

Vietnam

CONTEMPORARY HISTORY


Vietnam has been one of the most war-ravaged countries since WWII. Its history is full of struggle and vigorous resistance to foreign control. Following a long history of resistance to Chinese domination, France colonized Vietnam in the 1880s. France combined Vietnam, Laos, and Cambodia into the colony of French Indochina. French domination was contested by the communist independence movement led by Ho Chi Minh in the 1930s. It was further challenged by the Japanese occupation of Vietnam during WWII. After Japan's defeat in August 1945, Ho Chi Minh declared Vietnam's independence in September 1945. France refused to recognize Vietnam's independence and sought to reaffirm its authority over the country. This led to nine years of bitter war between France and Ho Chi Minh's troops, ending with the famous French defeat at Dien Bien Phu in 1954. The Geneva Accords of 1954 divided Vietnam into two zones, a Soviet-backed, communist North, and a US-supported South.

Tensions between North and South Vietnam escalated into another war in which the US became directly involved after 1965. Despite the use of full-scale force, including massive air raids, the US was unable to defeat North Vietnam and sought an honorable withdrawal from the war. This led to the 1973 Paris Peace Agreements, which left the two Vietnams in place as they were. However, as soon as the US pulled out in 1975, the North quickly conquered the South and reunified the country. This prompted the US to impose an economic embargo on Vietnam.

In December 1978, Vietnam invaded neighboring Cambodia over border disputes and a fear that China would use Cambodia to suppress Vietnam. Vietnam installed a puppet government in Cambodia that faced strong Cambodian resistance. In response to the invasion, China started a punishing war against Vietnam, which ended with China's defeat and withdrawal.

In the late 1980s, Vietnam pulled out of Cambodia, finally achieving peace. Vietnam changed its foreign policy with the aim of improving both its economy and its relations with other countries, including China and the US. Vietnam has since become a member of many regional economic organizations and seems to be putting the trauma of war behind it. In July 1995, the US ended its economic embargo and reopened diplomatic relations. Former President Clinton made an emotional visit to Vietnam in November 2000, signaling a new thaw in bilateral relations. In 2001, the US and Vietnam signed a trade accord, and Vietnam attained Most Favored



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| <p>Flag</p>  | <p><i>The red represents solidarity with other communist nations. The five-pointed star represents the authority of the communist party. Each point on the star symbolizes the five segments of population: peasants, workers, youth, soldiers, and intellectuals.</i></p> | <p>Vietnam: Facts</p> <table border="0"> <tr><td>Capital</td><td>Hanoi</td></tr> <tr><td>Government</td><td>Communist</td></tr> <tr><td>Government Head (President)</td><td>Nguyen Tan Dung</td></tr> <tr><td>Economy</td><td>Mkt Socialist</td></tr> <tr><td>Independence</td><td>1945</td></tr> <tr><td>Area (sq. km)</td><td>330,000</td></tr> <tr><td>Population (millions)</td><td>86</td></tr> <tr><td>Adult Literacy</td><td>90.3%</td></tr> <tr><td>Pop. Growth Rate</td><td>1.30%</td></tr> </table> | Capital | Hanoi | Government | Communist | Government Head (President) | Nguyen Tan Dung | Economy | Mkt Socialist | Independence | 1945 | Area (sq. km) | 330,000 | Population (millions) | 86 | Adult Literacy | 90.3% | Pop. Growth Rate | 1.30% |
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Source: CIA World Fact book. Military data for year 2005. All others for year 2008. GDP figures are in Purchasing Power Parity. Tuberculosis data for year 2006 and Health Care % of GDP for year 2005 from WHO.

Nation status for the first time since the end of the Vietnam conflict.

Like China, Vietnam is opening up its markets while maintaining the political controls of a one-party system, the Communist Party of Vietnam (CPV). Its National Assembly elects the president every five years. The current Vietnamese president is Nguyen Minh Triet. He was elected in 2006. The next National Assembly election for president will be in 2011. The Prime Minister is Nguyen Tan Dung.

