

LEGAL DIFFUSION AND THE ROLE OF NON-STATE ACTORS IN SHAPING THE REGULATORY ENVIRONMENT IN VIETNAM

Nguyen Hung Quang

Introduction

As it enters the global economy, the Vietnamese state and society are engaging Western rule of law principles, as well as Asian legal development ideas. As with Chinese political leaders, the Vietnamese Communist Party aims to retain its political monopoly and is reluctant to import foreign principles that challenge its core socialist principles. At the same time, non-state actors, including business associations (formal and informal), international donors, foreign investors, the Vietnamese business community, and legal practitioners are not passive recipients of state law; they too are interacting with global ideas.

This chapter discusses the role non-state actors play in shaping the regulatory environment. In particular, it raises the following questions: to what extent do non-state actors follow party guidelines and state law; and could they benefit from the central organizing principle "the Party leads, the State manages, and the People own" (*Dang lanh dao, Nha nuoc quan ly, Nhan dan lam chu*). In this chapter I argue that in the current regulatory environment businesses need to cultivate connections with state officials, but given the choice, they would rather construct their own self-regulatory environment.¹

The private sector during the high socialist period (1954-86)

Long before the state recognized private markets during the *doi moi* reforms (see chapter 4 in this volume), the private sector in Vietnam drew on a range of traditional business customs and habits to self-regulate. During the high socialist period (1954-86), the Vietnamese government did not absolutely forbid private markets, as in other socialist countries.²

There are various reasons for this. Some leaders at that time understood that they could not entirely forbid private trade activity since the people desired it so strongly. Others who wanted to follow a strict command economy tried to prevent private markets,³ but in the process forced people to establish their own "behavior rules," and thus to "self-regulate" their businesses.⁴

The underlying problem was that the state and cooperative economy could not satisfy the community's demand for the quantity of goods it needed and the distribution system did not meet individual requirements. To overcome shortages people privately exchanged goods and services. Moreover, small-scale production, "self-production and self-supply" (*tu cung tu cap*) continued under the command economy, and eventually small markets developed for the exchange of goods between farmers, producers, and consumers. Several Vietnamese scholars believe these small markets (*cho set*) and frog markets (*cho coc*) were based on traditional mercantile customs in Vietnam. Such habits are still present today even as the Vietnamese economy takes its first steps to a market economy.

Recognizing that the "closed door" policy was stalling development, the Vietnamese government opened its economy under the *doi moi* policy from 1986. As the remainder of this chapter discusses, this change in policy encouraged foreign trade and investment, and also enabled Vietnamese businesses to integrate into the global economy. Trade and investment flows brought with them new regulatory ideas. As we shall see, cross-border trade brought regulatory tools for corporate management and trade security. These included contract forms, internal working rules, standards for goods and services, and organizational behaviors.

This chapter attempts to understand who is constructing the regulatory space in Vietnam. It does so in three parts. Part I will argue that non-state actors are shaping Vietnam's legal development. Part II uses case studies to examine how foreign rules and regulations have influenced Vietnamese legal development. Part III concludes that non-state actors play an underestimated regulatory role in Vietnam.

Part I: Overview of non-state actors in Vietnam

Social organizations

Social organizations in Vietnam have been operating for a long time under the strict control of the state. They attempt to influence Vietnam's regulatory environment, but even now state control limits their impact on policy and the law-making process.⁵ Many of them have links to the party and state, such as the Youth Union, the Women's Association, and the Veterans' Association.⁶ Following *doi moi* reforms, social organizations began to grow⁷ while an increasing number of international non-governmental organizations established offices in Vietnam. Many domestic social organizations receive funds from the government and their leaders are delegated by the party or by government.⁸ In 2007, there were about 300 national associations, seventy of which were business associations.⁹ At a provincial level, there are approximately 2,150 associations. Thirty percent of

companies, including foreign-invested companies, are members of business associations.¹⁰

Social organizations are still in an early stage of development. Most, but not all, are leadership-based organizations and have not transformed into member-directed organizations, which would be a shift that corresponds to Western notions of a "civil society organization." Some scholars do not believe social organizations are part of civil society, but rather act as mere "translators" of the discourse between the government and donors,¹¹ or as an "extension of the State."¹²

Community-based organizations

There is evidence, however, of social demand for member-directed associations. Vietnam has a business custom of "trading with friends and selling within a community" (*buon co ban, ban co phuong*), which historically has produced large-scale involvement in groups and associations, commonly referred to as community-based organizations (CBO).¹³ The World Values survey in 2003 found that 73.5 percent of Vietnamese citizens are members of CBOs or civil society organizations.¹⁴ As we have seen, even before *doi moi*, where private business was prohibited, people still cooperated with each other for business purposes.

Private businesses and self-regulating business networks

The private sector survived decades of suppression in Vietnam.¹⁵ It emerged out of two types of markets. "Visible markets" operated without licenses and formed "'*cho set*'" (small market places) or a "*cho coc*" (literally frog market, but meaning a mobile market). They were established to sell vegetables and meat produced by farmers. "Invisible markets," on the other hand, traded goods forbidden by the state.

Every market had its own rules that were established by the market founders or village authorities. One of the rules was to share price and supply information with other merchants and people using the markets. This usually involved the time, place for the market, and the goods available in the market. Some markets were only formed at night and closed in the morning. The government knew about the markets, which were technically illegal, but was unable to prevent them.¹⁶ By the close of the high socialist period 60 percent of the country's production was distributed through these unauthorized channels.¹⁷

Although the state formally relaxed its controls over the private sector after *doi moi* in 1986,¹⁸ reforms began earlier. In the late 1970s and early 1980s,¹⁹ there were several experiments called "fence breaking" that were designed to assess the usefulness of the private sector to economic development.²⁰ As John Gillespie

discusses in this volume, reforms opened legal thinking to the liberal legal notion that "people have the right to do business in accordance with the laws."

Foreign-investment and multi-national corporations

Vietnam has tried to attract foreign direct investment, first with the ill-fated Decree on Foreign Investment in 1977²¹ and later with the more successful Law on Foreign Investment in 1987.²² One of the *doi moi* policy changes was to pursue an "open door" policy that put the old socialist foreign policy idea of international revolution on hold. Nevertheless, during the early period of foreign investment the Vietnamese government worried that foreign capital would change the socialist nature of Vietnam.²³ It initially attempted to make FDI conform to state economic plans.²⁴

Starting from a low base rate, the flow of foreign investment capital from many countries has now, twenty years after the first investments, significantly impacted on the Vietnamese economy and regulatory system.²⁵ In 2008, the total foreign direct investment committed to Vietnam was approximately US\$64 billion, with 1,171 newly licensed projects establishing foreign-invested enterprises.²⁶ Total disbursed foreign investment was US\$8.5 billion. This figure slightly exceeds the total FDI capital contributed in the fifteen years from 1987 to 2002.²⁷ According to some economic analysts, such a heavy reliance on foreign investment²⁸ has changed the regulatory infrastructure. It has increased large-scale industrialization and attracted modern technologies, advanced management methods, and developed business skills in a small sector of the economy.²⁹ In addition, foreign investors pressured the Vietnamese government to join international conventions and bilateral trade agreements to further open local markets.

