

# Report of the 10<sup>th</sup> APEC delegation to Vietnam

## Introduction

Vietnam remains one of 5 Communist countries in the world and as in the case of China is currently working through how to become a market-oriented socialist economy. Vietnam has diplomatic relations with 169 countries and a foreign policy whose hallmarks are “independence, self-reliance, openness, diversification and multilateralization of external relations and active international integration “. In contrast to earlier times, they have good relations with all 5 Permanent Members of the Security Council and they propose to nominate for a seat as a non-permanent member of the United Nations Security Council in 2007.

2006 was an important year for Vietnam as they hosted their first APEC leaders’ summit in Hanoi in November and were also preparing to enter the WTO after 5 years of preparation. Vietnam has grown at 7.5% per annum over the last decade and in 2005 growth was the second highest in Asia at 8.5%.

Over the last twenty years, Vietnam’s development has been impressive. Life expectancy stands at 70.4 years and adult literacy is 90.3%. Since 1993, the proportion of the population in poverty has fallen from 58% to 24% in 2004%. Education is highly valued in Vietnam, with parents often sacrificing much to ensure their children finish school and attend university either in Vietnam or overseas in places like Australia. Interestingly, a tertiary degree does not necessarily lead to professional work experience, but is seen as valuable in all parts of Vietnamese life including service industries. English is widely spoken and understood throughout Vietnam, significantly enhancing the economic, cultural and diplomatic with english speaking nations such as Australia.

The delegation met with representatives from different organs of the Communist Party as well as business and government officials. We also were able to undertake a number of cultural visits including a visit to Ho Chi Minh’s Mausoleum and Residence, a tour of the Literature Temple in Hanoi and a visit to Ha Long Bay.

The delegation had a deeply moving tour of the tunnels at Cu-Chi as well as a visit to the Long Tan battlefield and memorial. I’m sure we will never forget either experience.

While in Hanoi, the delegation visited the Museum of Ethnology. The Viet (or Kinh) make up 87% of the population of Vietnam are the largest of 54 ethnic groups of Vietnam. The delegation learnt of the different traditions of many of the other ethnic groups of Vietnam. We also visited a temporary exhibition which showed what life was like during the ‘ap bac’ (subsidized economy) period prior to ‘doi moi’ in 1986. The reality of a life of queues for food and crowded accommodation demonstrated how far Vietnam has come over the last 20 years.

A recurring theme however in many of the meetings was that development has not been even and many of the groups we met with were engaged with how to improve the situation in the rural areas where poverty and unemployment are proportionally greater.

The impression the delegation was left with was of a proud country which is growing at a dramatic rate and has still preserved the beauty and architecture of cities such as Hanoi.

## **KEY FINDINGS FROM MEETINGS**

### **Monday 18 September**

#### **Dinner with His Excellency Nguyen Thanh Tan, Vietnamese Ambassador to Australia**

Prior to departing Australia the delegation was pleased to join the Ambassador and his staff for dinner in Canberra for valuable pre-briefing and dinner. The Ambassador briefed the delegation on the role of the communist party, key aspects of Vietnamese demography and geography and key political issues. It was also a great opportunity to learn more about Vietnamese culture and the large Vietnamese population in Australia.

### **Thursday 21<sup>st</sup> September**

#### **Meeting with Leaders of the Ho Chi Minh Communist Youth Union**

##### Key Findings:

- Ho Chi Minh Communist Youth Union has 5 to 6 million members.
- There are different groups within the Youth Union, including the Young Entrepreneurs and Intellectuals.
- The Youth Union put forward many recommendations to laws being developed, including on law and order
- The First Secretary is a member of the Youth Union.
- They have seen a Youth Law passed by the National Assembly in 2005 (came into effect 1 July 2006) which is intended to educate and take care of youth. Supplemented by the Youth Development Strategy 2010
- In Vietnam, youth is considered aged from 16-30.
- There are 26 million youth in Vietnam or 20% of population
- Vietnam National Union of Students has 600,000 members
- There are more than 4,000 members of the Young Entrepreneurs group. They are aged below 40.
- There are more than 3,000 staff in the central office.
- The biggest newspaper belongs to the Youth Union, and they also have a TV station and radio station.
- The main focus of the Youth Union is on education and employment.
- We were informed that there are more than 20,000 Vietnamese studying in Australia.
- There are 150 scholarships given out by the Government each year for students to study in Australia.
- There is a 5 to 8% unemployment rate, which is mainly in rural and remote areas.
- There are many young people with skills in rural and regional areas, but they do not have the access to land.
- There are more than 100,000 youth being given vocational and technical education in VTE Centres, equipment however often dates back to the 1960s presenting numerous challenges – there is a strong desire to focus on modernising vocational and professional training.
- The Youth Union is also doing a great deal to cut drug use e.g through mass media campaigns.
- The Government relies on NGOs to partake in environmental work.
- The Youth Union is relying on mass media campaign and work at the community level to prevent the spread of HIV.
- Leadership structure – Standing Committee of the Youth Union, including a Secretary, is elected every 5 years at the National Congress. The Youth Union have representatives in the Community Party and in the National assembly and are seen as a dynamic and influential arm of the Party.

