In 2006 Vietnam marked the twentieth anniversary of its reform programme known as *doi moi*. Party leaders, state officials, academics, and foreign specialists all took part in a series of conferences that evaluated developments over the past two decades and made recommendations for the future. Simultaneously, members of the Vietnam Communist Party (VCP) undertook a parallel policy review in preparation for the Tenth Party Congress in April.

One of the hallmarks of *doi moi* has been Vietnam’s transformation from a centrally planned to a market-led economy and Vietnam’s integration into the global economy. In 2006 no two events better symbolized Vietnam’s success in attaining these objectives than its membership in the World Trade Organization (WTO) and the successful hosting of the 14th Summit Meeting of the Asia-Pacific Economic Cooperation (APEC) forum from 18 to 19 November. The Presidents of Chile, China, Russia, and the United States made separate official state visits at this time. Vietnam also achieved the third highest economic growth rate in East Asia. The year 2006, therefore, was one of “success, success, great success”, to quote a party slogan.

As a result, Vietnam was showered with accolades by foreign observers. For example, the President of the Hong Kong and Shanghai Banking Corporation characterized Vietnam as “one of the world’s great untapped emerging markets”.¹ The Chief Economist of the International Monetary Fund (IMF) described Vietnam as an “emerging China”.² After the Tenth Party Congress, the foreign media portrayed leadership changes as a victory of southern entrepreneurial spirit over northern conservatism.³

This article presents a review of major political, economic, and foreign policy developments in 2006. The analysis documents Vietnam’s accomplishments but

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also tempers the assessment with reference to cross currents that present a more complex portrait of contemporary Vietnam.

**Domestic Politics**

In January 2006 the VCP Central Committee’s Thirteenth Plenum considered a report from the Politburo summarizing the results of a six-month period of in-house consultation on key draft policy documents to be submitted to the Tenth Congress. The Central Committee also considered the procedures for selecting candidates for the party’s highest leadership positions. After the Congress documents were revised, the draft Political Report was released to the general public for comment on 3 February.

What occurred next was totally unanticipated as an outpouring of comment deluged the state-owned media. For the first time, public opinion was facilitated electronically by the use of the Internet. For example, Vietnam.net, a state-owned web site, sponsored an extraordinary discussion on the future of the Communist Party. Newspapers and other web sites were bombarded with comments covering sensitive political issues such as the party’s monopoly on power and corruption. The very fact that public debate was permitted to take place without overt suppression was an indication of greater openness and internal democracy within the VCP.

In the midst of this massive outpouring, Tuoi Tre newspaper published an unprecedented yet officially sanctioned editorial calling for the Minister of Transport to resign from office over a corruption scandal. Earlier in the year the head of the Ministry’s Project Management Unit 18 had been arrested and charged with misappropriating US$7 million from the budget to gamble on European football results. At the same time, the Deputy Minister of Transport was detained. This scandal attracted international attention because the funds involved were part of development assistance provided by the World Bank and Japan. As public pressure mounted, the Minister took personal responsibility and resigned.

The VCP Central Committee convened two additional executive sessions prior to the Tenth Congress. At the Fourteenth Plenum (20–24 March), the Documentation Sub-Committee was asked to canvass members one last time before completing the Political Report. The Personnel Sub-Committee was tasked with drawing up a list of candidates for selection to the Central Committee and Politburo. The Fifteenth Plenum (14–15 April) responded to pressures to widen the scope of internal party democracy by adopting changes to the party’s electoral rules.
Tenth Party Congress

The Tenth Party Congress met in Hanoi from 18 to 25 April. The Congress was attended by 1,176 delegates representing 3.1 million party members. The delegates were elected by provincial or equivalent-level party congresses and included members of the outgoing Central Committee and party officials working abroad. For the first time since 1951, no foreign delegates were invited to attend.

Party delegates approved four major documents: the Secretary General’s Political Report, Report on Orientations and Tasks for Socio-economic Development for the 2006–10 Period, Report on Party-building, and amendments to the party statutes. Taken together these documents set out the main objectives of accelerating economic reforms, developing a market economy with a socialist orientation, speeding up modernization and industrialization, and creating a knowledge-based economy. The high priority accorded to the last objective was underscored on 22 April when Microsoft’s Bill Gates arrived in Hanoi and was greeted by the President, Prime Minister, and Deputy Prime Minister, who all left the Congress to meet him.  