Until recently, corporate legislation in Vietnam was too vague to provide effective guidance. In response, FDI companies developed their own corporate governance principles. To educate local officials about international corporate law, during the license approval process, foreign companies took officials on study tours to capitalist countries.³⁰ This process of inculcation not only helped the officials understand the international (western) FDI regulatory model, but also introduced them to regulatory and business practices in capitalist countries. There is evidence that this tactic caused some officials to reconsider state-oriented management philosophies. Over time, local officials began to regard the corporate governance principles used by FDI entities as indigenous rather than imported ideas.

The Law on Foreign Investment 1990 required FDI companies to comply with international accounting standards or other foreign accounting standards, since the Vietnamese accounting system contained many weak points at that time.³¹ This resulted in more self-regulation by FDI companies. They applied several different kinds of accounting standards, such as Vietnamese standards, international standards, and standards derived from particular countries.³² This practice ceased in 2000, when Vietnamese accounting standards enacted by the Ministry of Finance, made to conform to international standards (based on western models), were accepted by FDI entities.³³

Gillespie concluded in *Transplanting Commercial Law Reform, Developing a 'Rule of Law' in Vietnam*³⁴ that foreign-invested corporations prefer an operational environment governed by legal transparency, codified legal standards, and judicially defined boundaries between state and private interest, that is, the objectives of the rule of law. They want this form of regulation to provide guidelines that are familiar to the professional legally trained staff running large corporations. The corporations need an external legal framework to orient and legitimize their internal organizational practices. Moreover, application of common accounting systems helps the FDI companies integrate their systems into their mother companies' systems and helps foreign shareholders to understand the system.³⁵

Adherence to international standards

As more foreign investors arrived in Vietnam, and large Vietnamese corporations began investing offshore, demand for the domestic adoption of international standards gained momentum. Currently, many Vietnamese companies voluntarily comply with international standards. One of the chief reasons for domestic demand is that Vietnamese companies need to play by global rules if they want access to international markets and to compete with other companies (both foreign and domestic) in the domestic market. Some standards are adopted in their original form by domestic regulations, for example, the ISO (International Organization for Standardization) and the GMP (Good Manufacturing Practice). Some are modified to suit local conditions and legislation.

ISO (International Organization for Standardization)

In 1946, delegates from twenty-five countries met in London and decided to create a new international organization that would "facilitate the international coordination and unification of industrial standards." The new organization, ISO, an NGO, officially began operation on 23 February 1947, in Geneva, Switzerland.³⁶

It is the world's largest developer and publisher of International Standards, with 161 member countries, including Vietnam.³⁷ The ISO also acts as a bridge between the public and private sectors and works to reach a consensus on standards that reconcile the needs of business and the broader community.³⁸

Imported ISO standards are not only applied to business in Vietnam, but also to public sector agencies. In 2000, ISO 9001:2000 Corporate Governance standards were trialed in several state agencies using practical experience learned from Singapore and Malaysia.³⁹ So far more than 527 state agencies have applied the standard.⁴⁰

Good manufacturing practice (GMP)

The World Health Organization (WHO) recommends the adoption of GMP standards for the pharmaceutical industry in over one hundred countries in the developing world. GMP standards impose a system of quality regulation on manufacturers.⁴¹ They aim to maintain the quality of pharmaceutical drugs by standardizing manufacturing and monitoring processes, systems that primarily reflect Western production and governance methods.

The Vietnamese government has adopted GMP as the industry standard and requires all domestic pharmaceutical manufacturers to follow this protocol. The Ministry of Health codifies the WHO's recommendations into domestic regulations without any modification. There are two pharmaceutical standards that manufacturers can choose to follow: GMP-ASEAN's or GMP-WHO's requirements.⁴² If they conform to either standard, the Ministry of Health will issue a certificate of GMP qualification.⁴³

As of October 2008, 67 out of 93 domestic pharmaceutical manufacturers were qualified according to GMP-WHO standards, six manufacturers were qualified for GMP-ASEAN standards and the others were waiting for certification.⁴⁴ Some pharmaceutical manufacturers say that the main reason for compliance is economic as non-conforming manufacturers will be closed by the state.⁴⁵

Part II: Non-state actors and legal development

Self-regulation

The democratic tradition of Vietnam originates in village communities.⁴⁶ It has been pointed out in a number of historical and cultural studies that each village in Vietnam self-regulates in terms of economics, politics, and culture.⁴⁷ Every village has its own rules or charter (*huong uoc*), which villagers prefer to follow, rather than laws originating from central government - a practice encapsulated by the adage "the emperors' writ stops at the village gate" (*phiep vua thua le lang*). There are

many explanations for this phenomenon but most of them agree that central laws are unclear and lack enough details for effective implementation. Weak governance and corrupt feudal administrators amplified the desire for self-regulation.⁴⁸

Elders (*gia lang*), village chiefs (*truong thon*), and elder councils (*hoi dong ki muc* or *hoi dong bo lao*) arbitrate village disputes. Despite more than sixty years of central control over village authorities and thus interference with the appointment of village chiefs, local authorities retain considerable independence from central authorities.⁴⁹ Villagers continue to follow decisions made by these authorities.⁵⁰ Villagers take both the desire to self-regulate and village norms with them to urban centers. This is not just a matter of family or clan pride, because villagers find that traditional practices work in modern urban settings as well.⁵¹ This behavior is not only observable in people originating from agricultural villages, it is also seen in people from commercial or production villages. Some studies of Vietnamese culture demonstrate that the Vietnamese are usually proud of their relationship with their hometown (*que huong*) and want others to know that they still remember their roots, since this is considered ethical behavior.⁵² Many of them take advantage of this relationship for private business, as discussed below.

Interestingly, the centralization of state power may inadvertently have encouraged self-regulation. During the pre-modern period, central government followed the neo-Confucian disdain for commerce, and largely (although not entirely) left regulation in this area to village authorities.⁵³ Demand for the development of the private sector during the pre-modern and high socialist periods did not receive any support from central laws and policies. It became necessary for people to form associations (*buon co ban*, *ban co phuong*) to "trade with friends and sell a community," as discussed earlier.

