

Vietnam 2012



Total: 39.58

Quick facts

Population:	91.51 million
Population growth:	1.05 %
Unemployment rate:	2.3 %
GDP:	303.8 billion \$
GDP growth rate:	5.9 %
GDP per capita:	3400 \$

Political Freedom

Free and Fair Elections : **0.36**

There is only one legal political party in Vietnam: the Communist Party of Vietnam (CPV), which holds all the power. There are no democratic multi-party elections, neither at the national nor the local levels. Still, elections are held regularly. The most recent election to the 500-member National Assembly (NA) took place in May 2011, but the CPV was the only political party legally allowed to take part in them. Only a handful of non-party members were allowed to run for election, 14 of whom won seats. This illustrates the level of political participation and pluralism in Vietnam - there is practically none. The NA is completely controlled by the CPV and government policy is determined by the executive branch of the party, the Politburo. As the most basic principle of any democratic system – free and fair elections - is not implemented, Vietnam cannot be considered, even remotely, as an electoral democracy.

Absence of Unconstitutional Veto Players : **0.83**

There are no veto players of any kind in the political system of Vietnam, as all power is centred in the hands of the CPV. Nevertheless, governance follows a legal-bureaucratic rule instead of a despotic one. All policies are entirely determined – directly or indirectly – by the CPV.

Freedom of Press : 1.6

Freedom of the press is restricted in Vietnam and critics of the government are silenced by means of court orders or other forms of harassment. Foreign journalists need a government permit to travel to places other than Hanoi. Satellite television is officially reserved to senior party officials, international hotels and foreign businesses (although many households have satellite dishes). All print media and broadcasting stations are tightly controlled by the government. Internet access is restricted through legal as well as technical means – even emails with content criticising the government are banned.

Rule of Law

Independence of the Judiciary : 4.33

Vietnamese courts are only partially independent. The judiciary is subservient to the CPV, which controls courts at all levels. Fair trials are hardly possible as the judicial system is marred by political influence, endemic corruption and inefficiency. Judges rarely rule against members of the government. Some even refuse to hear sensitive cases for fear of negative consequences.

Yet the independence of the courts, however deficient as it may seem, has improved during the last years. Wages have been increased and a judicial reform has done its part to improve the independence of judges.

Corruption : 2.9

Corruption and abuse of office are rife in Vietnam. Although senior CPV members and government officials have acknowledged growing public discontent, they have mainly responded with a few high-profile prosecutions of corrupt officials and private individuals rather than comprehensive reforms. Government decisions are made with little transparency, and revelations of contracts with Chinese and other foreign companies for major mining or development projects have generated considerable controversy. The country was ranked at number 112 amongst 183 surveyed nations in Transparency International's 2011 Corruption Perceptions Index.

Protection of Human Rights : 2.81

Human rights are restricted in Vietnam. The Vietnamese government systematically curtails freedom of association, religion and peaceful assembly. Academic freedom and freedom of expression are rather limited. Those who question government policies, expose official corruption or call for democratic alternatives to one-party rule are subject to police harassment and intrusive surveillance, detained for long periods of time without access to legal counsel and sentenced to increasingly long terms in prison for violating national security laws. Land disputes have increased in numbers as the government seizes property to lease to domestic and foreign investors. Ethnic minorities suffer discrimination in society, and some local officials restrict their access to schooling and jobs. Harassment, arrests and occasional attacks directed at religious minorities, such as Hmong Christians, are not uncommon. Despite more economic opportunities for women, they

continue to face discrimination in wages and promotion. Many women are victims of domestic violence, and thousands each year are trafficked internally and externally and forced into prostitution. As of 2012, 29 recognised crimes in Vietnam carry the death penalty, with a number of death sentences imposed during this year.

Economic Freedom

Security of Property Rights : 5.88

Until recently, the protection of property rights in Vietnam was rudimentary at best: contracts were weakly enforced, dispute settlement could take years, and the state had ultimate ownership of all land. However, in 2003, some changes were brought about by a new land law. Foreigners can now engage in real-estate deals and lease land for 50-70 years which can be renewable. From 2009 onwards, foreigners who meet certain criteria can own apartments in Vietnam.

In line with the country's bid to enter the WTO, an intellectual property law covering copyrights and industrial property, amongst other things, was enacted. However, intellectual property rights are often infringed and weakly enforced.

Size of Government: Expenditures, Taxes, and Enterprises : 8.04

Government spending has increased to 33.4% of the GDP. Progress in privatisation and restructuring of state-owned enterprises has been slow. Tax reforms in 2009 led to decreases in both top income and top corporate tax rates to 35% and 35%, respectively. Other taxes include value added tax and tax on property transfer. The overall tax revenue equals 22.3% of the GDP.

Regulation of Credit, Labour, and Business : 6.46

The financial sector is underdeveloped and suffers from a high degree of state involvement. Government policy favours state-owned enterprises and determines money lending, which is done mostly by four big state-owned banks. Regulations and transparency are not in line with international standards. Some comparatively small foreign banks are allowed to operate in Vietnam.

Starting, operating and closing a business are subject to a multitude of regulations. It takes 44 days and 9 procedures to start a business. Obtaining a business license requires 10 procedures and 200 days. Bankruptcy procedures are slow and complicated. Vietnam slipped to number 98 in the World Bank's 2012 Doing Business report (from position 90 in 2011). But as Vietnam with its 63 cities and provinces is a highly decentralised country, administrations in a growing number of provinces have improved. Entry costs have been cut and in some cases a business license can be obtained in as little as seven days.

Labour regulations are inflexible. The non-salary cost of hiring a worker is moderate, but firing an employee is difficult. Informal labour activities are widespread.

Freedom to Trade Internationally : 6.37

Since the 1980s, the government has taken steps to liberalise trade. This process was marked by several events: the country's entry into the Association of South East Asian Nations (ASEAN) in 1995 and into the Asia-Pacific Economic Cooperation in 1998; the conclusion of a bilateral trade agreement with the United States in 2000, which granted Vietnam favoured nation status; and its entry into the WTO in 2007. Its ASEAN membership has led to a sharp reduction of tariffs on imports from other member countries.

Despite these developments, international trade still faces obstacles arising from import bans and restrictions on some products, import taxes and licensing requirements, opaque regulations, inadequate enforcement of intellectual property rights, corruption and customs inconsistencies.