



VIETNAM AND THE UNITED STATES: AN EMERGING SECURITY PARTNERSHIP

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Executive summary

- **Vietnam is aware of and concerned by recent machinations in its immediate region, especially the South China Sea. Vietnam fears a loss of national legitimacy if its interests in this region are curtailed by China.**
 - **The foreign policy of Vietnam is characterised by its adherence to the “three noes”: No to foreign bases on its territory, no to military alliances, and no to using a third country to oppose another country. Maintaining independence and national character is vital to the foreign policy of Vietnam.**
 - **In the face of a rising China, relations between the Communist Party of Vietnam (CPV) and the United States have improved. Historically marked by distrust, recent developments signal the strengthening of ties. Vietnam has also diversified its foreign relations, with a focus on Japan, India, and Russia.**
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The land of the “ascending dragon,” Vietnam has made impressive strides in the past decade to cement itself as an emerging leader in South-East Asia. Aware of its somewhat precarious position as a neighbour of China, Vietnam has made conscious efforts to revitalise relationships with the United States and others. The relationship between Vietnam and China was long aided by the common link between the two Communist parties, providing an additional channel for dialogue. Though useful in mediating a peaceful conclusion to Chinese actions, such as the 2014 oil rig stand-off, these party-to-party connections are no longer enough to persuade Vietnam of Chinese benevolence in the region. The Vietnamese leadership is still wary of US intentions and of being dragged into entanglements that might threaten its independence

or undermine CPV rule. Due to Vietnamese suspicion, the security relationship with the United States has remained limited, and is marked by a soft agenda of high-level dialogues, maritime security, search-and-rescue, humanitarian assistance and disaster relief, and peacekeeping. If the United States can prove, over time, that it respects the autonomy of the Vietnamese party-state, strategic ties could be markedly improved. Vietnam advocates for, and benefits from, a robust Association of South-East Asian Nations community, especially given the support ASEAN has given Vietnam in its island and maritime disputes with China. Though Vietnam would prefer that the current security status quo is maintained, it has repositioned its relationships to protect against a protracted conflict with China.

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Introduction

Vietnam's foreign policy is at an important crossroads. Recent actions by China, particularly in the South China Sea, and a sophisticated adjustment in approach by the United States have combined with demographic and other changes within the country to cause a significant outlook shift within the ruling elite.



Image: Rainer Lesniewski

This study examines the dynamics behind this shift. It argues that change is not total and that the Vietnamese leadership will try to avoid making hard choices. It will seek support from a wide range of states but remains wary of over-engaging with the most powerful. Nonetheless, the change is real. However, if this process is to continue, the United States will have to be true to its verbal commitments to respect Vietnam's political system and should not expect an overt security opening-up.

1. The strategic context of Vietnam

Vietnam's foreign policy is not made by the formal structures of government but is formulated within the ruling Communist Party of Vietnam (CPV). The Ministry of Foreign Affairs, the military, state-owned enterprises, private business, the party rank-and-file, and public opinion all form important lobbies, but it is the Party that manages their influence and sets the country's outlook and policy.

The CPV is a cautious, secretive, and sometimes paranoid institution, fearful of domestic subversion at least as much as conventional security challenges. Insight into its domestic debates is difficult, particularly for foreign analysts. However, given the history of relations between the Communist parties in Hanoi and

Beijing, it is reasonable to assume that the CPV believes its brothers in Beijing do not want to see it replaced by a non-communist regime. The Chinese Communist Party is therefore regarded as an ally against domestic and international subversion, attested to by the two communist parties' long-standing co-operation on many

issues. Seen through this lens, the United States and other Western powers have been regarded, historically, as sources of ideological subversion and threats to Party rule.

At the same time, the CPV fears the consequences of China's economic and military rise. They are nationalists who wish to preserve their independence. While most international attention is focused on the South China Sea disputes, the perception in Hanoi is that this is just one incarnation of a perpetual struggle for freedom. In this struggle, China is the adversary and the United States and Western powers are potential supporters. However, the CPV leadership fears being co-opted into an American "anti-China" agenda that would complicate its own multi-dimensional engagement with Beijing.

Guidelines for CPV strategy towards the United States and China were laid down by a meeting of its Central Committee in July 2003 through the concepts *đối tác* (object of cooperation) and *đối tượng* (object of struggle).¹ Diplomacy will usually contain elements of both. Ultimately the CPV leadership wants Beijing to see it as a bulwark against US interference in the region and the United States to see it as a potential partner in its strategic competition with China. Vietnamese foreign policy is, in essence, the simultaneous pursuit of contradictory goals.

Conservative minds within the Party seem to fear that Washington might see the removal of the CPV as a means of creating a strong Vietnamese ally for its wider ambitions in Asia. The Party has taken steps to give America a direct stake in Vietnam's status quo through both commercial investments from the likes of Intel, Nike, and GE, and diplomatic and security engagement while also resisting US pressure to allow greater political pluralism.

Prevailing views of the regional security situation in Asia

The CPV is not monolithic, nor are there fixed "pro-China" or "pro-US" camps. Vietnamese often use the word "*thân*" meaning "close-to" or "more supportive of" instead of "pro-." As the translation implies, there are usually many motivations within these coalitions: institutional, ideological, pecuniary, and personal. Even Vietnamese insiders acknowledge that national decision-making is not transparent.²

Analysts are familiar with the concept of international relations as a "two-level game" of simultaneous negotiations at both the domestic and international levels.³ In Vietnam there is no neat division between these levels. The internal mechanisms of its one-party state bind the domestic and the international in a myriad of ways. For example, flows of international aid and foreign investment can be used to buy patronage in particular provinces, and the legitimising power of nationalist discourses can provide ideological underpinnings for supporting or opposing reform.

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The long-term strategic goals of Vietnam

The priority of the CPV in foreign affairs, as in all areas of politics, is the preservation of its own leading role. Although the Party possesses powerful means of coercion, its legitimacy depends primarily upon consent. That consent is built upon several pillars:

- The distribution of patronage among elites and their networks;
- Ideological legitimacy expressed through commitment to traditional communist principles or nationalist rhetoric; and
- Improvements in the lives of Vietnam's citizens: delivering work for an expanding labour force and raising standards of living for an increasingly urban population.

Ever since the abandonment of Stalinist economic policy in the early 1980s, the challenge of improving living standards has been met by attracting foreign investment, pursuing integration into the global economy, and gradually liberalising economic and social controls.⁴ There are no signs of Vietnam making any significant changes to this basic orientation. Consequently, the primary strategic goals of Vietnamese leadership are the preservation of domestic stability, the promotion of economic growth, and the safeguarding of its own freedom of action in domestic affairs. All three require regional stability and supportive, or at least non-confrontational, relations with neighbours and regional powers.

Despite its creditable performance in managing the economic, social, and political challenges of the past 30 years, the Party fears for the future. It perceives threats to its rule from dissidents within and Western-sponsored subversion — which ideologues term “peaceful evolution,” *diễn biến hòa bình* — from without. Faced with both conventional and unconventional threats, the CPV has concluded that the best way to maintain its independence of action is not to ally with any one big power but to offer economic and political opportunities to as many as possible, including China, Russia, the United States, Japan, India, and the European Union in order to give them an interest in the

preservation of Vietnam's status quo.⁵ Within Vietnam this is sometimes known as the “Vũ Khoan doctrine,” after the former deputy prime minister who pioneered it and oversaw Vietnam's negotiations to join the World Trade Organization.

Since the end of its alliance with the USSR in 1991, Vietnam has publicly advocated a policy of “three noes”:

- No to foreign bases on its territory;
- No to military alliances;
- No to using a third country to oppose another country.

The policy has deep roots and can be traced back to public statements in 1964 and internal party discussions in the 1950s. In the present situation, the first two “noes” appear to have real meaning, but the third seems increasingly rhetorical. Respondents in Hanoi described the CPV's strategic culture with an updated version of a saying ascribed to Hồ Chí Minh: “Nothing is more precious than independence and development.”

Challenges and prospects

Economic challenges

Given that Party rule depends on “performance legitimacy,” its major concern must be the country's rate of economic growth. This is not immediately apparent from the country's export figures, which continue to be strong. In 2014, Vietnam's major export markets were:

- United States: \$28.5 billion (up 19.6 per cent on 2013)
- European Union: \$27.9 billion (up 14.7 per cent)
- Association of South-East Asian Nations (ASEAN): \$19 billion (up 3.1 per cent)⁶

However, these numbers mask troubling weaknesses. The overall growth rate has fallen. On World Bank calculations it stood at 5.4 per cent in 2013, down from 6.4 per cent in 2010–11 and 7.25 per cent in 2001–7.⁷ Although most economists forecast an improvement

over the next few years, growth is likely to be weakened by the effects of China's slowdown.⁸

Writing in 2015, the International Monetary Fund representative in Vietnam observed that "domestic demand remains weak and the economy is running on a single engine of external demand and exports."⁹ Nearly two-thirds of Vietnam's non-oil exports (63 per cent) came from the Foreign Direct Investment (FDI) sector in 2012.¹⁰ So it has been a major concern for Vietnam that FDI growth rates were trending downwards, having peaked at 14 per cent in 2006. Recent news has been more encouraging: an 8.4 per cent rise in the first nine months of 2015¹¹ with employment growth running at about 20 per cent per year. However, it is not certain that FDI growth will keep pace with the expansion of the national workforce — by around a million people each year — and falling employment in the state-owned sector, which is down from 60 per cent of total jobs in 2001 to 15 per cent in 2011.¹² However, the real concern is the domestic private sector, where the rate of job growth has been falling since 2001. In 2011, it rose at a little over 10 per cent per year, down from 28 per cent a decade earlier.