In the post-*doi moi* environment, some self-regulating groups use written rules,⁵⁴ but many more rely on unwritten rules derived from village custom rules, or social norms. Most groups are formed for economic purposes, but they usually combine commerce with family and neighborly relationships. As previously mentioned, self-regulation was considered an unlawful 'remnant of the feudal ideology' during the high socialist period.⁵⁵ But recent amendments to the Civil Law in 2005 reluctantly extended legal recognition to some kinds of self-regulation, such as credit groups (*tontine*), as a legal relationship arising from popular custom.⁵⁶

In the process of building a market economy to integrate into the global economy, some commentators wonder whether self-regulation is redundant, since it obstructs the formation of a competitive market,⁵⁷ or whether it can be adjusted to the new economy. This chapter argues that it is relevant to global markets.⁵⁸

Gillespie has elsewhere analyzed self-regulation through business cooperation.⁵⁹ The following example examines village-based self-regulation.

Case study 1: The business community trading sunglasses of Lich Dong village - Thai Binh province

Lich Dong is a sunglasses production and trading village of 4,000 people,⁶⁰ lying in an agricultural production commune in Thai Binh province, 70 kilometers from Hanoi. It has a long and strong cultural history.⁶¹ It has its own festival day on 10 January,⁶² which is called "Tet Lenh." On this day, villagers who currently live all over the country return to the village to celebrate the new year, exchange information relating to their families, clans, businesses, and perform the village rituals if they can afford to do so.⁶³ It is also a chance for sunglasses traders exchange information with one another about the market, behavior in business and other matters.

In Lich Dong, there are six big clans, including Dinh, Tran, Dang, Nguyen, Bui, and Vu, as well as some other small ones. Most villagers are related to or another by marriage.⁶⁴

Before establishing a sunglasses industry, Lich Dong was an agriculture-based village with secondary occupations of carpentry and pearl cultivation.⁶⁵ However, there was not enough agricultural land for the growing population and so many villagers went to urban centers to repair sunglasses, watches, and locks, or engrave fountain pens.⁶⁶ At the end of the high socialist period, the two main businesses in Lich Dong Village were sunglasses repair and fountain pen production. At that time, the fountain pens imitated a famous brand manufactured by Truong Son, a state-owned factory.⁶⁷

The sunglasses business in Lich Dong started about sixty to seventy years ago and the village is considered to be the only manufacturer of this kind in the country. No-one can remember the exact time and place when this industry started, but some suppose that it originated from the job of repairing glasses, locks, and engraving pens in urban streets.⁶⁸ Following the "open market policy" when foreign trade transactions were strengthened, eyeglasses frames produced by the Lich Dong villagers were unable to compete with Chinese and Korean imports. Many villagers had to change to wholesale and retail sales, while other now grind and assemble lenses or print and engrave logos on accessories imported from China.⁶⁹

Current operations

Villagers currently account for about 90 percent of all sunglass trading in Vietnam.⁷⁰ More than half of the villagers sell glasses in other provinces.⁷¹ Approximately fifty households remain working in the village, and they employ five to six workers each. These households have various kinds of relationships with traders selling glasses nationwide.⁷² Lich Dong villagers produce thousands of pairs of glasses for nationwide distribution annually.⁷³

Lich Dong villagers have some unwritten rules for the sunglasses business. Of these, the most important is limiting the spread of trade skills to family and clan members. Trade skills comprise grinding and assembling sunglasses and rebranding "no-brand" sunglasses. Take the example of Mr. Thing, who owns a large chain of sunglasses stores in Hanoi. His family used to live in Lich Dong village, but they moved to Hanoi nearly thirty years ago. His wife was born into a family of four daughters, who had unstable jobs with low earning power. To assist his wife's family, Mr. Thang decided to share some of the technical know-how about grinding and assembling glasses with his oldest sister-in-law. Her younger sisters and parents are not permitted to open their own sunglasses stores, but they can work in village-owned stores. They do not complain to Mr. Thang because they understand and accept the trade secrecy maintained by the village.

Price information is strictly controlled

During the high socialist period the state attempted to control business activities tightly. Prescription eyeglasses were primarily traded by state-owned glasses companies. In the north, a state-owned company, Hanoi Eyeglasses Company, dominated the market with "Trang Tien" brand eyeglasses. Following the relaxation of state controls, private "unlicensed" stores began to compete with, and take business from the state-owned company.⁷⁴ The "unlicensed" private stores, which were owned by Lich Dong villagers, sold the village products, smuggled high quality eyeglasses, and provided after-sales services.⁷⁵ They attributed their success in out-competing the state-owned company to their self-regulatory rules, especially the secrecy surrounding the source and price of components.⁷⁶

In practice, glasses made by Lich Dong villagers are wholesaled at an extremely low price, since buyers and sellers are mostly from the village. Retail prices are often three or five times higher than the wholesale price, some villagers say.⁷⁷ There are very few cases where villagers disclose information to outsiders, such as in the Thang case.⁷⁸ It is only rarely that outsiders get to know about the "real" prices within the village.

Information is shared about the behavior of state authorities

Information about the state's activities is shared among the villagers. It includes a wide range of intelligence, from the "pavement spots" and locations where local inspections are lax, through to detailed instruction on how to build personal (frequently corrupt) relationships with local officials. They also share information about tax authorities, market control agencies, and the local police. Villagers implicitly trust the information exchanged.⁷⁹

Exchange of trade or capital credit

Trade credit is exchanged among Lich Dong villagers to finance international and domestic trade. Capital credit is used far less often than trade credit. Although low interest rates are charged for long-term credit, trade credit does not attract an impost. Interest is calculated according to capacity to pay, and only falls due when borrowers have developed a viable business.⁸⁰

Financial transactions are governed by a code of mutual assistance, and short-term credit lines are opened to assist with cash flow problems. In these circumstances borrowers can negotiate to repay loans by installments - a practice that generates strong agency relationships between borrowers and lenders.⁸¹

Competition

It seems that the villagers have solidarity with one another, but competition still occurs among the villagers in the retail sunglasses business.⁸² There is no price competition among villagers; this only occurs between villagers and outsiders. Competition among villagers is confined to providing after-sales services. Villagers form complex distribution agreements that allocate trading territories without resort to formal agreements. In some areas, villagers permit others from the village to establish stores close to each other; in less commercially attractive areas a certain distance is maintained between stores. The purpose of these arrangements is to share customers according to predetermined agreements.⁸³

Making business cooperation agreements with non-villagers

Business cooperation with non-villagers has also been increasing over the past ten years. This is largely attributable to the rising demand for "genuine" brand name sunglasses. These products are officially imported from countries such as Korea, Singapore, Malaysia, France, and Germany. Some non-villagers who have international trade experience are involve in this side of the business. Outsiders generally accept the village rules because they realize there are benefits that come with compliance.

