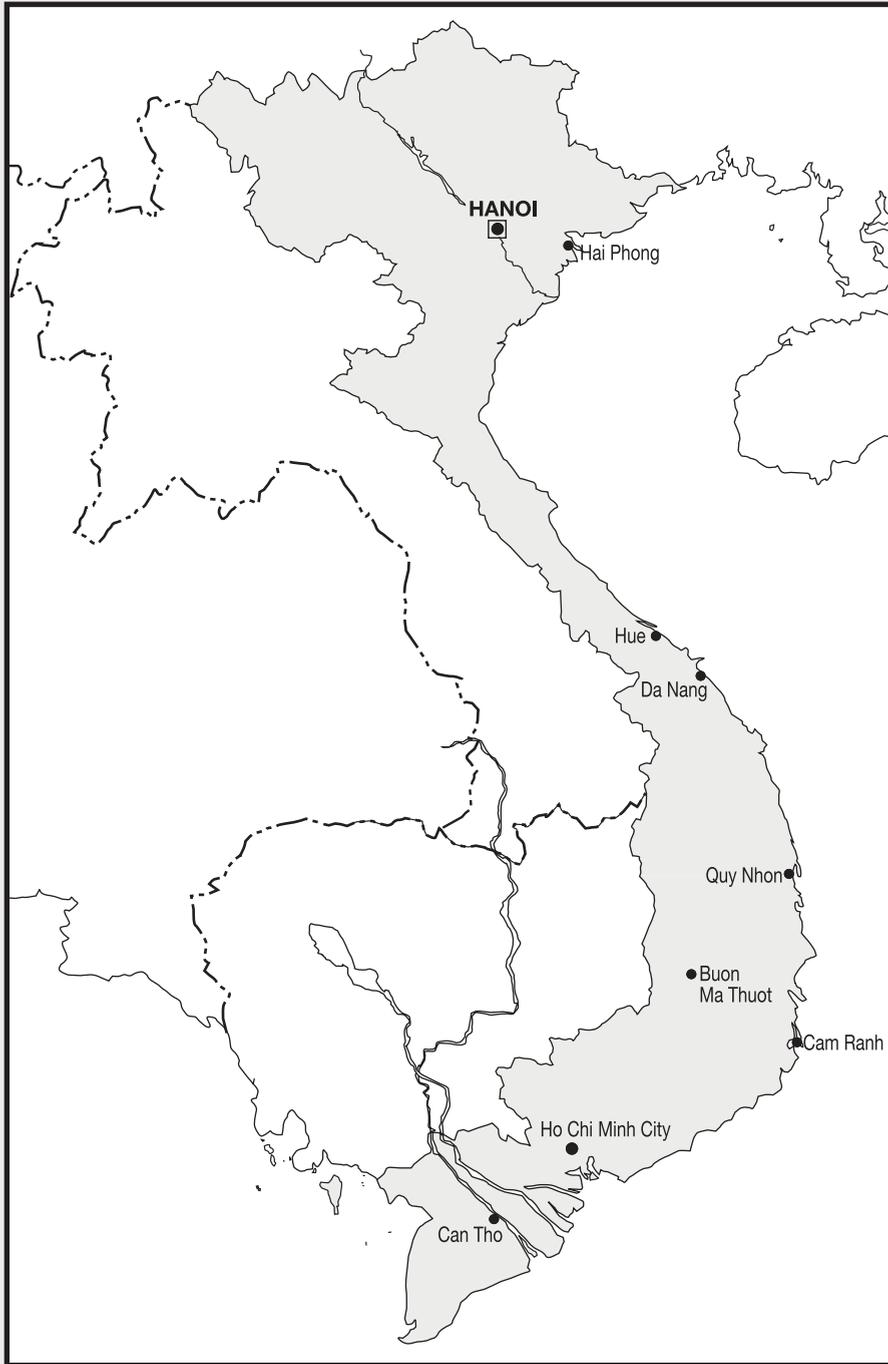


# Vietnam



# VIETNAM IN 2019: A Return to Familiar Patterns

Paul Schuler and Mai Truong

While Vietnam is often proclaimed to be at a “crossroads”, in retrospect the period between 2014 and 2016 was genuinely an inflection point. Given heightened anxiety over Chinese assertiveness in the South China Sea and a desire to join the Transpacific Partnership (TPP), Vietnam signalled a greater desire to side with the United States than ever before. This led to a flurry of high-profile visits of Vietnamese leaders to the United States as well as an unprecedented agreement to allow independent trade unions in exchange for TPP membership.<sup>1</sup> It also led to a reduction in political repression.

