

CHAPTER 8

Vietnam's Relations with China and the US and the Role of ASEAN

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The first-ever visit to the United States by a General Secretary of the Communist Party of Vietnam (CPV) (which happened just after his visit to China) and the first visit by Xi Jinping, as a Chinese President, to Hanoi have been praised by many as highlights for Vietnam's diplomacy in this year. The intensity of high-level diplomacy reflects the recent dynamics within the Vietnamese strategic thinking and foreign relations, against the backdrop of a growing US-China strategic rivalry, the recently established ASEAN Community, a tense maritime dispute in the South China Sea and on-going competition for the next top leaders within the CPV in the 12th Party Congress. This paper seeks to analyse Vietnam's relations with China and the US – two of the most important powers, and the role of ASEAN in Vietnam's policy to protect its security and development interests.

Vietnam's foreign policy objectives

The priority of the CPV in foreign relations is to protect its national interests with three main objectives: development, security and promoting the country's standing in the international arena.

The goal of development was put in the highest priority since Doi Moi (renovation) in 1986 and there are no signs of any reorientation in this objective in the near future. The CPV considers economic development as the most important source to enhance not only national security but also regime legitimacy. It believes that economic underdevelopment will breed political instability and undermine its rule. On the contrary, economic development and improved living conditions would help ward off other threats to the regime, especially the threat of "peaceful evolution"¹ (codification of unintended democratization initiated by dissidents or/and sponsored by the West).

¹ Nguyen Vu Tung, "Vietnam's New Concept of Security in the Context of Doi Moi", in *Comprehensive Security in Asia: Views from Asia and the West on a Changing Security Environment*, edited by Kurt Radtke and Raymond Feddema, Brill, 2000, p. 420.

The objectives of defending national security, safeguarding its sovereignty, and territorial integrity are always in the top priorities for any ruling party, particularly for the CPV, which came into power and maintains its power by achieving these objectives. However, the Party sees these goals of development, security (also in international standing) not separately, but in a dialectical way. Success in the economic development strategy will not only strengthen the credibility and legitimacy of the regime, but also increase comprehensive national power, which, in turn, can help improve the country's capability in protecting national sovereignty and security.

To achieve its development objective, Hanoi believed that a peaceful and favourable international environment is the necessary condition. The CPV since 1988 stressed: "To preserve peace and to develop the economy are the most important strategic objectives and interests of the whole party and people in Vietnam."² One of the main objectives of foreign policy is to "create a favourable international environment and conducive conditions to serve the cause of national construction and defines."³ That sort of priority partly explains why Vietnam adopts a policy of settling all disputes, notably maritime and territorial disputes, with its neighbours exclusively by peaceful means, no matter if these disputes are generally regarded as issues of protecting national sovereignty and security. This call is not simply rhetorical but rooted in the strategic calculation of maintaining a peaceful environment for economic development.

To achieve these aforementioned objectives, Vietnam adopted the policy of "diversification and multilateralization of foreign relations" with "more friends, fewer enemies"⁴ and to "become a friend to all countries in the world community."⁵ By creating a favourable international environment and applying the policy of being a friend to all countries, Hanoi's aim was to concentrate on economic development and take advantage of foreign resources, such as technology, markets, capital and experience, to promote economic reforms. By diversifying and multilateralising foreign relationships, Hanoi also seeks to have an intertwining of the interests of all major powers in the country, and therefore avoid the scenarios of overly depending

² Text of the 13th Politburo Resolution, May 1988.

³ Political Report presented by the Seventh VCP Central Committee to the Eighth National Party Congress held in Hanoi on 28 June-1 July 1996.

⁴ Text of the 13th Politburo Resolution, May 1988.

⁵ VCP, *Van kien dai hoi dai bieu toan quoc thoi ky doi moi* (Documents of National Congresses in the Era of Doi Moi), vol. 1, National Political Publishing House, Hanoi, 2010, p. 403.

on any particular power, thus preserving its independence of actions. The best way to preserving its independence in the peacetime and to maximize its strategic manoeuvre room is not to ally with any country. Since the end of Cold War, Vietnam adopted a policy of the three nos: no foreign bases in Vietnam's territory; no military alliances; and no going with one country against other countries.