VIETNAM TODAY

Vietnam is located on the Eastern portion of the Asian continent. Recently, it has joined in the economic success of its neighbors such as South Korea and China. Part of this success is due to two characteristics the country possesses: 1) hard-working citizens and 2) a stable political climate.

Thirty-three years ago, Vietnam was the most bombed country in world history. Due to its aggressive nature after the end of the Vietnam War, it was isolated by the world community with economic embargos. The country's own poor economic policies and famines contributed to its inability to feed its own population. Some people fled the country due to the problems. It was dependent on its fellow communist country, the Soviet Union, for handouts.

With the break-up of the Soviet Union in 1992, Vietnam lost its economic benefactor. This along with its stagnant economy forced the country to look outside its borders for growth. It began to integrate itself into the world economy, joining such organizations as the World Bank and the IMF. Japan, the country that occupied Vietnam during World War II, became its biggest donor of aid. Trade with its neighbors was emphasized and policies were pursued to attract foreign direct investment to help grow the country's economy. In 2007, after 10 years of negotiations, Vietnam was accepted into the World Trade Organization (WTO).

Vietnam is now thriving, rivaling the high economic growth rates of China and India. The US, with which it fought the Vietnam War from 1965 to 1973, is one of its largest trading partners. With over 60% of the country's population under the age of 30, they have no first hand recollection of the American bombs that rained down during the Vietnam War, killing millions of Viet-

namese citizens. The sense of the country is one of optimism. They see that they can provide better opportunities for their children than they were provided as youths. Amazingly, Vietnam has reduced its poverty level from 58% to less than 20% in 20 years! In 1992 it could not even produce enough rice to feed its own people. Now it is one of the largest exporters of rice in the world.

While Vietnam's turnaround has been remarkable, it is still considered a developing country. Due to its economic growth of the last 15 years, it is considered an emerging market country. The country is on target to become a middle-income country by 2010. The government has set an ambitious goal to become a modern, high-tech country by 2020.

Like China, Vietnam has a strong central government that limits individual freedom and maintains control over the most important industries. Like many developing countries, it struggles with widespread corruption. It also lacks a developed infrastructure that can keep up with economic growth. Pollution is a huge problem, since Vietnam followed the pattern of "grow first, clean up later" of many developing countries. It still has pockets of people who live in terrible poverty. But the country has made a dramatic turnaround in 40 years, surpassing many of the neighboring countries in the region in economic and political leadership and overall growth.

In an attempt to limit the effects of the current global financial crisis, Vietnam will be offering an economic stimulus package. It will include tax cuts, infrastructure improvements, and other incentives to maintain the status quo of its economic miracle.

Human Rights

Vietnam has been a very poor country that is presently ruled and tightly controlled by the Vietnamese Communist Party (CPV). The government has a track record of human rights violations. After the conquest of South Vietnam in 1975, large numbers of South Vietnamese were either sent to re-education camps or executed. The CPV is still the only legal political party. Typically, it does not tolerate dissent, although there have been some recent attempts to allow limited forms of protest.

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Civil and political rights are not guaranteed, and the population is closely monitored. Freedom of the press is limited. However, economic rights of Vietnamese have vastly improved since reforms started in the late 1980s, and millions have risen above the poverty level, particularly in urban areas. Initially, when people's lives are improving, human rights issues can take a back seat to economic realities.

Vietnam continues to arrest and jail democracy activists, labor union organizers, Internet dissidents, and Christian priests. These actions land Vietnam on various international human rights watch lists. Not too surprisingly, the NGO Vietnam Human Rights Watch is not based in Vietnam, but in the US.