Private sector growth peaked at 9 per cent in 2008, when Vietnam's most recent economic bubble began to burst.¹³ The problems were diagnosed in a 2013 report by Harvard University's Vietnam Program, which pointed to the bureaucracy, patronage, and corruption

that plague Vietnam's legal and political institutions.¹⁴ The dominance of state-owned enterprises in many sectors causes inefficiency and crowds out more productive investment. The easiest way to increase job creation therefore is to encourage ever-greater FDI, and, given that wages in Vietnam are around a third of the level of those of industrialised regions of China and that many investors are wary of instability in Thailand and Malaysia, this may not be too difficult. The growing web of regional free trade agreements, including the ASEAN Economic Community (AEC), Trans-Pacific Partnership (TPP), and Regional Comprehensive Economic Partnership (RCEP) will pose both challenges and opportunities for Vietnamese businesses as tariff and non-tariff barriers to trade are reduced. Reforms in the domestic economy and opening to greater outside economic engagement should encourage further inward investment, job creation and export growth. But, at the same time, these steps will also inflict costs on inefficient enterprises with uncertain economic and political consequences, including possibly undermining the Party's leading position in society.

Security challenges

Vietnam's immediate regional security context appears good. It has been at peace with its neighbours for 25 years or more and settled all its land borders. There remain potential disputes with other countries sharing

Vietnamese Prime Minister Nguyễn Tấn Dũng and US President Barack Obama attended the Trans-Pacific Partnership meeting at the ASEAN Summit in Cambodia, November 2012
Official White House Photo by Pete Souza



the waters of the Mekong River (China, Myanmar, Laos, Thailand, and Cambodia) but they are contained bilaterally or within the framework of the Mekong River Commission. Relations with Cambodia are laced with historical animosity, complicated by the presence of cross-border minorities, and piqued by a niggling maritime boundary dispute in the Gulf of Thailand. In spite of these, however, Cambodia does not pose a serious threat to Vietnam's security. Vietnam has traditionally regarded Laos as its protégé and is irritated by China's growing influence there. To the south and east, Vietnam is nominally in dispute with the Philippines and Malaysia over claims to features in the South China Sea. However these disputes are highly unlikely to become confrontational given the larger disagreements that each country has with China over the same territory.

Much more serious are Vietnam's differences with China. These are currently focused on two sets of islands and reefs in the South China Sea: the Paracels in the north — a bilateral dispute between Vietnam and China — and the Spratlys in the south — disputed in whole or part by Vietnam, China, the Philippines, Brunei, and Malaysia. However, the differences go much deeper. For Vietnamese, the China question is an existential one: how does a middle-sized country preserve its identity and independence when the world's most populous country is next door?

For the time being, the CPV is able to prioritise the pursuit of economic growth largely untroubled by direct threats to its home territory. The immediate threat it faces is offshore: the risk of losing control of island features in the South China Sea and their associated fish stocks, hydrocarbon reserves, and sea lanes. These are economically important, particularly for coastal communities, but not critical to Vietnam's survival: China is unlikely to be able to prevent all fishing or oil extraction. A much greater fear is the loss of national legitimacy that would flow from any territorial losses out at sea. In May 2014, protests against Chinese actions in the sea became a lightning rod for many other social grievances, resulting in attacks on many foreign-owned businesses. A more serious setback, if combined with other complaints, could be catastrophic for the credibility of CPV rule.¹⁵

Vietnam increased its defence spending by 60 per cent between 2010 and 2014, focusing on increasing its maritime capabilities, including submarines, warships, fighters, and missiles and radar systems.¹⁶ Nevertheless, Vietnamese foreign policy analysts are fully aware of their country's weakness relative to China.

Diplomatic challenges

This sense of threat, derived from China's growing assertiveness in the South China Sea and the region more generally, is shared by many of Vietnam's neighbours and also by states beyond its immediate region. This has become both a challenge and an opportunity for the country's foreign policy. Hanoi's strategy has been to give as many states as possible an interest in the continued independence of Vietnam and, by extension, the survival of the CPV. To this end it has made partnership agreements with all five permanent members of the UN Security Council plus others including Japan, India, South Korea, Spain, Germany, Italy, Indonesia, Thailand, Singapore, Australia, and France. The highest level of relationship — "comprehensive strategic partnership" — is only enjoyed by China and Russia. Twelve other countries have a middle-ranking "strategic partnership" with Vietnam and two — Australia and the United States have just a "comprehensive partnership."¹⁷ Since joining in 1995, Vietnam's membership of ASEAN has become the core of its international engagements.

Over the past 20 years, Vietnam has learned to use ASEAN to amplify its voice on regional matters. ASEAN provides a supporting framework — through the ASEAN+3, ASEAN Regional Forum, and East Asia Summit processes — to engage larger powers. However, analysts in Hanoi note two problems with ASEAN. Firstly that the current generation of political leaders in other South-East Asian countries appears less committed to ASEAN than their predecessors and secondly that Vietnam faces competition for influence within ASEAN with China. The "mainland" states (Myanmar, Laos, Cambodia, and Thailand) are generally less concerned about South China Sea issues than the "maritime" states (Vietnam, Philippines, Indonesia,

Singapore, Malaysia, and Brunei). They also benefit proportionately more from Chinese aid and attention.¹⁸

The six original members of ASEAN (Brunei, Malaysia, Philippines, Indonesia, Singapore, and, to a lesser extent, Thailand) have long had concerns about China's actions. One of the reasons why Vietnam's membership of ASEAN was fast-tracked in 1995 was anxiety about China's occupation of Mischief Reef the year before. This also manifested itself in ASEAN's efforts to push China into agreeing to the Declaration on the Conduct of Parties in the South China Sea in 2002. Vietnam was pleased that the Spratly Islands dispute then became an issue for ASEAN as a whole to discuss

with China rather than one for individual countries alone. In 2014, in the wake of China's deployment of the *Haiyang Shiyou* 981 (HS981) oil rig, ASEAN, for the first time, took a position on the Paracel Islands dispute, which involves no ASEAN countries other than

Vietnam. Vietnam has also lobbied for ASEAN-wide agreements with China to mitigate the impact of the industrial super-power on its northern border. The China-ASEAN Free Trade Area and the RCEP processes have both allowed Vietnam to increase its negotiating weight with Beijing on trade issues.

Within ASEAN, Vietnam has traditionally regarded Laos and Cambodia as its hinterland. From the 1930s onwards, the CPV sponsored the parties that evolved into those that currently run both countries (the Lao People's Revolutionary Party and the Cambodian People's Party respectively) and it continues to lavish attention upon both. Increasingly, however, its leading position in its neighbours' politics has been usurped by China. This was displayed at the meeting of ASEAN foreign ministers in Phnom Penh in July 2012 when the Cambodian chair appeared to act as if he were a puppet of Beijing and prevented criticism of China's actions in the South China Sea. In Cambodia, the threat to Vietnam's position is compounded by a strong

current of anti-Vietnamese prejudice that has been mobilised by the political opposition. The Cambodia National Rescue Party has tacitly conflated anti-“Yuôn” feeling with resentment against the support that the CPV provides to the ruling CPP.

There are only two political changes that would *assure* an improved strategic situation for Vietnam's leadership. One would be a commitment by the Chinese leadership to reach a mutually agreeable compromise with Vietnam over the South China Sea. The other would be a commitment by the US government not to undermine CPV rule. The former appears unlikely but there is some movement towards the latter. Short of these two developments, the leadership's main desires are sufficient regional political stability and global economic growth to deliver continuing FDI and job creation. The impending political fight over the TPP is likely to crystallise some latent disputes within the CPV and pit many of its heavyweights against each other.

A major question facing Vietnam is whether China's central leadership understands that its actions in the South China Sea threaten the survival of a key partner in Vietnam and whether that is sufficiently important to the Beijing leadership to make it rein in those of its subordinate agencies keen to advance their own interests at the expense of those of the central state. Recognition in Chinese ruling circles that Beijing's aggressive pursuit of maritime claims is weakening the CPV's domestic legitimacy would greatly improve Vietnam's strategic situation. But assuming no change in China's actions, Vietnam will try to build an informal coalition of support from as many states as possible. It would welcome a greater commitment to ASEAN unity by the other member states and greater attention to the region from outside powers, notably the United States, Russia, India, and Japan. This already seems to be forthcoming.

Prospects

Most recent attention on Vietnam has focused on the disputes in the South China Sea. The CPV sees them partly as an unwelcome distraction from its primary purpose of developing the country and securing its

The impending political fight over the Trans-Pacific Partnership is likely to crystallise some latent disputes within the Communist Party of Vietnam and pit many of its heavyweights against each other.

position; partly as a threat, because of their capacity to stir-up nationalist protest; but partly as an opportunity for leverage with other states concerned by China's ambition. They are also an opportunity for Vietnam to broker US concern about China's rise into reduced pressure on Vietnam to conform to US expectations on human rights. This would contribute to reducing the CPV's fear of US-sponsored "peaceful evolution."

