minister Koizumi. At the donor meeting held in Hanoi in December, of the US\$3,747.9 million pledged in aid for 2006, US\$835.6 million was assistance from Japan.

Other Diplomatic Activity

In relations with Europe, Chairman of the National Assembly Nguyen Van An visited Europe in March and Party General Secretary Nong Duc Manh visited France in June. At the end of March, Viet Nam also signed an agreement with the EU on market access.

In 2005 multiple natural disasters struck in various locations around the world, and Viet Nam provided assistance for Sumatra-Andaman earthquake which affected a wide area including Indonesia and Thailand, earthquakes in southern Asia, and the hurricane that struck the United States.

(by Minoru Teramoto)

ISSUES IN 2006

The year 2006 is the year of the Party Congress. Realization of WTO membership is also a real possibility, and if membership is realized, then domestic companies, including SOEs, will be compelled to face tough competition. To achieve a high growth in excess of 8 percent annually, it is likely to become increasingly necessary to promote further establishment of systems and initiatives for corporate reform in preparation for entry into the global economy. If there is an increase in the number of people who are dissatisfied with the widening economic gap and increasing unemployment, then Viet Nam's "political stability" will be torn. The major issues facing the current administration will probably be whether or not it can construct a leadership system capable of steering the country through a new era, together with installing a safety net for the socially vulnerable.

*This report is based on materials as follows: *Nhan Dan*, *tuoi tre*, *Tap Chi Cong San*, *Saigon Giaiphong*, *Thoi bao Kinh te Viet Nam*, *Cong Bao*, *Viet Nam News*, *Vietnam Economic Times*, *The Saigon Times Weekly*.

IMPORTANT DATES IN 2005

January

- 1: Rate-setting system for electricity was revised.
 - The special consumption tax rate on domestically assembled passenger cars (up to five passengers) was raised from 24 percent to 40 percent.
- 5: The Ministry of Finance raised the import tariff on petroleum products from 0 percent to 15 percent.
- 6: Prime Minister Phan Van Khai attended the Special ASEAN Leaders' Meeting on the Sumatra-Andaman earthquake (in Jakarta) and promised US\$450,000 in assistance.
- 8: The 13th Party Central Committee's Theory Council was held.
- 17–25: The 11th plenum of the Ninth Party Central Committee was held.
 - Prime Minister Phan Van Khai ordered the ministries, the sectors, and the people's committees to take measures to prevent the spread of bird flu to people.
- 20: The Ministry of Foreign Affairs criticized China for violating international law and agreements upon the shooting at a Vietnamese fishing boat and restraint of the crew by the Marine Police of China on January 8.
- 24–25: A meeting in Hanoi attended by Viet Nam, Cambodia, and UNHCR was held on ethnic minorities fleeing from the Central Highlands and temporarily staying in refugee camps in Cambodia.
- 26: The US Department of Commerce made the final decision to increase the antidumping tariffs on Vietnamese shrimp between 0.17 percent and 0.25 percent against the level announced in the previous year. The Viet Nam Association of Seafood Exporters and Producers (VASEP) strongly protested this.
- 30: Prime Minister Phan Van Khai participated in the Tet gathering with overseas Vietnamese in which the ex-vice president of South Viet Nam, Nguyen Cao Ky, also participated.
 - Sai Gon East-West Highway groundbreaking ceremony held.

February

- 1: The European Commission (EC) and the World Health Organization (WHO) signed an agreement to support Viet Nam in preventing an explosive outbreak of bird flu.
 - The State Bank of Viet Nam raised the prime rate from a monthly rate of 0.625 percent to 0.65 percent.
- 3: The government issued guidelines for changing and supplementing goods lists and import tariffs of Vietman to implement the ASEAN Common Effective Preferential Tariff agreement in 2005–13.
- 4: The Ministry of Finance reduced the import tariff on petroleum products from 15 percent to 5 percent.

- 7: Prime Minister Phan Van Khai approved the proposal of the Ministry of Trade which sought approval of mutual transfer of export quotas among companies exporting textile and garment products to the US market.
- 17: The Party Politburo put in force a resolution concerning construction and development of Can Tho City in the era of industrialization and modernization.
- 21: The Party Secretariat issued an instruction concerning construction of families in the era of industrialization and modernization.
- 21–22: The third Japan–Viet Nam meeting between officials of the Ministries of Foreign Affairs and National Defense was held in Tokyo.
- 23: The Party Politburo issued a resolution concerning promotion of protection and care of the people's health under the new conditions.
- 26–27: The fifth National Congress of the Viet Nam Youth Federation was held.
- 28: The first public trial to prosecute 37 US companies that produced Agent Orange was held. On March 10, a US Federal Court dismissed the claim of the Vietnamese side.
 - The State Bank of Viet Nam decided to approve a higher rate of mobilization of Vietnamese dong deposits at branches of EU banks operating in Viet Nam.