Villagers wishing to sell genuine sunglasses must agree to keep this products separate from counterfeit products to avoid confusing the public. Evidently this rule is strictly enforced by name brand suppliers. Mr. Thang, for example, is required to explain to customers the difference between genuine and fake glasses to support the reputation of brand name sunglasses. There are heavy penalties for non-compliance.

Dispute settlement

Villagers report that if conflict arises they search for amicable solutions. Usually, they ask reputation villagers to recommend a mediator. Rather than looking for someone at arm's length from the traders, it is common practice to use mutual friends or relatives. Where disputes spill over into family grievances, the head of the clan is usually invited to settle the dispute.⁸⁴

In summary, this case study shows that self-regulatory practices developed in a small rural village are now used to run trading networks that extends throughout the country. Where it is commercially necessary, such as trading genuine brand name sunglasses, villagers adopt global rules. What is striking about this case study is that state law and bureaucratic regulators play a marginal role in shaping entrepreneurial behavior.

Part III: Policy advocacy: shaping the regulatory environment

Non-state actors have recently gained a limited voice in policy advocacy in Vietnam. This role manifests differently in each sector.

Social associations

Although the government has incrementally recognized that non-state actors have a role to play in developing business regulatory policy in Vietnam, in practice the government primarily deals with the Vietnam Chamber of Commerce and Industry (VCCI).⁸⁵ The VCCI is widely considered a quasi-state organization, or for some, an "extension" of government, nevertheless, it represents a range of views that sometimes differs from those held by state agencies. Other non-state organizations, such as the Vietnam Business Forum (VBF) and the Vietnam Association of Financial Investors (VAFI), use the VCCI to advocate their opinions on business policy.

The Vietnam Business Forum, a body established with financial assistance from the International Finance Corporation, enables an ongoing structured dialogue between the Vietnamese government and the business community. The Forum

aims to develop a favorable business environment that attracts foreign investment and stimulates domestic economic growth. However, FDI corporate members, foreign law firms, and domestic law firms whose main clients are FDI companies are more active than the domestic members.⁸⁶ The Forum frequently provides comments on law drafts related to investment and business issues.⁸⁷

VAFI was established in late 2003 with the purpose of creating an association for financial investors. It provides an information exchange, protects the rights of its members, mediates disputes that arise between its members, and advocates policies relating to financial and investment issues.⁸⁸ Every month it provides government agencies with three to four comments on policy issues and draft regulatory instruments in the finance industry.⁸⁹

Currently all major commercial laws are circulated to business associations for comment, either directly or through the VCCI.⁹⁰ Participation by business associations in policy making takes the following forms:

- Directly participating in law drafting bodies;
- Providing comments on the law drafts directly to the drafting body or via the media;
- Acting as a member of the elected bodies including the National Assembly and local People's Councils;
- Providing comments on current policies and laws via scheduled and unscheduled dialogues between the government and business associations.⁹¹

Despite reforms in the area of public participation in lawmaking it is still unclear whether state regulators value a diversity of opinion.⁹² Business associations often complain about "formalism" in the treatment of submissions, with little evidence that comments are taken into account. The VBF seems to have the most success in convincing government to listen to the concerns of its members, who are mostly foreign investors.

International donors

International donor agencies, especially the UNDP, Asia Development Bank, and bilateral agencies play a central role in advocating law reform in Vietnam. According to the Ministry of Justice, more than fifty laws have been drafted, thanks to the financial and technical support of international donors and NGOs.⁹³ This number is increasing gradually year by year.

As discussed above, the Vietnamese government is still concerned about the "political reasons" behind the donors' advice,⁹⁴ but realize they need advice to build a market economy.⁹⁵ As Gillespie and Nicholson note in this volume, the

government primarily looks to China for advice on changing political institutions.⁹⁶ International donors press the state to join and comply with international treaties and comment on draft legislation, but they also influence policy by educating and training state officials.

Multinational corporations

Multinational corporations also advocate policies that influence regulation. Since *doi moi*, foreign investors have organized study tours for their Vietnamese partners and/or Vietnamese government officials in capitalist countries to learn about rule of law societies. These projects generate mutual trust and an environment where local actors are more receptive to global legal ideas. They produce an alternative vision for an orderly and predictable regulatory environment that is more transparent and accountable.⁹⁷

Some multinational corporations try to promote the rule of law by transferring overseas legal thinking to their business associates in Vietnam. They promote global ideas as technical improvements or as risk protection.⁹⁸ For example, IBM not only insists that local branches follow ethical principles based on US standards and practices, it also tries to convince local suppliers, and even government agencies, to adopt the ethical code. The following case study illustrates how global principles influence domestic behavior without first being enacted into domestic law.

Case study 2: Intel Code of Conduct

In 2006, US microchip giant Intel was granted the official investment license to establish a semiconductor assembly factory in Vietnam.⁹⁹ After more than eight months of operation, Intel decided to increase its total investment capital to US\$1 billion, making it the largest Intel ATM factory at that time.¹⁰⁰ To ensure that its Vietnamese operations did not offend US anti-corruption laws and Intel's own code of practice, the firm entered into a Memorandum of Understanding (MoU) with Sai Gon Hi-tech Park (SHTP), a state management agency.¹⁰¹ The agreement required SHTP to collaborate with Intel to apply the firm's Business Ethics and Code of Conduct (CoC) with the business park to prevent corruption, including bribes, kickbacks, and any forms of abuse of power for personal gain. As Rick Howarth, General Manager of Intel Vietnam explained:¹⁰²

SHTP believes that Intel has taken the initiative to promote a clean investment environment, abolish malpractices such as corruption, bribery, and abuse of power for personal gain. He also said that the MoU will increase its competitiveness.¹⁰³

Intel managers note that the CoC is to reinforce the law and it is not to replace any law. Intel does not try to overwrite the law. The CoC is just guidance for Intel employees and Intel's partners to prevent malpractices and to ensure success in Intel's daily business operations.