UNICEF's 2007 report on the State of the World's Children reports that 24% children between the ages of 5 and 14 are child laborers in Vietnam. This comparatively high amount of child labor is difficult to reconcile with a high percentage of children enrolled in primary school (97% of boys, 96% of girls). In Vietnam, child labor is both a rural and urban problem. Children who live and work in rural areas often work in agriculture. These children are more difficult to reach and offenders more difficult to catch than in urban areas. In Vietnam's major cities, one of the most rampant forms of child labor is prostitution. The Vietnamese government has named the prevention and elimination of prostitution in general, with particular attention to child prostitution, as one of its main concerns. Government programs to address poverty in Vietnam and greater transparency have helped alleviate child labor in recent years. ILO's Statistical Information and Monitoring Program on Child Labor (SIMPOC) has assisted Vietnam in generating comprehensive data on child labor. The country has signed the *ILO Convention #138 on Minimum Age* and the *Worst Forms of Child Labor Convention #182*.

International NGOs report that domestic violence against women is common, and is the cause of most divorces. As with children, there is a serious problem in the trafficking of women for purposes of prostitution. In addition, although women play an important role in the economy and in social and educational institutions in Vietnam, few women enjoy equal status or equal pay with men. The government is aware of these problems and has passed laws and created agencies to promote women's rights and to improve their welfare in Vietnamese society.

Human trafficking is a problem in Vietnam for men as well. It is a source and destination country for the trafficking of men, women, and children for the purposes of sexual exploitation and forced labor. From Vietnam persons are trafficked to nearby South-East Asian countries and can end up in fraudulent marriages and involuntary servitude. Some human trafficking also occurs within Vietnam from rural to urban areas. The Vietnamese government has concentrated its efforts on improving and enforcing legislation in cases of trafficking for sexual exploitation. But it has made little progress to address instances of labor exploitation.

As for the treatment of minorities, there continues to be reports of discrimination against ethnic and religious minorities despite anti-discrimination laws and government policies aimed at improving the living standards of minority groups. Also, there are some reports of repression against minority groups, such as the Hmong, whose members oppose the government.

Environment

Vietnam is the most densely populated country in Southeast Asia with 86 million people. Vietnam occupies an area the size of New Mexico, 40% of which is inaccessible mountainous terrain. Vietnam has major environmental problems. They include logging and slash-and-burn agriculture, practices that contribute to deforestation, soil degradation, and water pollution. During the Vietnam War, over 50% of the country's mangrove forests were destroyed. Another 30% have been destroyed since then. Over-fishing is another concern, as is contamination of water supplies. Commitment to control greenhouse gas emissions is very limited as Vietnam is devoting most of its efforts to economic development. However, it was one of the first developing countries to create a National Conservation Strategy. The government supports sustainable forest development. Its national reforestation

Vietnam: Health

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| Birth Rate | 16/1,000 |
| Death Rate | 6/1,000 |
| Life Expectancy - Male | 69 |
| Life Expectancy - Female | 74 |
| Infant Mortality | 24/1,000 |
| HIV/AIDS Cases | 220,000 |
| HIV/AIDS Prevalence Rate | 4/1,000 |
| Tuberculosis Rate | 173/100,000 |

program has a target of replanting 12 million acres of forest cover by 2010.

In international environmental conferences, Vietnam argues that developing countries have to give priority to development over environmental protection. It argues that such protection ought to occur first in developed countries, since they do most of the polluting. The country is excluded from emissions reduction requirements under terms of the Kyoto Protocol, which it has ratified. Vietnam also needs technological aid in the field of environmental protection.

The health care system in Vietnam is in a state of transition. The government has eliminated subsidies to local governments and institutions for health care as it has moved its economy to a market-based system. The result is that increasing numbers of people, especially in rural areas, have no access to health care facilities and services. Most of Vietnam's major health care problems are addressed by NGOs, often financed by funds from the World Bank.

Current expenditures for health care equal about 6% of GDP, with about 72% of funding from private sources. The average life expectancy is 71 years.

The infant mortality rate is 24 per 1,000. The incidence of the adult population suffering from AIDS is 4 per 1,000. For tuberculosis the rate is 173 per 100,000 and it is finally decreasing after years of increases. Statistical information from Vietnam on disease and mortality is not very reliable, however, and most actual rates are likely higher than reported.

