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Background Briefing:

Vietnam: How Are Anti-Corruption and Factional In-fighting Linked?

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Q1. Since the 12th National Congress of the Communist Party of Vietnam in 2016 there has been a lot of turmoil within the party. Leading members like Dinh La Thang and others have been arrested. This turmoil is usually traced back to a power struggle within the party. Can you explain who is fighting whom? What are the political positions of these different factions?

ANSWER: At the 12th National Congress of the Vietnam Communist Party, to use an expression by a retired American diplomat David Brown, “an anything but [Prime Minister Nguyen Tan] Dung coalition” formed and prevented him from becoming the next party Secretary General.

Prime Minister Dung served in office for two five-year terms. During this period Vietnam’s economy grew at an impressive rate. Dung was a high-profile leader who acted outside the norms of collective leadership. He was a “Vietnam first” proponent who championed large-scale enterprises known as conglomerates. Arguably the Office of the Prime Minister became more powerful than the party organization. Dung either tolerated or turned a blind eye to networks of corrupt officials that grew each year he was in power. Even at the end of his tenure Dung had to permit the arrest and trials of officials in Vinashin and Vinalines, the national ship-building and national shipping companies, respectively.

Since the 12th party congress Secretary General Nguyen Phu Trong reinstated collective decision-making under his leadership. Also, he has personally promoted a national anti-corruption campaign the main target of which is a network involving former and serving officials of PetroVietnam (the national oil company) and a number of banks including Sacombank, Ocean Bank and Vietnam Construction Bank and others.

The terms “power struggle” and factions are problematic because they are used loosely and without clear definition. Vietnam’s political system has been one of relative equilibrium because of its norms of consensus and collective decision-making. Since reunification, leadership change has not been a “winner take all” affair. Minority factions are included in the new power structure; just as after the 12th party congress supporters of former Prime Minister Dung were kept on the party Central Committee and Politburo.

In my assessment, there is no “power struggle” by one particular faction to overthrow the existing leadership. Most of the speculation is outdated and focuses on reports that when the 12th party congress decided to keep Secretary General Trong in office for a second term beyond the normal age of retirement they did so in the expectation he would step down in mid-term. Some speculated that a special mid-term congress would be held (only one has been held and that was in 1994).

Two individuals were thought to be in the running if Trong retired, state President Tran Dai Quang and head of the party Secretariat Dinh The Huynh. Huynh is seriously ill and has been replaced. Quang spent a month on sick leave and has since returned to his post. Mid-term would fall approximately in the middle of this year. At present there are no signs that Trong will step down or that a special mid-term conference will be held. When I asked well-connected Vietnamese in Hanoi in November if Secretary General would step down, I received replies to the effect “why should he?”

What is clear, however, is that the present anti-corruption campaign with its focus on the network centred on PetroVietnam has snared a member of the Politburo, Dinh La Thang. Thang was Chairman of the Board of PetroVietnam and failed to take action against corrupt subordinates. Thang has since been charged and arrested for his failure and will stand trial this week along with twenty or so other officials.

At the 12th national congress, a nomenklatura led by Nguyen Phu Trong, succeeded in drafting strict criteria for the selection of candidates for election to the new Central Committee. They then used these criteria to hand-pick nominees to be elected by delegates to the congress. Dinh La Thang was not on this list; a coalition formed not only to put his name on the ballot but to successfully elect him to the Central Committee. The new Central Committee then elected him to the Politburo. The Politburo, in a move that surprised close observers of Vietnamese politics, appointed Thang party secretary of Ho Chi Minh City. It is clear that there was an informal coalition that coalesced around Thang to challenge the nomenklatura.

Q2. Do you see any chance that the losing faction can stage a comeback?

ANSWER: Thang’s demise may signal that the “anything but Dung” coalition led by Secretary General Trong is determined to undercut the passive resistance of Dung holdovers to Trong’s political agenda. The anti-corruption campaign is a means to this end.

In mid-2018, the party will begin preparations for the 13th national party congress tentatively scheduled for early 2021. Once the personnel committee is appointed and charged with selecting candidates for election to the next Central Committee, we can expect to see political jockeying by factions and networks to advance their choices. This is politics as usual and is not a power struggle.

