

CHAPTER 8

Challenges and Opportunities in Vietnam-US relationships: A Vietnam Perspective

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Since the end of Cold War, Vietnam pursued a policy of diversification and multidirectionalization of its foreign policy, characterized by the slogans of “more friends, fewer enemies”¹ and “making friends with all countries in the world community.”² The approach is based on the belief that friendly relations with others will enable Hanoi to concentrate on its strategic goals of economic development and take full advantage of foreign resources such as technology, market, capital and management experience to promote economic reforms. By diversifying and “multi-directionalizing” its foreign relationships, Hanoi seeks to avoid excessive dependence on any single power while providing all major powers a stake and interest in Vietnam’s success.

At the same time, Vietnam practically adopted a policy of “three no-es”: no foreign base in Vietnam’s territory; no military alliance; no go with one country against another country. Vietnam believes the best way to preserve its independence in peacetime and to maximize its strategic maneuver room is not to ally with any country but to create a network of inter-connected relationships with major powers and international institutions.

To provide the policy rationale for cooperation with all countries, in mid-2003, the CPV Central Committee’s eighth plenum provided two 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. Vietnamese leadership was of the conviction that their foreign relations with other countries (especially with China and the United States) contained cooperation in areas where their national interests

¹ The 13th Politburo Resolution, May 1988.

² VCP, 2010. *Van kien dai hoi dai bieu toan quoc thoi ky doi moi (Documents of National Congresses in the Era of Doi Moi)*, Vol. 1. Hanoi: National Political Publishing House. p. 403.

are convergent and struggle in the areas where their national interests are in conflict.

Taking into account all the positive achievements of 30 years of reforms, the 12th VCP Congress in January 2016 reaffirmed “the foreign policy of independence, self-reliance, diversification and multi-directionalization of relations, proactive international integration; maintaining the peaceful and stable environment and creating a favorable international environment conducive to national construction and defense; promoting Vietnam’s position and prestige in the region and in the world.”³

In the context of Vietnam’s multi-directionalized external relations, the US is considered as one of the most important partners to Vietnam.

The economic reforms since reform in 1986 have integrated the country into the global economy and transformed Vietnam into an export-oriented economy. The US became 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 trade relations with the US almost equally compensates the deficit Vietnam has with China (almost \$30 billion in 2015).⁴ Vietnam and the US are participants of the recently signed Trans-Pacific Partnership agreement, which is expected to diversify Vietnam’s external economic relations with developed members in Asia-Pacific, therefore helping Vietnam less dependent on China economically. 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.⁵ Strategically, both countries seemingly have shared interests in maintaining the

³ Toàn văn dự thảo Báo cáo chính trị của Ban Chấp hành Trung ương Đảng khóa XI tại Đại hội đại biểu toàn quốc lần thứ XII của Đảng. (Full text of Draft Political Report of VCP of 11th Central Committee to the 12th Party Congress), <http://m.vietnamnet.vn/vn/chinh-tri/261941/du-thao-bao-cao-chinh-tri-dai-hoi-dang-12.html>

⁴ <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 demandable to US market.

⁵ 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>

current regional order; China's peaceful rise and ASEAN's central role in the regional security architecture. On the South China Sea issue, Hanoi and Washington also have convergent interests, which include among others the 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 gradual improvement of relationships, during President Truong Tan Sang's visit to the US in July 2013, Vietnam and the US have announced the establishment of comprehensive partnership, paving the way for more cooperation which ranges from political, security, diplomatic, and economic to science, technology, education, and environmental fields.⁶

On the South China Sea issue, some Vietnamese analysts believed that although the US conducts its activities in the South China Sea according to its own interests, US involvement has increased levers for Vietnam in relation with China, making China soften its assertive approach and less willing to use force to solve the territorial disputes. In addition, the US' policy has a spill-over effect on the positions of other countries, especially countries that have close relationships with Washington, encouraging these stakeholders (such as Japan, Australia, India, and some European countries) to express concerns about developments in the South China Sea at many multilateral mechanisms (ARF, EAS, ADMM+, ASEM, G7, etc.).

After a long engagement in the Middle East and Afghanistan in the war against terrorism, the US has "pivoted to Asia" to cope with a rising China.⁷ The South China Sea became one of the main focal points of "Asia's rebalancing" strategy adopted by the Obama Administration. In recent years, the US has enhanced military and maritime cooperation with China's competitors in maritime domains, such as Japan and the Philippines. US high-ranking officials also referred to the South China Sea issue more often - with stronger substance over time - in their official speeches, especially within multilateral diplomatic meetings. During 2015-2016, in a move to signal more direct engagement on the ground (sea), the US conducted freedom of navigation operations four times in the South China Sea to challenge "excessive

⁶ 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>

⁷ Hillary Clinton, "America's Pacific Century," *Foreign Policy*, October 11, 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century

maritime claims” of parties by sending navy destroyers within 12 nautical miles of Subi Reef and Fiery Cross in the Spratly Islands, in the vicinity of Triton Island, and within the straight baseline drawn by China around the Paracel Islands.⁸