One contentious matter was a proposal to amend the party statutes to allow party members to engage in private business without restriction on the number of employees they could hire. This was a controversial amendment because it touched on the Marxian concept of exploitation of man by man. Congress approved the amendment. At the Third Plenary Session of the Central Committee following the Tenth Congress (24–29 July), the party restricted the rule change to party members whose state-owned enterprises had been privatized. Party members engaged in private business were enjoined to strictly adhere to the law, as well as party statutes, resolutions, and decisions. Private entrepreneurs, however, were not permitted to join the party.

The issue of corruption cast a pall over the Tenth Congress. Party leaders responded to a groundswell in popular opinion that decisive action must be taken. On the eve of the congress, Vu Khoan, a member of the outgoing Central Committee and Deputy Prime Minister revealed that eleven members of the Central Committee had been disciplined for corruption but only a few brought to court. It came as no surprise when party Secretary General Nong Duc Manh, in his keynote opening address stated unequivocally that corruption is “one of the major dangers that threaten the survival of our regime”.  

Leadership selection was more democratic and transparent. Previously candidates for election to the Central Committee were chosen by the party’s nomenklatura consisting of the Central Committee’s Organization Department in consultation with the Politburo and approved by the outgoing Central
Committee. The *nomenklatura* also determined the composition of the new Central Committee in terms of its age profile, gender balance, and the representation of ethnic minorities and special sectoral groups.

At the Tenth Congress the party delegates were given the responsibility of nominating candidates, including self-nomination. This resulted in a total of 205 nominations, 174 by the outgoing Central Committee, and 31 by party delegates. Two delegates nominated themselves: Nguyen Phu Binh from the Ministry of Foreign Affairs and Nguyen Xuan Han, a scientist from the Hanoi National University. The Tenth Congress also reinstated the category of alternate or non-voting member (*uy vien du khuyet*). The retiring Central Committee recommended 30 individuals and party delegates added an additional 16 for a total of 46 candidates.

Congress delegates elected 160 persons to full membership of the Central Committee. All of them had been endorsed by the outgoing Central Committee. Eighty-two members were incumbents, and 78 were newly elected. Party electoral managers had hoped to elect 25 alternate members, but delegates only gave majority votes to 21 nominees. The average age was 53.5 years for full members and 43.4 for alternates. Of the total membership, women accounted for 8.8 per cent (16 persons) and ethnic minorities 9.9 per cent (18 persons).

Under previous electoral rules, after party delegates elected the new Central Committee, the Central Committee met and elected the Politburo and party secretary general. In 2006, party delegates insisted that they be given a choice in the selection of party leader. The new electoral rules provided for a non-binding “vote of confidence”. Delegates were given a ballot containing the list of newly elected full members of the Central Committee along with their rank and position and the percentage of vote they had received. Delegates were asked to indicate their choice by ticking only one box on the ballot. Three candidates emerged. Their names were not made public but it was later revealed that the top vote-getter received 900 votes, the runner up received 200 votes, and the third received “only dozens of votes.”

The results of the straw poll were provided to members of the new Central Committee as the basis for their deliberations. At their first plenary meeting, the new Central Committee elected a 14-member Politburo and then re-elected Nong Duc Manh as party leader. In another act of transparency, when the list of new members of the Politburo was published, members were listed in order of the number of votes they had received. In the past, the Politburo list reflected rank in the party hierarchy. Le Hong Anh, the incumbent Minister of Public Security, came second after Secretary General Manh.
In Vietnam a national congress serves as an important mechanism for managing generational change within the VCP. In 2006, nine members of the outgoing 15-member Politburo retired, including state President Tran Duc Luong, Prime Minister Phan Van Khai, and Defence Minister Pham Van Tra. This was the second highest turnover in Politburo membership since the Sixth National Congress in 1986. Six incumbents were retained.

When biographic data on members of the Tenth Central Committee is compared with similar data for the six Central Committees elected since reunification (1976–2001), the following trends emerge. First, the turnover rate is above average. Second, the longevity of service of Central Committee members has also declined. Only 11 members of the new Central Committee have served at the national level for more than a decade. Third, the Tenth Central Committee is composed of more secondary level officials than its predecessor and their representation is well above the average.