With President Donald Trump’s decision in 2017 to pull out of the TPP, the dynamics have changed. Nearly three years after that decision, Vietnam has returned to its previous political and foreign policy orientations. As this chapter will discuss, the top contenders for power have returned to the previous hedging strategy of maintaining friendly ties with the United States while avoiding antagonizing China. The most likely successors to General Secretary Nguyen Phu Trong have maintained a generally balanced approach to political reforms and alignment with the United States. In short, it does not appear that there will be an elite-led liberalization on the horizon. If there is a question about significant elite-led political reforms in Vietnam, it is whether it is going to further centralize power in the hands of the party. On this question, we also believe that Vietnam is likely to revert to its previous collective-leadership pattern.

Although party-led political reform is largely off the table, this does not mean social pressures that could possibly force change from the outside have remained static. A number of important developments continue to challenge the

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regime. On the South China Sea, Vietnam's relationship with China continues to represent a volatile mobilizing issue for collective action. The environment also remains a potent social concern. Additionally, social media continues to inject a new dynamic into these issues, providing both the opportunity for citizens to challenge the regime but at the same time allowing the regime to respond more quickly and shift blame to local governments.

In addition to these social issues, the structure of Vietnam's economy also continues to change in important ways that provide opportunities and challenges for the regime. Foreign direct investment surged in the wake of US trade disputes with China, and economic growth remains robust. At the same time, the trade wars may not have had a universally beneficial effect. In particular, farmers, who rely more heavily on the Chinese market than on the United States, have suffered a decline in imports from China, damaging their profits.<sup>2</sup> Additionally, although the tragedy involving thirty-nine Vietnamese citizens in the United Kingdom has complex roots, it has brought attention to potential differences in economic conditions outside Vietnam's major industrial areas. A final important economic change is the continued rise of large domestic conglomerates, particularly Vingroup, which has generated increased attention, both positive and negative, from political elites and civil society.

This chapter reviews each of these developments. It focuses first on elite politics in the wake of the lost opportunity of 2015 and 2016. It then turns to the major issues inflaming public opinion, including the South China Sea and the environment. Finally, the chapter focuses on the structure of Vietnam's economy and the degree to which the rising tide continues to lift all boats. In particular, it will look at whether the trade war and Vietnam's growth have disproportionately impacted urban versus rural areas. The overarching message from this review is that while elite politics and management of dissent has returned to the pre-TPP equilibrium, social and economic changes may challenge that pattern.

## **Politics: A Return to Familiar Patterns**

Prior to the 2016 Party Congress, political change seemed a real possibility. In part because of Chinese pressure in the South China Sea, Vietnam was more firmly committed than ever to joining the TPP. The greater degree of alignment towards the United States was most explicitly evidenced by unprecedented US visits from General Secretary Trong and then minister of public security Tran Dai Quang. The most important concrete political concession included the decision to allow the formation of independent trade unions. Additionally, the ongoing negotiations

compelled Vietnam to relax political repression. Between 2013 and 2015, while Vietnam was negotiating the agreement with the United States, it reduced the number of political arrests.<sup>3</sup>

This changed in January 2017 when Trump pulled out of the TPP. This was a momentous decision for Vietnam because US pressure was the key to the political reforms. With US pressure and leverage removed, the trade union side agreement and heightened tolerance of dissent disappeared. In terms of political repression, the number of dissident arrests returned to previous levels.<sup>4</sup> Some notable arrests in 2019 included former party member and blogger Pham Chi Dung,<sup>5</sup> lawyer Tran Vu Hai,<sup>6</sup> and blogger Truong Duy Nhat.<sup>7</sup> In sum, despite some suggestions that Vietnam continues to liberalize its politics,<sup>8</sup> in many ways Vietnam is back where it started with regards to its treatment of dissidents and organized civil society. As a former US ambassador to Vietnam said: “[Pulling out of the TPP] pulled out the rug from under the reformers.”<sup>9</sup>

With regard to elite politics, the big question heading into 2019 was whether Vietnam would follow the Chinese model of centralizing power under the party. Since Doi Moi, Vietnam has differed from China in that the prime minister in Vietnam has far greater independence from the general secretary than is the case in China, particularly with regard to the management of the economy and social service delivery.<sup>10</sup> The Vietnamese Communist Party (VCP) signalled a potential desire to move in China’s direction in 2018 by selecting Trong to simultaneously hold the positions of general secretary and president after President Tran Dai Quang’s death.