## Meeting with Vietnam Chamber of Commerce

### Key Findings:

- Established in 1963, with branches in all cities and an office in Japan and Australia. Operates under a charter approved by the Prime Minister and has a voluntary membership base.
- VCCI Chairman is a member of the National Assembly
- The Chamber's key roles are to promote trade and investment, and represent the business community in Vietnam.
- 150,000 companies are represented by the Chamber - both state and private.
- The organisation provides information to local and international businesses and is the biggest provider of training.
- Around 5,000 companies are state owned and 5,000 are foreign investors out of the aforementioned 150,000 figure.
- We were told that the Government wants to create the best conditions for business.
- 95% of the 150,000 companies are small enterprises.
- On the issue of land ownership we were told that not being able to own land was the key issue / impediment to improving competitiveness.
- VCCI advised that the rate of industrialisation was providing some "short-term" social and environmental challenges eg location of a major new oil refinery is in dispute
- Although not compulsory, most businesses represented by the Chamber provide a financial and environmental statement every six months.
- The organisation also provides language courses to international companies to help them settle in better.
- We were informed that the Chamber is working with ACCI and also with Business SA to improve linkages.
- Before 1993, the Chamber only looked after government businesses.
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## Meeting with Ministry of Construction

### Key Findings:

- We had a thorough briefing on the geography and demography of the key region of Vietnam and the political system.
- Talked about the close ties between Australian and Vietnam and how returning students are bringing much back in the way of skills.
- The core role of the Ministry is to build infrastructure in metropolitan and regional areas and look after basic services like sewerage, water and electricity.
- There are currently 85 million people in Vietnam. This is projected to increase to 100 million in 20 years time.
- 27% of the total population is urban. There are 218 cities and towns, with 10,000 local communities.
- We were informed how the Ministry is very keen for all parts of Vietnam to keep their unique look and feel.
- He said that it is important that there is a balance between urban development and the environment. There is a Vietnamese Construction Code which must be implemented for all new urban developments.
- He informed us about the levels of Government – Central, Province, District and Commune and that the National Assembly is taken from these areas.
- He talked about the various groups, including the Youth Union, that are very important to the future growth of the country.
- He stated that the Ministry was building the \$300USD million APEC Centre, which is the biggest conference centre in Vietnam and South East Asia.

- He mentioned how 100% of rural areas now have power, which compares to 80% ten years ago.
- Urban planning a major challenge – the aim is to develop 10 major urban regions with one key city in each region
- There is going to be a metro and rail system developed in Hanoi and HCMC to deal with the increasing amount of traffic. The bus network will also be expanded. This information was given in a response to a question from TP.
- We were also informed that there is going to be a push to remove overhead power lines. The Government aims to put all electricity services underground over the next 10 years (this will be a significant and possibly unachievable task).
- The Government is looking for support from the international community in building key infrastructure projects.
- The government is working hard to become a WTO member, which will mean the Government will have to abide by their practices, and allow more involvement by the private sector in government owned and run operations.
- We were informed that Australia has given funds for water projects in Vietnam.