The Vietnamese press expressed surprise at this arrangement, as it was the first time a state agency signed a commitment with a private firm to oppose bribery in Vietnam. It also aroused anxiety by treating a state agency as a business partner.¹⁰⁴ This is also the first time anywhere in the world that Intel has signed such an MoU.¹⁰⁵

It is instructive to observe that Intel has operated in China for 15 years without signing a similar agreement with a Chinese agency. In fact, "during 15 years in China, Intel did not have any corruption incidents," as an Intel manager noted.¹⁰⁶ In Vietnam, Intel has not encountered corruption either, but is concerned about the country's low ranking on corruption indices. Intel wanted to proactively reduce the opportunities for corruption by importing a code of conduct.¹⁰⁷

The CoC contains five principles of conduct:

- Intel conducts business with honesty and integrity;
- Intel follows the letter and spirit of the law;
- Intel employees treat each other fairly;
- Intel employees act in the best interests of Intel and avoid conflicts of interest;
- Intel employees protect the company's assets and reputation.¹⁰⁸

Taking the second principle as an example, Intel has put forward anti-corruption and antitrust rules. It introduced the American Foreign Corruption Practices Act (FCPA) and the Vietnamese law on anti-corruption to every employee in Vietnam, and provides annual refresher courses.¹⁰⁹

In order to implement the CoC, both parties agreed that if Intel sees any significant corruption, Intel would report to SHTP and they would work together to retrain the workforce.¹¹⁰ So far, they have organized more than ten group discussions and one seminar on the CoC and business values. Training started for SHTP staff at the beginning of 2008. Intel also sent its local suppliers and contractual partners all the documents that Intel signed to enable them to understand Intel's position on corruption.¹¹¹

This case study shows how large multinational corporations have the economic strength to impose their own regulatory codes on state bodies. Although Vietnamese authorities were quick to point out that the CoC did not displace state law, in practice it created a regulatory regime that made the law redundant.

Dispute settlement without the courts

People everywhere prefer settling their disputes outside the court system. Several aspects of Vietnam's regulatory environment amplify this propensity. One reason for the aversion to adversarial dispute resolution is the perception that courts are incapable of handling complex disputes.¹¹² Historically, the court system in Vietnam operated like an extension of the criminal justice system and criminalized commercial and social relationships. People do not expect to settle their disputes in court, or as a proverb puts it: "try not to go to court" (*vo phuc dao tung dinh*).¹¹³

Self-regulation in villages also militates against litigating in courts (see Lich Dong case study), because village authorities are able to dispense contextually relevant forms of justice. Village elders live among the people and have a rich, nuanced knowledge about community norms and tacit understandings and can apply "reason and sentiment (*hop li hop tinh*) to resolve disputes."¹¹⁴

A strong emphasis was also placed on resolving grievances amicably.¹¹⁵ To settle disputes, parties were prepared to compromise and accept outcomes that were not entirely beneficial. In reaching agreement, parties tried to balance factors such as cost with the potential loss of prestige in engaging in a dispute.

In practice, the Vietnamese government recognizes that amicable settlements promote social order and reduce the workload of courts. A good example of this interconnection between state and self-regulation is found in grass-roots conciliation groups. Conciliators are either elected or selected by local government from high-status people living in particular localities. Conciliators generally work without allowances from the local authority. The authority also asks them to disseminate legal regulations from the central government. Although there are no published statistics about the efficacy of conciliation, we can still gain some understanding about the important role they perform by looking at the more than 30,000 conciliation groups nationwide.¹¹⁶ The popularity of this form of dispute resolution contrasts sharply with the comparatively low use of court-based litigation.¹¹⁷

Conclusion

This chapter has argued that regulatory environments are never entirely shaped by states. Laws do not always come from the ruling class. This is so even in a socialist country such as Vietnam, where state actors have tried to apply their rules throughout the country for many decades, but non-state actors (especially in the commercial arena) continue to operate as a major regulating force. In some

circumstances they supplement state regulation, and in other cases they entirely bypass the state by forming self-regulating business communities.

There is strong evidence that the diffusion of global legal ideas has profoundly influenced domestic regulation. I found that China was not a major source of regulatory inspiration for non-state actors in Vietnam. In the main non-state actors borrow ideas from Western regulatory models, either through international standards or via commercial agreements with Western (and Japanese) companies. Although state actors are reluctant to receive Western "rule of law" ideas that may disrupt the party's monopoly on political power, non-state actors cheerfully embrace ideas that promote economic development.

¹ Dang Phong, *Vietnamese Economic Ideology, 1975-1989, Difficult and Spectacular Road* [Tu day Kinh te Vietnam, Chang duong Gian nan va Ngoan muc, 1975-1989], Hanoi: Knowledge Publishing House, 2008, pp. 113-252.

² Dang Phong, ed., *History of the Vietnamese Economy: 1945-2000* [Lich su kinh te Vietnam: 1945-2000], Ha Noi: Social Science Publishing House, 2005, p. 449.

³ Dang, *Vietnamese Ideology*, pp. 113-252.

⁴ Dang, *History*, pp. 449-67.

⁵ Tran Huu Huynh and Dau Anh Tuan, *Vietnam Business Associations as Policy Advocates – A Lot More Can Still be Done*, Ha Noi: GTZ and VCCI, 2007, p. 11.

⁶ Irene Nørlund, *Civil Society in Vietnam, Social Organizations and Approaches to New Concepts*, 2007, 73.

⁷ CIVICUS, *The Emerging Civil Society, An Initial Assessment of Civil Society in Vietnam*, Hanoi: Vietnam Institute of Development Studies, 2006.

⁸ Tran and Dau, *Vietnam Business Associations*, p. 11; MPDF and The Asia Foundation, *Business Associations in Vietnam*, p. 16.

⁹ Tran and Dau, *Vietnam Business Associations*, p. 10

¹⁰ Ibid.

-
- ¹¹ CIVICUS, *Emerging Civil Society*.
- ¹² Tran and Dau, *Vietnam Business Associations*, p. 11; MPDF and The Asia Foundation, *Business Associations in Vietnam*, p. 16.
- ¹³ Dao Duy Anh, *Fundamental Culture History of Vietnam* [Viet Nam Van hoa Su cuong], Ha Noi: Writer Association Press, p. 147.
- ¹⁴ Nørlund, "Civil Society in Vietnam", 73; CIVICUS, *Emerging Civil Society*.
- ¹⁵ Dinh Thi Thom, ed., *Private sector of Vietnam after two decades in doimoi process – actual situation and problems* [Kinh te tu nhan Viet Nam sau hai thap ky doi moi-thuc trang & nhung van de], Ha Noi: Social Science Publishing House, 2005, p. 13.
- ¹⁶ Criminal Code, dated 27 June 1985, Article 165, 172; Dang, *History of the Vietnamese Economy: 1945-2000*, pp. 449-67.
- ¹⁷ Martin Ramam *Making Difficult Choices: Vietnam in Transition*, Working Paper No. 40, Commission on Growth and Development, World Bank, 2008; Dang, *History of the Vietnamese Economy: 1945-2000*, pp. 449-67.
- ¹⁸ Dinh, *Private sector*, p. 102.
- ¹⁹ Dinh Van An, ed., *Development of Socialist Oriented Market Economy in Vietnam* [Phat trien nen kinh te thi truong dinh huong xa hoi chu nghia o Vietnam], Ha Noi: Central Institute for Economic Management – Statistic Publishing House, 2003, p. 23; Rama, "Making Difficult Choices," 24.
- ²⁰ Dang, *History of the Vietnamese Economy: 1945-2000*, pp. 449; Dinh, *Development*, p. 23; Rama, "Making Difficult Choices," 63.
- ²¹ Degree No. 115/CP of the Government on Foreign Investment in Socialist Republic of Vietnam, dated 18 April 1977.
- ²² Law on Foreign Investment, dated 29 December 1987.
- ²³ Dinh, *Development*, p. 24.
- ²⁴ Michael J. Scown, 'Investment Strategy and Structure', in Jonathan L. Golin, ed., *Investment Strategy and Structure, Capital Flows Along the Mekong-The Complete Guide to Investing in Cambodia, Laos, Myanmar & Vietnam*, vol. 2, Hong Kong, Asia Law and Practice, pp. 41-66.
- ²⁵ Tran Quang Lam and An Nhu Hai (eds.), *Foreign Investment Sector in Vietnam Nowadays* [Kinh te co von dau tu nuoc ngoai o Viet Nam hien nay], Hanoi: National Political Publishing House, 2006, pp. 130-52 and 184-93; Vu Dinh Bach, ed., *'Socialist Oriented Market Economy in Vietnam'* [Kinh te thi truong dinh huong xa hoi chu nghia o Viet Nam], Hanoi: National Politic Publishing House, 2008.
- ²⁶ Ministry of Planning and Investmnet, *Report 9336/BC-BKH on Social and Economic Situation in December and whole 2008, Sugesstion of Necessary Resolutions for Implementation in Quarter I of 2009*, 23 December 2008, p. 5.
- ²⁷ Dinh, *Development*, p. 24.