To provide the policy rationale for cooperation with all countries, in mid-2003, the CPV Central Committee's eighth plenum provided important concepts: "partners of cooperation" (đồng tác) and "objects of struggle" (đối tượng) in foreign relations. According to the eighth plenum's resolution, "with the objects of struggle, we can find areas for cooperation; with the partners, there exist interests that are contradictory and different from those of ours." In other words, relations with any country generally contains both of those elements.

The next session will examine how Hanoi applies aforementioned policy and concepts in relations with China, the US and ASEAN.

Vietnam's relation with China

For Vietnamese policymakers, the most challenging task in foreign policy has been the question of how to maintain its sovereignty and political autonomy while keeping stable, peaceful and beneficial relationships with powerful neighbouring China. Although Vietnam has more than one thousand year experience of living next to China, almost peacefully with some brief wars, China's rise creates a renewed challenge for Vietnam. Hanoi wants to avoid a repetition of history when Vietnam fell into the sphere of Chinese influence. At the same time, Hanoi does not want to repeat the history of living in hostility with China. Memories of the brief and costly war in 1979, followed by more than a decade of hostile relations with China, and international isolation, not without the help of China's intentional policy of isolating Vietnam, are still alive and provide value experience for policymakers in Vietnam. Therefore, in its relations with China, Vietnam pursues a policy of both cooperation and struggle while maintaining a peaceful relationship.

Regarding cooperation aspect, Vietnam and China perceivably sharing a number of convergent interests in promoting economic cooperation; in sharing the experience of reforms while maintaining the monopoly of power of Communist Party.

On struggling aspect, the most complicated issue for both sides is the territorial dispute in the South China Sea, where China and Vietnam having seemingly unresolvable disputes over Parcel and Spratly islands and overlapping claims of maritime areas. In addition, there are a number of issues of divergent interests between Hanoi and Beijing, which includes the construction of hydroelectric dams by China on the upper mainstream of the Mekong River⁶ and the competition for preferential relations in Laos and especially in Cambodia. There is also growing concern in Vietnam about the possibility of being “sandwiched” between an assertive China in the South China Sea in the east and an anti-Vietnam, pro-China Cambodia in its western front in the case of anti-Vietnam forces taking the upper hand there.

Vietnam’s policy is to separate two aspects of the relationship so that the struggling issues will not negatively affect the cooperation aspect or the overall bilateral relationship. For example, while demonstrating its determination in confronting China over the deployment of oil rig HYSY 981 in its exclusive economic zone during May-July 2014, Hanoi still maintained communication linkage on a different level with Chinese counterparts and successfully managed commercial and investment cooperation (except tourism) unaffected. Or soon after the oil rig crisis was over, Vietnam took the decision to join and become one of the founding members of Chinese initiated Asian Infrastructure Investment Bank (AIIB).⁷

In recent years, new dimensions emerged in the cooperation-struggle relationship between Vietnam and China: there are cooperation aspects in struggling issue and struggling aspect in cooperation issue. While promoting economic cooperation with

⁶ Vietnam is greatly concerned about China’s massive cascade of dams on the Upper Mekong in Yunnan province (and the dams proposed on the Lower Mekong Basin’s mainstream in Laos, Cambodia, and on the Thai-Lao border). *First*, dams in China and in the lower mainstream (with total reservoir storage capacity of about 40 billion m³) will trap a big portion of the Mekong’s sediment that the river should naturally transport to the Delta. The fertility of the Delta, vital for rice cultivation, will suffer and productivity will decline. *Second*, most of the dams in China and all of 12 dams in mainstream of Lower Mekong basin are “run-of-river dams”, but they are designed for daily regulation to meet changing power demand, mainly during the dry season. This poses a risk to downstream water levels, especially during the dry season and gives way to salinity intrusion in the Mekong Delta. See, Dao Trong Tu, “A Vietnamese Perspective on Proposed Mainstream Mekong Dams”, Stimson, 08 December 2011, <http://www.stimson.org/summaries/a-vietnamese-perspective-on-proposed-mainstream-mekong-dams/>

