

Vietnam's Coming Leadership Change

Amid a pandemic and shifting geopolitical winds, Vietnam's next leaders will be of crucial importance for the country's future.

By **Huong Le Thu**

The 13th National Congress of the Communist Party of Vietnam (CPV) is scheduled to take place in the first quarter of 2021. It will decide on the new leadership for the next five years and set the course of key policies for the country.

Arguably, the most important CPV conclave since the 1986 Congress that introduced the *doi moi* reforms which led to Vietnam's opening, the 2021 Congress is consequential because of the once-in-a-century pandemic that has paralyzed the globe and affected almost all aspects of life. At the same time, great power competition between the United States and China is intensifying, making the international environment less conducive to the international cooperation so needed for global recovery. Vietnam's economic and political success in the past three decades has depended heavily on that international cooperation.

How will the new leadership maneuver in the new post-COVID world? It looks to be a world where China's aggressive ambitions seem only more insatiable, the United States' capabilities and interests in the region appear on the decline, and the ability of multilateral institutions, including ASEAN, to serve the collective interests of their members also seems to be weakening. The South China Sea disputes and China's increased activities to assert control over movement and resource extraction in the area challenge Vietnam on multiple levels, from territorial integrity to resource sovereignty and economic and human security. The COVID-19 pandemic means that Vietnam, like most countries, will face mounting economic challenges as a global recession looms beyond the public health crisis. On top of those challenges is the climate crisis, to which Vietnam is very vulnerable, and which will not wait for other priorities to be dealt with first.

The outcomes of the 13th National Congress will determine leadership appointments, set the country's socioeconomic plans for the next five years, and give an indication of how the new leadership will respond to the pressing internal challenges and navigate the **increasingly volatile external environment.**

Setting the Stage: The Current Political Scene

The nature of Vietnam's political system is very exclusive, so understanding of the full picture of decision-making remains limited. There are a number of rules, regulations, and laws that broadly guide the selection process, notwithstanding many exceptions and unexpected circumstances. **These include: ranking in the Politburo; term limits; age limits; regional representation; and the most important factor – leaders' support.**

In Vietnam's collective leadership system there are four key top positions – designed to spread around power and prevent its accumulation in any one person, a system also referred to as “democratic centralism.” The four positions are: The party secretary general, who leads the CPV and has the most power; the president, who is the head of state, a rather representative role; the

prime minister, who leads the government and implements executive power; and the chairperson of the National Assembly, who heads country's legislative body.

The 12th Party Congress in early 2016 reappointed Nguyen Phu Trong as party secretary general, Tran Dai Quang – the former minister of public security – as president, Nguyen Xuan Phuc as prime minister, and Nguyen Thi Kim Ngan as the first female chair of the National Assembly.

Quang unexpectedly passed away while in office in September 2018. In an unprecedented move, the party's Central Committee decided unanimously that Trong would assume the role of the president, too. That was a surprising turn of the events given that Trong, who has been in the secretary general position since 2011, was only supposed to serve in that role for half of his second term. Due to the existing age limit of 65, he was not qualified to re-run at the 12th Party Congress. But in a very fierce competition with his rival, then-Prime Minister Nguyen Tan Dung, Trong prevailed in a last minute surprise. He thus assumed the role, apparently unwillingly, and reportedly only for half of the five-year term. But before the halfway mark, Trong didn't step back. Instead he assumed two out of the four key roles in the country – all while suffering from ill health.

Unlike previous occasions, one of the first questions that the upcoming 13th Congress will answer is: Will we see a return to the “four pillar” power division, or will the party stick with three? If the decision is made to consolidate roles, then it will mean a reform within the political organization of the CPV's power structure.

Another decision for the Congress to make is appointments to the Politburo, which will have an exceptionally high number of vacant positions. The Politburo is the supreme organ of the CPV, comprising of the highest-level party members ranked in order of seniority. A decision of the 12th Party Congress expanded the body to 19 members. But three seats are now open, given that one Politburo member – Dinh La Thang, former party secretary of Ho Chi Minh City – was stripped out of his rank in an unprecedented anti-corruption campaign. The two other vacancies were created by Dinh The Huynh, executive secretary of the Central Committee who had to step down due to health issues, and the seat left behind by the late Tran Dai Quang. It is unclear how many Politburo members there will be for the 13th Central Committee's tenure, but the list of contenders is long. Half of those currently holding the remaining 16 positions will exceed the age limit. Moreover, half of the 14 members of the Secretariat also face the age limit, making this power transition probably the largest rejuvenation of the CPV to date.

Who Will Be Vietnam's Next Leaders?