Fourth, there was a decline in representation by officials holding central level party and state posts. Politburo membership as a proportion of total Central Committee membership fell below average. The proportion of new central level officials rose. Of the 15 new members appointed to government positions, eight were deputy ministers and one was a newly appointed minister. Public Security representation on the Central Committee was quite noticeable, including three newly appointed deputy ministers. Military representation increased slightly, bolstered by a doubling of new members. Of the 21 alternate members, most were heads of district party committees and were likely being groomed for provincial leadership positions.

In sum, the Tenth Congress brought about a significant turnover in leadership at both the Politburo and Central Committee levels, slightly increased the devolution of power to provincial level, and accelerated the process of generational transition. According to one long-time Hanoi observer, “a younger, more reform-minded group now holds the reins of power and is committed to speeding up Vietnam’s integration with the international community”.24

Ministerial Reshuffle

The Tenth Congress marked only the first stage in Vietnam’s leadership transition. At the Central Committee’s second plenum (27–28 May), it was decided to bring forward ministerial changes. One reported reason for this was to have a new leadership in place in time for the APEC Summit. The Central Committee’s
proposals for government leadership changes were approved in June at the ninth session of the National Assembly. Nguyen Minh Triet was elected president, and his nominations of Nguyen Tan Dung as prime minister and Nguyen Phu Trong as head of the National Assembly Standing Committee were approved. Three ministers were sacked for corruption: the Minister of Transport, Chief Government Inspector, and Minister of Education and Training.

The National Assembly approved the new Prime Minister’s nomination of three deputy prime ministers: First Deputy Nguyen Sinh Hung, Pham Gia Khiem, and Truong Vinh Trong. Finally, the National Assembly filled seven cabinet vacancies. Deputy Prime Minister Khiem was appointed concurrently Foreign Minister. The other ministerial changes included: National Defence (Phung Quang Thanh), Finance (Vu Van Ninh), Culture and Information (Le Doan Hop), Education and Training (Nguyen Thien Nhan), Transport (Ho Nghia Dung), and Chief Government Inspector (Tran Van Truyen). One assessment of these leadership changes concluded, “the rise of these relatively liberal southerners indicates that the balance of power has tilted decisively from the old guard conservatives to the economic progressives”.

Prime Minister Nguyen Tan Dung, aged 56, was the youngest person to be appointed to this post since reunification in 1976. Perhaps Dung’s strongest attribute was his two-term experience as understudy to former Prime Minister Phan Van Khai. Dung’s appointment was widely acclaimed by the foreign business community. Within one month of coming into office he reviewed and then sacked two key advisory bodies, the Prime Minister’s Research Commission and the Foreign Affairs Economic Research Group. Responding to public pressure as well as party direction, Dung has taken the initiative to deal with major corruption. He has publicly called for the Public Security Ministry to speed up its investigations into allegations of high-level corruption by party and state officials. And in October, he set up a high-level Anti-Corruption Central Steering Committee to coordinate the government’s anti-corruption campaign. Dung nominated himself as head.

Political Cross Currents

In 2006 a major new cross current emerged in domestic Vietnamese politics with the coalescence of pro-democracy advocates into an identifiable group. This development marks a new phenomenon in Vietnamese politics. Previously, political dissidents and religious activists acted individually or in small cliques isolated from each other. In 2006 a network of pro-democracy activists came
together and issued a number of political statements calling on the government to respect basic human rights and religious freedom and to permit citizens to freely associate and form their own political parties.\textsuperscript{30}

On 6 April, 116 persons issued an Appeal for Freedom of Political Association and distributed the appeal throughout Vietnam via the Internet. On 8 April, 118 persons issued a Manifesto on Freedom and Democracy for Vietnam.\textsuperscript{31} These pro-democracy advocates became known as Bloc (khoi) 8406 after the date of its founding manifesto. Members of this group published an unregistered newspaper, \textit{Tu Do Ngon Luan} (Free Expression).

Bloc 8406 represents a stunningly diverse network of professionals widely dispersed throughout the country. Among the signers of the manifesto were teachers and lecturers (31 per cent), Catholic priests (14 per cent), university professors (13 per cent), writers (7 per cent), medical doctors (6 per cent), intellectuals, engineers, nurses, Hoa Hao religious leaders, businessmen, army veterans, technicians, ordinary citizens, and a lawyer. Bloc 8406 is predominately an urban-centred network, with the over half the signatories residing in Hue (38 per cent) and Saigon/Ho Chi Minh City (15 per cent), with additional concentrations in Hai Phong, Hanoi, Da Nang, and Can Tho. These four nodes account equally for 30 per cent of the signatories. The remainder of Bloc 8406 members are geographically dispersed throughout Vietnam in six locations: Bac Ninh, Nha Trang, Phan Thiet, Quang Ngai, Vung Tau, and Vinh Long.