The avian flu has been a serious problem in Vietnam. It was the first country in which a person was confirmed (January 2004) to have the deadly H5N1 strain and it has been the country most severely affected. As of March 2007, Vietnam has had 93 human cases of bird flu, and 42 human deaths. Over 200 million chickens have died or have been destroyed.

Economy

Economic development has been Vietnam's top priority for the past decade. Vietnam is in the midst of a major economic transformation. After a slow start, the country experienced growth at a blazing rate of 8-9% in the early to mid-1990s. This

rapid growth slowed to a more moderate level of around 5% after the global recession in 2001. But it has bounced back since then, with GDP growth for the last several years at an average 8% per year. Due to the global economic crisis, annual GDP growth rates are projected to be 1-2% lower for the next two years. The government is introducing an economic stimulus package in an attempt to keep its economy humming.

Like China, Vietnam is moving from a centrally planned economy to a free market system while the government tightly controls individual freedoms. Initiated in 1986, the reforms took about 10 years to take hold, but since then have been growing by leaps and bounds. During the past five years per capita income has doubled. Vietnam has reduced its population living on less than \$1 a day from 51% in 1990 to only 8% in 2007. But there are still pockets of poverty, especially in the poorer provinces of the central and northern highlands.

Since the Industrial Age, the importance of agriculture in a country generally declines as manufacturing develops. Vietnam is no exception. Farming's share of GDP shrank from 25% in the year 2000 to less than 20% in 2007. A significant change was that farmers were allowed to purchase long-term leases for their land. Assured of ownership, they were willing to make capital investments to improve productivity. Thus during this period the country's farms became more efficient and output doubled. For example, Vietnam is now the world's second largest exporter of rice.

Vietnam's level of exports have grown significantly in the past few years. The combination of all exports from Vietnam totaled over \$48 billion in 2007. But Vietnam needs to import items like capital goods, construction materials, fuel, and other material. Because its imports have grown even more than its exports, the country is

Vietnam: Economics

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| GDP (billions) | \$247 |
| GDP/Per Capita | \$2,900 |
| GDP Growth Rate | 6.3% |
| Unemployment | 4.9% |
| Inflation Rate | 24.5% |
| Exports (billions) | \$64 |
| Imports (billions) | \$79 |
| External Debt (billions) | \$24 |

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running persistent trade deficits. In the hope of improving the prospects for its exports, Vietnam completed a bilateral trade agreement with the US in 2001. Trade between the two countries expanded five-fold from 2001 to 2006. Vietnam was granted unconditional normal trade relations status by the US in December 2006. The country also has a free trade agreement with the EU.

Effective January 2007, Vietnam joined the World Trade Organization. In order to prepare itself to be eligible to join the WTO, Vietnam worked under an IMF-World Bank arrangement to make banking and exchange rate improvements. It has pledged to commercialize one-third of its 5,000 state enterprises and reduce bad loans at state banks. The country has begun steps to revamp its legal system. In 2000, a national stock market opened in Ho Chi Minh City (formerly Saigon). However average stock prices are down about 60% from their highs a year ago due to the global economic meltdown.

Vietnam has seen its international profile improve as the US and Vietnam rid themselves of lingering restrictions from the War. It joined the regional organizations ASEAN, APEC, and the Asia-Pacific Forum. In 2006 it hosted its first Asia-Pacific Forum, attended by four heads of state.

On the financial front, Vietnam became a member of the World Bank, the IMF, and the Asian Development Bank in the 1990s. Foreign direct investment has been soaring. It was \$1 billion in 2002, \$18.9 billion in 2007. This has allowed the country to speed up the process of modernization and industrialization. However it is assumed that FDI will be lower for 2009, due to the global recession. Vietnam's own domestic savings rate is a healthy 30% of GDP.

