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Background Brief:

Vietnam's New Minister of Industry and Trade a Surprise

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Regarding the surprise appointment of Nguyen Hong Dien, deputy head of the Communist Party of Vietnam's Central Commission on Propaganda and Education, as the new Minister of Industry and Trade, we request your assessment of the following issues:

Q1. This week, Vietnam's National Assembly approved the appointment of Deputy Head of the Central Party Commission on Propaganda and Education Nguyen Hong Dien, as the new Minister of Industry and Trade (MOIT). He doesn't have a relevant background in economics and business.

In your assessment, what are the advantages and disadvantages that the new Minister will bring to the Ministry and its responsibility for two significant sectors of Vietnam's economy?

ANSWER: A new minister who comes to office without any background in the affairs of the ministry or any experience working in the ministry will have the following disadvantages. The new minister will have to develop working relations with key personnel in the ministry from scratch. The new minister will not have an institutional knowledge of recent decision-making, policy planning and programs that have just been initiated. The new minister will also have to learn what ministry's responsibilities are, how it is organized, and how it functions.

Nguyễn Hồng Diên will have the advantage of political backing in his role as the new Minister of Industry and Trade because of his recent role as deputy head of the party's Propaganda and Information Department.

Diên comes into his new role as minister with certain strengths. He holds a Bachelor degree in economics and a PhD in public administration. More importantly, he has extensive experience as an administrator in Thai Binh Province as chairman of the People's Council (2011-15, 2018-20), chairman of the People's Committee (2015-18) and secretary of the provincial party committee (2018-20). It should be noted that between 2015 and 2018, Thai Binh province rose from 38th place on the provincial competitive index to 28th.

Q2. In your assessment, is it necessary for a Minister need to have a relevant background to be a good Minister?

ANSWER: As noted above, it is a decided advantage if a new minister has some grounding and work experience in industry and trade. But the key factors are the new minister's ability to show leadership, make sound decisions, manage personnel effectively, and meet set objectives.

Because the former Minister of Trade and Industry Tran Tuan Anh has been promoted to the Politburo and heads the Central Economic Commission, he will always be available to assist the new minister if required.

Q3. Some people speculate that Dien's appointment may be an attempt by the controlling faction in the Communist Party of Vietnam to assert its control over MOIT as well as to deal with the rampant corruption in this super-ministry, especially in the electricity and oil and gas sectors where the Vietnamese Government still retains a high level of monopoly. Do you agree with this viewpoint?

ANSWER: A review of the Ministry of Industry and Trade over the period from 2016-2021 reveals serious problems in corruption at all levels and in various agencies. The following are a selection of major cases:

- In 2017, deputy minister of trade Ho Thi Kim Thoa, resigned amidst allegations of mismanagement and financial irregularities.
- In January 2018, twelve officials working at PetroVietnam Construction, including its director, were arrested on charges of "violation of state regulations on economic management causing serious consequences," eight other officials were accused of embezzlement, and two were charged with both offenses.
- In February 2018, Trinh Xuan Thanh, former chairman of PetroVietnam Construction, was sentenced to life in prison for embezzling Petroleum Power Property JSC (PV Power Land). While in June, four more executives working for PetroVietnam's subsidiaries were arrested for embezzlement.
- In July 2020, a former minister, former deputy minister and director of the Light Industry Department in the Ministry of Industry and Trade were arrested for "violating regulations on the management and use of State assets, causing losses to the State, as well as violating land management regulations."
- As recently as January 2020, Tran Tuan Anh, as Minister of Industry and Trade, directed subordinate agencies and organisations to strengthen the fight against corruption and trade fraud. Anh's directive followed a resolution by the National Assembly requesting all ministries to address these issues.

In sum, it is plausible that Diên was brought in from the outside to tackle corruption as well as other issues in the Ministry of Industry and Trade. His name did not appear on a list of prospective ministers circulating in Hanoi prior to the 2nd Central Committee plenum. In fact, Nguyen Hoang Anh, chairman of the Special Committee to Manage State Capital at Enterprises, was pencilled in for the post of Minister. Diên's selection indicates a last-minute change. Diên's background in the party suggest the Party Wing threw its support behind him on the basis of his success as province leader in Thai Binh.

Diên's work will be cut out for him. He must sort out problems with smuggled and counterfeit goods circulating in Vietnam and getting effective certificates of origin for legitimately Vietnamese produced goods. Vietnam's manufacturing sector must add

value to its products in order to achieve a breakthrough for Vietnam to become an industrialized country by 2030. In addition, Diên will have to tackle compliance with Vietnam's raft of free trade agreements.

Diên will also come under pressure to get his ministry to complete a long overdue National Electricity Development Plan.

Q4. Nowadays, many Vietnamese people, especially talented ones, choose not to become a member of the Communist Party of Vietnam. Do you think the fact that Vietnam is choosing high-ranking officials from among only CPV members who make up 5% of the country's population and factional in-fighting is preventing Vietnam from finding the best for important positions in the Government?

ANSWER: The unequivocal answer to your question is yes. The present one-party system constrains Vietnam from selecting those most qualified for ministerial positions in the government, especially women.

However, this assessment must be qualified. The question is how do you find the best in a one-party state where state institutions and state-owned enterprises dominate and privilege party membership? Non-party members can study abroad at the best universities in their field of expertise and acquire the necessary education for government service. But where can non-party members gain the experience to qualify for a high-level post in the government?

Another aspect is the party's sclerotic process of setting restrictions on quick advancement, such as age quotas, mandatory retirement age limits, requirement for service on the Central Committee for at least one term for membership in the Politburo, and service on the Politburo for one full-term for selection as one of the 'four pillars' of the leadership.

Just over half of Vietnam's population are women yet they comprise only 19 percent of the Central Committee. The Vietnam Communist Party would first need to give priority to balancing gender representation. But this does not address the problem of ninety-five percent of the population who are not party members.

Finally, party factionalism under whatever name, exacerbates the selection of the best qualified individuals for top government posts.

It is difficult to imagine how Vietnam could shift to a merit-based system without reforming its one-party system to enable those in the private sector who demonstrate exceptional managerial and subject matter expertise to be selected for a Cabinet portfolio. It is conceivable that non-party members with technocratic expertise could head such ministries, as finance, industry and trade, transport, construction, education and training, agriculture and rural development, planning and investment, science and technology, natural resources and environment, etc.

There are a number of ministries where talent cannot be found in the private sector, however. These areas include national defence, foreign affairs, public security and justice.

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