The police responded by harassing many of the signatories of the 8 April manifesto. Their home phones were cut off and they were placed under surveillance. Others were picked up for interrogation and detained for varying periods. Employers were pressured to terminate their employment. Police also raided the homes of prominent dissidents and seized computers, cell phones, and personal files.

Police actions provoked a public protest by democracy advocates. On 30 April Bloc 8406 issued a letter condemning police actions signed by 178 supporters. By 8 May, the number of persons subscribing to the manifesto grew to 424; and by year’s end foreign observers were reporting that the support base for Bloc 8406 had expanded to over two thousand, many under the age of 30.\textsuperscript{32} Bloc 8406 members have attempted to evade detection by utilizing digital telephone and encryption technology on web sites provided by Voice Over Internet Protocol providers such as PalTalk, Skype, and Yahoo!Messenger.\textsuperscript{33} These web sites have been utilized to organize discussions within Vietnam as well as overseas.

On 22 August, Bloc 8406 publicly announced a four-phase proposal for democratization including the restoration of civil liberties, establishment of
political parties, drafting of a new constitution, and democratic elections for a representative National Assembly. And on 12 October, members of Bloc 8406 issued an open letter to the leaders of the APEC Forum asking them to help in promoting democracy in Vietnam. Police responded by sealing off the homes of leading dissidents and restricting their movements during the November APEC Summit.

The Economy

Vietnam has been highly successful in promoting economic growth. Vietnam’s gross domestic product (GDP) increased at an annual rate of 7.5 per cent between 2001 and 2005 with a peak of 8.4 per cent in 2005. Vietnam’s economy is forecast to grow by 8.2 per cent in 2006 and achieve an average growth rate of 7 to 8 per cent over the period 2006–10. Prime Minister Dung has set a target of 8.2 to 8.5 per cent for 2007.

Vietnam’s economy has benefited from a “second wave” of foreign direct investment (the first wave occurred before the Asian financial crisis of 1997–98). Foreign investors pledged nearly US$7 billion in 2006. Increasingly, foreign companies based in China view Vietnam as a place to diversify their manufacturing base or as a base for exports to China. Hanoi has adopted such investor-friendly policies that concerns have been raised in Indonesia and Thailand about the diversion of investment funds to Vietnam. Overseas Vietnamese are estimated to have remitted US$4 billion to their relatives in 2005, while guest workers added an additional US$1.7 billion.

In 2006 Vietnam received a huge boost of confidence when Intel announced that it was investing US$1 billion in a semi-conductor chip testing and assembly plant near Ho Chi Minh City. The foreign donor community, including the Asian Development Bank and World Bank, has also given Vietnam a vote of confidence. At their annual meeting in December, they pledged an unprecedented US$4.45 billion in assistance. Foreign donors are encouraged by Vietnam’s success in reducing the incidence of poverty from 58 per cent in 1993 to 19 per cent in 2006, as well as its commitment to accelerate economic and administrative reforms and combat corruption.

At year’s end Vietnam achieved another success when its application for membership in the WTO was finally approved. In order to attain this objective Vietnam had to conduct 14 multilateral rounds of negotiations with WTO members and 28 separate bilateral negotiations on market access agreements. Vietnam joined the WTO as its 150th member on 11 January 2007.
Beneath this veneer of success there are a number of troubling currents. A survey by the World Bank on the ease of doing business ranked Vietnam 104th out of 175 countries surveyed in 2006, a drop from 98th position the previous year. A separate survey by the World Economic Forum revealed that in 2006 Vietnam dropped three places to 77th out of 125 countries on its Global Competition Index. Vietnam’s decline was attributed to the slow pace of regulatory reforms and being overtaken by other countries that were moving faster to become more competitive. For example, Vietnam’s programme to privatize debt-burdened state-owned enterprises has stalled.

Corruption, inefficiency, red tape, and waste also remain major concerns. Vietnam consistently has languished at the bottom of Transparency International’s annual corrupt index ranking 107th out of 158 countries in 2005. The Hong Kong–based Political and Economic Risk Consultancy ranks Vietnam as Asia’s second most corrupt economy. Vietnam’s Anti-Corruption Law has only recently come into effect and foreign observers are reserving their judgment on Vietnam’s ability to unify competing anti-corruption agencies. Other concerns centre on Vietnam’s growing shortage of skilled labour, and Vietnam’s weak transport, communications, and power infrastructure. According to one report, road and port congestion in Vietnam is “worse than in China, but not yet as bad as India”. During the dry season, there was an electricity shortage in the Hanoi area resulting in several “brown outs”.