March

- 3: Prime Minister Phan Van Khai issued a decision concerning elimination of import duty quotas on corn, cotton, and material milk.
- 4: The Party Secretariat issued an instruction concerning promotion of development and usage of bioengineering that contributes to industrialization, and modernization.
- 8: The Hanoi Securities Trading Centre was opened.
- 8–26: National Assembly Chairman Nguyen Van An visited Italy, Belgium, the United Kingdom, Switzerland, and European Parliament.
- 17: The Ministry of Finance reduced the import tariff on petroleum products from 5 percent to 0 percent.
 - Prime Minister Phan Van Khai issued a directive concerning promotion of equitization of SOEs.
 - The Ministry of Finance decided to reduce tariffs on electronic parts not produced by domestic companies, in accordance with the roadmap for implementing the ASEAN Free Trade Area Common Effective Preferential Tariff (CEPT) program.
- 22: The Party Politburo issued a resolution concerning continued promotion of the population policy and family planning.
- 23: Prime Minister Phan Van Khai issued decision concerning trial restructuring of the Viet Nam Posts & Telecommunications Corporation as the Viet Nam Post and Telecommunications Group.
- 24–26: Party General Secretary Nong Duc Manh visited Laos.
- 28–30: Party General Secretary Nong Duc Manh visited Cambodia.

April

- 1: The Ministry of Trade and the Ministry of Industry issued a circular concerning export quota transfer for textile and garment products exported to the United States.
- 5: Prime Minister Phan Van Khai issued a directive concerning continued promotion of administration reform.
- 6: The Party Secretariat decided on August 19 as the day for the meeting of the People's Association for Protecting Homeland Security.
- 7-8: The prime minister of Myanmar, Soe Win, visited.
- 8: The government decreed the lowering of tariffs on some imports from Thailand (refrigerators, etc.).
- Prime Minister Phan Van Khai issued a directive concerning the attraction of foreign investment.
- 10: Phu My power complex was inaugurated (at Ba Ria-Vung Tau).
- 13: The Party Secretariat issued an instructive notice on continued work for exchanging party card.
- 16: Mr. Vu Ky, secretary of the late president Ho Chi Minh, died.
- 19-21: The prime minister of the Republic of Korea, Lee Hae-chan, visited.
- 21-24: President Tran Duc Luong visited Indonesia. He attended the Asia-Africa Summit, etc., and pledged assistance to the sufferers of the Sumatra-Andaman earthquake disaster.
- 21: The Ministry of Foreign Affairs announced again its hope to achieve WTO membership within the year and sought concrete cooperation from other countries.
- 22: The National Environmental Conference was held.
- 24-25: The Seventh Congress of Vietnamese Writers was held and six persons were selected as new executives.
- 30: The Ceremony in Honor of the 30th Anniversary of Liberation of South Viet Nam was held in Ho Chi Minh City.

May

- 4-11: Prime Minister Phan Van Khai visited Australia and New Zealand.
- 5-June 14: The seventh meeting of the 11th National Assembly was held. The revised Civil Code and the Defence Law, etc., were passed.
- 26: Prime Minister Phan Van Khai decided to approve the implementation plan for the Technical Barriers to Trade Agreement (TBT agreement).
- 27-28: The 14th Party Central Committee's Theory Council was held. Opinions were collected on draft documents for the 10th National Party Congress.
- 29-30: The Indonesian President Susilo Bambang Yudhoyono visited.

June

- 1: Health insurance cards were issued at public health facilities to children aged six and under.