## **Friday 22<sup>nd</sup> September**

### **Leaders of the National Assembly**

#### **Key Findings:**

- We were welcomed as the 10<sup>th</sup> visit by an APEC delegation to Vietnam.
- We were addressed by the Vice-Chairman of the Foreign Affairs Committee, who has a Masters Degree from the ANU and attended an ALP Conference in SA.
- He mentioned the very good relations between the two countries.
- He said that his committee is looking at trade and investment.
- He talked about the eight committees of the National Assembly: Defence and Security, Education and Youth Affairs, Social Affairs, Law, Community Affairs, Budget and Economic Affairs.
- There are 50+ members from provinces and ministers are on committees.
- Parliament has to report to the standing committees.
- There are only two sessions of Parliament each year (6 weeks per session).
- The Committee also looks at complaints from the public on businesses from overseas.
- Talked about the coup in Thailand and that everything has settled down.
- Talked about the election process and that each province has one full time member.
- He mentioned that 500 people work for the Committee.
- Vietnam has diplomatic relations with 196 countries and trade relations with 264 and that the Government has good relations with the UN and the Security Council.
- He talked to us on how the members have to reflect the wishes of their constituency and that members put forward their views freely in the Parliament.
- Each province has 4 -25 representatives based on population, who shares an office and staff –there is at least 1 full time, paid member for province.
- 11% of the National Assembly are not party members.
- We were informed that the Government and the Parliament are very different. Government consists of 26 members.
- We were informed on how other countries are assisting Vietnam with the formation of legislation and new systems e.g the US helping with a new taxation system.
- He informed us about the electoral processes in each area. Candidates are drawn centrally, and you then have to go to the area and tell them what you would do for them, and then you have to win the election. Each candidate is granted money to run a campaign. You can only use the set amount, and no private funds. There are 200,000 voters in each region.
- The fight against corruption has taken a much higher profile under the new Prime Minister. The Committee Against Corruption is seen as very powerful as it is headed by the Prime Minister.

## **Leaders of the Vietnam Woman Union**

- 27% of members of the National Assembly are women.
- There is no available figures on the divorce rate in Vietnam.
- Women get the first rights at looking after children following a divorce.
- There are no benefits to women who are unemployed.
- The Union is doing all it can to improve health in rural and regional areas.
- We were told that women share in half the property in a divorce settlement.
- There is no longer screening of gender for new born babies.
- We were informed that there are many areas of Vietnam where women receive no assistance when giving birth.
- Women receive full pay for four months after giving birth, and return to work for 7 hours per day, and that there is free health care for poor women.

## **Meeting with Ministry of Health for a briefing on Avian flu**

- We discussed the issue of avian flu and how Vietnam was monitoring any potential outbreaks.
- We were informed of their new screening system, which relies on central and community work/assistance to curb the spread of the disease. There have been no new cases and it seems to be working.
- They have had practice runs to deal with a potential outbreak in 3 cities and 4 provinces.
- More than \$100 million has been provided by the US to improve hospital facilities.
- There are many different strategies, including the killing of birds in affected regions.
- He said that the cost to the economy would be great if there was a pandemic.
- We were advised that 90% of children immunised, but communicable diseases are on the rise.
- He stated that the Government is aware of obesity issues in other country and that the Ministry has a program to stop children becoming overweight.
- The Government is building 8 new universities in six years.
- The issue of attracting doctors to rural and regional areas was discussed, and doctors that were choosing to go overseas, instead of staying in Vietnam for work.
- 4% of government spending is on health, which compares to 9% in Australia.
- Vietnam makes its own pharmaceutical drugs. Only rich people buy drugs from overseas. .

## **Sunday 24<sup>th</sup> September**

### **Meeting with the Youth Union of Quang Ning Province**

- There are 80,000 members of the Youth Union in this province. The province includes Ha Long Bay. There are over one million people in the region with two main ethnic groups.
- The region is rapidly growing and is an important region economically.
- Youth in the region are benefiting from this progress.
- There are 300,000 youth aged from 15-30.
- The Youth Union in the are aims to educate and train youth, strengthen the youth union, to assist with economic and social development and to protect the rights of young people.
- More than 2 million tourists have visited the region.
- There are more than 1,000 youth being taught how to protect the environment.
- NGOs are assisting with environmental projects in the region.

- Youth are involved in training in the hospitality and tourism industry, which is mainly done by hotels in the area. There is also a separate school for tourism.
- The Youth Union advised that the large coal port would be moved in the near future as an additional measure to further sustainable development in Ha Long Bay.
- The province shares a border with China to the North and there is close liaison with the All China Youth Federation and Ho Chi Minh Youth Union – friendship and political activities are organised.