The main question, however, is who will succeed Trong?

Most of the obvious candidates for the top role are going to be over the age limit, including Phuc, the prime minister, whose performance has been remarkable and whose leadership during the COVID-19 pandemic further increased his authority. But it remains unclear whether he would contend for the top position or remain in his current executive position. Even if some exceptions are made, it will be difficult to grant too many.

The true deciding factors are based on much more complex conditions and are often less clear from the outside. The opacity of the system discourages analysts from putting bets on possible candidates; as the 12th Congress proved, final outcomes can be unexpected and decided at the

last minute. But there are some indicators to suggest which factors are likely to prevail in the decision-making process.

Despite his poor health, Trong is understood to be still the main driver of the decision process. The secretary-and-president disappeared from the public eye for nearly a month in 2019, making many nervous about the succession and the possibility of seeing another leader incapacitated. Since then, Trong has had recurring health issues (he is suspected to have suffered a stroke). But every time rumors swirled about his weakening grip on power, the 76-year-old would prove them wrong.

Trong is a Marxist theoretician, who had served for many years as editor-in-chief of the Communist Review. During his tenure, he has been adamant on reviving socialist values and putting them back at the center of the CPV's mission. Under his two terms, he has sought to revitalize and regain people's confidence in the party. That included the anti-corruption campaign, which aimed at systematic abuse of power and misappropriation of public funds by high-level party members who mismanaged large-scale state-owned enterprises. The purpose was to clean up the image of a corrupted CPV, even if it also involved clearing political opponents, some of whom were thought to remain supporters of Trong's former rival Nguyen Tan Dung and his crony capitalist legacy.

In April and May 2020, Trong issued new directives and regulations that set criteria for the new leaders. They include loyalty to the Marxist-Leninist ideology, and that the new leaders must be able to gain the trust of the people and be a uniting force. This, to some, may indicate a preference for a succession based on the continuity of the anti-corruption campaign. Based on that, Trong is likely to support the candidacy of those who played pivotal roles in the campaign like Tran Quoc Vuong, 67, a member of the Central Committee of the CPV under this tenure. Vuong notably took up some of Trong's responsibilities during his period of ill health. Incumbent minister of defense, Ngo Xuan Lich, 66, ranking just behind the top four leaders in Politburo, is also a likely candidate. Nguyen Thi Kim Ngan, 66, chairwoman of the National Assembly, is the only female candidate and is from the southern province of Ben Tre, which may be important as regional representation is another factor in the decision process. Ngan has three Ph.D. degrees in law, politics, and financial management. If she wins, she would be the first woman to be secretary general of the CPV.

Other speculation suggests that Prime Minister Phuc might either contend for the role of secretary general or for president – if the four-pillar system returns. Foreign Minister and Deputy Prime Minister Pham Binh Minh, a strong internationalist, may be in the running to be take over from Phuc. One of the four pillars will need to be assumed by a woman for the sake of gender representation, so the role of chair of the National Assembly, which is nominally the highest, at least according to the constitution, is likely go to another woman. To Lam, 63, deputy minister of public security; Nguyen Thien Nhan, 67, chair of central committee of the Fatherland and Party Secretary of Ho Chi Minh City; and Vuong Dinh Hue, 63, deputy prime minister are likely to see some sort of promotion. Truong Hoa Binh, 65, the standing deputy prime minister, who apparently is taking up more of the economic portfolio lately, could also be the next prime minister.

While all candidates, being members of the Politburo, have strong proven CPV credentials and track records, there is a distinction among the candidates between those more dedicated to party purity and fidelity, and those that stand up for the country's economic performance and reforms.

The results of the 13th Party Congress will reflect what direction Vietnam and the CPV is heading toward and whether the COVID global crisis affected the party's thinking.

The Anti-Corruption Campaign

Trong's anti-corruption campaign, with an emphasis on ideological purity and his eventual consolidating of two key positions, had invoked worries about his possible inspiration by Xi Jinping in China.

By one account, "the great oven operation" (how the anti-corruption campaign is referred to in the Vietnamese language) has "burnt" some 70 high-level officials, including a member of the Politburo, a Central Committee incumbent and former members, ministers, provincial CPV chiefs, generals, and also others at various levels of party organizations, many of them getting long prison sentences. Perhaps the biggest burn, drawing international attention, was the abduction of Trinh Xuan Thanh, a former head of PetroVietnam (a key oil state-owned enterprise), from Germany in 2018. The move revealed the CPV's determination in the purge but resulted in a strained relationship with Germany and risked damage to Vietnam's international reputation. The number of arrested dissidents and what international NGOs call "prisoners of conscience" continues to grow.