The key question emerging from this change was whether this decision signalled a conscious desire to centralize power or if it was simply a matter of expedience.<sup>11</sup> While many argued that Trong was never likely to centralize power to the same degree as Xi Jinping, it is important to note that the decision to merge the positions did not occur in a vacuum. When the decision was made, the VCP was also carrying out a series of experiments led by Politburo member and Central Organization Committee chair Pham Minh Chinh to streamline the party-state apparatus. Chinh, for example, supported merging the district and commune People’s Committee chairs with the party secretary positions. He also advocated for the elimination of People’s Councils at the district level, an experiment that was tried and rejected by the National Assembly (VNA)<sup>12</sup> but which has since been revived as a possibility in urban areas.<sup>13</sup> In this context, the “unification” (*nhất thể hoá*) of the presidency and the position of general secretary was likely seen by some in the regime as part of a larger effort to follow the Chinese centralized management model.

The possibility that unification would remain permanent at the national level received a blow when Trong fell ill because of what was likely a stroke suffered during a visit to Kien Giang Province on 14 April 2019.<sup>14</sup> While the regime has been characteristically silent on the source or severity of the illness, Trong has made fewer public appearances since his illness,<sup>15</sup> which has possibly slowed the pace of his signature anti-corruption campaign.<sup>16</sup> His illness also throws into doubt the unification project. Although it is impossible to know at this stage whether unification will continue and whether the presidency and the position of general secretary will remain combined, a few pieces of evidence suggest that unification may face serious setbacks.

First, the VNA, largely at the behest of the government, strengthened the institutional position of the prime minister. In particular, the revised law on the Organization of the Government grants the prime minister the power to direct the human resource management in government administrative agencies as well as public service institutions. According to the revised law, the prime minister also has authority in establishing, merging and dissolving other agencies under provincial People's Committees.<sup>17</sup> Alongside the strengthening of the prime minister's position, VNA chair Ngan also oversaw legislation bolstering the ability of the VNA to oversee infrastructure projects proposed by the government.<sup>18</sup>

While some may consider this evidence of political liberalization,<sup>19</sup> our interpretation is that the VNA is an arm of the party apparatus designed to check the state.<sup>20</sup> From this perspective, the simultaneous strengthening of the prime minister's office and the VNA's oversight duties could signal that Vietnam is returning to its previous pattern of having a relatively independent prime minister checked by the party through the VNA. This, of course, would go against the "unification" push. What does this mean for the party congress in 2021? The simultaneous strengthening of the authority of the VNA adds further support to the notion that rather than consolidating power under a powerful general secretary, Vietnam will continue to have a relative balance between the prime minister and the general secretary. Furthermore, we should expect that the VNA will continue to play a role in overseeing the prime minister and the office of the government on behalf of the general secretary and the party.

## **Hedging on the South China Sea**

Outside of elite politics, perhaps no issue impacts more areas of concern—from economics to security to mass mobilization—than the South China Sea. The issue of the South China Sea and the broader relationship with China place regime