⁷ Vietnam joins AIIB to seek new funding source, <http://english.thesaigontimes.vn/41699/Vietnam-joins-AIIB-to-seek-new-funding-source.html>

China, Vietnam witnesses the widening trade deficit⁸ and has to struggle to avoid overly depending on China as the principal supplier for its export-oriented economy. On the South China Sea issue, Vietnam (and other ASEAN members) also searches for the possibility of promoting confidence building measures with China through cooperation projects in specific areas that are legally and domestically acceptable for both.⁹

At the same time, isolating the issues of conflicting interests from negatively affecting the cooperation aspect and the overall bilateral relationship becomes a challenging task. In particular is the issue of the South China Sea dispute, which is similar to a cancer that cannot be isolated and, therefore affects all activities of the body. The more China becomes assertive in the South China Sea (or regarded as assertive in Vietnam's perspective), the more anti-Chinese sentiment within Vietnamese people within and outside of the country. According to Pew Research surveys, 78 percent in 2014 and 74 percent in 2015 of Vietnamese people holding an unfavourable view of China.¹⁰ As Vietnam incrementally and increasingly becomes more democratic, the CPV has to take into account public opinion and no one wants to appear soft in protecting national sovereignty or appear too much accommodating toward China. During the oil rig crisis in 2014, Prime Minister Nguyen Tan Dung received national-wide endorsement when he declared that "we cannot trade our sacred independence and sovereignty for some elusive peace or any type of dependence."¹¹

The thinking of sharing ideologies between Vietnam and China also becomes irrelevant in today's context.

⁸ Since 2004, China has become Vietnam's largest trade partner with an annual two-way trade growth of over 20 percent in the last four years, reached more than US \$50 billion in 2013. Vietnam's trade deficit with China is continuously rising, reached \$ 28.8 billion in 2014 and widen to \$ 35 billion in 2015. Vietnam is exporting mostly raw materials, unfinished commodities, or low-value-added manufactured goods such as coal, crude oil, rubber, foodstuff, seafood and footwear while imports from China includes materials for manufacturing, machinery, equipment and other high-value-added manufactured goods such as pharmaceuticals, computers, electronic products or petroleum. *Source: Vietnam Ministry of Industry and Trade.* <http://tuoitrenews.vn/business/30633/vietnam-s-trade-deficit-with-china-likely-to-reach-35bn-in-2015-ministry>

⁹ For example, Vietnam and China have been negotiating on cooperation on less sensitive issues and have reached a draft agreement related to search and rescue cooperation at sea and agreements on two cooperative projects - one is on joint research on the management of the marine and island environment in the Gulf of Tonkin and the other will conduct comparative research on sediment dating back to the Holocene epoch in the Red River Delta and the Yangtze River Delta. <http://english.vietnamnet.vn/fms/government/96056/vietnam--china-discuss-sea-borders.html>

¹⁰ <http://www.pewglobal.org/database/indicator/24/country/239/response/Unfavorable/>

¹¹ http://www.nytimes.com/2014/07/13/opinion/sunday/vietnams-overdue-alliance-with-america.html?_r=0

Due to negative spill-over effects from maritime disputes, a number of Vietnam experts also perceive the economic proposal from China with suspicion and see strategic intentions behind it. Looking at China's grand initiative of "One Belt One Road" (OBOR), for example, they see that behind this initiative, China can advance its sovereignty propaganda with its creation of a maritime Silk Road. Realizing OBOR could deepen the economic dependence of Vietnam and other ASEAN members on China, and therefore, lowering these countries' position and stand in forming a consensus among ASEAN on the South China Sea issue.