As Marxists, the CPV understands the importance of a sound economic base. Under its management, the economy is delivering both rising standards of living and the funds for increasing military capabilities, but at a slower than optimal rate. New trade agreements may stimulate a renewed spurt in economic growth. The ASEAN Economic Community is due to come into force at the end of 2015, and while its effects may not be fully felt for several years, it will deepen cooperation within South-East Asia. In August 2015, Vietnam signed a free trade agreement with its second largest trading partner, the European Union. This is the most far-reaching free trade agreement yet signed by Vietnam and will further deepen ties with European partners.¹⁹ If successfully concluded, the Trans-Pacific Partnership will give Vietnam low-tariff access to nearly 40 per cent of the world's economy, boosting its GDP by up to 35 per cent over ten years, and linking Vietnam's economy more closely with those of the United States and Japan.

2. Vietnam's relations with China

Vietnam's relations with China are exceedingly complex. The CPV leadership owes its existence to the sanctuary and succour its forebears received from China throughout most of the 20th century, yet China features in the Vietnamese imagination as a perpetual threat. Relations between the two continue to reflect the uncertainty at both leadership and popular levels over whether Beijing is a partner or an antagonist. They are spiced by the cultural role that China plays in the Vietnamese imagination — as the implacable “other” that must be struggled against in order for Vietnam to survive. Brantly Womack famously characterised the two countries' relationship as the “politics of asymmetry” and argued that it survives through the deft use of twin techniques: neutralising disputes and ritualising relations.²⁰

As David Elliott's recent book *Changing Worlds* makes clear, Vietnam's basic foreign policy orientation has been to keep close to — *thân* — China ever since it stopped being close to the USSR in 1991.²¹ The broadening of Vietnam's foreign relations and, in particular, its gradual engagement with the United States have only occurred because, in successive crises, the pro-China position became untenable and reformers within the CPV were able to persuade a majority that failing to change course would threaten the party's ability to rule. As such, a major question facing the CPV in the future is: How will it balance its continuing desire for strong political and economic ties with China while also maintaining independence, resisting hostile moves, and managing growing anti-China feelings among the Party and population?

Historical summary

The entire history of Vietnam's relationship with China is highly politicised and layered in myth. The conventional wisdom in Vietnam is that the two countries have always had separate identities, stretching back to the semi-mythical Hùng kings around 3000 BC, and that Vietnam was occupied and colonised by China until being liberated by the patriot Ngô Quyền in 938 AD. Despite ample evidence of the similarities between their cultures, modern Vietnam more-or-less defines its identity against that of China.

After the 1949 revolution in China, the Communist leaderships on both sides of the border found common cause. Womack described China's aid to Vietnam as “its most important sustained foreign policy commitment from 1952 to 1975.”²² The historian Liam Kelly has reminded us that, in the 1950s, it was common for Vietnamese nationalists to praise China.²³ The Saigon government was trying to discredit the Hanoi authorities by linking them with China. Hanoi responded by defending China's support for Vietnamese nationalism and contrasting it with Saigon's dependence on France and the United States.

The political scientist Kosal Path has argued that the “northern” anti-Chinese narrative only dates to about 1965, when Vietnamese intellectuals in North Vietnam started to write about Vietnam's supposed “history of resistance to Chinese aggression.”²⁴ According to Path, the change was precipitated by concerns in North Vietnam that the extremism unleashed during the Cultural Revolution in China might take hold in Hanoi. To guard against such a possibility it began to encourage a degree of anti-Chinese feeling in the North, although not to the extent that had become normal in the South. Even before the fall of Saigon in April 1975, the Communist Party leaderships in Beijing and Hanoi had begun to fall out. After Beijing opened contacts with the United States in 1972, and it became obvious that Hanoi would win the war, Chinese support for the war waned and they started to oppose Vietnamese unification.²⁵ In response, Hanoi started transferring its allegiance to Moscow. The Vietnamese leadership, full of post-war hubris, provoked Beijing — occupying several of the Spratly Islands, persecuting members of the ethnic-Chinese minority and, in June 1978, joining the Moscow-led Comecon bloc.

In December 1978, in response to repeated attacks from Khmer Rouge-run Cambodia, Vietnam invaded and overthrew its government. The Khmer Rouge was, in effect, a client of China and, in February 1979, China — with political and intelligence support from the United States²⁶ — invaded Vietnam in order to “teach it a lesson.” Chinese troops were mauled but inflicted severe damage in the border area. Throughout the 1980s, Vietnam was engaged in counterinsurgency war in Cambodia and a war of attrition on its border

with China. The effects of the two were disastrous on the state budget and Vietnam’s relations with the rest of South-East Asia. The country only survived with support from Comecon.

It was only after the reorientation of Soviet foreign policy, from Mikhail Gorbachev’s Vladivostok speech in July 1986, through the rapprochement between Moscow and Beijing, and culminating in the collapse of Soviet communism, that Vietnam was forced to adjust its own outlook. This prompted deep splits within the Vietnamese leadership. Some, including foreign minister Nguyễn Cơ Thạch reportedly argued for a turn to the West while others urged a return to China. (Thạch’s son Phạm Bình Minh is Vietnam’s current Foreign Minister.) However, in September 1990, the party old guard, led by general secretary Nguyễn Văn Linh, Prime Minister Đỗ Mười, and his predecessor and party éminence grise Phạm Văn Đồng, flew to Chengdu to reconcile with the Chinese leadership. That led to talks about Cambodia, culminating in the Paris Peace Agreement of October 1991.

The reconciliation continued during the 1990s, as both Vietnam and China pursued regional policies of good neighbourliness. After its 8th Congress, in 1996, the CPV’s leadership under Lê Đức Anh and Lê Khả Phiêu attempted to shore up the “red” position within Vietnam with an ideological turn to China, but this was rebuffed by a Beijing leadership that had no desire to re-fight the Cold War. Instead, in March 1999, the two Party general secretaries, Jiang Zemin and Lê Khả Phiêu, agreed the “16-Character Guidelines” for relations between the two countries: “long-term, stable, future-orientated, and all-round cooperative relations.” Over the same period, bilateral trade exploded — from just \$30 million in 1991 to around \$2.5 billion in 2001. The two sides signed an agreement on their land border in 1999, formally concluding the business of the 1979 war, and on their maritime boundary in the Gulf of Tonkin in 2000. From then on public declarations of good relations have become progressively more effusive, culminating with their 2009 declaration of a “comprehensive strategic partnership” — the highest level to which Vietnam elevates its diplomatic relations.²⁷

Contemporary relations

Economic relations

China is Vietnam’s largest trading partner, with the relationship strongly in China’s favour. Over the period 2001–14, Vietnam’s trade deficit with China rose from \$200 million to at least \$28 billion.²⁸

Table 1: Vietnam’s trade with China

Year	Imports	Exports	Balance
2014	\$43.9	\$15.0	-\$28.9 ^V
	\$63.8	\$20.0	-\$43.8 ^{C, 29}
2013	\$37.0	\$13.3	-\$23.7 ³⁰
2012	\$28.8	\$12.3	-\$16.5 ³¹
2011			-\$13.5 ³²
2010			-\$12.5 ³³

Note: figures in \$US billions; V = Vietnam figures; C = China figures
 Source: Vietnam Customs and Vietnamese media

There are two main components to the Chinese trade surplus: simple exports by Chinese manufacturers — often based in south-western provinces — to Vietnamese consumers, and intra-firm transfers of raw materials and components by multi-national companies with operations in both countries intended for assembly in Vietnam and then onward export. In the latter case the deficit is offset by Vietnam’s trade surpluses with the United States, European Union, and ASEAN. The former is an object of national concern.

Vietnam has tried several tactics to offset the deficit. The initial effort was to promote exports through economic integration within ASEAN, developing trade ties with the United States and European Union, and joining the World Trade Organization in 2007. Although each was relatively successful, none tackled the core problem. As a result, particularly after WTO entry, Vietnam decided to encourage Chinese inward investment in the hope that manufacturers would make products in Vietnam rather than in China. The policy has also had some success. In 2011, total Chinese FDI in Vietnam surpassed \$3 billion for the first time. This is significant in bilateral terms, although just a tenth of cumulative investment from the European Union and an even smaller fraction of total United States FDI.³⁴

The problem for the CPV is that even this modest investment has provoked concern about Chinese companies out-competing local firms, importing large numbers of Chinese workers, and threatening national sovereignty — particularly in “sensitive” regions such as the Central Highlands. Unsurprisingly, there is considerable confusion among different state agencies about how many Chinese workers are in the country and what status they have.³⁵ There are also anxieties about the quality of work carried out by Chinese firms, often gleefully highlighted by the Vietnamese media — such as a series of safety incidents during the construction of Hanoi’s new light-rail transit system, which transport minister Đinh La Thăng dubbed “the worst” project in Vietnam.³⁶

However, Chinese investment in Vietnam has created a lobby within China for stability in bilateral relations. This was apparently observed during the 2014 oil rig standoff when some Chinese textile interests were reported to have lobbied in favour of a quiet resolution of the dispute to avoid disruption or damage to their business interests.³⁷

China provides concessional loans and buyer’s credits to Vietnam, but the amounts and terms are kept secret.³⁸ It can be reasonably assumed that the sums are substantial. A 2013 study by Lê Hồng Hiệp found that Chinese engineering companies, by the end of 2009, were involved in projects worth US\$15.4 billion, making

Vietnam their largest engineering, procurement, and construction market in South-East Asia.