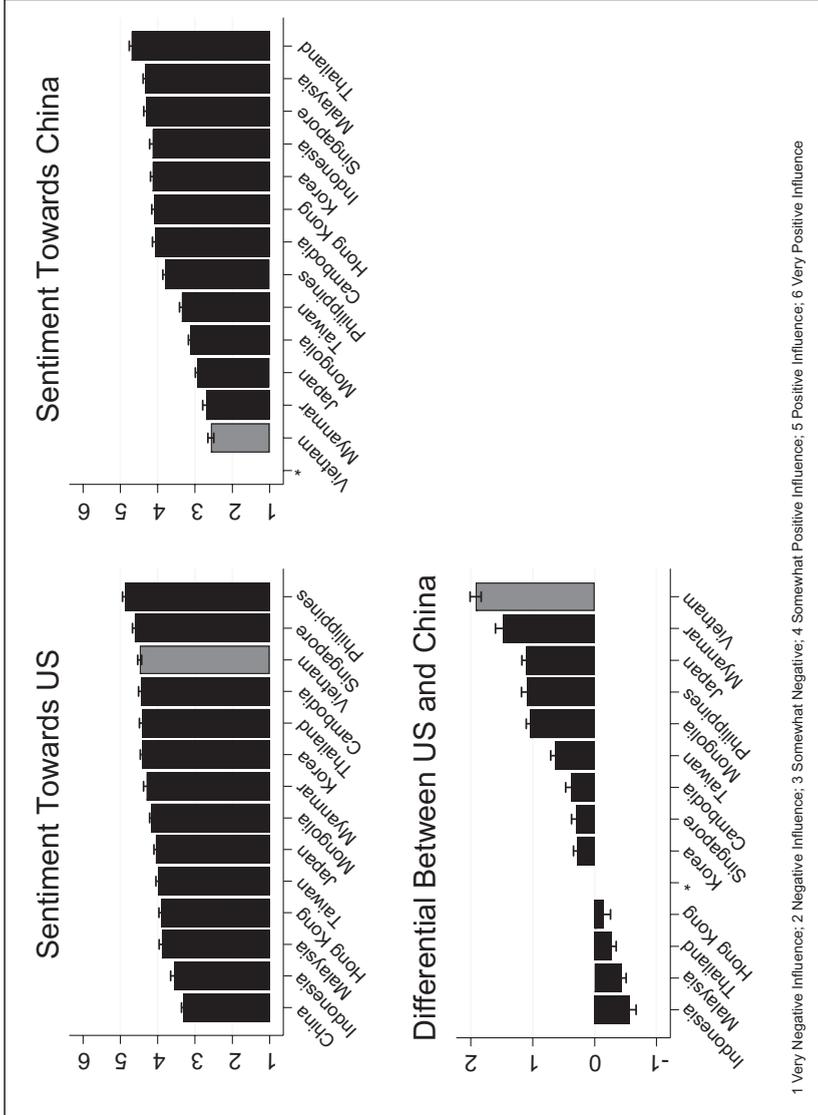
elites in a delicate position, where some desire increased cooperation with China to take advantage of Chinese investment and trade. At the same time, elites are keen to avoid the appearance of seeming too close to China, for fear they will look subservient to a country that inspires animosity amongst many in Vietnam.

That said, some recent works suggest that we should not take this anti-Chinese sentiment as a given. In the past few years, a number of studies have argued that the historical rivalry between the two sides is overblown, and that Chinese hegemony may even be welcomed in Vietnam and the region.<sup>21</sup> While it is a matter of debate as to whether the ancestors of those living in present-day Vietnam harboured resentment towards China, survey results from the Asian Barometer Survey between 2014 and 2016 show that the Vietnamese people have the lowest approval rating of China in East Asia. Furthermore, the differential in approval between the United States and China is also the widest in East Asia. This survey evidence is consistent with the speed with which anti-Chinese protests spread in 2014 and again in 2018. In short, whatever the nature of the historic relationships between the political entities in the Red River delta and their neighbours to the north, the distrust Vietnamese feel towards China in present-day Vietnam appears real.

The economic dependency and public mistrust generates a complex balancing act for regime elites. The explosion of the SEZ issue in 2018 perfectly encapsulates Vietnam's dilemma in managing the relationship. The issue emerged in June when the VNA considered a bill to allow special economic zones in three provinces in Vietnam. The most controversial element of the proposal was to allow foreign companies the ability to lease land for ninety-nine years in the strategically important Quang Ninh, Khanh Hoa and Kien Giang provinces. Supporters of the proposal, like Chinh, promoted the SEZ law in order to attract investment to their provinces.<sup>22</sup> However, they were forced to distance themselves from the project once protests spilled on to the streets. Despite this setback, commentators in Vietnam still acknowledge the need to establish a stable economic relationship with China, given that China provides an important market and source for processed materials that the Vietnamese export-oriented industries depend on.<sup>23</sup> These competitive incentives suggest that Vietnam is likely to face similar protests in the future.