The question is whether and to what extent the next batch of leaders will continue on this path. If followed by systematic reforms in the legal system to not only punish the perpetrators, but also prevent corrupt practices, the campaign could indeed revitalize the CPV. But should the efforts remain purely punitive, and selective, it may destabilize and instigate division within, introducing a sense of terror that could paralyze the party.

Corruption perceptions in Vietnam are high and prevalent. An attempt to measure it by Transparency International, which conducts longitudinal studies across the globe, gave Vietnam 37 points (with 100 points being the most transparent) in 2019, which positions it at 96th out of 180 countries. That represented a four-point uptick since 2018, which is a positive development, and may be a result of the anti-corruption campaign. The general public in Vietnam, while aware of the politicking aspect of the campaign, in general supports monitoring and enforcing measures curbing the abuse of power.

It's the Economy, Stupid!

The economy will be the focus ahead, even more so after COVID-19 pandemic. Vietnam has done remarkably well during the pandemic. It is projected to be bouncing back faster than many in the region.

In macroeconomic terms, Vietnam is a long-term strong performer. But challenges have loomed as the end of the fast-growth phase of development approached. It was commendable that under Phuc, Vietnam resisted that decline and managed to keep its growth rate at a steady 5-6 percent after the record 7 percent of the previous decades. In the past decade, the country's GDP doubled, reaching \$262 billion in 2019.

As COVID-19 hit, the ambitious goal of maintaining above 5 percent growth had to be adjusted. Like the rest of the world, Vietnam suffered from the global freeze in transport, tourism, and services. But Vietnam's pandemic response was among the most efficient in the world, its lockdown period shorter than many, and by late April Vietnam was the first country in Southeast Asia to relax social restrictions. It has had small pockets of outbreaks since, but by and large, Vietnam has been able to control case numbers and domestically, it's nearly back to "business as

usual.” Because of that, Vietnam is among the few in Southeast Asia that managed to escape economic contraction, and while its GDP growth in 2020 is estimated to be at 1.8-2.5 percent, it is expected to bounce back to 6.5 percent in 2021 – which is higher than expected before the pandemic.

The pandemic has accelerated the tariff war between the United States and some of its allies and China. In their relocation of businesses and factories from China, Vietnam has been a popular destination due to lower costs of manufacturing (which was a factor for consideration even without the hardening political tensions between the U.S. and China), its highly qualified workforce, stable political conditions, and growing confidence in the country overall. These relocations have included American, Japanese, and Taiwanese companies. The Japanese government has arranged a special scheme to help businesses relocate from China to Southeast Asia; thus far 15 companies have been paid for moving to Vietnam.

According to data from Vietnam’s Ministry of Planning, the foreign investment projects disbursed in the first 10 months of 2020 amounted to \$13.76 billion, which is equivalent to 96.8 percent of the investment received over the same period last year, which suggests that COVID-19’s impact has been well mitigated.

Vietnam’s digital economic future looks promising. It is one of the fastest growing digital economies in the region with over 52 million internet users, and by 2025 that number is expected to grow to some 80 million. Vietnam’s young population makes it the third largest e-commerce market in Southeast Asia with e-commerce revenue at \$8 billion in 2018. This has seen a significant uptick during the COVID-19 pandemic. Vietnam is also one of the most dynamically evolving digital innovation hubs in the region.

The government has embraced technologically driven productivity and prioritized investment in digital infrastructure, skills development, technology adoption in manufacturing and agriculture, and new technology sectors. In fact, just as the anti-corruption campaign was Trong’s “pet project,” Phuc’s was the push for a Fourth Industrial Revolution. While there are many remaining challenges, such an attitude positions Vietnam well for a post-pandemic recovery.

The Fourth Industrial Revolution policy prepared the country for telecommunications success, including in 5G. Vietnam’s Viettel is the sixth company worldwide to manufacture 5G network devices and successfully rolled out operations in Hanoi in December 2020. 5G connections for main hospitals are a significant contribution to remote medical services, particularly important in the pandemic. Another Vietnamese carrier, MobiFone, has also successfully tested 5G and is expected to follow Viettel with a commercial roll-out. Viettel partnered with Ericsson and Nokia, while MobiFone partnered with Samsung and used Nokia gear in developing its technology. That makes Vietnam one of world’s first to have 5G and one of very few to have their national provider, in this case two, be a network provider. Vietnam has also avoided the security risks related to using Huawei equipment.