- 2–4: The Mid-Term Consultative Group Meeting was held in Can Tho city.
- 5: The Hai Van Tunnel was opened for traffic.
- 6–9: Party General Secretary Nong Duc Manh visited France.
- 7: The government issued a decree concerning prevention and eradication of money laundering.
- 9: Prime Minister Phan Van Khai issued a directive concerning prevention and combat of foreign trade lawsuits.
 - During his visit to Viet Nam, Japanese Foreign Minister Machimura talked with Prime Minister Phan Van Khai and announced the end of bilateral negotiations between Japan and Viet Nam on Viet Nam's WTO membership.
- 13–16: The eighth bilateral negotiations with the United States on Viet Nam's WTO membership were held in Washington, D.C.
- 14: Prime Minister Phan Van Khai decided to approve the list of 253 equitized companies to be auctioned, listed or registered at Viet Nam's securities trading centers.
- 19–July 2: Prime Minister Phan Van Khai visited the United States, Canada, and Japan.
- 20: Prime Minister Phan Van Khai decided to establish the State Capital Investment Corporation.
- 21: The Party Secretariat issued an instructive notice on the conclusions of the Party Secretariat regarding the consultation with the Committee of Party Secretary of the Ministry of Education and Training.
- 22: The government issued a decree permitting the complete buyout by foreign investors of SOEs with poor business performance.
- 23–24: The Ideological and Cultural Commission of the Party Central Committee held a meeting in Dak Nong Province for improving the efficiency of ideological and cultural work in five provinces in the Central Highlands.
- 27–July 8: Deputy Foreign Minister Vu Dung visited Mexico, Honduras, Columbia, and the Dominican Republic.

July

- 4–5: Prime Minister Phan Van Khai participated in the second summit of the Greater Mekong Subregion Economic Cooperation program in Kunming.
- 4–13: The 12th Plenum of the Ninth Party Central Committee was held.
- 8: The government decided to set a new poverty line for 2006–10.
- 12: The EC decided to impose an antidumping tariff up to 34.5 percent on bicycles exported from Viet Nam to the EU.
 - Prime Minister Phan Van Khai issued a directive concerning the spread of bird flu vaccines to the Ministry of Agriculture and Rural Development, etc.
- 14: Over-the-counter transactions began at the Hanoi Securities Trading Centre.

- 18–22: President Tran Duc Luong visited China and signed a bilateral agreement concerning Viet Nam’s membership in the WTO.
- 20: Prime Minister Phan Van Khai issued a directive to reduce the amount of gasoline used by national organs by more than 10 percent compared to the previous year.
- 20–23: Hungarian Prime Minister Ferenc Gyurcsany visited.
- 22: The Party Secretariat issued an instruction concerning development and management of electronic newspapers.
- 25: The Ministry of Finance abolished quota fees on textile and garment products for export to the United States.
- 29: The State Security Commission issued an instruction permitting the listing on the securities market of foreign-invested enterprises which convert to joint-stock companies.
- 30: The Party Politburo issued a resolution to reform and improve the quality of drilling, training of leaders, and scientific research at the Ho Chi Minh National Political Academy.

August

- 1–2: The first political consultation with the Myanmar’s Foreign Ministry was held in Yangon.
- 3: Prime Minister Phan Van Khai issued a directive concerning price stabilization.
- A decree was issued concerning asset appraisal for the purpose of promoting SOEs’ restructuring.
- 4–5: The Steering Committee for the Central Highlands held a meeting on economic and social development as well as the state of security and national defense in Dal Lak Province.
- 5: Prime Minister Phan Van Khai issued a decision to establish the National Committee for APEC 2006.
- 8: Prime Minister Phan Van Khai issued a decision concerning the trial restructuring of the Viet Nam Coal Corporation as the Viet Nam National Coal Group.
- 11–13: The eighth congress of the Viet Nam Journalists’ Association was held.
- 18: The Ministry of Foreign Affairs made public the white book titled “Achievements in Protecting Human Rights in Viet Nam.”
- 24: Prime Minister Phan Van Khai raised the maximum deposit insurance guarantee on Vietnamese-dong deposits of individuals, households, cooperatives, private companies, and partnerships from 30 million dong to 50 million dong.
- 29: Amnesty for 10,428 convicts was announced.

September

- 7–8: The Viet Nam–Thailand Common Working Group on Political and Security Cooperation was held in Hanoi.

- 8: The Ministry of Foreign Affairs announced US\$100,000 in aid for the sufferers of Hurricane Katrina in the United States.
- 15–18: The tenth multilateral negotiations on Viet Nam's WTO membership held in Geneva.
 - The party politburo held a conference concerning humane affairs for cadres throughout the country.
- 29: Prime Minister Phan Van Khai raised the maximum equity share held by foreign investors in listed and over-the-counter companies from 30 percent to 49 percent.