Though not nearly as contentious as in 2018, the regime's dilemma vis-à-vis China was again exposed in July 2019 as China challenged Vietnam's ability to engage in oil and gas exploration in its own Exclusive Economic Zone (EEZ). In an echo of the 2014 oil rig crisis, which also sparked nationwide protests, China again inflamed nationalist sentiments by moving an oil exploration rig in a zone near current Vietnamese drilling operations. More problematically,

**FIGURE 1**  
**Public Sentiment towards the United States and China in East Asia**



Note: Data from the 4th Wave of the Asian Barometer Survey taken from 2014 to 2016. The question asked whether China or the United States had a positive or negative influence in your country. The black lines indicate 95 per cent confidence intervals.

a Chinese coastguard vessel also harassed a Japanese oil rig that was drilling on behalf of Vietnam's joint venture with Russia's Rosneft. The Chinese vessel left in October, claiming to have completed its duties, but the Japanese rig had also left by then.<sup>24</sup>

Some Vietnamese officials speculated that China's goal in the standoff was to expand the zone of what is considered "disputed" territory as China pushes for a revised Code of Conduct in the South China Sea.<sup>25</sup> While the Spratly Islands chain and the Paracel Islands remain contested, the most recent incident, like the 2014 crisis, took place within two hundred miles of Vietnam's coast. Vietnam obviously does not want to concede this territory as "contested", as it is only disputed to the extent to which China's nine-dash line is deemed legitimate or to the extent that the disputed Spratly Islands are deemed to have their own EEZs. The UN Convention on the Law of the Seas (UNCLOS) tribunal struck down both of these claims in July 2016.

Regardless of Chinese motivations, the manner in which Vietnam approached the standoff and the result of the dispute reveal several differences between the situations in 2019 and 2014. In 2014, Vietnam took a relatively robust approach to opposing China when then prime minister Nguyen Tan Dung suggested Vietnam might take legal action.<sup>26</sup> In contrast, throughout the 2019 dispute, Vietnam maintained close contact with Beijing and continued to make several high-level visits to Beijing.<sup>27</sup> Unlike in 2014, Vietnam was also unable to force China to remove its vessel until it too had ceased operations in the area.

The regime's approach in 2019 has implications for Vietnam's relationship with both China and the United States. Although General Secretary Trong and Prime Minister Phuc consistently emphasized Vietnam's firm commitment to protecting Vietnam's sovereignty in the South China Sea, they were less aggressive in inviting US involvement in the issue. While Trong and Minister of Defense Tran Dai Quang visited the United States after the 2014 incident, in 2019 Vietnam instead took important measures to reassure China that it is not considering dramatically altering its military relationship with the United States. Indeed, in November it released a defence White Paper reaffirming its commitment to the "Three No's" policy of no foreign bases, no military alliances and no siding with one country against another. This is largely perceived as a measure to reassure China that Vietnam is not looking to join the United States as a military ally.<sup>28</sup>

In sum, despite intense public animosity towards China, Vietnamese leaders have largely returned to a strategy of attempting to reassure China while retaining the ability to drill in areas within its EEZ. Much like the developments in elite politics, this represents a return to normal.

## **Environmental Concerns: The Emergence of Post-Materialist Vietnam?**

While elite politics and international issues have returned to previous patterns, Vietnamese society is changing in important ways, which may challenge the status quo. In this section, we discuss how environmental challenges continue to pose an important concern capable of galvanizing anti-regime dissent. Protests against the “tree-felling” project in urban Hanoi in 2017 and against a massive fish kill in coastal provinces in 2016 are prominent examples showing that concerns over the environment may mobilize citizens and challenge the legitimacy of the party.

Consistent with Inglehart and Welzel’s notion of “post-materialist values”,<sup>29</sup> Vietnamese citizens are increasingly concerned with environmental issues. The fish kill crisis of course played a key role in galvanizing citizen concern about the issue. A recent UNDP report, for example, shows that 6.5 per cent of the population in 2018 thought that the environment was the most important issue facing Vietnam. This represented a sustained increase from about 2 per cent in 2015.<sup>30</sup> In addition to the fish crisis, the increase could result from other severe environmental issues facing Vietnam such as in the Mekong Delta, where droughts, diminished water flows and rising sea levels present a triple threat to Vietnam’s fruit and rice basket.<sup>31</sup>

In 2019, while there were no major disasters, the issue continued to simmer, showing the continued potency of environmental concerns. The ability of relatively isolated environmental events to spark collective action reveals how social media has helped to channel greater attention to environmental concerns. In the last quarter of 2019, Hanoi witnessed two pollution issues, including the contamination of tap water in southeast Hanoi and a fire at a light bulb factory in Thanh Xuan district, also near Hanoi. The tap water issue impacted approximately 250,000 households in the southeast section of the capital city.<sup>32</sup> The light bulb factory fire damaged approximately six thousand square metres of the warehouses of the Rang Dong Light Source Vacuum Flask JSC, creating serious pollution problems for nearby residents.<sup>33</sup>