So, while continuing to attach great importance to the relationship with China, Vietnam has a great interest in deepening strategic relations with other major powers (the US, Japan, Russian, India, Australia, EU...) and ASEAN members. This move is also consistent with its overall policy of multilateralisation and diversification of international relations in order to strengthen its independence and security.

ASEAN direction

In this connection, Vietnam sees ASEAN as having increasing value in providing a platform to advance its interests despite the association's structural weaknesses associated with a consensus principle and divergent interests/positions of other members on critical issues such as the South China Sea dispute. Hanoi understands ASEAN's role in the region and its difficulties. The Resolution adopted at the 11th Party National Congress in 2011 acknowledges that "ASEAN will continue to speed up regional connectivity and build a community with a more important role in the region, however, many difficulties and challenges lie ahead for the bloc."¹² For Hanoi, enhancing Vietnam's role as a member of ASEAN not only consolidates the "sense of belonging to a community," it provides it with a huge market of more than 600 million people, and important sources of foreign investment, but also serves as a useful platform to conduct multilateral and bilateral diplomacy, thus boosting the country's international profile. Through various ASEAN internal mechanisms and its related forums, Vietnam also expects to collectively engage China in multilateral discussions and negotiations to manage and settle the unresolved issues, particularly the maritime issues in the South China Sea, and to deal with ASEAN as a group, not

¹² Resolution of the 11th Party National Congress, <http://en.vietnamplus.vn/Home/Resolution-of-the-11th-Party-National-Congress/2011/15543.vnplus>

with ASEAN individual members. The establishment of the ASEAN Community at the end of 2015 is expected to strengthen the solidarity among its members.

Vietnam's relation with the US

The US is considered as one of the most important partners to Vietnam. The economic reforms during Doi Moi have integrated the country into the global economy and transformed Vietnam into an export-oriented economy. The US has become one of the leading sources of foreign direct investment (FDI) in Vietnam, mainly from high-tech corporations, as well as Vietnam's largest export market. Two-way trade increased dramatically to reach almost US \$45 billion in 2015 from US \$1.5 billion in 2001 when both sides signed a bilateral trade agreement. It is worth noting that the trade surplus Vietnam enjoys in its trading relation with the US almost equally compensates the deficit Vietnam has with China (almost \$30 billion in 2015).¹³ Vietnam and the US are participants of the recently signed Trans-Pacific Partnership (TPP) agreement, which is expected to diversify Vietnam's external economic relations with developed members in the Asia-Pacific, therefore helping Vietnam depend less on China. The TPP is also expected to boost two-way trade and investment from the US, thus deepening not only bilateral and US-led multilateral economic integration but also strategic congruence between Hanoi and Washington.¹⁴ Strategically, both countries seemingly have shared interests in maintaining the current regional order, China's peaceful rise, and ASEAN's central role in the regional security architecture. On the South China Sea issues, Hanoi and Washington also have convergent interests, which include, among others, peaceful settlement of disputes according to international law, particularly the UNCLOS 1982, freedom of navigation and over-flight, and unimpeded lawful commercial activities.

As a result of the gradual improvement of relationships, during President Truong Tan Sang's visit to the US in July 2013, Vietnam and the US announced the establishment

¹³ <https://www.census.gov/foreign-trade/balance/c5520.html> Vietnam's export-led growth model is relatively similar to Chinese model and its main export products facing difficulty in entering Chinese market due to competitiveness. On contrary, Vietnam's economy structure is compliment to those of the US and its main export products (including textiles and garments, seafood, farm and forest products, wooden furniture and footwear) are low-priced, high-quality which are highly demanded in the US market.