October

- 1: The government raised the minimum wage from 290,000 dong to 350,000 dong.
- 4–6: The National Emulation and Patriotism Congress was held.
- 6: A decision was issued permitting the trial appointment of a foreign CEO for Viet Nam Shipbuilding Industry Corporation.
- 10–12: Cambodian Prime Minister Hun Sen visited and signed a supplementary treaty to complete the existing 1985 treaty that covers border delineation between the two countries.
- 11: The Ministry of Foreign Affairs announced emergency humanitarian assistance for the large earthquake in South Asia.
- 14: The Party Politburo held a consultation with the Party Standing Committee of HCM City concerning the Eighth Party Congress of Ho Chi Minh City.
- 15: Prime Minister Phan Van Khai issued a directive concerning effective and uniform implementation of the national emergency action plan in case of bird flu and breakout of human infection.
- 17: The Ministry of Labor, War Invalids, and Social Affairs signed an agreement with the UNDP on hunger eradication and poverty alleviation.
- 18–23: Deputy Prime Minister Nguyen Tan Dung visited China and participated in the ASEAN-China Business Council meeting on trade and investment, etc.
- 18–November 29: The eighth meeting of the 11th National Assembly was held and the Enterprise Law, the Investment Law, and the Anti-Corruption Law were passed.
- 24–25: The Political Consultation between the Foreign Ministries of Viet Nam and Malaysia was held in Putrajaya.
- 25–28: Defence Minister Pham Van Tra visited China.
- 27: The Ministry of Finance issued dollar-denominated government bonds in New York. All US\$750 million worth of the bonds were sold.
- 28: The Party Secretariat issued an instruction concerning deployment of an emergency policy to prevent bird flu and its human infection.
- 29: The Party Politburo held a consultation with the party standing committee of Ha Noi City concerning the 14th Hanoi City Party Congress.

- 31: The Ministry of Public Security's instructive notice concerning implementation of the decree on resident registration and management came into effect.
- 31–November 2: Chinese President Hu Jintao visited and made a speech in the National Assembly.