The next party Secretary General should be drawn from among members of the current Politburo who – according to party norms – has served at least one full term.

Q3. What role does the anti-corruption campaign play?

ANSWER: As party officials have stated over the last decade if not longer corruption is the major threat to the legitimacy of the Vietnam Communist Party. The anti-corruption campaign is designed “to kill two birds with one stone.” First, it aims to

attack networks of corrupt officials who have defrauded the state of millions of U.S. dollars. Second, the campaign is aimed at holdovers who flourished under Prime Minister Dung.

Q4. Does the case of Trinh Xuan Thanh come into play?

ANSWER: As the anti-corruption campaign began to focus on Petro-Vietnam it uncovered a network of officials who engaged in corrupt practices. Arrest warrants were issued. Trinh Xuan Thanh and his family fled from Vietnam to Germany to escape punishment. Thanh applied for asylum and if he succeeded he could have “spilled the beans” and put information detrimental to the ruling elite into the public domain. His presence in Germany was a major political embarrassment for the Ministry of Public Security and its former minister, Tran Dai Quang. According to the German press, Unit 5 of the Ministry of Public Security organised and carried out Thanh’s kidnapping from Germany. Thanh will stand trial with other defendants this week. If Quang is indeed angling to become the next party chief if Secretary General Trong steps down before completing his term in office, his chances may be diminished by the Ministry of Public Security’s handling of the Thanh case.

Q5. And what about Phan Van Anh Vu and recent events in Da Nang?

ANSWER: Phan Van Anh Vu served in the Ministry of Public Security until he retired and became a property developer in Da Nang, Vietnam’s third largest city. Reportedly he chaired a number of companies that had connections to the public security apparatus and was close to the Da Nang City party secretary, Nguyen Xuan Anh. Anh was dismissed from this post as well as from the party Central Committee for corruption, including shady land development projects.

In December, the Ministry of Public Security issued an arrest warrant charging Vu Anh with revealing state secrets. Vu fled to Singapore and hoped to gain residence in Germany. He was detained by local authorities for violations of the Immigration Act (he had two passports with two different identities, one from Antigua and Barbuda) and returned to Vietnam.

According to his German lawyer and media reports, Anh Vu served in Unit 5 of the Ministry of Public Security and was in possession of documents that were directly related to Thanh’s kidnapping case.

Vu Anh’s successful flight is another major embarrassment for the Ministry of Public Security and plays into Secretary General Trong’s hands. In 2016, Trong initiated efforts to downsize the bloated ministry, focusing on the large number of officials holding the rank of general and entitled to expensive perks.

Q6. How important are German-Vietnamese relations for Vietnam?

ANSWER: Vietnam’s relations with Germany are very important. Germany is Vietnam’s second largest European Union trade partner. Germany hosts a large number of Viet-kieu (overseas Vietnamese). They are also strategic partners. Vietnam has a massive trade deficit with China that it hopes to correct. President Trump’s withdrawal from the Trans Pacific Partnership was a blow to Vietnam as it stood the most to gain from among the original twelve signatories. It is in this context that Vietnam highly values a free trade agreement with the EU. The Thanh kidnapping case, involving a direct

violation of German sovereignty, has put a potential roadblock on ratification of the trade agreement. All members of the EU must approve and already the Trinh case has attracted attention not only in Germany but elsewhere in the EU.

Q7. How much damage does the ongoing struggle within the party cause to Vietnam's international relations, if any?

ANSWER: In my opinion, the kidnapping of Trinh Xuan Thanh has caused very serious damage to Vietnam's international image and prestige. This action was unprecedented and portrays Vietnam as a quasi-police state that does not respect the rule of law. Vietnam, after all, could have waited to see how Germany would respond to Vietnam's arrest warrant lodged with INTERPOL.

There will be continued strains between Berlin and Hanoi as long as this issue festers and some form of sanctions could be forthcoming. But Germany is unlikely to let the bilateral relationship sour to the point of disruption.

Phan Van Vu Anh's unsuccessful attempt to flee Vietnam for Germany has generated media coverage that focuses on purported internal party in-fighting. This will undercut Vietnam's propaganda line that it is a stable country without political risk.

Human rights bodies and activists are likely to focus on the heavy-handed role of the security authorities.

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