Military-to-military cooperation

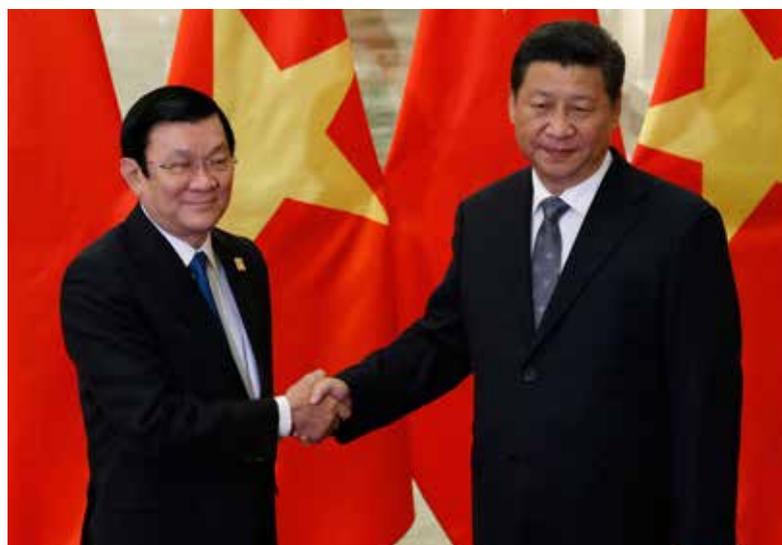
Friendly military ties between the two countries took some time to establish and have progressed slowly. There was a ten-year gap between the normalisation of Sino–Vietnamese relations in 1991 and the first naval visit between the two countries. It was not until November 2001 that the *Yulin* (a Jiangwei-II guided missile frigate) docked in Nha Rong Port in Hồ Chí Minh City. It was a further seven years before the second visit, in November 2008.

An agreement in October 2005 created the basis for joint naval patrols of the Tonkin Gulf. The first took place in April 2006 and they have been repeated every six months or so ever since. At the end of one of these patrols, in June 2009, two Vietnamese ships made the Vietnam People’s Navy first-ever visit to a Chinese port — at the headquarters of the Chinese South Sea Fleet in Zhanjiang. The patrols resumed after the 2014 oil rig confrontation with one patrol taking place in December 2014 and another in June 2015.

From its beginning in 2006, the China–Vietnam Steering Committee for Bilateral Relations included military officials.³⁹ Military participants were initially from the CPV’s structures in the military’s General Political Department. However, in November 2010, Vietnam and China held their first Strategic Defence and Security Dialogue, and have since held the meeting in 2011, 2012, 2013, and 2015. This dialogue involves senior military officials from both sides. At the 2013 meeting in Beijing, the two sides announced the creation of a hotline directly connecting the two defence ministries. The dialogue was not held in 2014, but was resumed in August 2015. In that meeting, the two sides met in Hanoi with deputy defence minister Senior Lieutenant General Nguyễn Chí Vịnh heading the Vietnamese delegation and deputy chief of the general staff of the PLA Sun Jianguo leading the Chinese delegation.⁴⁰ Notably, Vietnam has matched its formal dialogues with China and the US — creating “defence dialogues” with both in 2004–05 and then “strategic dialogues” with both in 2010.

Vietnamese President Trương Tấn Sang met with Chinese President Xi Jinping in November 2014

Photo: Ministry of Foreign Affairs, the People’s Republic of China



Vietnam has also engaged China's military through ASEAN structures. In July 2006, China invited representatives of defence ministries from ASEAN states for a workshop in Beijing on regional security. In 2010, ASEAN invited China, along with Australia, India, Japan, New Zealand, Russia, South Korea, and the United States, to join the Defence Ministers Meeting Plus (ADMM-Plus) group. The grouping's mandate lies firmly at the softer end of the security spectrum: maritime security, counterterrorism, humanitarian assistance and disaster management, peacekeeping operations, and military medicine.

In December 2012 a video of a talk by a senior party commissar in the military was uploaded onto YouTube, allowing a unique view into official thinking about Sino-Vietnamese relations. The speaker was Colonel Trần Đăng Thanh, an instructor on the South China Sea issue at the Political Academy of the Vietnamese ministry of defence, and the occasion was a talk to Communist Party members who were senior administrators at universities in Hanoi. He outlined a straightforward case for not antagonising China — there are 1.3 billion of “them” he noted and only 90 million of “us.”

“While we must never forget that they've invaded us over and over”, he went on, “we must not seem ungrateful” for China's great sacrifices for Vietnam in more recent times. He blamed China's recent actions on the legacy of Deng Xiaoping's “burning desire” for mastery of the South China Sea, on China's need for maritime defence and on the lure of oil and gas. Vietnam's task now, he said, was to preserve the country's independence but also preserve peace and stability. The only way to do that, he argued, was to avoid confrontation and preserve feelings of solidarity between the people of Vietnam and China.⁴¹

Case studies

Since the renewal of contact in 1990, Chinese-Vietnamese relations have survived a number of crises. In each episode, the two leaderships have successfully deployed the strategies described by Womack: neutralising disputes and ritualising relations. However, the increased access to independent information that

has accompanied Vietnam's economic and social liberalisation has made crisis management much more difficult. This is apparent from a review of some of the more vexed issues.

Land border and maritime boundary delimitation

Following normalisation in 1991, the two countries agreed to settle their land border by the end of the decade. Their officials met the deadline with a day to spare: the treaty was signed on 30 December 1999. The negotiating period was marked by many incidents that could have destroyed the process. In 1992, China promulgated a new Maritime Territorial Law formalising its claim to the Paracel and Spratly Islands, in 1994 it facilitated oil surveys in an area off south-eastern Vietnam, and in 1997 it authorised oil drilling in a disputed area south of the Gulf of Tonkin. Towards the end of the decade there were also tensions on the land border.⁴² It is a sign of how determined the Vietnamese side was to reach a settlement that the disputes were “neutralised” by containing them within specific channels of dialogue. This was an era in which governments were able to control information more easily and negotiations continued without disruption from popular protests.

The final settlement was presented as fair, with Vietnam awarded 113 square kilometres of the disputed territory and China 114 square kilometres.⁴³ However, no maps were published and it seems that the “disputed territory” was ground that China had occupied after the 1979 border war. The net result was that China gained territory compared to the pre-1979 situation. The Vietnamese leadership clearly considered this a price worth paying for the overall settlement of the issue — it was an example of ritualised deference towards Beijing that carried little cost for Hanoi. The actual process of demarcating the 1300 kilometre-long border took much longer, with the final marker set in place in 2008.

Negotiations on a treaty for the maritime boundary in the Gulf of Tonkin increased in momentum with the conclusion of the land border discussions. They required political and legal ingenuity to complete. The

main difficulty was the status of the tiny island of Bach Long Vi. In the end, China conceded that it was inhabited and, in this sector, the boundary line was adjusted in Vietnam's favour, but not by much: about 25 per cent of the distance between it and China's Hainan Island.⁴⁴ Vietnam received 53 per cent of the waters of the Gulf and China 47 per cent. However, Vietnam chose to mark its baseline along its coast, rather than from the islands along the coast. In the southern section, the demarcation line ran closer to the Vietnamese coast than it needed to. The two measures granted a larger share of the Gulf to China than Vietnam might have had to do if the case had gone to international arbitration. Both sides were able to present the result as fair, but the detail suggests that this was another example of Vietnamese deference to China, though in a relatively minor way, in the interest of reaching an agreement.⁴⁵ At the same time, arrangements were agreed to divide up the fishing areas — with transitional arrangements lasting 15 years allowing boats from both countries to work in an overlapping zone. Two separate but related agreements were signed on 25 December 2000: the Agreement on the Demarcation of Waters, Exclusive Economic Zones, and Continental Shelves and the Agreement on Fishery Cooperation.

In retrospect it seems the two sides reached the 2000 agreements in order to meet a deadline set by the political leaderships; some difficult issues were left for further negotiation. It was not until April 2004 that they could agree a supplementary protocol to settle the issues. The solution defined three special areas of the Gulf with different arrangements: a common fishery zone, transitional arrangement zone, and a buffer zone for small boats.

These arrangements continued despite the shooting deaths of eight Vietnamese fishermen in the Tonkin Gulf in January 2005.⁴⁶ The leaderships' response to that incident was not confrontation but neutralisation through closer cooperation. An October 2005 agreement created the basis for joint naval patrols in the Gulf. That was followed the following month by an agreement between the Vietnam Petroleum Corporation (PetroVietnam) and the China National Offshore Oil Corporation (CNOOC) to conduct joint exploration for oil and gas in the Gulf of Tonkin. The

two countries' navies carried out their first joint naval patrol of the waters in April 2006 and have repeated the exercise about every six months since. Despite all the other difficulties in the relationship, the Gulf has remained stable: reported incidents of clashes between fishing crews, which were once common, have disappeared — although news of such incidents may be suppressed for diplomatic reasons. Controversy may reappear in the Gulf after 2019, however, once the transition arrangements ultimately expire and fishing livelihoods are impacted.

2014 oil rig confrontation

At the beginning of May 2014, a highly organised flotilla of vessels from China's oil industry, coastguard, navy, fishing industry, and other authorities escorted the country's first deep-water oil rig (HS981) into an area of sea near the Paracel Islands claimed by both China and Vietnam. This prompted an immediate response from the Vietnamese coastguard, which attempted to block the rig's progress. Vietnam publicised what was going on, prompting street protests against the Chinese embassy in Hanoi and consulate in Hồ Chí Minh City.