November

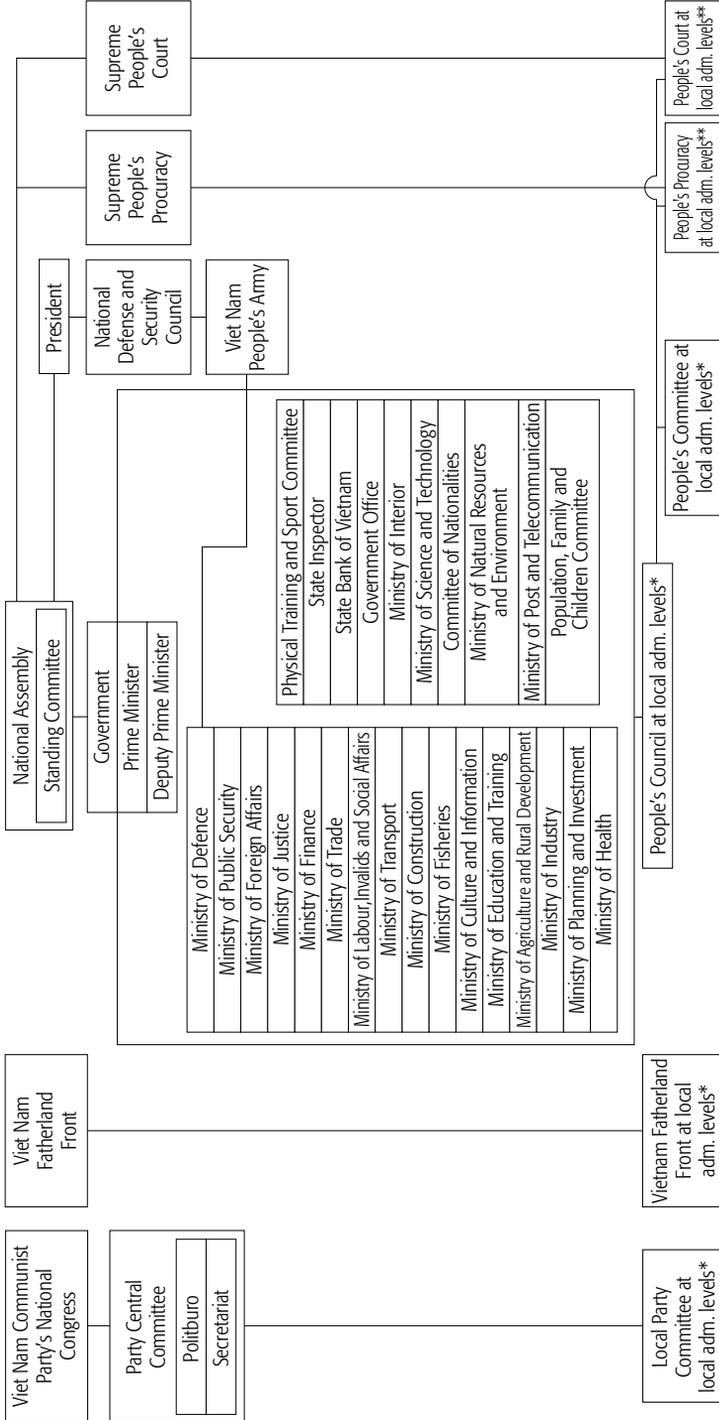
- 2–4: Prime Minister Phan Van Khai visited Thailand and attended the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy Summit (ACMECS). Viet Nam formally became a member of ACMECS.
- Prime Minister Phan Van Khai enforced the resolution concerning fundamental and total renewal of college education in Viet Nam for 2006–20.
- 4: The government issued a resolution on an emergency action plan for preventing the spread of bird flu and human infection, and decided on the apportionment of regional responsibilities among cabinet members on November 6.
- 7: The Ministry of Finance raised the import tariff on petroleum products from 0 percent to 5 percent.
- 9: The Ministry of Foreign Affairs criticized as unfair the decision of the United States to continue including Viet Nam on its list of “countries of particular concern” for religious freedom.
- The Ministry of Health acquired a license from the Swiss company Roche to produce a medicine with the same ingredients as the influenza vaccine Tamiflu.
- 10: The Party Politburo held a consultation with the Central Military Party Standing Commission concerning the Eighth Party Congress of the Viet Nam People's Army.
- 11: The Party Politburo held a consultation with the Party's Central Public Security Standing Commission concerning the Fourth Party Congress of the Public Security Forces.
- Prime Minister Phan Van Khai decided to establish the National Committee on the Education Decade of Viet Nam for Steady Development.
- 15: Final agreement concerning the humanitarian resettlement process was signed with the United States.
- 16–19: President Tran Duc Luong visited South Korea and participated in the APEC Summit, etc.
- 22: The Ministry of Public Security issued a circular repealing the regulation of one motorbike per person enforced since 2003.
- 26: Prime Minister Phan Van Khai decided on fund assistance for poultry breeding households that suffered damage due to bird flu.
- 28: Construction began on the Dung Quat Refinery.
- 29: The National Public Administration Reform Steering Committee held an international conference in cooperation with UNDP to determine the 2006–10 administration reform policy.

- 30: The Ministry of Finance raised the import tariff on petroleum products from 5 percent to 10 percent.
 - The Party Secretariat issued an instruction on strengthening of guidance for prevention and control of HIV/AIDS in the new period of time.

December

- 1: The State Bank of Viet Nam raised the prime rate from a monthly rate of 0.65 percent to 0.6875 percent.
- 2: Construction began on the Son La Hydroelectric Power Plant.
- 6–8: The Eighth Ho Chi Minh City's Party Congress was held.
- 6: Instruments of ratification were exchanged with Cambodia for a supplementary treaty to complete the existing 1985 treaty that covers border delineation between the two countries.
- 6–7: The 14th Consultative Group Meeting was held in Hanoi and approximately US\$3.7 billion in assistance was pledged for 2006.
- 8–9: The Fourth Party Congress of the Public Security Forces was held.
- 10–14: Prime Minister Phan Van Khai visited Malaysia and attended the ASEAN Summit, etc.
- 15–25: Chairman of National Assembly Nguyen Van An visited Algeria, Tunisia, and Morocco.
- 15: The Bank for Foreign Trade of Viet Nam (Vietcombank) issued convertible corporate bonds.
- 21–23: The 14th Hanoi City's Party Congress was held.
- 24: An instructive meeting on the preventative measures for bird flu and human infection was held in Ho Chi Minh City.
- 27–29: The Eighth Party Congress of the Viet Nam People's Army was held.
- 29: The Ministry of Foreign Affairs criticized the activity by Taiwan to construct a runway on the Truong Sa (Spratlys) Archipelago as an infringement on Viet Nam's sovereignty.

APPENDIX 8.1: STATE ORGANIZATION CHART



* Consists of province level, district level, and commune level.