The responses to these incidents show the importance of social media in shaping collective action and regime responses to these incidents. On 10 October 2019, residents in southeast Hanoi posted on Facebook about a strange smell similar to burned plastic bags in their tap water. Immediately, state media reported that the central government had ordered the government of Hanoi to investigate the problem. Social media clearly provided citizens with an avenue to raise their concerns and mobilize public sentiment. At the same time, it served as a good

monitoring tool for the government. Because social media helped residents in the affected areas to report on issues affecting them in real time, both the central and local governments were able to respond to the challenges more quickly than they could have otherwise. Similarly, after the fire at Rang Dong factory on 28 August 2019, residents posted videos and information on social media, drawing considerable attention from the public. Such attention motivated the local government to respond quickly to residents' concerns by immediately issuing official health warnings.

These incidents also revealed the party's tactics in protecting its legitimacy in the face of environmental crises. Upon being informed of the issues, the central government shifted the blame to the local governments via state media. Many high-ranking leaders in the central government directed public attention to the local government's weaknesses in handling essential public services in times of difficulties, including their lack of timely response to residents' concerns and the lack of transparency in decision-making and information sharing.

For example, it took five days after residents reported the pollution in their tap water for the government of Hanoi to confirm that the water was contaminated. One day later, the Song Da Water Investment Joint Stock Company (Viwasupco), which is responsible for supplying water to the area, announced that it would stop providing water to residents until the system was cleaned. The chairman of the Office of the Government, Mai Tien Dung, criticized the Hanoi local government for failing to provide adequate and timely accommodation to residents' needs.<sup>34</sup> In addition to the slow response, the local government was accused of not being transparent in how it handled the situation, especially in terms of information sharing. Regarding the fire at Rang Dong company, while the immediate local government was quick in responding to residents' concerns, there was disagreement within the government on how to handle the crisis. On 30 August, the People's Committee of Thanh Xuan District ordered the ward to withdraw the health warnings, stating that such advice on potential health risks were groundless and were issued without consultation with higher authorities.<sup>35</sup>

In sum, these two pollution issues show that collective actions around environmental issues will continue to pose a threat to the party's legitimacy. At the same time, these challenges have shown the party's tactics and capability in utilizing social media—a seemingly threatening tool—to protect its legitimacy.

## **Economy: Does the Rising Tide Lift All Boats?**

From a macro-level perspective, Vietnam's economy performed well in 2019. Although projected to see a slight decrease from 2018, the GDP growth rate

should remain above six per cent.<sup>36</sup> Vietnam also attracted more foreign direct investment (FDI), in part thanks to the US-China trade war, which has led to greater investment in manufacturing facilities from its Asian neighbours. At the local level, Hanoi and Binh Duong have been the greatest beneficiaries of the increased investment.<sup>37</sup> All these indicators point to a robust economy.

Despite the relatively rosy picture, a number of concerns remain. As several analysts have noted, Vietnam remains ill-equipped to fully realize the benefits of the trade war because of its low-skilled labour force,<sup>38</sup> which remains primarily employed in the agricultural sector.<sup>39</sup> Additionally, the tragic death of thirty-nine migrants in the United Kingdom in October highlighted a possible concern that Vietnam's economic growth is not distributed equitably throughout the country. Because most of the migrants were from the relatively poor Yen Thanh Commune in Nghe An, one narrative from the international media on this incident held that the migrants were driven to the United Kingdom by the dire economic conditions outside of Hanoi, possibly made worse by the fish kill crisis in north central Vietnam.<sup>40</sup> Indeed, some basic facts are consistent with this narrative. According to 2016 data from the Vietnam Statistics Department, Nghe An is the tenth poorest province in Vietnam on a per capita basis, although Ha Tinh is closer to the national average.

Other accounts tell a more complex story of the tragedy, suggesting that it is not the simple fact of poverty that drove the migrants. Indeed, as other studies of migration to Europe have shown, it is not the poorest residents but rather the middle class of developing countries who are most likely to migrate.<sup>41</sup> While this is not true of all migration flows, it is a better explanation for Vietnamese migration. The simple reason for this is that the journey from Vietnam to Europe along the smuggler routes costs thousands of dollars, a sum not available to the poorest of the poor. In short, it is only because of the improving economic situation in north central Vietnam that its residents are able to afford the perilous journey to Europe.