These protests were the spark for riots on a few industrial parks that seemed to be "anti-China" to outsiders but were more likely stimulated by workplace grievances. Most of the targeted factories were owned by South Korean or other non-Chinese companies.⁴⁷ Some reports suggested this violence was partially organised by criminal gangs. The authorities deployed security forces in large numbers to prevent the crowds marching on Hồ Chí Minh City — there were reports of armoured units being deployed on bridges leading into the city. The protests also triggered violence against Chinese and Taiwanese workers constructing the Formosa Steel Complex in Hà Tĩnh in central Vietnam. At least three foreign workers were killed there.

This was all taking place during a meeting of the CPV Central Committee in Hanoi, which lasted from 8 to 14 May. The meeting resolved to do nothing more than closely monitor the maritime situation and search for its peaceful resolution. However the standoff continued, with Vietnam facilitating international media coverage of its coastguard's resistance actions and mobilising

diplomatic support. On 10 May it persuaded ASEAN to issue a formal statement, “urging all parties... to exercise self-restraint.” This was the first time that ASEAN had ever taken a position on the Paracel Islands — a purely bilateral dispute between Vietnam and China.

Reports suggest that Hanoi made many attempts to open communication with Beijing but failed. Instead it seems to have turned to the United States. On 20 May it announced it would join the US-sponsored Proliferation Security Initiative, which it had previously joined China in opposing.⁴⁸ This had been a longstanding US request, so the timing suggested Vietnam’s acceptance was a deliberate opening to Washington. At the same time, however, Vietnam turned down an invitation for foreign minister Phạm Bình Minh to visit Washington. This, it appears, would have been a step too far, appearing to involve the United States in the dispute with China. At the Shangri-La Dialogue at the end of May, Phùng Quang Thanh, minister of national defence and second-highest ranking member of the Politburo, tried to play down the significance of the crisis, describing China as, “the friendly neighbouring country” and calling for the peaceful resolution of the standoff.

On 18 June, China’s State Councilor Yang Jiechi visited Hanoi under the rubric of the long-scheduled annual meeting of the Joint Steering Committee for Bilateral Cooperation. His public comments chastised Vietnam for its behaviour during the standoff, but it is believed that discussions behind closed doors with Minh and CPV general secretary Nguyễn Phú Trọng marked the beginning of the two sides’ de-escalation.⁴⁹

In early July, the CPV Politburo is reported to have voted overwhelmingly to hold a meeting of the Central Committee to endorse international legal action against China.⁵⁰ It’s not clear whether this would have meant joining the Philippines’ ongoing suit at the Permanent Court of Arbitration or taking action independently. A petition circulated among some prominent intellectuals calling for Vietnam to “escape China’s orbit.”⁵¹ On 15 July, however, China brought the crisis to a swift end by announcing the withdrawal of the oil rig a month earlier than planned. An excuse had been provided by the imminent arrival of Super Typhoon Rammasun.

In late July, Politburo member Phạm Quang Nghị made an intriguing visit to the United States at the invitation of the State Department.⁵² The trip was unusual for two reasons. Nghị is not a foreign affairs expert; he is the Party leader for the city of Hanoi. He is, however, an ally of the CPV general secretary Nguyễn Phú Trọng, regarded as politically close to China. Secondly, it is unusual for Vietnam to send a senior official on a visit to the United States without prefacing it with one to China. Nghị’s Washington trip took place without any deference to Beijing. The Hanoi leadership appeared to be using the visit as a warning signal to Beijing that it had the option to pursue closer relations with Washington if it so chose. This was reinforced by an invitation to General Martin Dempsey. On 14 August he became the first chairman of the US Joint Chiefs of Staff ever to visit Hanoi.

However, by not sending its foreign minister to Washington and deciding against taking legal action against China, it appears that the Vietnamese leadership chose to deliberately de-escalate — “contain” — the situation. Beijing appears to have recognised the message and reconsidered the consequences of the confrontation it had initiated. On 27 August it received a special envoy of the CPV general secretary. The envoy was Lê Hồng Anh, the former minister of public security, now standing secretary of the Secretariat of the CPV Central Committee and a Politburo member. He has a longstanding reputation as a conservative with pro-China views who oversaw security crackdowns while a minister. It was a return to ritualised communication.

This signalled an end to the crisis, which was confirmed two months later when Vietnam dispatched its most significant military delegation ever to visit Beijing, on 16–18 October. It proposed that “both militaries should remain calm, patient, show restraint, and strictly

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control activities at sea to avoid misunderstandings.” On 16 October, the Chinese and Vietnamese prime ministers met on the sidelines of the Asia–Europe Summit Meeting in Milan. At the end of the month — 27 October — Hanoi hosted the seventh meeting of the two countries’ Steering Committee for Bilateral Cooperation with state councillor Yang Jiechi and foreign minister Phạm Bình Minh resuming their discussions.⁵³ Relations appeared to have returned to normal, at least in public.

It was significant that, immediately after the state-to-state meetings in October 2014, the two communist parties held their tenth “theory seminar” in the Vietnamese highland resort town of Dalat, to share “experiences in building a socialist country under rule of law.”⁵⁴ Politburo members responsible for ideology and propaganda led each side’s delegation: Liu Qibao on the Chinese side and Đinh Thế Huynh on the Vietnamese. This suggests that a significant motivation for the seminar was to find ways to “manage” public opinion over the South China Sea disputes.

Within the CPV, however, divisions had reached near-breaking point. The credibility of the “Chinese” position had been annihilated, dissent had emerged into the public domain, and a fundamental reassessment of Vietnam’s strategic direction had begun. And it was all Beijing’s fault.

Challenges and prospects

Challenges

Vietnam and China capitalise on their shared communist political culture with a dense network of relationships: party-to-party, state-to-state, and people-to-people. Hiệp calculated that officials from the two countries held at least 290 meetings in 2009.⁵⁵ By dividing issues into particular areas of responsibility, the two leaderships have created a method of crisis management. Difficult subjects can be quarantined — “neutralised” in Womack’s terminology — in particular venues without necessarily disrupting the overall relationship. State-to-state relations have become more important in recent years, notably the Joint Steering Committee on Bilateral Cooperation, which

was used to de-escalate the oil rig standoff, along with military-to-military talks.

Different types of contact are used for different purposes. The communist parties set the overall agenda with occasional setpiece meetings between general secretaries. They also routinely exchange ideas on ideology, “public opinion management,” and social issues — as they did after the HS981 episode described above.

People-to-people exchanges generally only happen when diplomatic controversies have faded from memory. They provide a useful barometer of the overall state of relations: they take place when the leaderships can be confident they will be well received by the public at large. Few have taken place recently. The 2014 Pew Global Attitudes Survey suggested that just 16 per cent of Vietnamese had a favourable image of China, with 78 per cent having an unfavourable one. Just 21 per cent thought China’s growing economy was good for Vietnam with 71 per cent seeing it as bad. According to the survey, 69 per cent thought China would never replace the United States as the world’s leading superpower.

Vietnam might wish to reduce its trade deficit with China but so long as international manufacturers continue to make components in China and assemble them into products in Vietnam, that will be difficult. Unless wage rates diverge rapidly, Vietnamese industries are unlikely to be able to compete effectively with Chinese rivals based just over the border enjoying much larger economies of scale. Entry to the Trans-Pacific Partnership might offer an alternative future.

For the past forty years, China has acted in the South China Sea on the basis that it is the rightful owner of the waters and all the features in it. That said, it has not used force to evict any of the other claimants from features they occupy since 1974. It is likely, however, that China will seek to occupy “unoccupied” space in the Sea. One particular point of contention might be the Vanguard Bank: an area of shallow sea with considerable hydrocarbon potential off Vietnam’s south-western coast that both countries have already leased to rival oil companies. If China were to install an oil rig or quasi-military structure on the Vanguard Bank,

Vietnam would probably be compelled to take dramatic action. Given the relative weight of forces between the two countries, this is highly unlikely to take the form of military confrontation. The object would be to oblige China to retreat without rupturing relations. Like the 2014 oil rig confrontation, this would probably require a combination of actions: coastguard-based confrontation at sea, diplomatic coalition-building and another step towards closer military relations with the United States.

Prospects

In general, Vietnamese–Chinese relations have progressed extraordinarily well since normalisation. A great many issues that could have prompted disputes — such as land border demarcation, Gulf of Tonkin boundary, the trade deficit — have been neutralised and ritualised. At the same time, one dispute — over the territorial and maritime boundary claims in the South China Sea — has come to overshadow all these areas of successful coexistence.

It is worth noting, however, that even during the oil rig standoff, their most heated confrontation since normalisation, the two leaderships limited the degree of escalation and made sure that some areas of the relationship, particularly trade, remained unaffected — although tourism suffered. The two sides opened and concluded their conflict resolution discussions through the state-to-state bilateral Joint Steering Committee. In between there were substantive party-to-party and military-to-military talks. Then, after the second meeting of the Steering Committee the two parties had high-level talks on how to reconcile public opinion with the new reality.⁵⁶ Towards the end of 2015, relations between the two countries were calm and the leaderships seem to be successfully managing public opinion about the other through control of the media and the streets. Trade continues to boom and tourist arrivals, suspended during the 2014 crisis, are back up.