²⁸ VnEconomy, 'Eight reasons for strongly continuing development of Vietnam' [8 ly do de Viet Nam van phat trien manh], <http://vneconomy.vn/60386P0C10/8-ly-do-de-viet-nam-van-phat-trien-manh.htm>, accessed on 10 June 2009.

²⁹ Dinh, *Development*, p. 24

³⁰ The author gives legal advice to numerous FDI companies in Vietnam. The author was involved in the preparation of three overseas visits for Vietnamese officials for three FDI companies

³¹ See Ian Wilson, "Accounting and Taxation." in Golin, ed.. *Investment Strategy*, pp. 233-55

³² Ibid.

³³ World Bank, *Evaluation of Corporate Governance Situation in Vietnam. Report on the Observance of Standards and Code-Corporate Governance*, 2006, p. 13; Decision No. 38/2000/QD-BTC, dated 14 March 2000 on Issuance and Publication of Application of Vietnamese Accounting and Auditing Standards, Article 1. Circular 84/TC-CDICT of the Ministry of Finance on 23 October 1993, providing guidelines on accounting for foreign invested enterprises; Circular 60/TC-CDKT of the Ministry of Finance on 1 September 1993 providing guidelines on accounting and auditing for foreign invested enterprises in Vietnam.

³⁴ John Gillespie, *Transplanting Commercial Law Reform: Developing a 'Rule of Law' in Vietnam*, Aldershot, UK: Ashgate, 2006.

³⁵ See Wilson in Golin, ed.. *Investment Strategy*.

³⁶ International Organization for Standardization, www.iso.org/iso/about/discover-iso_isos-origins.htm, accessed 1 July 2009

³⁷ Ibid.

³⁸ Ibid.

³⁹ Administrative Reform website [Cai cach hanh chinh], "Ninh Thuan holds a seminar on application of quality management system according to TCVN ISO 9001:2000 into the administrative agencies" [Ninh Thuan: to chuc Hoi thao ap dung He thong quan ly chat lifgng theo tieu chuan TCVN ISO 9001:2000 vao cac cd quan hanh chinh nha nuoc], www.caicachhanhchinh.gov.vn/Vietnam/News/1509200612070945I20/

⁴⁰ STAMEQ, www.dgsph.tecvn.gov.vn/viewlist.asp?cid=10000&sid=50000

⁴¹ World Health Organization,

www.who.int/medicines/areas/quality_safety/quality_assurance/production/en/

⁴² Decision 3886/2004/QD-BYT of the Ministry of Health, On application of principles, standards of "Good Manufacturing Practice," in accordance with the recommendation of World Health Organization; Decision 24/2006/BYT of the Ministry of Health, On application and guidance of principles and standards of "Good Manufacturing Practice for Cosmetics" of ASEAN; Decision 24/2006/BYT of the Ministry of Health, On application and guidance of principles and standards of "Good Manufacturing Practice" and "Good Storage Practice"; *Vietnam News*, "Firms without GMPs get reprieve,"

www.vietnamnews.vnagency.com.vn/showarticle.php?num=03BUS050708; Xinhua, "Vietnam to close non-GMP pharmaceutical plants," www.english.peopledaily.com.cn/200608/28/eng20060828_297487.html.