¹⁴ American economist Samuel Rines estimated that "by 2025, Vietnam would stand to gain nearly \$96 billion, or 28 percent of its GDP. This is largely due to exports increasing an estimated 37 percent". See Samuel Rines, "Trans-Pacific Partnership: Geopolitics, Not Growth" at <http://nationalinterest.org/commentary/trans-pacific-partnership-geopolitics-not-growth-10157>

of a comprehensive partnership, paving the way for more cooperation, which ranges from political, security, diplomatic and economic, to science, technology, education and environmental fields.¹⁵

While a segment of the CPV worries that the US will never give up its intention of “peaceful evolution,” - promoting democratic changes in Vietnam, and/or support for human-right activists could undermine the CPV leadership, increasingly more and more Vietnamese policymakers and experts believe that closer cooperation with the US will strategically reduce Washington’s pressure on issues of human rights, democracy and religious freedom. In fact, a number of visits to the US in 2014-2015 by Politburo members (Mr. Pham Quang Nghi - Head of Party Committee of Hanoi City, Mr. Tran Dai Quang, Minister of Public Security, Mr. Nguyen Sing Hung – Chairman of National Assembly) and especially the “historical” visit by the CPV’s General Secretary, Mr. Nguyen Phu Trong, in July 2015 indicated the growing consensus among the CPV’s leadership attach to relationship with the US, and, more importantly, the perception that the US acknowledged the CPV’s rule in Vietnam, which helped strengthen the party’s legitimacy, and weakening “hostile force” pursuing “peaceful evolution”.

However, the improvement in the US-Vietnam relationship also has its own limits.

On the other hand, while acknowledging that the US is still the predominant superpower in the world, Vietnam analysts see the future as increasingly uncertain as China is keeping its rise and the balance of power may change in favour of China. Officially, the CPV forecasts that “the multi-polar world is taking shape more clearly.”¹⁶ Therefore, Vietnam is also concerned over the perceived US relative decline and the durability of the US commitments with rebalancing its strategy to the Asia-Pacific, and, not without consequences, the possibility that the US will cooperate with China and compromise on Vietnam’s national interests. As previously mentioned, lessons from recent history seemingly prove to the Vietnamese that even treaty allies can abandon their commitments if their national interests are endangered, as clearly demonstrated in the case of the US in relation with South Vietnam in 1974

¹⁵ Joint Statement by President Barack Obama of the United States of America and President Truong Tan Sang of the Socialist Republic of Vietnam. <http://www.whitehouse.gov/the-press-office/2013/07/25/joint-statement-president-barack-obama-united-states-america-and-preside>

¹⁶ Resolution of the 11th Party National Congress. <http://en.vietnamplus.vn/Home/Resolution-of-the-11th-Party-National-Congress/2011/1/15543.vnplus>

when Beijing used force to attack Saigon's troops in the Paracel islands. Or in the case of Moscow towards Hanoi during the brief war between China and Vietnam in 1979 on land and military confrontation in 1988 in Spratly islands. Moreover, Hanoi views the relationships between the US and China as containing both elements of "cooperation and struggle". While both are strategic competitors, Washington still needs to work with Beijing on issues of convergent interests: from the conflicts in the Korean peninsula and the Middle East to economic cooperation to climate change. Therefore, there is some fear that in certain circumstances, Washington may trade off for Beijing's cooperation on issues of convergent interests in exchange for softening the US position towards issues critical for China, such as the South China Sea issue.

In an opposite scenario, Vietnam also feels in a complicated position if the Sino-US relationship develops into a deepening strategic rivalry. Growing the Sino-US strategic rivalry could create uncertainty; paralyze ASEAN and undermine its credibility; and, more importantly, could negatively affect the relatively peaceful environment, which is the precondition for Vietnam in economic development. At the same time, Vietnam does not want to be forced to "take sides" and tries to avoid the possibility of being dragged into a US-China strategic rivalry, thus jeopardizing its independence and narrowing the room for a strategic manoeuvre.

In this context, the existing model of "cooperation and competition" in the China-US relationship is most compatible with Vietnam's (and ASEAN's) interest. Vietnam can realize its objective of having the US as a balancer and, at the same time, not to antagonize China. Vietnam will develop a relationship with the US (and its allies) to the extent that it will not put Vietnam in a new confrontation with China. Unless China pursues a comprehensive aggressive policy towards Vietnam, Hanoi, within its three nos policy, while continuing to promote cooperation with the US, will definitely not become Washington's ally.