Table 2: Selected China-Vietnam military-to-military meetings since the end of the 2014 oil rig crisis

Date	Title	Attendees	Notes	Source
24 June 2015		Lieutenant General Nguyễn Trọng Nghĩa, Deputy Director of the General Political Department (VPA) and Major General Xue Baoguo, political commissar of the Xian Political Academy (PLA)	The two sides' defence cooperation, tightened through the success of the recent second Vietnam–China Border Defence Friendship Exchange Program, is a pillar of the two countries' comprehensive cooperation at the moment. In addition, it is hoped that the Chinese academy would continue closely collaborating with VPA's functional agencies in training missions, information sharing, and experience exchange as well as teaching methods on social sciences and humanities.	http://en.qdnd.vn/defence-cooperation/chinese-defence-delegation-visits-vietnam/365812.html
12 June 2015	Chinese and Vietnamese navies complete 18th joint patrol of Tonkin Gulf	Two Chinese and two Vietnamese vessels	Vessels shared information on hydrology, meteorology, sea and air situation in the sea area. They also carried out light signal, joint search and rescue and other patrol exercises.	http://english.chinamil.com.cn/news-channels/china-military-news/2015-06/12/content_6538282.htm
29 May 2015	Bilateral meeting at the Shangri-La Dialogue in Singapore	Deputy chief of general staff of the Chinese People's Liberation Army (PLA) Admiral Sun Jianguo met Vietnamese deputy defence minister Nguyễn Chí Vịnh	Sun Jianguo hoped the Vietnamese side should have a clear understanding about the motives of countries outside the region trying to meddle in the South China Sea issue. And he believed that through concerted efforts, the two neighbours could properly address the South China Sea dispute. Vietnam is willing to exchange views with China on the South China Sea issue in a comradely way and resolve divergence through peaceful negotiation, so as to jointly maintain regional peace and stability, Nguyễn Chí Vịnh stressed.	http://english.chinamil.com.cn/news-channels/china-military-news/2015-05/30/content_6514574.htm
18 May 2015	Second high-level border meeting (2nd phase)	State councillor and defence minister Chang Wanquan and Vietnamese defence minister Phùng Quang Thanh	Second phase meeting in Mengzi, Yunnan province. The two ministers also witnessed joint patrols on both sides of the border.	http://english.chinamil.com.cn/news-channels/2015-05/18/content_6494934.htm
15 May 2015	Second high-level border meeting (1st phase)	Chinese state councillor and defence minister Chang Wanquan and Vietnamese defence minister Phùng Quang Thanh	First phase meeting in Lào Cai, Vietnam. Chang said the two sides agreed specific measures to promote relations between militaries and strengthen border cooperation. The meetings were the first between defence ministers of the two countries — talks last year at the deputy defense minister level. The two sides also had a frank and in-depth exchange of views on the South China Sea issue and other issues of common concern.	http://english.chinamil.com.cn/news-channels/china-military-news/2015-05/15/content_6493585.htm http://english.chinamil.com.cn/news-channels/2015-05/18/content_6494934.htm
15 May 2015	Symposium	Phùng Quang Thanh and Chang Wanquan plus Qi Jianguo, deputy chief of general staff of the PLA, Hong Xiaoyong, China's ambassador to Vietnam, Nguyễn Chí Vịnh, Vietnam's deputy defence minister, and Nguyen Van Tho, Vietnam's ambassador to China		http://english.chinamil.com.cn/news-channels/china-military-news/2015-05/15/content_6493585.htm
16–17 April 2015	Bilateral meeting in Hanoi	General Phùng Quang Thanh, Vietnamese defence minister, with Chinese minister of public security Guo Shengkun	At the end of the talks, Phùng Quang Thanh and Guo Shengkun inked an agreement on establishing border cooperation mechanisms at three levels between Vietnam and China.	http://en.qdnd.vn/defence-cooperation/vietnam-china-boost-border-cooperation/355743.html

17–24 March 2015	Vietnamese young army officer delegation in China for exchange activities with young officers of the PLA		This is an annual activity held by the two armies. The Vietnamese delegation will visit the Foreign Affairs Office of China's Ministry of National Defence, Armoured Division 6, Air Force Division 28, hold a football match with the PLA's Foreign Language Academy, and join sightseeing tours.	http://en.qdnd.vn/defence-cooperation/vietnamese-young-officers-visit-china/350839.html
9–15 March 2015	Vietnamese Border Guard officers visit China	Vietnamese Border Guard commander, Lieutenant General Vo Trong Viet	The Vietnamese delegates visited troops and facilities of China's Hekou Border Guard Company.	http://en.qdnd.vn/defence-cooperation/vietnamese-border-guard-officers-visit-china/349790.html
30–31 December 2014	Annual meeting of the joint patrol mission of the Chinese and Vietnamese navies in the Beibu Gulf		According to the meeting minutes, the Chinese and Vietnamese navies will continue their joint patrol in the Beibu Gulf in 2015 to safeguard its security and stability. Since the establishment of the mechanism of joint patrol between China and Vietnam navies in 2005, the two sides have carried out joint patrols in the Beibu Gulf 17 times.	http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/31/content_6291463.htm
30 December 2014		Lieutenant General Võ Văn Tuấn, deputy chief of the general staff of the Vietnam People's Army, and chairman of the Peacekeeping Office of the Ministry of National Defence of China, Major-General Li Tian Tian	Leaders of the Vietnamese Ministry of National Defence and General Staff had always supported further cooperation between the Vietnam Peacekeeping Centre and the Chinese Peacekeeping Office.	http://en.qdnd.vn/defence-cooperation/vietnam-china-promote-cooperation-on-peacekeeping/339319.html
26 December 2014	Bilateral meeting in Beijing	Qi Jianguo, deputy chief of general staff of the Chinese People's Liberation Army (PLA), met Nguyễn Quốc Khánh, the visiting deputy chief of general staff of the Vietnamese People's Army	Beijing Qi Jianguo said Sino–Vietnamese relations have undergone trials and hardships, and friendly cooperation is the mainstream. To maintain and develop good Sino–Vietnamese relations is the practical need of the two countries in achieving their respective development goals. The two militaries of China and Vietnam should strengthen communication, enhance mutual trust, and control crises, so as to make contributions to the healthy and stable development of China–Vietnam bilateral relations and military ties.	http://english.chinamil.com.cn/news-channels/china-military-news/2014-12/29/content_6288372.htm
4–5 December 2014	Vietnam hosted a delegation of PLA junior officers		The Chinese officers visited the military-run Trần Quốc Tuấn University. Later received by Lieutenant General Nguyễn Trọng Nghĩa, deputy director of the Vietnam People's Army General Political Department.	http://thediplomat.com/2015/01/china-and-vietnam-eschew-megaphone-diplomacy/
20 October 2014	Bilateral in Beijing	Chang Wanquan, Chinese defense minister with Phùng Quang Thanh, Vietnamese counterpart	Phùng Quang Thanh leads a large high-ranking military delegation to visit China, this reflects the positive political wish of the Communist Party of Vietnam and the Vietnamese military to push forward improvement and development of the China–Vietnam relations.	http://english.chinamil.com.cn/special-reports/2007zgidgjt/2014-10/20/content_6211967.htm
17 October 2014	China, Vietnam agree to curb maritime dispute	Chinese defence minister Chang Wanquan and his Vietnamese counterpart Phùng Quang Thanh plus Yi Xiaoguang, deputy chief of general staff of the PLA, Yin Fanglong, deputy director of the General Political Department of the PLA, Xu Fenlin, commander of the PLA Guangzhou Military Area Command, Du Jingchen, deputy commander of the PLA Navy, and Zhang Jianping, deputy commander PLA Air Force	China and Vietnam reached consensus on issues for developing bilateral military relations on Friday, pledging to properly handle their maritime disputes.	http://english.chinamil.com.cn/news-channels/china-military-news/2014-10/17/content_6185136.htm

3. Vietnam's relations with the United States

Given their shared history, it is unsurprising that the CPV remains suspicious of the United States. It is only due to worrisome moves by China that the CPV has sought closer political and military relations with the United States. In 2015, the United States made an opening to the CPV that appears to have led to a significant change. It finally found a way to try to compete with China's use of party-to-party communications channels.

Historical summary

After the Second World War, Vietnamese society split over a range of social issues and, in 1954, the country was divided in two. The communists regarded this division as an illegitimate colonial imposition and

sought to reverse it through political and then military struggle. In the context of the Cold War and its fear of Beijing and Moscow-backed communism, the United States gave its support to the southern, capitalist, and conservative half of Vietnam. The resulting war destroyed millions

of lives and devastated the country. Despite this, US efforts to sustain the Saigon-based government were ultimately fruitless and US combat troops were withdrawn in 1973. The southern regime fell in April 1975.

Bitterness lingered on both sides, but more so in the United States. When Hanoi attempted to improve relations after the war, Washington rejected the overtures. Its strategic concerns about the spread of communism in Indochina, particularly after Vietnam's invasion of Cambodia in 1978, combined with domestic hostility to Hanoi, led by veterans and exiled Vietnamese-Americans, delayed normalisation until 20 years after the end of the war.

Throughout this period the CPV divided the world into two camps: one socialist and the other imperialist. The

United States represented an implacable enemy. The CPV was forced to revise this view with the collapse of the USSR. David Elliott has concluded that the changes in Vietnam's "collective ideas" on politics and international orientation were not caused simply by this single external shock but by "a shock following an extended crisis which had weakened resistance to change."⁵⁷ The Stalinist elements in the CPV had run out of ideas and their leader, general secretary Lê Duẩn, had died. It was time for an alternative.