It’s not all good news, however. The new Law on Cybersecurity that came into effect in 2018 requires foreign tech companies to open offices in Vietnam, store user data locally, and hand over information if requested by the government. The law also requires social media companies to remove any content that authorities deem offensive. Many worry that this could be used to increase censorship of any political activities and curb free speech. These features may be a detrimental factor in further expansion of the tech market.

Vietnam is frequently targeted in cyberattacks, including on critical infrastructure facilities and services, as well as frequent reports of attacks targeting airports, the national air carrier, as well as undersea cable cuts. These issues often coincide with tensions in the South China Sea, particularly when they are with China. One of more notable incidents happened after Vietnam offered diplomatic support to the Permanent Court of Arbitration's ruling in the Philippines' case against China in 2016.

Digitalization, technology, and the cyber domain are among the greatest opportunities for Vietnam's future development. But cyber challenges and vulnerabilities also are among the most severe. Vietnam's cyber resilience is still ranked 50th globally. Last year, Vietnam managed to jump an impressive 50 places in the Global Cybersecurity Index, but much work remains to be done, especially given that the government has aimed to rank among the world's top 30 by 2030.

COVID-19 has been a daunting global tragedy, not least for Vietnam. But the pandemic also unveiled the country's innovation potential. Not only has it managed critical medical supplies well when the rest of the world, including some of the most developed economies like the United States, had shortages of masks and PPE and had to intercept international orders, but Vietnam quickly moved to donating and exporting necessary goods. Early in the outbreak, Vietnam produced its own testing kits, and currently is testing its own vaccines. The pandemic gave an innovation impetus to the country's young population. One example were the Rice ATMs set up for those in need during the lockdown to minimize physical contact, and a boom of new apps and contact-less online services.

The next batch of leaders need to harness the current creativity and innovation potential, provide a more conducive and safe development environment, ease conditions for doing business, and support digital economy development. This calls for technocrats.

At the same time, the next group of leaders also need to pick up on the issues that have held back the Vietnamese economy. At the macro level, the *doi moi* reforms from 1986 that transformed the centrally-planned economy to a "market economy with socialist orientation" have successfully lifted Vietnam from poverty, integrated it into the global economy, and increased its national power. But that transition is partial and at the current phase, the remaining centrally-controlled sectors and companies pose challenges to the private sector. Moreover, this hybridity has led to creating clientelist state-business relations, particularly in key sectors such as energy, telecommunication, and oil and gas, which are still run by near-monopoly state-owned enterprises. That in turn, has created a class of oligarchs – multi-millionaires and billionaires who control large private companies, and often have support and protection from the political elites. Continued and unregulated growth of this "class" may lead to a number of challenges, ranging from unfair conditions for small and medium business to their increased sovereign decision to seek investments, including from foreign investors for large projects. In the post-pandemic reality, these and other challenges related to unfinished reforms are only going to gain more prominence and will need to be addressed promptly by the next leadership group.

Navigating External Relations

There is no shortage of challenges for the new leadership to face as the region is in the midst of, arguably, the most consequential geopolitical change since the Cold War. Even before the coronavirus outbreak, this period has been hailed as a Cold War 2.0. For Vietnam, what is

referred to as the “Cold War” in the West was by no means “cold,” and certainly it would want to avoid being in any similar position again.

In late 2019, Vietnam released a Defense White Paper, its first in a decade, in which it noted the quick deterioration in the international environment. Hanoi’s security concerns were pronounced as along with reaffirming its “three noes policy” (no military alliances, no foreign bases, and no siding with one country against another), it added a fourth “no” that specifically rejected the use of force or threat of use of force, and “one depend” that stated: “Depending on circumstances and specific conditions, Vietnam will consider developing necessary, appropriate defense and military relations with other countries on the basis of respecting each other’s independence, sovereignty, territorial unity and integrity as well as fundamental principles of international law, mutual benefit and interests.”

This was a way to express that Vietnam treats sovereignty issues as its utmost priority and all defense and strategy doctrines are only a means to secure the country’s territorial integrity. It is expanding Hanoi’s room to maneuver in defense options, as a response to Beijing’s frequent incursions into Vietnam’s Exclusive Economic Zone (EEZ), interference with offshore natural resource extraction, and increased military exercises and deployments from artificial islands, as well as other provocations and attempts to exert illegal control over the disputed waters, such as pronouncing new administrative districts.

While adhering to its non-alignment principles, Hanoi also declared explicit support for innocent passage, as well as the security and safety of navigation and overflight in the East Sea, Vietnam’s term for the South China Sea; taking no actions that would complicate the situation or expand disputes; and, at the same time, avoiding militarization, threats, or use of force. In particular, “Vietnam welcomes vessels of navies, coastguards, border guards and international organizations to make courtesy or ordinary port visits or stop over in its ports to repair, replenish logistics and technical supplies or take refuges from national disasters.”