With all that said, it is worth considering whether economic growth has been distributed equitably, and whether conditions in rural areas are perceived differently than in urban areas. There are some suggestions that the economic gains in 2019 may not have accrued to rural agricultural communities to the same degree they have for labourers and urbanites. Perspectives on this are mixed. Some highlighted the unusually good harvest, which drove up rural incomes, while others have noted that China's imposition of more stringent food standards have dramatically increased the difficulty of exporting agricultural products to what had previously been seen as an "easy" low-standards export market.<sup>42</sup> For example, fruits, which used to be packed in straw, now require foam packaging.<sup>43</sup>

A simple measure to assess the potentially diverging prospects in rural and urban Vietnam is the level of economic satisfaction by employment sector. If the economy is booming for all residents, then we should see parallel trends in the level of economic satisfaction. Using data from the UNDP's PAPI survey, Figure 2 shows that from 2013 to 2018 both agricultural and non-agricultural workers saw similar improvements in their personal economic situations. Although agricultural workers reported a lower overall level of economic satisfaction, their improving assessments have largely tracked those of non-agricultural workers.

This trend however diverged in 2019, when non-agricultural workers maintained their assessment of an improving economic situation, while agricultural workers saw no improvement. This suggests that after the record harvest of 2018, perhaps the trade war, environmental factors, tightening market access restrictions in China, or decreasing land availability are indeed impinging on the growth of Vietnam's most important employment sector. One year, however, could be a blip, so this indicator will bear watching in the coming years.

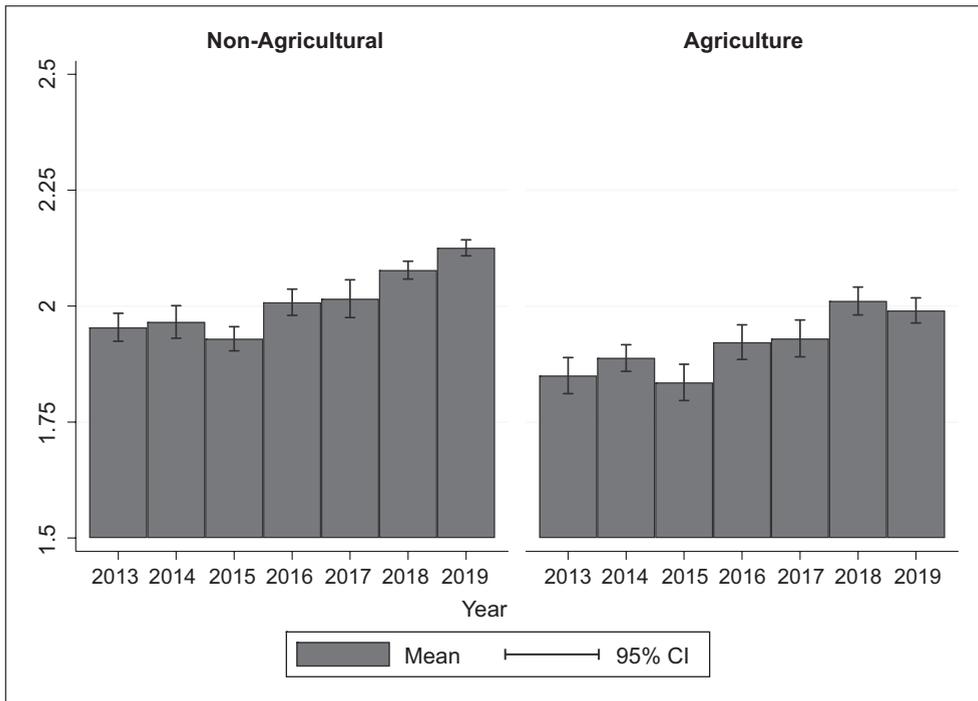
## **Vietnamese Conglomerates: A Force for Good?**

A final economic development of importance is the rise of large domestic enterprises in Vietnam, some of which have been increasingly investing abroad.<sup>44</sup> Some of these companies, such as the military-owned Viettel, have managed to become globally competitive.<sup>45</sup> Others, such as the private Vingroup—which is primarily focused on real estate but is rapidly expanding into other sectors such as car manufacturing, healthcare and education—have also cracked into international lists of major global companies.<sup>46</sup>

A key question is the impact of the rise of these companies on economic development, politics and society in Vietnam. Some see large conglomerates like Vingroup as the key to Vietnam's development. No one, for example, seems more enamoured with Vingroup than Prime Minister Phuc, who attended the opening ceremony of the Vinfast factory in 2017. Since then, he, along with General Secretary Trong and VNA chair Ngan, has made several additional visits to the factory, with Phuc praising the company's contribution to Vietnam's economic development.<sup>47</sup> Indeed, it is easy to see why there is so much hope for Vingroup, given its enormous capital resources and Vietnam's need for technological upgrading.