In 2006 Vietnam experienced an unprecedented number of wildcat strikes in foreign-invested companies about pay and working conditions. The government reacted swiftly by imposing a 40 per cent rise in the minimum wage paid by foreign enterprises. Prime Minister Dung even apologized to his Japanese counterpart for worker disruptions at Japanese joint venture firms.

Equally worrying are the travails of the Dutch bank ABN-Amro, which handled foreign currency transactions at the request of the Industrial and Commercial Bank of Vietnam (Incombank), which resulted in US$5.4 million in losses for the state-owned bank. Vietnamese authorities have demanded that the Dutch bank “compensate” Incombank for its loss-making trades and have placed four of its employees in detention pending settlement. Prime Minister Dung issued a directive suggesting that ABN-Amro should repay the lost money if the Dutch bank wants its staff to be treated leniently. ABN-Amro has bowed to reality and agreed to pay up. The ABN-Amro case clearly indicates that Vietnam’s financial sector and legal system remain laden with problems. One report concluded, “The ABN-Amro issue — mixing allegations of corruption, arbitrary legal action, and suspected bias against foreigners — epitomizes the reservations felt by many (foreign) firms.”
Foreign Policy

According to the VCP Political Report to the Tenth Congress, Vietnam “must strive to unswervingly carry out a foreign policy of … multilateral and diversified relationships while staying proactive in integrating into the world economic community and expanding international cooperation in other fields”. At year’s end, former Foreign Minister Nguyen Dy Nien offered the assessment that Vietnam’s foreign policy reached three peaks in 2006 — hosting the APEC Summit, gaining membership in the WTO, and nomination for non-permanent membership on the United Nations Security Council. In between these three peaks, Vietnam made considerable progress in advancing its bilateral relations with traditional friends, regional states, and the major powers.

Vietnam accords priority to its traditional allies and nearest neighbours, Laos and Cambodia. In 2006 the importance of the “strategic partnership” between Vietnam and Laos was highlighted by reciprocal exchange visits by party leaders and prime ministers. Vietnam’s relations with Cambodia centred mainly on border issues including the placement of markers, health and quarantine, and cross-border transport. These subjects featured during the visit by Prime Minister Phan Van Khai in March. Also that month, Cambodia’s King made his first state visit to Vietnam. In early December, the prime ministers of the three countries held their fourth summit in Dalat to discuss the establishment of a development triangle. At year’s end, Prime Minister Nguyen Tan Dung made short official visits to Cambodia, Laos, and Thailand to promote bilateral cooperation.

No two sets of bilateral relationships are more important to Vietnam than its relations with China and the United States. According to the deputy head of the National Assembly’s External Relations Committee, Ton Nu Thi Ninh, relations with China have “never been so good. But that doesn’t mean they’re perfect. Everyone knows that we have to keep a fine balance” neither “leaning over” towards the United States or “bow[ing]” to China. Vietnam and China exchange over one hundred high-level delegations annually. China declined to renew financial aid to Vietnam, reportedly due to a tiff over Hanoi’s handling of Taiwan’s representative at the APEC Summit.

In January a new highway was completed linking Hanoi to the China border and cutting travel time between the Vietnamese capital and the Chinese industrial city of Nanning from two days to seven hours. This development symbolizes the rapidly growing economic relationship between the two. In 2005, bilateral trade reached US$8.7 billion as China displaced the United States as Vietnam’s largest trading partner. However, there is a marked imbalance in this relationship with...
Chinese exports constituting two-thirds of the total. Bilateral trade was expected to reach US$10 billion in 2006.

During the first quarter, Hanoi received Jia Qinglin, a member of the Politburo Standing Committee and Defence Minister, Cao Gangchuan. Cao came to promote China’s military technology and professional training, as well as to complete arrangements for joint naval patrols. Cao was also briefed on the Tenth Party Congress. On 27 April the Chinese and Vietnamese navies conducted their first joint patrol in the Gulf of Tonkin with the aim of providing security for fishermen and oil exploration. Vietnam’s new Defence Minister, Phung Quang Thanh, made a return visit to Beijing in August to discuss cooperation between national defence industries and reciprocal training of high-level military officers.