Relations with Washington improved after Vietnam withdrew its troops from Cambodia in September 1989, agreed the Paris Peace accords in 1991, and offered cooperation in the search for American servicemen missing in action during the Vietnam War. Diplomatic ties between the two were hurriedly restored in July 1995, two weeks before Vietnam joined ASEAN. Vietnam was granted Permanent Normal Trading Relations status by the United States in 2006, but it is still subject to some sanctions, notably under the International Traffic in Arms Regulations (ITAR), which prevent the sale of lethal military items and defence services.

In July 2013, the two governments declared a "comprehensive partnership" covering political and diplomatic cooperation, trade and economic ties, science and technology cooperation, education cooperation, environment and health, war legacy issues, defence and security, promotion and protection of human rights and culture, tourism, and sports. Although this was significant, a comprehensive partnership is, however, the lowest level of partnership that Vietnam offers. Nonetheless, the agreement contained a key phrase opening the door to direct cooperation between the US government and the CPV. This has proved to be a key opening in the two countries' relationship.

Contemporary relations

Economic relations

Vietnam enjoys a huge trade surplus with the United States, a major contribution to offsetting its deficit with China. Indeed one might regard the US trade deficit

In 2015, the United States made an opening to the Communist Party of Vietnam that appears to have led to a significant change. It finally found a way to try to compete with China's use of party-to-party communications channels.

with Vietnam as simply a re-routed extension to its deficit with China.

Table 3: Vietnam’s trade with the US

Year	Imports	Exports	Balance
2014	\$5.7	\$30.6	\$24.9*
2013	\$5.2	\$23.9	\$18.7
2012	\$4.8	\$19.7	\$14.9
2011	\$4.5	\$16.9	\$12.4
2010	\$3.8	\$14.2	\$10.4

Note: figures in \$US billions; * = US figures
 Source: Vietnam Customs⁵⁸ and US Census Bureau⁵⁹

Trading relations between the United States and Vietnam resumed in 1994, a year before the formal opening of diplomatic relations. There was a keen business lobby within the United States that worked to end sanctions in the face of opposition from veterans groups and anti-communist Vietnamese-Americans. The end of sanctions allowed the World Bank and International Monetary Fund to lend to Vietnam and provide advice on reform. In 1999, Vietnam approved an enterprise law to promote the development of the private sector but there were serious internal battles over whether to agree a Bilateral Trade Agreement (BTA) with the United States. It dragged on for two years and was only finally concluded in 2001. The current prime minister, Nguyễn Tấn Dũng, who was then a deputy prime minister, was seen as a key persuader in favour of the BTA.⁶⁰

The next struggle was over Vietnam’s membership of the World Trade Organization, which required a separate vote in the US Congress to grant Vietnam Permanent Normal Trading Relations (PNTR) status. This was approved in late 2006 and Vietnam joined the WTO in January 2007. WTO membership became a tool in the hands of economic reformers to force the pace of change — both to comply with new rules and also to force local industry to compete regionally and globally. Vietnam faces a similar set of issues at the moment as it negotiates the Trans-Pacific Partnership (TPP). The consequences of its provisions will be equally transformational for Vietnam’s economy.

The United States has yet to recognise Vietnam as a market economy and therefore still imposes some barriers to Vietnamese exports. This is partly a legacy of Vietnam’s accession agreement with the World Trade Organization, which stipulated that it would remain a non-market economy until 2018. This makes it easier for the United States to impose anti-dumping duties on Vietnamese exports where it suspects they are being unfairly subsidised. Accession to TPP would be a significant change to this policy.

Security-related cooperation

Although there had been talks between military representatives of both countries even before diplomatic normalisation, security relations were perfunctory. The situation began to change after March 1997, when China despatched an oil-drilling platform, the Kantan III, to Vietnamese-claimed waters south of the Tonkin Gulf, oil block 113 off Đà Nẵng.⁶¹ In response the Vietnamese summoned all the ambassadors of ASEAN states to a briefing and then, pointedly, invited the commander in chief of US Pacific Command, Admiral Joseph Prueher, to visit Hanoi. A week after that visit, the Chinese withdrew the oil rig.

Six years later, at its Central Committee meeting in July 2003, the CPV adopted a new Strategy of Fatherland Defence, formally removing ideology from foreign policy. Countries were designated either “objects of cooperation” or “objects of struggle” but these distinctions were based purely on their attitude towards Vietnam rather than on their imperialist nature.⁶² Four months after the Central Committee vote, the Vietnamese defence minister visited Washington and a US warship made the first port visit to Vietnam in 28 years. According to the then US ambassador, Raymond Burghardt, this was the moment when the two sides began to discuss strategic issues.⁶³

At this point, Vietnam and the United States agreed to exchange alternate visits by their defence ministers every three years. Vietnam’s defence minister visited Washington in 2003 and 2009. A visit to the United States by the Vietnamese prime minister, Phan Văn Khải, in June 2005 opened the first leadership-level strategic dialogue on China and the region and swung

a number of erstwhile — American — opponents of normalisation behind the new approach.⁶⁴ The US defence secretary visited Hanoi in 2006 and 2012. In October 2008, the two sides conducted their first-ever strategic dialogue addressing political, security, defence, and humanitarian cooperation issues, in Hanoi. In August 2010, the two defence ministries held the first round of their defence policy dialogue. Both dialogues have become annual events with much higher profiles.

Relations between the two militaries have become friendlier, but even after 12 years since military-to-military ties started, areas of practical cooperation remain limited. The Memorandum of Understanding on Advancing Bilateral Defense Cooperation signed by the two countries' defence ministers in September 2011 set out a very soft agenda for collaboration: high-level dialogues, maritime security, search-and-rescue, humanitarian assistance and disaster relief, and peacekeeping. Vietnam has declined to participate in most of the security-related activities that the United States pursues with other Asian states. Vietnam is one of only three ASEAN states that don't participate in Cooperation Afloat Readiness and Training (CARAT) exercises — the other two are landlocked Laos and sanctioned Myanmar — and there have been no passing exercises (PASSEX) with naval ships. There is no acquisition cross-servicing agreement (ACSA), to facilitate the exchange of logistics support, supplies, and services during ship visits, exercises, training, or emergencies, and only one visit by a US warship is allowed per year. There have only been two fly-outs of Vietnamese officials to a passing US aircraft carrier, in April 2009 and October 2012.

At the strategic level, suspicion of US intentions remains strong in Vietnamese leadership circles and the Vietnamese side is wary of being dragged into entanglements that might threaten their independence or undermine CPV rule. Vietnam's reluctance to pursue closer relations with the United States is often ascribed by outsiders to the Hanoi leadership's fear of upsetting China. The reluctance actually has much deeper roots: the leadership still fears the subversive intent of the United States.

Case studies

It is difficult to make a properly informed assessment of the state of opinion about the United States within Vietnamese ruling circles. By definition, most of the interlocutors who have contact with Western observers tend to come from those parts of the party-state most open to Western contact — particularly the ministry of foreign affairs. Those most suspicious of the West are ensconced within the defence, security, and CPV establishments. However, some idea of different ideological positions can be gained from case studies.

Cam Ranh Bay

Cam Ranh Bay is one of the finest deepwater harbours in the world. It was used by the French and further developed by the US military during the Vietnam War. Its facilities include extensive storage and logistics spaces and airbases. In 1979, after the wars with the United States and China, Vietnam agreed to allow the USSR to use Cam Ranh Bay for 25 years. The Soviet Pacific Fleet stationed its 922nd Logistics Center there, maintained a warship flotilla and established a signals intelligence station at the site. However, as the Russian economy suffered, the base became unaffordable and Moscow withdrew in 2002.

As US concern about Chinese naval activity rose, so did its interest in making use of Vietnamese ports. US warships began making visits to Vietnam in November 2003⁶⁵ but only to Hồ Chí Minh City, Đà Nẵng, and Hải Phòng. The United States is keen to have access arrangements to Cam Ranh Bay that parallel its arrangements to ports elsewhere — with logistical support and perhaps pre-positioned supplies. There had been speculation that Vietnam might be prepared to allow this. However, in October 2010, at the closing conference of the 17th ASEAN summit in Hanoi, Dũng declared that Vietnam would only rent out its services to foreign navies on a commercial basis.⁶⁶

It was a classic example of Vietnam's policy of "enmeshing"⁶⁷: creating an opportunity to give as many countries as possible some kind of stake in Vietnam's stability. The policy would give the United States, Russia, India, and other countries an interest



USNS Richard E. Byrd
at anchor in Cam
Ranh Bay, Vietnam,
August 2011
Photo: US Navy

in friendly relations. In August 2011, the first US ship docked there for repairs, but it and those that followed were logistics vessels, part of the US Military Sealift Command, not warships.⁶⁸ No US warship has yet visited Cam Ranh Bay. It seems that Vietnam will not provide basing, storage, or even access for the United States' warships at Cam Ranh Bay. This contrasts significantly with Vietnam's attitude towards Russia. In November 2014, the two countries signed an agreement allowing Russian warships to enter the port with minimal protocol.

Arms embargo/human rights

Ongoing concern about the lack of political pluralism, media freedom, and human rights protection means the United States still sanctions Vietnam under its International Traffic in Arms Regulations (ITAR). These limit the sale of lethal military items and defence services. Vietnam wants the sanctions lifted but not primarily because it wants to buy weapons from the United States. Almost all of its military equipment follows former Soviet-bloc standards and introducing US-produced items would cause compatibility problems. American equipment also tends to be more expensive than Russian, Ukrainian, or Belarusian equivalents.