-
- ⁴³ Decision No. 3886/2004/QĐ-BYT, On application of GMP in pharmaceutical manufacturing accordance with the WHO recommendations, dated 3 November 2004.
- ⁴⁴ See website of Drugs Administration of Vietnam, Sue khoe & Doi song [Health and Life] newspaper, "Pharmaceutical enterprises that do not meet GMP-WHO standards will be reformed" [Doanh nghiep khong dat GMP-WHO theo dung 16 trinh se phai chuyen doi hinh thuc san xuat thuoc], www.suckhoedoisong.vn/200810616564843p0c9/doanh-nghiep-khong-dat-gmpwho-theo-dung-lo-trinh-se-phai-chuyen-doi-hinh-thuc-san-xuat-thuoc.htm; Nong Nghiep Viet Nam [Agriculture of Vietnam], "There is no reason for delaying of GMP process" [Khong co ly do nao tri hoan lo trinh GMP], www.ngnghiep.vn/NongnghiepVN/vi-z VN/61 /158/1/15/15/14561 /Default.aspx.
- ⁴⁵ Sai Gon Giai Phong, "Pharmaceutical sector before WTO integration" [Nganh Duoc Viet Nam Truoc Them WTO], www.mfo.mquiz.net/wto/?Function=NEF&file=2004; also see The Thao and Van Hoa, "Three years of capitalization, three years of coming down" [3 nam co phan hoa, 3 nam xuong doc!], www.thethaovanhua.vn/132N2008111809032417 IT14/3-nam-co-phan-hoa-3-nam-xuong-doc!.htm.
- ⁴⁶ Pham Bich Son, "Social Implications of Economic Renovation," in Bjorn Beckman, Eva Hansson, and Lisa Roman, eds., *Vietnam: Reform and Transformation*, Stockholm: Stockholm Center for Pacific and Asia Studies, 1997; Pham Van Bich, *The Vietnamese Family in change: The Case of the Red River Delta*, Surrey, UK: Curzon Press, 1999; Le Bach Duong, et al., *Civil Society in Vietnam*, Hanoi: Centre for Social Development Studies, 2002; Dau Hoan Do, et al., *A Study in the Implementation of Grass-roots Democracy*, Hanoi: Sida, 1999.
- ⁴⁷ To Duy Hop, ed., *Transformation of Vietnamese village communes today (in Red river delta)* [Su bien doi cua lang-xa Vietnam ngay nay (o dong bang song Hong)], Hanoi: Social Science Publishing House, 2000, pp. 76-80.
- ⁴⁸ John Kleinen "Studies on Vietnamese villages" [Cac nghien cuu ve lang Vietnam], in Phan Huy Le et al., eds., *Foreign scholars on Vietnamese studies* [Cac nha Viet Nam hoc nuoc ngoai viet ve Viet Nam], vol. 2, Hanoi; World Publishing House, 2002, pp. 293-322; Nguyen Viet Huong, "Role of Village Charter in social management in traditional villages in Vietnam" [Vai tro cua huong uoc trong quan ly xa hoi o lang co truyen Viet Nam], in Dao Tri Uc, ed., *Village Charter in process of implementation of democracy in rural area in Vietnam nowadays* [Huong uoc trong qua trinh thuc hien dan chu o nong thon Viet Nam hien nay], Hanoi: National Politics Publishing House, 2003, pp. 75-98.
- ⁴⁹ Nguyen Lam Tuan Anh and Nguyen Thi Minh Phuong, *Culture and Education impacts on village commune development* [Van hoa & Giao duc, anh huong den su phat trien lang xa], Hanoi: World Publishing House, 2006.
- ⁵⁰ Nguyen and Nguyen, *Culture and Education*, pp. 285–6; Mai Vien Doan Trien, *The Book of An Nam Customs* [An Nam Phong Tuc Sach], Hanoi: Hanoi Publishing House, 2008, p. 46.
- ⁵¹ Nguyen and Nguyen, *Culture and Education*.
- ⁵² See Tran Quoc Vuong, *Vietnamese Culture, Finding and Thinking* [Van hoa Viet Nam, Tim Toi va Suy Ngam], Hanoi: Literature Publishing House, 2003; Le Ngoc Tra, ed., *Vietnamese*

Culture: specialty and approach [Van hoa Viet Nam: Dae trung va Cach Tiep can], Hanoi:

Education Publishing House, 2003, pp. 49-50; Nguyen and Nguyen, *Culture and Education*.

⁵³ Kleinen, "Studies on Vietnamese villages," pp. 293-322; Nguyen, "Role of Village Charter," 75-98; Le Minh Thong, "Village Charter in Legal Reform and Democratization in Rural Areas" [Huong uoc trong qua trinh cai cach phap luat va dan chu hoa nong thon], pp. 183-205, in Dao, *Village Charter*.

⁵⁴ Gillespie, *Transplanting Commercial Law Reform*, pp. 278-80.

⁵⁵ See unknown author, "Village cultural life and village community psychology" [Doi song van hoa lang, tam ly cong dong lang]. *Thong tin Ly luan Tap Chi*, www.dragonbinhthuan.com/KHHT/vanhua/0001/9999/dsvhl.htm, accessed 10 June 2009.

⁵⁶ Mai, *Book of An Nam Customs*, p. 46; Civil Code 2005, art. 479, 'Tontine'; Decree 144/2006/ND-CP, of the Government on Tontine, dated 27 November 2006.

⁵⁷ Nguyen and Nguyen, *Culture and Education*, p. 293.

⁵⁸ See David Levi-Faur, "The Global Diffusion of Regulatory Capitalism," *The ANNALS of the American Academy of Political and Social Science*, 598, 2005, 4

⁵⁹ Gillespie, *Transplanting Commercial Law Reform*, pp. 278-80.

⁶⁰ See website of Thai Binh People's Committee, www.thaibinh.gov.vn; Tuoi tre, republished in www.vnexpress.net/Vietnani/Xa-hoi/2005/03/3B9DC5A2/?q=l, accessed 8 March 2008; Dien dan Doanh nghiep, www.dddn.com.vn/PortletBlank.aspx/48AA7423480F4D5B913ED24FFF1D617#, accessed 7 March 2008

⁶¹ See website of Thai Binh People's Committee, www.thaibinh.gov.vn/end-user/article/print_preview.asp?article_id=1996

⁶² Interviews with Mr. Thang, Mr. Lam.

⁶³ Interviews with Mr. Thang, Mr. Tuan, see further in *Van hoa Am thuc (Dining Culture) Journal* on 24 April 2006, on www.vae.org.vn/News_print.asp?id=2986

⁶⁴ Interviews with Mr. Thang, Mrs. Ha

⁶⁵ Interviews with Mr. Thang, Mrs. Ha, and see further Vietnam Voice Station (VOV), republished on www.ndcsaxom/oopnuke.asp?module=news&do=t&i=1966.

⁶⁶ See TuoiTre, republished in www.vnexpress.net/Vietnani/Xa-hoi/2005/03/3B9DC5A2/?q=l, accessed 8 March 2008; Dien dan Doanh nghiep, www.dddn.com.vn/PortletBlank.aspx/48AA7423480F4D5B913ED24FFF1D617#, accessed 7 March 2008; Dan Tri, www.dantri.com.vn/News/PrintView.aspx?ID=210589, accessed 7 March 2008.

⁶⁷ Truong Son was a big state-owned company specializing in pen and stationery production. It was bankrupted in the mid-1990s.

⁶⁸ See *Cong nghiep Newspaper*, dated 14 March 2003, www.irv.moi.gov.vn/News/PrintView.aspx?ID=123147/03/2008.

⁶⁹ Interviews with Mr. Thang, Mrs. Ha, and see further in *Cong nghiep Newspaper*, dated 14 March 2003, www.irv.moi.gov.vn/News/PrintView.aspx?ID=123147/03/2008

⁷⁰ See Tuoi Tre, re-published in www.vnexpress.net/Vietnam/Xa-hoi/2005/03/3B9DC5A2/?q&l, accessed 8 March 2008; see also Dien dan Doanh nghiep, www.dddn.com.vn/PortletBlank.aspxy48AA7423480F4D5B9I3ED24FFFD617#, accessed 7 March 2008

⁷¹ See Tuoi Tre, re-published in www.vnexpress.net/Vietnam/Xa-hoi/2005/03/3B9DC5A2/?q&l, accessed 8 March 2008; also see interview with Mr. Thang

⁷² Interviews with Mr. Thang, Ms. Ha, see further VOV, republished on www.ndcsa.com/oopnuke.asp?module=&news&do=t&id=&1966

⁷³ See VOV, republished on www.ndcsa.com/oopnuke.asp?module=news&do=t&id=1966

⁷⁴ Interview with Mr. Thang

⁷⁵ Ibid.