## **Monday 25<sup>th</sup> September**

### **Meeting with Ho Chi Minh Municipal Council**

- There is an 11.5% growth rate for Ho Chi Minh City, which is expected to rise to 12% next year.
- HCMC contributes 1/3 of all revenue to the national budget. The main sources of revenue are value added tax, income tax and land use tax. 29% of HCMC revenues are kept locally for use.
- The Council is sending 300 law students overseas to study a Masters or PHD. The students are chosen by the Youth Union. This is building a good network through Asia and assisting with the task of administrative reform.
- Talked about how the Council has a program to assist young people find jobs. So far more than 80,000 jobs have been filled.
- The Council is working very hard to preserve buildings in Ho Chi Minh City which are of heritage value. The City is 300 years old and the oldest buildings around 200 years old. – many buildings in need of preservation are seen as an important part of the independence struggle.
- A Master Plan for HCMC downtown has been created with the help of international consultants.
- The Council is engaging international consultants to help re-design the downtown area, a new park and a new satellite town centre Tam Tim Township. The Youth Union will also contribute to the design.
- We discussed public transport and were told that in 2001 only 50,000 commuters used public transport which has risen to 850,000 people a day using public transport in 2006. The council subsidises public transport so that more people use it. The Council is currently considering a range of incentives and punitive measures to restrict the number of cars and motorbikes in the city.
- A metro rail system is under consideration with 6 lines planned by 2015. The aim is to have 15% of the population of HCMC using public transport.
- Talked about how the Council is assisting job creation and the development of small businesses in the city by providing micro-credit (small, interest free) loans to assist unemployed people to buy equipment for cottage industries etc. The programme is supported by the Trade Union, Women's Union and Youth Union and is proving very successful.
- The HCMC work force is shifting its labour intensive industries (textiles, garments, shoes) to neighbouring provinces and is seeking more professional industries eg IT and high-tech industries.
- A new University master planned campus has been identified to help address the skills shortages.

## **Tuesday 26<sup>th</sup> September**

### **Vung Tau Municipal Council**

- In the region there are 1,090 people per square km.
- There are 890,000 people in the province. The region is considered the power plant for the whole nation due to the resource industry in the region, including oil and gas, fertiliser and other industrial services. Tourism is also an important industry.

- The local GDP per person equates to \$2000USD.
- There is the lowest amount of poverty in this region of any of Vietnam's regions
- We were advised that there is a good system of schools through to university and a good health care system.
- 96% undertake education, 92% have clean water.
- There is a focus on developing the region.
- There are 203,000 people aged 15-30.
- 50% of the province live in Vung Tau.
- We were advised that the Youth Union helps young people find jobs – so far more than 50,000 young people per year have been assisted to find employment.
- Secondary school education in the Province is compulsory.
- We are advised that there are problems with drug abuse, the need for more skills for youth, unemployment, and pornography on the internet.
- There is a 13% growth rate for the region.
- There is a skills shortage in the gas and oil industry.
- The unemployment rate is 5%.
- The region has 716 cases of HIV – 192 of these are AIDS. Free medication is given to assist sufferers.
- The balance between environmental protection and industry is an important one. Strict permission is needed for major developments, and pollutant industries are co-located to minimise their impact on the landscape, there are also strict controls on waste management for the offshore oil rigs.

### **Wednesday 27<sup>th</sup> September**

#### **Meeting with Youth Union of Ho chi Minh City**

- Mentioned that the Youth Union's main aim is to assist young people with education.
- Their three responsibilities are: administrative reform, good relations between different parts of the organisation, small loans to help young people with study and newsletters for members.
- More than 1.2 million are being assisted through the small loans scheme. There is no interest on a loan.
- They also have a young entrepreneurs group. There are 400 members aged 40 and under.
- The committee helps to build international relationships through their international network and helps to encourage investment in Vietnam. It also helps to create jobs and help those who are less fortunate.
- Discussed youth union companies. They have a company that produces badges and a printing company which prints more than 32 billion pages a year. The Youth Union runs some of the biggest companies in Vietnam.
- They also provide career and health advice to young people.
- They are also educating youth about the dangers of drugs. They are assisting some 30,000 young people who are drug addicted and are also providing sex education to young people.
- The Youth Union is focused on 'at risk' young people and providing them with opportunity.
- They are also involved in environmental projects and are planting trees 60km from Saigon and are improving an area damaged by sewerage.
- Around \$10millionUSD per year is spent on all their activities.
- We were advised that 80% of students in Saigon work and study, while 20% are fully supported by their parents.

#### **Thanh Nien: Youth Newspaper**

- The paper is 20 years old and belongs to the Youth Union.
- It mainly reports on youth and politics.