Concerning mil-to-mil relations, in September 2011, Vietnam and the US signed a memorandum of understanding (MOU) on defense cooperation, which sought to promote cooperation in five prioritized fields: the establishment of regular, high-level dialogues between the US Department of Defense and Vietnam’s Ministry of National Defense; maritime security; search and rescue; peacekeeping operations; and humanitarian assistance and disaster relief.⁹ Amid rising tensions in the South China Sea, two sides conducted noncombat naval exercises in the waters off Vietnam’s coast. For example, on July 15, 2011, after China’s interference with a Vietnam oil-exploration ship in June, the U.S. and Vietnam launched a series of naval exchanges in the water off the coast of Da Nang as a sign of warming ties.¹⁰ According to the assessment of Lieutenant Commander Clay Doss, a US Navy public affairs official, “the quality and depth of the exchanges is increasing each year as our navies get to know each other better.”¹¹ On April 8, 2014, the two navies launched six days of noncombat exercises in the South China Sea with the participation of two U.S. Navy ships and 400 U.S. Navy personnel. The exercises focused on search and rescue, shipboard damage control, and military medicine and classroom training on maritime security.¹² In October 2014, in a move indicating a closer level of bilateral cooperation, Washington announced that it would partially lift its long-standing policy of not selling lethal arms to Vietnam with the main objective of enabling transfers of “maritime security-related defense articles.” According to *The Diplomat*, one of the first items that will likely be on Vietnam’s wish-list is Lockheed’s P3 Orion maritime surveillance aircraft.¹³

⁸ Ankit Panda, “Return of the FONOP: US Navy Destroyer Asserts Freedom of Navigation in Paracel Islands,” *The Diplomat*, Feb 1, 2017, <http://thediplomat.com/2016/01/return-of-the-fonop-us-navy-destroyer-asserts-freedom-of-navigation-in-paracel-islands/>

⁹ Lewis M. Stern, “Adding Strategic Depth to U.S.-Vietnamese Defense Relations,” *Stratfor*, 17 May 2012, <http://www.stratfor.com/other-voices/adding-strategic-depth-us-vietnamese-defense-relations>

¹⁰ “U.S., Vietnam in Exercises Amid Tensions With China,” *The Wall Street Journal*, July 16, 2011, <http://online.wsj.com/news/articles/SB10001424052702304223804576447412748465574>

¹¹ “U.S.-Vietnam Naval Exercises Begin Amid Sea Tensions,” *Bloomberg News*, Apr 8, 2014, <http://www.bloomberg.com/news/2014-04-07/u-s-vietnam-naval-exercises-begin-amid-se-asian-tension.html>

¹² *Ibid*

¹³ Ankit Panda, “United States Lifts Vietnam Arms Embargo (With a Catch),” <http://thediplomat.com/2014/10/united-states-lifts-vietnam-arms-embargo-with-a-catch/>

Vietnam and the US are also expanding cooperation to improve the former's law enforcement capability. During the visit to Vietnam in December 2013, US Secretary of State John Kerry also announced the US decision to provide assistance for maritime security capability to Vietnam with an amount up to \$18 million (within an additional \$32.5 million to help Southeast Asian nations), including five fast patrol-boats to the Vietnam Coast Guard.¹⁴ In April 2014, amid China's rising assertiveness in the South China Sea, the US and Japan jointly declared their intention in collaboration to assist ASEAN's littoral states "in building maritime domain awareness and other capacities for maritime safety and security so that they can better enforce law, combat illicit trafficking and weapons proliferation, and protect marine resources."¹⁵

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

In addition to the concerns about US' commitment and durability in the region due to global overreach, perceived power decline, and real military budget cuts, there are also other aspects of limitations of US' involvement in the South China Sea. The fact that the US has yet joined 1982 UN Convention on the Law of the Sea is reducing its legitimacy to criticize other countries, particularly China, for not respecting the maritime law. The increasing presence and activities of the US' naval forces in the South China Sea, for now, could not prevent China from (but may trigger) further expansion and militarization of its occupied islands. In response to US' freedom of navigation operation around Paracel, for example, China decided to deploy HQ-09 surface-to-air missiles which have a range of 200 km, signaling of long-term plans to strengthen its military reach across the South China Sea.¹⁶ On the other hand, the increasing presence of US naval forces does not have a significant impact on the contest for control of resources in the South China Sea, which is mainly among law enforcement vessels from claimant countries. If China continues with using nonmilitary measures in the sea and applying economic and diplomatic measures to influence ASEAN countries' policies, the US cannot interfere and influence in the settlement of South China Sea issues. Regarding economic involvement, the Obama

¹⁴ "US boosts maritime security aid to Vietnam," AP, <http://news.yahoo.com/us-boosts-maritime-security-aid-vietnam-082842052--politics.html>

¹⁵ "U.S.-Japan Joint Statement: The United States and Japan: Shaping the Future of the Asia-Pacific and Beyond," <http://www.whitehouse.gov/the-press-office/2014/04/25/us-japan-joint-statement-united-states-and-japan-shaping-future-asia-pac>

¹⁶ "Paracels build-up a pointer to China's broader South China Sea ambitions," <http://mobile.reuters.com/article/idUSKCN0VT0YA>

Administration has put more emphasis on the strategic aspect of the Tran-Pacific Partnership (TPP) with the hope to strengthen the US economic engagement with the region – the permanent base for its rebalancing strategy. However, it is possible that due to domestic politics, the US will not be able to ratify the TPP in its current form in the foreseeable future. Failure in the ratification of the TPP may harm the US credibility and strategic interest in the Indo-Pacific and will be even more damaging than failure in the ratification of UNCLOS.