This points to support of the United States’ Freedom of Navigation Operations (FONOPs) and an openness to increased frequency of naval visits, including to Cam Ranh Bay.

Under the Trump administration, Vietnam-U.S. relations gained significant momentum, and despite all the challenges, the relationship continues to be on a positive trajectory and perhaps in relative terms, the strongest in Southeast Asia. Increased military ties and visits, even during the COVID-19 pandemic, U.S. interest in finding like-minded partners in its Indo-Pacific strategy, and a shared perception of China as a threat show the growing relevance of the defense aspects of the complex Vietnam-U.S. relationship – that to a degree accelerated healing from the past. Trade, however, remained a thorn in President Donald Trump’s “America First” policy. Soon after Secretary of State Mike Pompeo’s impromptu visit to Hanoi in November during his allegedly anti-China tour, Secretary of Commerce Wilbur Ross imposed duties on Vietnamese tires. There are over 300 tariffs that the U.S. can still impose on Vietnam for its suspected currency devaluation, if the trade balance crusade is continued beyond the transition of power to Joe Biden in January.

While the trade agenda may be less of an issue under the incoming Biden administration, it may also mean a return to focus on more problematic aspects of human rights, which were neglected under the Trump administration. Given the worsening track record over the past years, a new U.S. Democratic administration will likely raise human rights issues with Vietnam, despite the strategic considerations that pushed the two countries closer.

Beyond the challenges of walking a thin line in the wake of worsening U.S.-China relations, responding adequately to U.S. demands, and reacting effectively to China's aggression, Vietnam is doing well. It successfully chaired the Asia-Pacific Economic Cooperation (APEC) meetings in 2017, is active in the United Nations, concluded a non-permanent membership term in the U.N. Security Council, and most recently completed an ASEAN 2020 chairmanship with remarkable productivity despite the COVID-19 pandemic. In recent years, its relationships with Japan, Australia, the European Union, South Korea, Russia, and India have further deepened. Vietnam is emerging as one of most important partners in the Indo-Pacific, which was reflected in the fact that Japan's new Prime Minister Suga Yoshihide made Vietnam his first overseas destination.

Phuc, the prime minister, took over many more duties receiving foreign visits, hosting multilateral fora, and making overseas visits given President Quang's passing and Trong's poor health. Phuc and the long-term minister of foreign affairs, Pham Binh Minh, have been the face of a progressive and outward-oriented Vietnam that is increasingly among the most active players in the region. Following the consistent policy of global integration, Vietnam expanded its trade network, and in recent years successfully concluded free trade agreements with the European Union and the United Kingdom. Vietnam is a party to both the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the newly signed Regional Comprehensive Economic Partnership (RCEP). This approach has led it to be one of most trade liberalized economies in the world.

The next leadership will have to be able to continue with this good track record and harness the benefits of global integration for Vietnam. While the main direction of foreign policy is unlikely to change, regardless of who eventually emerges from the 13th Party Congress, personal charisma, confidence, and nimbleness will be essential to face mounting and complex challenges of the international environment ahead.

Vietnam's successful chairmanship of ASEAN in 2020 only reaffirmed its position and reputation, both among the Southeast Asian neighbors as well as globally. But there remain challenges in neighborly relations, including the ability to manage the complex relationship with Cambodia, whose affinity to China often complicates the Mekong and ASEAN agendas. With Brunei and Cambodia's ASEAN chairmanships coming up in 2021 and 2022, respectively, some fear it may mean unwanted compromises in China-ASEAN negotiations in the South China Sea in the coming years. The leadership and policies set by the 13th Congress will have to be able to walk skillfully between the benefits of ASEAN and the endemic limitations of the grouping.

Conclusion

Vietnam is emerging from the COVID-19 pandemic stronger. As an example, the Lowy Power Index for 2020 noted that Vietnam scored the greatest uptick in the rankings compared to 2019, reflecting its successful response to the pandemic. It is positioned to bounce back fast, in many ways faster than its regional peers, and is proactively preparing for the post-COVID world. Effective governance amid the pandemic increased Vietnam's international reputation, and internally strengthened the legitimacy of the CPV. But the party is no monolith, and that is never more apparent than now, as the political class gears up for a power transition. The division between ideological loyalists and pragmatic technocrats is clear. Which will prevail and steer Vietnam through the rough waters of the post-pandemic world in which the global order is sure to be reshuffled? As always, we will know the morning after the Congress.

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