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Vietnam's most powerful man strives to put stamp on economy

Party chief Trong is vanquishing political foes; can he tackle vested interests?

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HANOI -- Nguyen Phu Trong, the head of Vietnam's ruling Communist Party, appears to be borrowing from Chinese President Xi Jinping's playbook. Like Xi, Trong is using an aggressive anti-corruption campaign to attack political foes and push his policy agenda.

One high-profile target is Dinh La Thang, once a member of the all-powerful Politburo and a former chairman of PetroVietnam, one of the biggest state-owned enterprises. Thang, who was sentenced to 13 years in prison for "economic mismanagement" in January, is now facing additional criminal charges over alleged mismanagement of the oil giant in a trial that began on March 19.

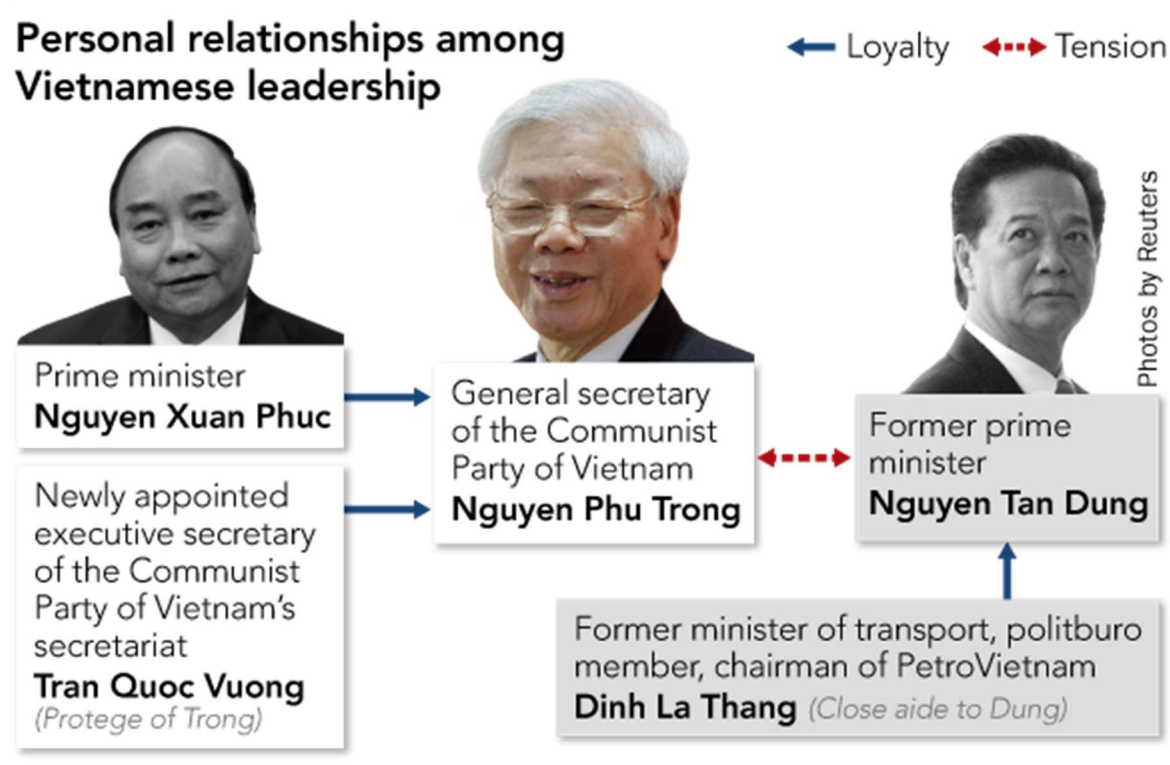
"Defendant Dinh La Thang as head of PetroVietnam bears the highest responsibility in managing and safeguarding the investment of PetroVietnam," the indictment said, as quoted by the official Vietnam News Agency and reported by The Associated Press. The prosecution alleges Thang deliberately violated economic management regulations by investing \$35 million of PetroVietnam's money to buy 20% of OceanBank without board approval.

Thang's conviction in January made him the first ex-Politburo member to be jailed in decades. This carries huge political significance, since he was a close aide to former Prime Minister Nguyen Tan Dung, who lost a bitter power struggle with Trong.

Prior to the party's convention in 2016, Dung had been widely expected to replace Trong as general secretary. Instead, the prime minister was dismissed from the Politburo and forced to retire from politics, while Trong was re-elected. After strengthening his grip, Trong stepped up the anti-graft campaign, mainly targeting Dung allies -- many of them current and former executives of PetroVietnam and its affiliates.

At the heart of the Trong-Dung clash was the question of how to handle state-owned enterprises. It is a question that continues to loom large.

In the 1980s, Vietnam launched an economic overhaul modeled on China's "reform and opening up" policy. The liberalization drive -- known as Doi Moi, or renovation -- included turning inefficient state enterprises into shareholder-owned enterprises. The government sold shares in these businesses through public offerings, aiming to tap domestic and foreign private-sector capital and management expertise.



After becoming prime minister in 2006, Dung championed policies designed to attract more foreign investment and develop infrastructure. As for state enterprises, he sought to enhance their competitiveness by diversifying their operations, and creating subsidiaries and affiliates in sectors such as financial services and real estate.

The global financial crisis of 2008, however, rocked those and other industries in Vietnam.

Vinashin Group, a troubled shipbuilder Dung was trying to save, went belly up in 2010. By 2012, criticism of Dung's economic approach was building within the party.