

## Investors irked by Vietnam inflation proposals

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More than two decades after doi moi – the ‘renovation’ that opened Vietnam to the outside world – some conservative elements in the Communist party are rattling foreign investors by trying to put the brakes on reform. In a series of recent announcements, government officials have introduced plans for price controls and import restrictions that have drawn foreign investors, who are normally discreet in their criticism of the government, into the open.

‘Vietnam’s leadership is currently seeking an irrational step back in time to resolve the issue of curbing potential inflation, thereby putting in jeopardy much of what has been achieved in Vietnam in recent years,’ Matthias Dühn, head of the European Chamber of Commerce in Vietnam, wrote recently on the chamber’s website.

The measures outlined in circulars issued by the government are designed to correct emerging economic imbalances, but foreign businessmen say they are crude and would be ineffective.

‘We are sensitive to the dangers of rising inflation and other economic challenges that Vietnam is facing. However, we do not believe the proposed circular will help achieve the government’s economic goals,’ Hank Tomlinson, the president of Chevron Vietnam and chairman of the American Chamber of Commerce, wrote in an open letter to the finance minister.

One foreign economist who studies Vietnam says of the proposed measures that, ‘in terms of a public relations strategy, it is not good news’.

One proposal that has drawn particular ire would formally re-establish the government’s ability to set prices for key commodities, including petrol, steel, concrete, milk and pharmaceuticals.

There was little sign of reform in a recent speech by Nong Duc Manh, general secretary of the Vietnam Communist party.

He said the government was trying to maintain political stability and ‘struggle against all the manoeuvres of hostile forces by preventing them from profiting from matters such as democracy, human rights, multi-partyism and pluralism to sabotage the Vietnamese revolution’.

Analysts say that few in the government believe the capitalist genie could, or should, be pushed back into the bottle. But there is concern among conservatives that economic progress is loosening the grip of the party. Mr Manh’s calls came amid a steep rise in the number of bloggers and democracy activists who have been imprisoned for crimes, including calling for multi-party democracy and questioning the country’s relations with China.

Mr Manh, who must step down early next year at the end of his term, is a conservative whose support for Nguyen Tan Dung, the reformist prime minister, has been equivocal.

Diplomats say the stakes in the political battle being waged behind closed doors have been amplified by the party

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Congress scheduled for early next year. Given that the five-yearly meeting elects the leadership and sets the agenda for the next cycle of reform, there is a huge amount at stake.

&ldquo;This is the time when various factions fight it out,&rdquo; says Carlyle Thayer, at the Australian Defence Force Academy in Canberra.