** Consists of province level and district level.

APPENDIX 8.2: VIET NAM COMMUNIST PARTY LEADERSHIP (as of the end of December 2005)

POLITBURO

Nong Duc Manh: Party General Secretary
 Tran Duc Luong: President
 Phan Van Khai: Prime Minister
 Nguyen Minh Triet: Secretary of Ho Chi Minh City Party Committee
 Nguyen Tan Dung: Permanent Deputy Prime Minister
 Le Minh Huong: Minister of Public Security (Dead on May 23, 2004)
 Nguyen Phu Trong: Secretary of the Hanoi Party Committee, President of the Party Theory Council
 Phan Dien: Permanent member of the Party Secretariat
 Le Hong Anh: Minister of Public Security
 Truong Tan Sang: Director of the Party Central Party Committee's Economic Commission
 Pham Van Tra: Minister of National Defense
 Nguyen Van An: Chairman of the National Assembly
 Truong Quang Duoc: Vice Chairman of the National Assembly
 Tran Dinh Hoan: Director of the Party Central Committee's Organization Commission
 Nguyen Khoa Diem: Director of the Party Central Committee's Ideological and Cultural Commission

SECRETARIAT

Nong Duc Manh: Party General Secretary
 Phan Dien: Permanent member of the Party Secretariat
 Tran Dinh Hoan: Director of the Central Party Committee's Organization Commission
 Nguyen Khoa Diem: Director of the Party Central Committee's Ideological and Cultural Commission
 Le Van Dung: Director of the Political General Department of the Viet Nam People's Army
 Tong Thi Phong: Director of the Party Central Committee's Commission for Mass Mobilization
 Truong Vinh Trong: Director of the Party Central Committee's Home Affairs Commission
 Vu Khoan: Vice Prime Minister
 Nguyen Van Chi: Director of the Party Central Committee's Control Commission

Note: The rank is followed by *Report on the Ninth Party Congress*.

APPENDIX 8.3: STATE LEADERSHIP

President

Tran Duc Luong

Vice President

Truong My Hoa

Chairman of the National Assembly

Nguyen Van An

Vice Chairman of the National Assembly

Truong Quang Duoc

Nguyen Phuc Thanh

Nguyen Van Yeu

National Assembly Standing Committee

Nguyen Van An (Chairman of the National Assembly); Truong Quang Duoc, Nguyen Phuc Thanh, Nguyen Van Yeu (Three people above are Vice Chairman of the National Assembly); Le Quang Binh (Head of the National Assembly's Committee on Aspiration of the People); Tran Thi Tam Dan (Head of the National Assembly's Committee on Culture, Education, Youth, and Children); Vu Duc Khiem (Head of the National Assembly's Committee on Law); Nguyen Duc Kien (Head of the National Assembly's Committee on Economy and Budget); Vu Mao (Head of the National Assembly's Committee on Foreign Affairs); Trang A Pao (Head of the Nationalities Council); Bui Ngoc Thanh (Head of the Secretariat); Nguyen Thi Hoai Thu (Head of the National Assembly's Committee on Social Affairs); Ho Duc Viet (Head of the National Assembly's Committee on Science, Technology, and the Environment)

National Defense and Security Council

Tran Duc Luong, Phan Van Khai, Nguyen Van An, Pham Van Tra, Le Hong Anh, and Nguyen Dy Nien

Chief Justice of the Supreme People's Court

Nguyen Van Hien

Director of the Supreme People's Procuracy

Ha Manh Tri

GOVERNMENT

Prime Minister: Phan Van Khai

Permanent Deputy Prime Minister: Nguyen Tan Dung

Deputy Prime Minister: Vu Khoan, Pham Gia Khiem

Minister of Defence: Pham Van Tra

Minister of Public Security: Le Hong Anh

Minister of Foreign Affairs: Nguyen Dy Nien
Minister of Justice: Uong Chu Luu
Minister of Finance: Nguyen Sinh Hung
Minister of Trade: Truong Dinh Tuyen
Minister of Labor, Invalids, and Social Affairs: Nguyen Thi Hang
Minister of Transport: Dao Dinh Binh
Minister of Construction: Nguyen Hong Quan
Minister of Fisheries: Ta Quang Ngoc
Minister of Culture and Information: Pham Quang Nghi
Minister of Education and Training: Nguyen Minh Hien
Minister of Agriculture and Rural Development: Cao Duc Phat
Minister of Industry: Hoang Trung Hai
Minister of Planning and Investment: Vo Hong Phuc
Minister of Health: Tran Thi Trung Chien
Minister of Science and Technology: Hoang Van Phong
Minister of Natural Resources and Environment: Mai Ai Truc
Minister of Post and Telecommunication: Do Trung Ta
Minister of Interior: Do Quang Trung
Chief State Inspector: Quach Le Thanh
Governor of the State Bank of Viet Nam: Le Duc Thuy
Minister, Director of Physical Training, and Sport Committee:
 Nguyen Danh Thai
Director of the Committee of Nationalities: Ksor Phuoc
Minister, Director of Population, Family, and Children Committee:
 Le Thi Thu
Minister, Director of the Government Office: Doan Manh Giao

