Vietnam has been dubbed “a new rising tiger” by various media over the last decade or so. It’s not a designation that Ambassador H.E. Le Cong Phung particularly appreciates because there is still much more the country needs to do to ensure its economic viability. “We cannot be that,” said Phung of the “tiger” label. He would prefer that Vietnam be known first and foremost as the “most stable country in the region and a good place to do business.”

Ambassador Phung addressed faculty and students at a Robert Reynolds Distinguished Lecture hosted by the University of Colorado Denver’s Business School and the Institute for International Business and Center for International Business Education and Research (CIBER).

Over the course of a diplomatic career spanning 37 years, Phung’s foreign service posts have taken him to England, China, Indonesia and Thailand. In October 2007, he was appointed by President Nguyen Minh Triet as Ambassador of the Socialist Republic of Vietnam to the United States.

Bumpy road

To fully appreciate the road Vietnam has traveled from economic pain to economic prominence, one has to view the country’s achievements in the context of its journey.

Vietnam is a 4000-year-old country with a history of invasion and foreign occupation by China, France and Japan. In 1954, following a nine-year war with France, the Geneva Accords partitioned the country into the Communist North and anti-Communist South. In the early 60s, the United States started providing South Vietnam with escalating amounts of economic and military aid to keep it free from a Communist takeover. The aid continued until 1973 when all sides signed a cease-fire agreement and the US withdrew its troops.

Two years later North Vietnamese forces swept over the South reuniting the country under Communist rule. The US promptly extended its trade embargo against North Vietnam, which had been in effect since 1964, to the whole country.

Only since reunification in 1975 has Vietnam been able to take the reins of its destiny. “We’ve had a short time to build the country and economy,” Phung said, noting that in the 1975-85 period, Vietnam suffered famine and was basically cut off from the rest of the world.

Through trial, error, and determination, the country rewrote policies, discarded a centralized planned economy in favor of a market oriented one, and reformed many of its institutions to open up the country to trade and foreign investment. In so doing, it earned the confidence of investors worldwide.

According to the US Commercial Service, from the time the country was opened to foreign investment in 1988 to the end of 2007, Vietnam had attracted $83.1 billion in foreign investment commitments from 8,590 projects.

A survey conducted by the Asian Business Council ranks Vietnam third for investment attraction among Asian nations in the 2007-2009 period, after China and India.

Among the attractions for foreign investors are low labor costs, a young and literate workforce and tax incentives. There are no currency restrictions. “We want US manufacturers to be our No. 1 investor,” Phung said.

The transformation of the economy got a boost in 1986 with the doi moi, a renovation process launched by the government to give Vietnam a foothold in the global
Vietnam: An economic success story

Occupation, determination, transformation

arena. A number of events helped move the process along.

In 1994, the US lifted the trade embargo against Vietnam and in 1995 re-established diplomatic relations.

Also in 1995, Vietnam joined the Association of Southeast Asian Nations (ASEAN) which lists among its objectives the acceleration of economic growth in the region. (Member countries: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.)


Vietnam has actively reached out to its neighbors. “Since 1997, we’ve done a good job of improving relations in the region and the world,” said Phung. “Today, Vietnam has diplomatic relations with 172 countries.”


Vietnam-US relations

Improved relations with the US is a priority for Vietnam, and “in the best interests of both countries,” Phung said, noting that they cooperate in the fight against terrorism. “We were enemies in the past, but we are now partners. We must put the past aside and look to the future.”

Phung also wants to promote educational cooperation between Vietnam and the United States. Vietnam has more than 6,000 students in the US and projections are that this number will double by 2010.

He would like to see more US educators in his country and extended an invitation. “Come to Vietnam,” he told the audience of faculty and students. “You will be welcome.”

Vietnam quick facts

Capital: Hanoi
Population: 86,116,559 (08 est.)
Median age: 26.9
GDP: 8.5% (07 est.)
GDP-per capita: $2,600 (07 est.)*
Population below poverty line: 14.5%
Inflation rate: 8.3% (07 est.)
Labor force: 45.73 million (07 est.)
Unemployment rate: 5.1% (07 est.)
Exports: $48.3 billion f.o.b. (07 est.)
Imports: $60.75 billion f.o.b. (07 est.)

Source: CIA World Factbook 2008

*This figure varies depending on the source. The US Dept. of State puts the per capita for 2006 at $726 for the whole country on average, about $1800 in Ho Chi Minh City, and much lower than average in poorer provinces of the central and northern highlands.