On another aspect, a significant segment of VCP concerns that the US maintains the intention to promote democratic changes in Vietnam and/or support for human rights activists could undermine the VCP leadership. They worry that moving politically closer to the US might endanger regime security through “peaceful evolution.” However, 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 Sinh Hung – Chairman of National Assembly) and especially the “historical” visit by VCP’s General Secretary, Mr. Nguyen Phu Trong, in July 2015 indicated the growing consensus among VCP’s leadership attached to relationship with the US. More importantly, the perception that the US acknowledged the VCP’s rule in Vietnam, which helped strengthen the party’s legitimacy and weakened the “hostile force” pursuing “peaceful evolution.”

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 if China is keeping its steady rise and so the balance of power may change in favor of China. Officially, VCP forecasts that “the multi-polar world is taking shape more clearly.”¹⁷ Therefore, Vietnam is also concerned over perceived US’ relative decline and the durability of the US’ commitments with rebalancing strategy to Asia-Pacific and, not without consequences, the possibility that the US will cooperate with China and compromise on Vietnam’s national interests. Hanoi views the relationships between the US and China as containing both elements of “cooperation” and

¹⁷ Resolution of the 11th Party National Congress. <http://en.vietnamplus.vn/Home/Resolution-of-the-11th-Party-National-Congress/2011/15543.vnplus>

“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 or climate change. As a result, some fear that in certain circumstances, Washington may trade off for Beijing’s cooperation on issues of convergent interests in exchange of softening the US’ position toward issues critical to China such as the South China Sea issue.

In an opposite scenario, Vietnam does not want to be forced to “take a side” and tries to avoid the possibility of being dragged into the US-China strategic rivalry, thus jeopardizing its independence and narrowing the room for strategic maneuver. Within the limits of the “three no’s” policy - no military alliances, no alignment with one country against third parties, no foreign military bases in its territory - Vietnam is also careful not to allow the developments in its relations with the US to provoke China and inadvertently deteriorate bilateral relationship with its biggest neighbor.¹⁸

Trump’s presidency in the US, however, has caused concern among Vietnamese experts on the future of Vietnam-US relations. Vietnamese experts are divided in three major schools of thought. The first group can be called the “optimist,” of which supporters believe that the US’ role in Southeast Asia and particularly in the South China Sea will generally remain the same because of US interests in the region. Therefore, Trump may use different terms for his policies towards the region but the fundamentals of US involvement in this region will be unchanged. There are opinions that the US will focus more on economic and strategic dimensions and focus less on value issues such as human rights and democratization. This also can help develop the relationship between the US and some other Southeast Asian countries (such as Thailand, the Philippines) that suffered significantly in recent years because of US criticism on human rights and democratic issues.

The second is the “cautious optimist,” of which adherents share the view of optimism, but at the same time believe that President Trump, who lacks diplomatic experience and focuses on US internal affairs could stir up regional order and be domestic-oriented. This group is concerned that Sino-US relations in the period of

¹⁸ *Keynote Address Nguyen Tan Dung, Prime Minister, Vietnam, “Building Strategic Trust for Peace, Cooperation and Prosperity in the Asia-Pacific Region,” Shangri-La Dialogue 201, <http://www.iiss.org/en/events/shangri-la%20dialogue/archive/shangri-la-dialogue-2013-c890/opening-remarks-and-keynote-address-2f46/keynote-address-d176>*

Xi Jinping's efforts to rejuvenate China's dream and Donald Trump's commitment to "make America great again" will not be beneficial for Vietnam. If the two major powers are good enough, they may reach an agreement in the South China Sea at Vietnam's expense. On the other hand, if Sino-US relations are tense, Vietnam will be trapped in this situation and that would be a serious challenge for Vietnam's economic development and security.

The last group is the "pessimist," of which believers are of the view that Trump's major foreign policy lines will be against Vietnam's interest. On the economic front, the US' new president decides to withdraw from the TPP and focus on internal development, which may affect Vietnam's exportation and its overall development strategies. On the diplomatic and security front, Trump focuses more on bilateral negotiations and plays down the role of multilateral mechanisms. That leads to some concerns that the US will not invest in ASEAN as an important regional mechanism in the Asia-Pacific. If this is the case, smaller states like Southeast Asian countries may lose their voices when dealing with much larger countries like China.

At this moment, none of these three trends are able to dominate the others. It will very much depend on how President Donald Trump will act in the coming months in office.