Party Secretary General Nong Duc Manh made an official visit to Beijing from 22 to 26 August. The state media noted that this was his first overseas trip since his re-election as party leader. In Manh’s discussions with his counterpart, Hu Jintao, they agreed to boost trade, speed up border demarcation and to enhance security cooperation. The two leaders also reached agreement on joint projects in energy development. In October, Vietnam’s Minister of Public Security visited Beijing to follow up on proposals for security cooperation. Later that month, Lieutenant General Le Van Dung, head of the Vietnam People’s Army General Political Department, journeyed to China to discuss professional military training exchanges. General Dung’s visit to the National Defence University suggested that Vietnam was carefully balancing its military relations. In 2005, Vietnam agreed to send military officers to the United States under the auspices of the International Military Education and Training (IMET) programme.

In late October to early November, China commemorated the fifteenth anniversary of the establishment of dialogue relations with ASEAN by hosting a gala summit by heads of government in Nanning. Prime Minister Dung attended and held a separate summit meeting with Premier Wen Jiabao on 31 October. They agreed to complete negotiations on a framework treaty on economic and trade cooperation. Further, they reached agreement to complete the delineation of their land border by 2008 and to step up negotiations on demarcation of maritime waters outside the Tonkin Gulf. They also discussed major joint construction projects involving upgrading rail and road links. On 11 November the first meeting of the Steering Committee on Vietnam-China Bilateral Relations was convened in Hanoi at deputy prime ministerial level.
President Hu Jintao made a separate state visit to Vietnam (15–17 November) in conjunction with his attendance at the APEC Summit. During his visit China and Vietnam signed a framework agreement on economic and trade cooperation and a memorandum of understanding on the “two corridors, one Belt” cooperation. The two leaders also agreed to accelerate cooperation over a broad range of issues including joint exploration for oil and gas.

Although China has overtaken the United States as Vietnam’s biggest trading partner, the United States remains Vietnam’s largest export market. Two-way trade has expanded by 400 per cent over the last five years to reach US$8 billion in 2006. Vietnam has a massive trade imbalance with the United States; it exports nearly nine times more than it imports. US investments in Vietnam are nearly five times greater than China’s paltry commitment of US$835 million. If American investments from third countries were added to its total, the United States would rank fifth on Vietnam’s foreign investment ladder. US investments in Vietnam are projected to double in 2007 to US$8 billion.

One issue dominated bilateral relations above all others in 2006 — bilateral negotiations for Vietnam’s membership in the WTO. This involved two separate processes. First, Vietnam had to reach a trade agreement with the United States in order to secure approval for WTO membership. Second, the US Congress had to approve granting Vietnam Permanent Normal Trade Relations (PNTR) status before the president could formally approve Vietnam’s WTO membership. Bilateral negotiations were concluded on 31 May when the United States became the last country to sign a market access agreement with Vietnam. Vietnam first had to agree to accept the designation “non-market economy”. Congressional consideration became a convoluted drama stretching from 13 June, when PNTR bills were simultaneously introduced in the House and Senate, until 8 December, when a lame duck Congress finally approved PNTR status. By that time the WTO General Council had already invited Vietnam to join as its 150th member. And President George Bush, who pushed for PNTR ratification in advance of his official visit to Vietnam, had to go to Hanoi empty handed.

Vietnam’s defence cooperation with the United States inched forward with the official visit by Defense Secretary Donald Rumsfeld from 4 to 6 June. Rumsfeld stated in advance, “I don’t have a wish list and I don’t have a set of things that we’re trying to achieve.” Media reports suggested he raised the possibility of selling military spare parts to Vietnam. Rumsfeld’s visit was promptly followed up by the US Navy’s fourth port call to Vietnam (1–4 July) and, more importantly, by an official visit by Admiral William J. Fallon, Commander US Pacific Command
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(13–16 July). Fallon held a working meeting with Deputy Defence Minister Lieutenant General Nguyen Duc Soat at which they discussed search and rescue operations, natural disaster mitigation, clearance of unexploded ordnance, cleaning up toxic chemicals and information on soldiers missing-in-action (MIAs) from the Vietnam War.58

Admiral Fallon also paid a courtesy call on Defence Minister Phung Quang Thanh. Thanh reacted cautiously to suggestions that the two countries expand military cooperation. The minister noted that any joint exercises might be misunderstood by “other countries”.59 He further noted that the development of defence relations was very sensitive both inside Vietnam and in other countries and would have to be considered very carefully. Thanh promised to pass on the admiral’s suggestions to more senior leaders. American officials speculated that working level military contacts with Vietnam were being blocked by Hanoi’s concerns about Chinese sensitivities. Thanh, however, responded positively to Fallon’s requests that Vietnam send senior officers to the annual meeting of regional defence chiefs, and upgrade the level of yearly bilateral military talks. Thanh, for his part, asked for greater cooperation in locating Vietnamese MIAs, and with cleaning up unexploded ordnance and Agent Orange contamination.