APPENDIX 8.4: MAJOR STATISTICS

1. General

	2001	2002	2003	2004
Population (1,000 persons, annual average)	78,686	79,727	80,902	82,032
Employed population (1,000 persons)	38,563	39,508	40,574	41,586
Unemployment rates (%)	6.28	6.01	5.78	5.6
Increase in consumer price index (%)	0.8	4	3	9.5

Source: *Nien giam Thong ke 2004*.

Note: The unemployment rate represents the urban unemployment rate.

2. Gross Domestic Product by Expenditure Category (at current prices)

	(Billion dong)			
	2001	2002	2003	2004*
Gross domestic product (GDP)	481,295	535,762	613,443	713,071
Gross capital formation	150,033	177,983	217,434	253,686
Gross fixed capital formation	140,301	166,828	204,608	237,868
Changes in stock	9,732	11,155	12,826	15,818
Final Consumption	342,607	382,137	445,221	511,221
State	30,463	33,390	38,770	45,715
Private	312,144	348,747	406,451	465,506
Trade balance (goods and services)	-10,982	-27,684	-51,288	-54,000
Statistical discrepancy	-363	3,326	2,076	2,164

Source: Same as Table 1.

Note: * indicates preliminary figures.

3. Gross Domestic Product by Ownership (at constant 1994 prices)

	(Billion dong)			
	2001	2002	2003	2004*
Gross domestic product	292,535	313,247	336,242	362,092
State	119,824	128,343	138,160	148,865
Collective	24,108	25,291	26,158	27,159
Private	10,234	27,049	29,808	33,355
Household	92,916	98,558	104,532	110,962
Mixed	13,720
Foreign investment sector	31,733	34,006	37,584	41,751

Source: Same as Table 1.

Note: 1. * indicates preliminary figures.

2. From 2002, the mixed sector is included in the private sector.

4. Gross Domestic Product by Industries (at constant 1994 prices)

	(Billion dong)			
	2001	2002	2003	2004*
Gross domestic product (GDP)	292,535	313,247	336,242	362,092
Agriculture, forestry & fishery	65,618	68,352	70,827	73,309
Agriculture and forestry	58,169	60,480	62,350	64,109
Fishery	7,449	7,872	8,477	9,200
Industry and construction	106,986	117,125	129,399	142,601
Mining & quarrying	19,185	19,396	20,611	22,948
Manufacturing	57,335	63,983	71,363	78,585
Electricity, gas & water supply	7,173	7,992	8,944	10,015
Construction	23,293	25,754	28,481	31,053
Services	119,931	127,769	136,016	146,182
Wholesale and retail trade; repair of motor vehicles, motorcycles, and personal and household goods	47,779	51,245	54,747	59,338
Hotel & restaurant	9,458	10,125	10,646	11,432
Transport, storage, and communications	11,441	12,252	12,925	13,975
Financial intermediation	6,005	6,424	6,935	7,495
Science and technology	1,749	1,909	2,044	2,196
Real estate, renting, and business activities	12,631	13,106	13,796	14,396
Public administration and defence; Compulsory social security	8,439	8,768	9,228	9,773
Education and training	9,687	10,475	11,260	12,125
Health and social work	4,151	4,464	4,853	5,234
Recreational, cultural, and sporting activities	1,648	1,706	1,857	1,997
Activities of political parties and of membership organisations	334	353	372	395
Community, social, and personal service activities	6,026	6,353	6,743	7,194
Private households with employed persons	583	589	610	632

Source: Same as Table 1.

Note: * indicates preliminary figures.