In order to prevent the global financial contagion from spreading, a stimulus package has been developed. It includes items like infrastructure improvements, tax reductions for small and medium-size companies, and encouragement of domestic consumption.

An area for economic improvement in Vietnam is to continue to privatize large state-run firms. This was part of the agreement the country made when they joined the WTO. State-run firms still make up 40% of industrial output. The country also suffers from corruption. It is estimated that 20% of all infrastructure

funds are stolen by corrupt officials.

Vietnam is still a foreign aid recipient. For example, an increase in foreign aid is financing a \$2 billion infrastructure improvement project.

A source of foreign investment that is not always reported under FDI statistics is the contribution overseas Vietnamese, or Viet Kieu, make to the economy. Once viewed with suspicion by the communist government, they are now welcomed back due to their ability to help the economy. Overseas Vietnamese are opening new businesses and helping the young technology industry. In Ho Chi Minh City alone, they have opened more than 700 businesses, creating thousands of jobs. The Viet Kieu are also wiring home money to friends and relatives. In 2002, this amount totaled \$2.4 billion through banks, a 20% increase over 2001. When other sources of transfers are included, this figure could total as much as \$4 billion.

Security

One of Asia's poorest countries and one of the world's few remaining communist states, Vietnam is rebuilding its country after decades of war. Vietnam has always struggled with interference from great powers. In the 20th century, it was at the center of one of the Cold War's most violent conflicts. The most recent 20 years have been predominately peaceful for Vietnam, but it still faces significant challenges in guarding its security.

A French colony since the 19th century, Vietnam was occupied by Japan during WWII. French attempts to re-colonize Vietnam were met with resistance, and the French eventually left after their dramatic defeat at Dien Bien Phu in 1954. The country was divided into southern and northern zones, a division that eventually led to the Vietnam War.

US support for the South Vietnamese government in Saigon grew throughout the 1960s until the war became a major American effort. However, by 1968, most Americans had concluded that there was no prospect of winning the war, and the question became how to leave. The American presence shrank dramatically in the 1970s, and by the fall of Saigon in 1975, American involvement was once again relatively small. Both China and the Soviet Union gave significant aid to the North

Vietnamese during the war.

Unfortunately, the end of the “American War” did not bring peace to Vietnam for long. Concerned with growing instability and the actions of the ruling Khmer Rouge government in neighboring Cambodia, Vietnam invaded that country in 1978, toppling the government. Chinese displeasure with Vietnam's actions led, in part, to China's invasion of Vietnam in 1979, which was turned back by the Vietnamese in an embarrassing loss for China.

The end of the Cold War saw Vietnam increasingly isolated as communist states either adopted capitalist systems or were no longer able to help Vietnam due to their own economic difficulties. Vietnam maintains a rigidly communist government, but it has adopted a free market economy.

Vietnam joined the Association of South East Asian Nations (ASEAN) partly to find some leverage in dealing with China over serious border tensions that continued during the 1980s and 90s. A possible territorial dispute is brewing over some islands in the South Chi-

na Sea. China and Vietnam have signed exploration agreements for oil and gas fields off the Spratly Atoll. The Spratlys are claimed by both China and Vietnam, as well as Taiwan, Brunei, Malaysia, and the Philippines.

As a testament to how far Vietnam has come in 30 years, in 2008-09 it became one of the rotating members of the UN Security Council. Such members do not have veto status like the permanent members, but it is considered an honor to serve in this capacity. The country will also begin to provide international peacekeepers as part of its UN contributions.

The US war on terror has affected Vietnam less than many other countries. This is primarily due to its geographic location.

Unlike some of its neighbors, like Indonesia, domestic terrorism is not an issue for Vietnam. The lack of terrorism within its borders has made the country a more attractive foreign investment opportunity. Serious or violent crimes against foreigners are rare.

| Vietnam Security (Armed Forces) | |
|--------------------------------------------|--------|
| Military expense as % of GDP (2005) | 2.5% |
| Military expenditures (millions) | \$650 |
| Military expense per capita | \$7.65 |