

Ho Chi Minh City demands more autonomy to accelerate vaccinations

Vietnam's economic engine asks for Hanoi's nod to tap private funds

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HANOI -- Ho Chi Minh City, Vietnam's commercial hub, is seeking more autonomy to accelerate its own vaccination drive as it comes under pressure from the central government's dual goals of growing the economy and containing the virus.

"Ho Chi Minh City must take the lead in pursuing the dual goal and not let a COVID-19 epidemic happen in the city," Prime Minister Pham Minh Chinh told the city's authorities on Thursday.

Chinh, who came to power in April after the Communist Party of Vietnam's National Congress, inherited the dual goals from the previous government. Nguyen Xuan Phuc, the incumbent president and then prime minister, established the goals right after the second wave broke out in the Danang, a central coastal city and tourist hub, last July.

But the prime minister's remarks at the meeting drew a rare inquiry from an official of the southern city. Nguyen Thanh Phong, chairman of the Ho Chi Minh City People's Committee asked Chinh if the city will be allowed to proactively seek and buy vaccines using public funds and private capital.

"The city is willing to sacrifice short-term economic benefits to ensure its long-term development," Phong said.

Hanoi has been struggling to curb infections despite tightening restrictions earlier this month. In April, before a fourth wave of cases swelled late in the month, the government tightened borders with Cambodia, Laos and China.

This month, nonessential businesses and schools have been gradually closing, crowded meetings are being canceled and mini-lockdowns are taking place in dozens of locations.

Authorities are also strengthening pandemic controls at airports and railways as well as along roads and waterways. Many cities and provinces have reestablished checkpoints manned by border guard command forces in attempts to keep the virus at bay.

But Hanoi's efforts have yet to pay off. On Friday, the health authority announced there have been 729 new cases during the past 19 days, since April 27, with most of them being locally transmitted.

At this time, Ho Chi Minh City's private sector is keen to respond to Phong's call for funds. The bustling city's companies are ready to vaccinate their own employees and to pay for the shots themselves as they strive to avoid manufacturing and operational disruptions.

Tran Lien, the CEO of an HCMC garment company, told Nikkei Asia she has set aside a vaccine fund for her 1,200 employees. "I could spend \$10 a dose," she said, "but the vaccine must be guaranteed at the highest effective level."

There are also discussions about coming up with funds from other private sources, including from individuals and institutions in the form of donations. Many HCMC residents say they will pay for their own shots if a good vaccine is available. Some in the city, where the U.S. military was headquartered during the war, are even talking about traveling to the U.S. to be vaccinated.

Vietnam has approved the AstraZeneca and Sputnik V vaccines, but many Vietnamese are clamoring for the Johnson & Johnson, Pfizer and Moderna jabs.

Phong's inquiry came amid a slow vaccine rollout in the city. Lacking funds for the vaccine drive, the country's commercial hub, with a population of around 9 million, has so far vaccinated about 59,900 people.

According to Truong Huu Khanh, the head of the infectious diseases department at Children's Hospital 1 in Ho Chi Minh City, the country can only meet its twin goals with a mass vaccination drive.

Conventional anti-COVID measures -- border controls, social distancing, restrictions on where people can go -- could result in a kind of fatigue overtaking the public and authorities alike.

But at this time, Vietnam has no choice but to move ahead with its counter-COVID restrictions, says Hanoi-based political expert Ha Hoang Hop, Visiting Senior Fellow with ISEAS – Yusof Ishak Institute. In addition, it must quickly secure enough vaccine supplies to inoculate the great majority of the population.

And even that will only be scratching the surface. Vietnam must also be more diligent in allocating its vaccine supplies and in purchasing more vaccines. This latter chore is difficult as nations all over the world are scrambling for jabs.

In an effort to break through the logjam, Vietnam has expedited the final trials of homegrown vaccines and is gearing up to approve their use. It is also hastening efforts to produce generic versions of vaccines based on foreign patents.

In addition, it must come up with the funding to pay for all of this.

As for Ho Chi Minh City, Phong has made multiple proposals on this front. He is insisting that the central government approve a budget retention rate hike to 23% over the next five years. The rate -- the amount of the city's own tax revenue that it is allowed to keep rather than pass on to the central government -- is currently at 18%.

The city's Gross Regional Domestic Product reached 329.6 trillion dong (\$14.27 billion) in the first quarter, up 4.58% from the year-earlier period. According to the Department of Planning and Investment, the city's total retail sales of goods and revenue from consumer services in the first four months was up 7.9% year-on-year.

For decades, the city has had to cover the bulk of national expenses, including defense and infrastructure upgrades, mainly in the northern regions. "HCM City has the lowest budget retention rate of all cities in the world," Phong said, "and this should change."

"One of the proposals is to enable further decentralization of power so the city can ensure its sustainable development," Phong added.

Ho Chi Minh citizens have long complained about their tax dong flying to northern provinces rather than staying put to be reinvested at home, in the country's economic hub.

The city's infrastructure as well as its connections to nearby localities is lacking and does not support regional development. But the new government is considering the decades-old tax revenue allocation arrangement. "Better investments for HCMC and the Mekong Delta will be coming soon under the new government," said Duong Quoc Chinh, another Hanoi-based political expert.

"Prime Minister Pham Minh Chinh went to Ho Chi Minh City this time to encourage and enable a further decentralization for HCMC, giving more autonomy and technology-based reform opportunities to HCMC and other provinces in socio-economic development" Hop, the first political expert, told Nikkei.

Phong also asked the prime minister to issue a list of state-owned enterprises to be equitized in the years through 2025, to approve a plan for restructuring state-owned enterprises and to approve the public investment plan for the 2021-2025 period.

These measures would also allow Ho Chi Minh City, as well as the central government, to collect more revenue.

Hop said Hanoi is also willing to allow Ho Chi Minh City as well as other cities and provinces to tap nonpublic funds to pay for vaccinations.

If HCMC as well as other cities and provinces can accelerate their vaccine purchases, the central government would be willing to offer budgetary assistance.

But Duong Quoc Chinh, the other political expert, says private capital can only be used for vaccination drives after a majority of the people in priority groups have been vaccinated.

He said this is due to political rather than health considerations.

Vietnam lists 11 priority groups, including the health care workforce. This means the government must control the import and distribution of vaccines.

If this is the case, privately funded vaccinations might not take place until the end of the year.

Prime Minister Chinh insists Hanoi is ramping up efforts to ensure the contagion is halted. He also says the central government is preparing for future risks.

Chinh has ordered the Ministry of Health to prepare a "prevention scenario for the fourth wave of the outbreak and a scenario for a possible 30,000 cases," Viet Nam News has reported. In Ho Chi Minh City, the health sector plans to build field hospitals and increase its testing capacity to 15,000 a day.

It remains to be seen if Hanoi will allow Ho Chi Minh City to coordinate its own vaccination drive using either private funds or revenue generated from the local economy.

Additional reporting by Kim Dung Tong in Ho Chi Minh City.