Despite this hope, there are several concerns surrounding the rise of Vingroup and other state-linked firms. First, there are concerns that large corporations like the state-linked Viettel and the privately owned Vingroup are using privileged access to the government to crowd out investment from small and medium-sized

**FIGURE 2**  
**Pocketbook Economic Satisfaction by Employment Sector**



*Note:* The data is from the 2019 PAPI survey (PAPI 2020). The survey question asked whether the respondent's economic situation is 0 = "Very Bad"; 1 "Bad"; 2 "Normal"; 3 "Good", 4 "Very Good". Panel 1 includes all respondents working in non-agricultural professions and Panel 2 agricultural workers.

companies.<sup>48</sup> The same concern has been levied against state-owned enterprises (SOEs), with the major difference now being that a large private conglomerate is drawing the attention. There is also the related issue of Vingroup relying on its access to the state in order to gain market share in Vietnam without having to sharpen its business efficiency to compete globally. To date, Vingroup has proven profitable in its real estate enterprises. Despite its stated ambitions to be globally competitive in the tech and auto sectors, it remains to be seen whether it will realize these ambitions.

On this question, a recent book comparing growth trajectories in East and Southeast Asia offers some potential insights. As Studwell lays out in his 2014 analysis of South Korea and Malaysia, while both countries started their paths to development by devoting private capital to large real estate and construction firms, only South Korea was able to use these resources to nurture globally competitive companies.<sup>49</sup> He credits then president Park Chung Hee with forcing South Korean

*chaebols* to compete for state benefits by proving their competitiveness on the export market. By contrast, Malaysia did not force its steel and auto conglomerates to compete, and they have never been able to expand internationally. Applied to Vietnam, the question is whether Vingroup will be able to make the transition from real estate to higher-value-added industries. It remains to be seen whether Vingroup can buck this trend or if it will face domestic competition.

Aside from concerns about the economic impact of the increasing dominance of Vingroup, other critics have focused on the social and political effects of the rise of the company. In particular, given the strong state control of the media, many have expressed concern that Vingroup's close connections to the regime allow it to stifle any criticism of the company, thus potentially shielding the company from any accountability.<sup>50</sup> Some dissidents in Vietnam have reportedly faced trouble for questioning the price Vingroup has paid to acquire and develop state-owned land.<sup>51</sup>

Regardless of which scenario plays out, what seems clear is that Vietnam's development will be impacted to a great degree not only by the efficiency of Vietnam's SOEs but also increasingly by how Vingroup and other real estate conglomerates use their vast wealth and connections.

## Conclusion

Our major contention is that, in many respects, 2019 represented a return to familiar patterns. Vietnam has reaffirmed its long-standing neutral foreign policy, and remains steadfastly committed to reforming its political system without allowing any political challenger to the Vietnamese Communist Party to emerge. While the confluence of the TPP negotiations and Chinese aggression in the South China Sea has threatened to upend that pattern in previous years, the demise of the TPP has allowed Vietnam to revert to its previous political strategies. At the same time, as this chapter lays out, other developments outside of the party's control have evolved in ways that will continue to challenge the party. In particular, the environment is increasingly an issue of concern capable of mobilizing collective action. More importantly, nationalism and the South China Sea disputes with China are only increasing in their salience to the Vietnamese population. As the issue becomes more heated, the VCP, which has long touted its nationalist credentials, will increasingly find itself pressured to take a harder line on China, while seeking to preserve its vital economic relationship with the country. This will prove all the more difficult for Vietnam as China is not shy about using economic leverage to achieve strategic aims.

Economically, Vietnam has benefited in the short term from the trade war in terms of foreign direct investment. What remains to be seen is whether the country can upgrade its labour force and move its industrial production higher up the value chain. While the state has some responsibility for this, particularly in the realm of education, Vietnam's economic future will also increasingly depend on efforts by large domestic corporations to translate their market influence into increased productivity, rather than securing rent. More so than in the past, Vietnam's large private sector will have a huge hand in determining the economic trajectory of the country.

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