5. Output Value (at constant 1994 prices)

	(Billion dong)			
	2001	2002	2003	2004*
Agriculture	114,990	122,150	127,651	133,046
Cultivation	92,907	98,061	101,786	106,581
Livestock	19,283	21,200	22,907	23,439
Service	2,800	2,890	2,958	3,026
Industry	227,342	261,092	305,080	354,030
Mining & quarrying	29,097	30,326	32,762	38,304
Mining of coal	2,695	3,189	3,689	4,910
Extraction of crude petroleum and natural gas	23,766	23,817	25,132	28,648
Others	2,636	3,320	3,941	4,745
Manufacturing	183,542	213,697	252,886	293,619
Manufacture of food products and beverages	50,373	56,061	64,585	73,636
Manufacture of tobacco products	6,690	7,658	9,189	10,037
Manufacture of textiles and wearing apparel	17,503	20,520	24,680	29,124
Tanning and dressing leather; manufacture of leather products	9,529	11,096	13,535	15,976
Manufacture of wood, wood products, paper, and paper products	8,465	9,365	11,140	13,343
Publishing, printing, and reproduction of recorded media	2,453	2,876	3,515	4,746
Manufacture of coke, refined petroleum products, chemicals, and chemical products	13,180	15,040	16,640	18,901
Manufacture of rubber and plastic products	8,128	9,706	11,291	13,260
Manufacture of nonmetallic mineral products	21,625	25,913	29,855	34,709
Manufacture of basic metal	6,842	8,516	10,430	12,063
Manufacture of fabricated metal products, except machinery and equipment	7,063	8,506	10,646	13,274
Manufacture of machinery and equipment	3,421	3,712	4,612	5,601
Manufacture of office, accounting, and computing machinery	977	1,003	1,538	1,918
Manufacture of electrical machinery and apparatus	5,172	6,520	7,462	8,704
Radio and communication equipment and apparatus	5,407	6,169	7,162	8,230
Assembling and repairing of motor vehicles and other transport equipment	11,354	14,309	17,982	19,194
Manufacture of furniture and others	5,362	6,730	8,625	10,904
Electricity, gas, and water supply	14,703	17,069	19,432	22,107
Production, collection, and distribution of electricity; manufacture of gas; distribution of gaseous fuels	13,551	15,741	18,071	20,656
Collection, purification, and distribution of water	1,152	1,328	1,361	1,451

Source: Same as Table 1.

Note: * indicates preliminary figures. .

6. Foreign Trade by Country and Area

(US\$ million)

	2001		2002		2003		2004*	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Japan	2,509.8	2,183.1	2,437.0	2,504.7	2,908.6	2,982.1	3,502.4	3,552.6
ASEAN	2,553.6	4,172.3	2,434.9	4,769.2	2,953.3	5,949.3	3,784.6	7,762.2
Cambodia	146.0	22.8	178.4	65.4	267.3	94.7	384.6	130.4
Indonesia	264.3	288.9	332.0	362.6	467.2	551.5	446.6	662.7
Laos	64.3	68.0	64.7	62.6	51.8	60.7	68.5	74.1
Malaysia	337.2	464.4	347.8	683.3	453.8	925.0	601.1	1,214.7
Philippines	368.4	53.5	315.2	100.6	340.0	140.9	498.6	188.5
Singapore	1,043.7	2,478.3	961.1	2,533.5	1,024.7	2,875.8	1,370.0	3,618.5
Thailand	322.8	792.3	227.3	955.2	335.4	1,282.2	491.0	1,858.1
Taiwan	806.0	2,008.7	817.7	2,525.3	749.2	2,915.5	905.9	3,698.0
Hong Kong	317.2	537.6	340.2	804.8	368.7	990.9	379.7	1,074.7
South Korea	406.1	1,886.8	468.7	2,279.6	492.1	2,625.4	603.5	3,328.4
China	1,417.4	1,606.2	1,518.3	2,158.8	1,883.1	3,138.6	2,735.5	4,456.5
Russia	194.5	376.4	187.4	500.6	159.6	491.8	216.1	671.2
EU	3,002.9	1,506.3	3,162.5	1,840.6	3,852.6	2,477.7	4,791.5	2,581.5
USA	1,065.3	410.8	2,452.8	458.3	3,938.6	1,143.3	4,992.3	1,127.4
Australia	1,041.8	266.4	1,328.3	286.3	1,420.9	278.0	1,821.7	458.1
Others	1,714.6	1,263.3	1,558.3	1,617.4	1,422.6	2,263.2	2,771.0	3,243.3
Total	15,029.2	16,217.9	16,706.1	19,745.6	20,149.3	25,255.8	26,504.2	31,953.9

Source: Same as Table 1.

Note: * indicates preliminary figures. Figures for the EU include the 15 countries that had become members by May 2004.