⁷⁶ Interviews with Mr. Thang, Mrs. Ha.

⁷⁷ See FOF, republished on www.ndcsa.coni/oopnuke.asp?module=news&do=tid=1966; Bao Bien Phong [Border Protection Newspaper], on 17 September 2007, www.bienphong.com.vn/modules.php?name=News&file=print&sid=116, accessed 7 March 2008; Dan Tri on 18 December 2007, www.dantri.com.vn/News/PrintView.aspx?ID=210589, accessed 7 March 2008. It should be noted that when we interviewed sunglasses store owners, all of them refused to answer the question of price difference by smiling or keeping silent.

⁷⁸ Interviews with Mr. Thang, Mrs. Ha, Mrs. Huong.

⁷⁹ Interviews with Mr. Thang, Mrs. Ha, Mrs. Huong.

⁸⁰ Interviews with Mr. Thang, Mrs. Ha.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Interviews with Mrs. Huong, Mr. Thang, Mrs. Ha.

⁸⁴ Interviews with Mr. Thang, Mr. Tuan.

⁸⁵ Tran and Dau, *Vietname Business Associations*, p. 12.

⁸⁶ See Gillespie, *Transplanting Commercial Law Reform*, p. 234.

⁸⁷ See Vietnam Business Forum website, [www.vbforg.vn/about.aspx?x=l&c=l\(12\)](http://www.vbforg.vn/about.aspx?x=l&c=l(12)), accessed 12 June 2009.

⁸⁸ Charter of Vietnam Association of Financial Investors, www.vafi.org.vn/2006/regulation.php, accessed 10 June 2009.

⁸⁹ See VAFI website, www.vafi.org.vn/2006/category.php?id=8, accessed 10 June 2009

⁹⁰ See Tran and Dau, *Vietname Business Associations*, p. 12.

⁹¹ See *ibid.*; GTZ, *Business Associations in Hung Yen*.

⁹² Ibid.

⁹³ UNDP, Assistance for the Implementation of Vietnam's Legal System Development Strategy to 2010, unpublished paper, Hanoi: UNDP 2003, p. 166.

⁹⁴ Rama, "Making Difficult Choices," 43.

⁹⁵ UNDP, "Assistance." 177.

⁹⁶ Rama, "Making Difficult Choices," 43.

⁹⁷ Golin, ed., *Investment Strategy*, pp. 233–55.

⁹⁸ See Human Right Watch, 'Global Internet Freedom, Corporate Responsibilities and the Rule of Law', 2008, <http://www.hrw.org/en/news/2008/05/19/global-internet-freedom-corporate-responsibility-and-rule-law>

⁹⁹ Vietnamnet, *Intel will pull many other investors into Vietnam*, 28 February 2006, <http://vietnamnet.vn/cntt/2006/02/545838/>; AFP, *Intel launches Vietnam investment with chip plant*, February 2006, http://findarticles.com/p/articles/mi_kmafp/is_200602/ai_n16091551

¹⁰⁰ Tuoi tre, 'Intel increases investment capital into Vietnam to 1 billion USD with 4,000 labourers' [Intel tăng vốn đầu tư tại Việt Nam lên 1 tỉ USD, 4000 lao động], 11 November 2006, <http://www.tuoiitre.com.vn/Tianyon/Index.aspx?ArticleID=171999&ChannelID=11> accessed 10 June 2009

¹⁰¹ *Vietnam Economic Times*, 'Intel talks about investment environment in Vietnam' [Intel nói về môi trường đầu tư Việt Nam], 24 January 2008, 'Intel Vietnam, Saigon Hi-tech Park sign MoU on business ethics', *VOVNews*, 15/08/2007, <http://www.vovnews.com.vn/?page=109&nid=46620>

¹⁰² Vnexpress, 'A state agency signs a commitment refusing bribes' [Một cơ quan nhà nước ký cam kết từ chối việc hối lộ]; Vietnamnet Bridge, 7 September 2007

¹⁰³ Ibid.

¹⁰⁴ Ibid. Vietnamnet Bridge, 7 September 2007; Rajesh Chhabara, 'Intel in Vietnam – Solving Vietnam's corruption logjam', 11 February 2008, Ethical Corporation, <http://www.ethicalcorp.com/content.asp?ContentID=5694>, accessed 28 July 2009.

¹⁰⁵ Tuoi Tre, 'Intel: anti-corruption for a successful project', 13 August 2007, <http://www.tuoiitre.com.vn/Tianyon/Index.aspx?ArticleID=215018&ChannelID=11>; Vietnamnet, 5 September 2007, 'Intel: Which motivation to fight against corruption?', <http://www.vnn.vn/kinhte/2007/09/737551/>

¹⁰⁶ Vietnamnet Bridge, op.cit. (n.104 above), 7 September 2007; Interview with Lam Vu Thao, In-house counsel of Intel Vietnam on 14 October 2008 and 3 July 2009.

¹⁰⁷ Interview with Lam Vu Thao, op.cit. (n.106 above).

¹⁰⁸ Intel Code of Conduct, 2 May 2007, Intel Corporation, <http://www.intel.com/intel/finance/docs/code-of-conduct.pdf>, accessed on 10 October 2008.

¹⁰⁹ Interview with Lam Vu Thao, op.cit. (n.106 above).

¹¹⁰ Vietnamnet Bridge, op.cit. (n.104 above), 7 September 2007.

¹¹¹ Ibid.

¹¹² John MacMillan & Christopher Woodruff, Dispute Prevention Without Courts in Vietnam, *Journal of Law, Economics, and Organization*, 15(3), 1999, 637-58.

¹¹³ See UNDP, *Survey of Needs of District People's Courts Nationwide*, unpublished paper, Hanoi: UNDP 2007; Nguyen, "Role of Village Charter".

¹¹⁴ See *ibid.*; Mai, *Book of An Nam Customs*; Hoach Kieu Thu, 'Ancient Village Charter in Vietnam – Legal and Cultural Values' [Huong uoc co Viet Nam – Nhung gia tri van hoa va phap ly], in Dao, *Village Charter*, pp. 27–47.

¹¹⁵ See MacMillan & Woodruff, "Dispute Prevention."

¹¹⁶ MoJ, "Report on Overviews of Conciliation Groups at the Grassroots Level" [Bao cao]

¹¹⁷ In 2002, the annual inflow of cases filed in Vietnamese courts was approximately 200,000 or 0.000251 cases per person. During the same period there were approximately 7 million cases in China or 0.00583 cases per person, over double the rate in Vietnam.