- There is an online newspaper, which receives more than 1 million hits every day. The English website has 100,000 hits every day.
- They have a fund that assists young Vietnamese study overseas.
- More than 400,000 copies of the paper are produced every day.
- Main demographic is those aged from 20 -50. HCMC is the main market but it has national coverage and distribution.
- The paper makes more than \$1.5 million USD every year. The price of the paper is 1,200 dong (approx 80c)
- 40% of revenue is from sales and 60% of revenue from advertising.
- The Editor is keen for it to become the biggest media company in Vietnam.
- The paper allows for letters to the editor and opinion pieces.
- The staff have good relations with parliamentarians, but are not afraid to write about sensitive political issues such as corruption. They aim to influence government through their reporting.
- There are no private newspapers in Vietnam.
- There is a real interest in APEC and the paper will be reporting on it, especially the leaders who are attending. New laws have been passed against demonstrations (protests must be approved in advance), but the paper is not expecting any disruption during APEC.
- Strict libel and slander laws –
- There are 193 reporters at the paper out of 350 total staff. 36% are women and 24% of staff have journalism degrees with graduates from other disciplines making up the balance.
- There are no rules dictating how the paper can report during an election.
- \$7 billion Young Intellectual Fund supported by the Paper – political scholarships.

## **Friday 29<sup>th</sup> September**

### **Visit to May 15 school**

#### Key findings:

- This school was established on 15 May 1986 and has 197 students and 20 staff.
- The school is free of charge and is targeted at the very poorest families in District 1 of Ho Chi Minh City.
- It is for children aged 6 to 16, with 197 pupils – 107 primary and 90 secondary. There is a strong focus on vocational education and the school is very proud that they now have graduates going on to University.
- They are currently looking for ways to support these students and to build a new campus. The school is financially independent with limited government funding. As a result it relies on donors and sponsors to pay for text books, food, clothing and other resources.
- The school receives money from Ausaid, and some NGOs. Many students have found jobs in five star hotels, accounting and beauty salons.

### **Swire Cold Storage**

#### Key findings:

- Swire is an international logistics and transport company with long-standing commercial interests in Asia.
- We discussed a number of challenges including the infrastructure needs and the inability of road, port and electricity to keep pace with economic growth; the lack of transparency in the legal system and the problem of corruption for foreign companies operating in Vietnam. However, management was extremely positive about growth opportunities in

the region, with expansions being planned on their current site in a major industrial park in northern HCMC and in other parts of Vietnam.

## Leighton Holdings

### Key findings:

- Leighton is Australia's largest project development and contracting group with a turnover of \$10 billion in revenue.
- They have over 9000 employees in Asia, with a small country office located in HCMC.
- Recent large projects in Vietnam for Leighton's include the Blue Scope Steel Coating Plant at Vung Tau and the Phu My 3 Power Station. Large projects for foreign clients are preferred as Australian safety and quality systems are employed on all local projects.
- Leighton's require managers who are aware of the cultural differences of their workforce. They generally contract with International companies or if they contract with local companies it is someone they know well. New opportunities are being identified in mining, power and infrastructure but the region is likely to remain a niche market.

## RMIT Vietnam

### Key findings:

- RMIT opened their campus in HCMC in 2001 and a campus in Hanoi in 2004. they have 3500 students and will grow to 10,000 students in the next few years. They have extensive sporting facilities and accommodation for 240 students and guests.
- RMIT Vietnam is the only 100% foreign owned university in South East Asia. 90% of students come from Vietnam and the cost of the degree is about on third of what it would be for overseas students studying in Australia. Average growth in enrolment has been more than 30%. They have limited programs with IT programs and business programs offered at an undergraduate level and MBA, Master of Education and a Graduate Certificate in Teaching and Learning at postgraduate level. They use small classrooms and have 435 scholarships worth approx. \$3m
- They run the Asia Regional Law Enforcement Programme for ASEAN countries, East Timor, Japan and the Republic of Korea. This program is targeted at the leadership of police forces and has a management focus. The program is funded by the Australian Federal Police. The programme runs for one month.

## Postscript

Shortly after the formal delegation was completed Vietnam experienced a major natural disaster. Typhoon Xangsane slammed into the Central provinces of Vietnam on Sunday 1 October, around the country's fourth largest city, Danang. The severe tropical storm had a devastating impact on the local community and environment. 69 people were killed and 525 injured, and approximately 300,000 people were rendered homeless, with more than 1.3 million people affected by the storm's path. The total cost of the damage to infrastructure, agriculture and housing was estimated at \$3 Trillion Dong. While it will take the region many months to fully recover, the resilience and courage of the local people is to be admired.