

Vietnam 2013



Total: 37.97

Quick facts

Population:	92.48 million
Population growth:	1.03 %
Unemployment rate:	4.3 %
GDP:	325.9 billion \$
GDP growth rate:	5 %
GDP per capita:	3600 \$

Political Freedom

Free and Fair Elections : 0.36

Vietnam is clearly not an electoral democracy. The only legal party is the Communist Party of Vietnam (CPV) which controls all political decisions through its Central Committee. Elections for the 500-seat National Assembly are held every five years and all candidates are vetted by the Vietnam Fatherlands Front, an arm of the CPV. In the last elections in 2011 the CPV won 454 seats, while officially vetted non-party members gained 42 mandates with self-nominated candidates taking the remaining four. Nguyễn Tấn Dũng was chosen for a second term as prime minister, and Trương Tấn Sang was announced new state president. The 2011 Communist Party Congress also approved the general political strategy of economic reform, while denying political reforms, with the appointment of known military and security hardliners into leading positions.

The period of 2012-13 saw tendencies of a power struggle within the CPV, fueled by growing economic problems of recent years. High inflation, corruption and capital flight have weakened Vietnam's formerly prospering economy. In the wake of this development the government intensified its punishment of dissidents.

Absence of Unconstitutional Veto Players : 0.83

There are no unconstitutional veto players in Vietnam. The CPV governs the country repressively,

not leaving any space for political interference. Nevertheless, the governance follows a strict bureaucratic rule. All political decisions are entirely made by the CPV through its associated institutions.

Freedom of Press : 1.6

Freedom of the press is limited and Vietnam remains one of the most restrictive environments for the press in Asia in 2013. All legal newspapers are owned by either the CPV or the military. However, there are a number of underground publications. There is only one national television broadcaster, and radio stations as well as international TV stations are forced to translate content into Vietnamese and undergo state censorship before airing. The CPV generally perceives media as a tool to disseminate state and party policies. On the positive side, Vietnam has recently eased visa restrictions on foreign journalists and allowed international press agencies to set up offices.

The 1992 constitution theoretically recognises the freedom of speech. However, several laws and decrees prohibit "anti-government propaganda", propaganda to "overthrow the state", and coverage which threatens "national security". The laws are vaguely written and are usually interpreted to silence critical journalists. 2012 has seen an intensified effort by the government to crack down on dissidents, with a number of journalists being sentenced to lengthy prison terms. The CPV authorities are especially concerned with coverage of calls for democratic reform, land rights, religious freedom and criticism of the country's relation with China.

Although the internet is still comparatively free, the government has increased censorship of online content. Internet service providers are forced to block websites deemed politically unacceptable. There has also been more and more government action against political blogs, making Vietnam one of the countries with the highest number of bloggers behind bars. Although the government denies such actions, it is allegedly using cyber-attacks against dissident websites and blogs. Journalists often face physical violence and harassment from the police. Raids of homes and offices as well as intimidation of families of journalists and activists are commonly used to silence criticism.

Rule of Law

Independence of the Judiciary : 3.94

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, working conditions improved, and a judicial reform has done its part to strengthen the independence of judges.

Corruption : 3.1

In spite of improvements over the past years, corruption is still considered widespread throughout

the country. Corruption is prevalent through the health, education, construction, land management and natural resources sectors.

Cumbersome legislation exists, but in practice provides little deterrence to an endemic problem. The government has passed legislation in 2012 to try and limit corruption, but how the laws are implemented will determine their effectiveness. Transparency International's Corruption Perceptions Index ranked Vietnam number 123 out of 176 surveyed countries.

Protection of Human Rights : 2.69

Freedom of expression, association and public assembly are tightly controlled in Vietnam. The government does not allow independent media and blocks politically sensitive websites. There are also 29 different crimes that can incur the death penalty, which is still practiced. While other Southeast Asian countries have been reviewing their death penalty laws, Vietnam's continues to be strongly enforced. According to Amnesty International, there are currently 586 people on death row.

Religious freedom remains elusive for minority religious groups such as the Hoa Hao Buddhists, Cao Dai, the Unified Buddhist Church of Vietnam and Falun Gong. Hundreds of political prisoners and other prisoners of conscience remain jailed, among others the famous human rights activist Dr. Cu Huy Ha Vu and the journalist Nguyen Van Hai. As of August Vietnam has prosecuted and imprisoned over 40 dissidents this year, exceeding 2012's total.

Economic Freedom

Security of Property Rights : 5.66

In theory Vietnamese laws provide for the protection of property rights. But enforcement is inconsistent and dispute settlement can be a lengthy process. All land belongs to the state, private ownership is unknown. Private persons can obtain long-term land use rights. The introduction in 2003 of a new land law allowed foreigners to engage in real-estate deals and lease land for 50-70 years. These lease contracts can be renewed. Foreigners who meet certain criteria can own apartments. The 2013 International Property Rights Index ranks Vietnam 91st out of 131 countries. Chief concerns are the legal and political environment and the weak protection and enforcement of intellectual property rights.

Size of Government: Expenditures, Taxes, and Enterprises : 7.03

Government spending has fallen to 30.3% of GDP (from 33.4%). 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 25%, respectively. Other taxes include value added tax and tax on property transfer. The overall tax revenue equals 24.3% of GDP.

Regulation of Credit, Labour, and Business : 6.49

The financial sector is expanding and capital markets are slowly evolving. Money lending is mostly done by four big state-owned banks, favouring state-owned enterprises. 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 number of regulations. It takes 34 days and 10 procedures to start a business, according to World Bank data. Starting a business has been made easier by allowing companies to use self-printed VAT invoices. Obtaining a business license requires 11 procedures and 110 days. Bankruptcy procedures are rather slow and complicated.

Vietnam slipped to rank 99 in the World Bank's 2013 Doing Business report (from position 98 in 2012 and position 90 in 2011). However, administration has improved in a growing number of provinces, meaning that in some cases a business license may 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 : 6.27

Vietnam's weighted average tariff rate is 5.7%. The liberalisation of trade was marked by several events: the country's entry into 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. But import bans and restrictions on some products, import taxes and licensing requirements, opaque regulations, inadequate enforcement of intellectual property rights, corruption and customs inconsistencies limit the gains from international trade.