On 29 December, President Bush issued a memorandum to the Secretary of State that removed impediments to the sale and/or provision of “defence articles and defence services” to Vietnam.

On the eve of the US President’s visit to Vietnam, Condoleezza Rice, the Secretary of State, removed Vietnam’s designation as a Country of Particular Concern in recognition of Vietnam’s efforts to improve its record on religious freedom. This set the stage for the brief but successful official visit by President Bush and his separate attendance at the APEC Summit. The joint statement issued at the conclusion of the president’s visit canvassed the myriad issues affecting bilateral relations and only pledged that the two sides would sign a maritime transport agreement “at an early date”. President Triet was invited to visit the United States in 2007.60 President Bush made no mention of human rights or democracy in his meetings with Vietnamese leaders in stark contrast to his Canadian counterpart.

In February 2006, Prime Minister Phan Van Khai visited Indonesia to discuss the implementation of their joint statement on cooperation. The new Prime Minister, Nguyen Tan Dung, visited Japan in October to discuss a future free trade agreement. In a joint statement the two leaders declared that Vietnam and Japan were “strategic partners”. Vietnam also hosted visits by Singapore’s Prime Minister Lee Hsien Loong in September and Thailand’s new Prime Minister Surayud
Chulanont the following month. Prime Minister Lee promoted the development of a new industrial park. Thailand’s prime minister attended a joint cabinet meeting that discussed trade, investment, and public health cooperation.

Russian Federation Prime Minister Mikhail Fradkov visited Hanoi in February to promote trade and Russian involvement in Vietnam’s planned nuclear power industry and first telecommunications satellite. Agreements on cooperation in education and anti-narcotics were signed. President Vladimir Putkin paid an official visit to Hanoi on the eve of the APEC Summit. According to the joint statement issued afterwards, the two sides discussed joint projects in the energy sector and “technological military issues”. Five cooperation agreements were signed with an emphasis on joint oil exploration and trade.

The UN Secretary General, Kofi Anan, visited Vietnam from 23 to 25 May to review Vietnam’s progress in reaching the Millennium Development Goals and to discuss UN reform. Later in the year, Vietnam agreed to be the test case for a reform programme known as “one UN initiative”. On 27 October, the Group of Asian Countries met at United Nations in New York and nominated Vietnam as a non-permanent member of Security Council for 2008–2009. This nomination is subject to confirmation by the General Assembly in October 2007.

**Conclusion**

In 2006 Vietnam successfully convened its Tenth Party Congress, and brought about a marked generational change in party and state leadership. The legitimacy of one-party rule was shored up by the country’s successful — if not outstanding — economic performance as East Asia’s third best economic performer. In terms of external relations, Vietnam deftly balanced relations between China and the United States and carefully cultivated long-standing ties with near neighbours and other regional states. Vietnam enhanced its international standing by successfully hosting the APEC Summit, gaining membership in the WTO, and being nominated for a non-permanent seat on the UN Security Council.

Vietnam’s accomplishments after 20 years of *doi moi* are undeniable. If current trends continue, Vietnam is destined to emerge as a major regional power. Vietnam’s success, however, has stirred up cross currents that operate beneath the surface. The emergence of a diverse and geographically dispersed pro-democracy network, as well as wildcat strikes, raises serious questions about political stability in the long term. Straight-line extrapolations of continued high economic growth must take into account these developments as well as the cross currents of endemic corruption.
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50 *Nhan Dan*, 8 April 2006.
56 This designation will apply for 12 years but may be lifted if Vietnam meets the criteria of a market economy. A non-market economy refers to a country that does not operate on market principles of cost or pricing structures and sell its products at unfair market prices. The United States is permitted to employ the methodology of using surrogate markets to determine if Vietnamese companies are engaged in dumping.
57 Reuters, 5 June 2006.