More important for Vietnam is the political signal that the sanctions send. ITAR is a constant reminder

of Washington's critique of Vietnam's human rights record and its mode of government; it groups Vietnam with Syria and North Korea. Hanoi seeks an end to the embargo mainly because it wants to be regarded as a "normal" country. This is strongly opposed by a number of Vietnamese-American, military veteran, and human rights organisations. As a result many members of Congress resist any weakening of the US government's position.

There are a few niche areas where Vietnam is keen to acquire United States-made defence items. As early as 2008 it requested spare parts for the American-built materiel that the United States provided to the former South Vietnam, particularly M113 armoured personnel carriers and UH-1 transport helicopters.⁶⁹ A 2012 report by the Heritage Foundation suggested that the United States use this opening to build military ties with Vietnam through the foreign military sales (FMS) process.⁷⁰ No progress has been made in this direction, presumably owing to probable objections from human rights lobbyists and Vietnamese-American communities.

Human rights activists estimate that Vietnam imprisoned around 160 political dissidents from May 2009 to June 2013, with an average sentence of nine years.⁷¹ These included numerous bloggers and civil society activists. The Vietnamese security forces tend to use arrests to manage the realm of what is acceptable activity. While many people discuss corruption online

US Secretary of State John Kerry met with Vietnamese Prime Minister Nguyễn Tấn Dũng in New York, September 2013
Photo: US State Department



without penalty, those who accuse Politburo members of crimes, organise street demonstrations, or receive funding from anti-communist groups abroad are highly likely to be targeted. In this way the ministry of public security (MPS) sets clear limits on what is and is not acceptable political behaviour.

In the wake of the 2014 oil rig standoff, Vietnam stepped up its lobbying to be removed from the ITAR list. It saw a convergence of interests in the desire of both countries to check Chinese moves in the South China Sea. Vietnam pressed the case in visits to Washington by Politburo member Phạm Quang Ngh in August and then foreign minister Phạm Bình Minh in October. However, the United States was never likely to agree to a full removal from the list. Instead, during Minh's visit the United States announced it would only ease the ITAR restrictions to allow sales of maritime surveillance and — more significantly — lethal maritime security capabilities on a case-by-case basis. This was a step change in US policy, compared to its decision in December 2013 to provide five unarmed patrol boats for the Vietnamese Coast Guard. The policy change will allow, for example, the sale of P-3

Orion surveillance planes, which are unlikely to have a use in the suppression of internal dissent, but not parts for armoured personnel carriers. It represented a compromise between Washington's competing policy interests in Vietnam — regional security and human rights promotion.

Trans-Pacific Partnership

In April 2015 the *New York Times* published an article by Nguyễn Phước Tường, under the pseudonym Tường Lai, a former advisor to the reformist prime minister Võ Văn Kiệt. Titled "What Vietnam Must Now Do," it called for the whole-hearted embrace of the Trans-Pacific Partnership agenda. But his arguments in favour of the TPP were also a list of all the reasons why many in the CPV hierarchy — particularly those concerned about internal security and state-owned enterprises — will oppose it. "The TPP also demands that its members embrace free labor unions, intellectual property rights, and transparency in rules, regulations, and practices. Perhaps most significant for Vietnam is the expectation that the governments of TPP countries will not grant preferential treatment to state-owned enterprises or otherwise allow them to cause trade distortions. This will mean substantially reducing the role of such companies in Vietnam."⁷² The carrot is that external analyses suggest the TPP could boost the size of Vietnam's economy by something between 14 per cent and 35 per cent over the next ten years.⁷³

At the time of writing, this is a live debate inside Vietnam and one that is crystallising the tensions within the party over its future directions. Perhaps the clinching argument may turn out to be that the TPP will reduce the trade deficit with China because goods wholly-manufactured in Vietnam will enjoy low-tariff access to the United States and Japanese markets. This should encourage more manufacturing in Vietnam, rather than simply the assembly of components or stitching of textiles made in China. At the same time it will pose major threats to SOEs and the party-controlled trade union system. Foreign policy analysts in Hanoi described TPP as a "bitter pill" that will push the CPV into further economic and social reforms necessary to increase national wealth.⁷⁴ They also contrasted

what they saw as US support for Vietnam's economic development and social advancement with a sense that China just regarded Vietnam as a dependent market.

Challenges and prospects

Challenges

It is now 20 years since Vietnam and the United States normalised their diplomatic relations and it is clear that there are, and will continue to be, limits to that relationship. While the two countries' trading and investment ties continue to strengthen, Vietnam remains wary of closer political and military bonds. So long as Vietnam remains a Communist Party-run state and the United States remains committed to promoting democracy, the relationship will always be limited by suspicion. However, during 2015 the United States has made moves to address this apparent contradiction.

There appear to be different views of the United States within government and party structures in Vietnam. Government staff, particularly the ministry of foreign affairs, tend to be more open to engagement with Westerners, whereas party and security cadres tend to be more suspicious. Increasingly ministry of foreign affairs personnel study in the West and speak excellent English. They are attractive interlocutors for the United States but they only represent one fraction of opinion within the CPV and not a majority. As Colonel Thanh demonstrated in December 2012, the worldview taught in the CPV's Hồ Chí Minh Academy and defence institutes and security training schools is more critical of the West. That said, one Vietnamese analyst in Hanoi observed that there are different views within the military, with, for example, the navy having a more negative view of China than the intelligence department.

Until 2015, the United States had stressed government-to-government relations but, in a remarkable development, it has recently attempted to match China's advantage in party-to-party discussions too. The strategy has its origins in an official meeting between general secretary Nguyễn Phú Trọng and US secretary of state Hillary Clinton in Hanoi in July 2012. Language in the July 2013 partnership agreement then noted,

"respect for ... each other's political systems." During his July 2014 visit to Washington, the conservative-minded Phạm Quang Nghị met the presidents of the National Democratic Institute and International Republican Institute (IRI). Both organisations had previously been loudly critical of Vietnam's record on human rights. In a March 2015 speech to university students in Hanoi, the US ambassador, Ted Osius, publicly embraced the notion of party-to-party talks — presumably between the CPV and the Democratic and Republican parties in the United States (rather than the Communist Party USA).⁷⁵

The Obama administration invited Trọng to visit Washington in mid-2015. This posed problems of protocol because he had no governmental position and no equivalent in the United States, but the issues were smoothed over and he was treated, in effect, as a head of government. Ahead of Trọng's visit, the United States welcomed Vietnam's minister of public security, Trần Đại Quang, who is in overall command of the country's internal security system and responsible for successive crackdowns on political dissent.

In a significant change to past policy, Quang had talks with the FBI, CIA, National Security Council, and Department of Justice, among others. These moves suggested the US government was making a serious effort to bridge what has been, until now, an unbridgeable ideological gap between the two sides. In June 2015 the two defence ministries agreed on a new Joint Vision Statement, the second paragraph of which re-affirmed "respecting the political system ... of each country."

Trọng gave one set-piece speech in Washington and held out the prospect of the two countries working together to "lay the foundation for taking bilateral ties to the next level in the future." He specifically highlighted the need to consolidate, "political trust between the leaders [and] political circles ... from both

So long as Vietnam remains a Communist Party-run state and the United States remains committed to promoting democracy, the relationship will always be limited by suspicion.

countries” and “to increase high level exchanges and contacts to include ... political parties.”⁷⁷ He seemed to be opening a door for direct political relations between the CPV and the US political establishment. If sincere, this would be a significant political reorientation by the CPV.

At the same time, the Obama administration was working hard to dispel the suspicion among Vietnamese conservatives that it is wedded to anti-communism. Secretary of State John Kerry’s speech in Hanoi in August 2015 marking 20 years of diplomatic relations between the two governments trod a careful line between the need to affirm both the new approach and the traditional defence of human rights: “The United States recognises that only the Vietnamese people can determine their political system ... But there are basic principles that we will always defend: No one should be punished for speaking their mind so long as they are peaceful, and if trading goods flow freely between us, so should information and ideas. And we believe that progress in upholding these basic human rights will absolutely serve Vietnam’s interests in several ways ... progress on human rights and the rule of law will provide the foundation for a deeper and more sustainable strategy and strategic partnership between the United States and Vietnam.”⁷⁸

The large Vietnamese-American population is a mixed blessing for the CPV. Their lobbying of Congress and the US administration complicates diplomatic relations with Washington. They also fund and promote anti-communist dissident activity inside Vietnam. However, the community is also an important source of income. In 2014, according to the Central Bank of Vietnam, more than half of the \$14 billion in remittances sent to Vietnamese citizens came from relatives living or working in the United States. Total remittances are equivalent to around 8 per cent of Vietnam’s GDP.⁷⁹ There is a small but growing community of returned refugees now living in Vietnam. Hồ Chí Minh City statistics suggest around 3,000 overseas Vietnamese returned to permanently live there between 2004 and June 2013 and a further 9,000 were granted long-term residential permits for work and investment in the city.⁸⁰

At the grassroots, attitudes towards the United States vary but are generally very positive. Opinion surveys are tightly controlled in Vietnam but 2015 results from the Pew Global Attitudes Survey suggest 78 per cent of the population has a favourable view of the United States and 71 per cent has confidence in President Obama.⁸¹ The survey was conducted at a time of rising unhappiness with China’s actions but they do suggest a groundswell of opinion in favour of greater ties with the United States.

Prospects

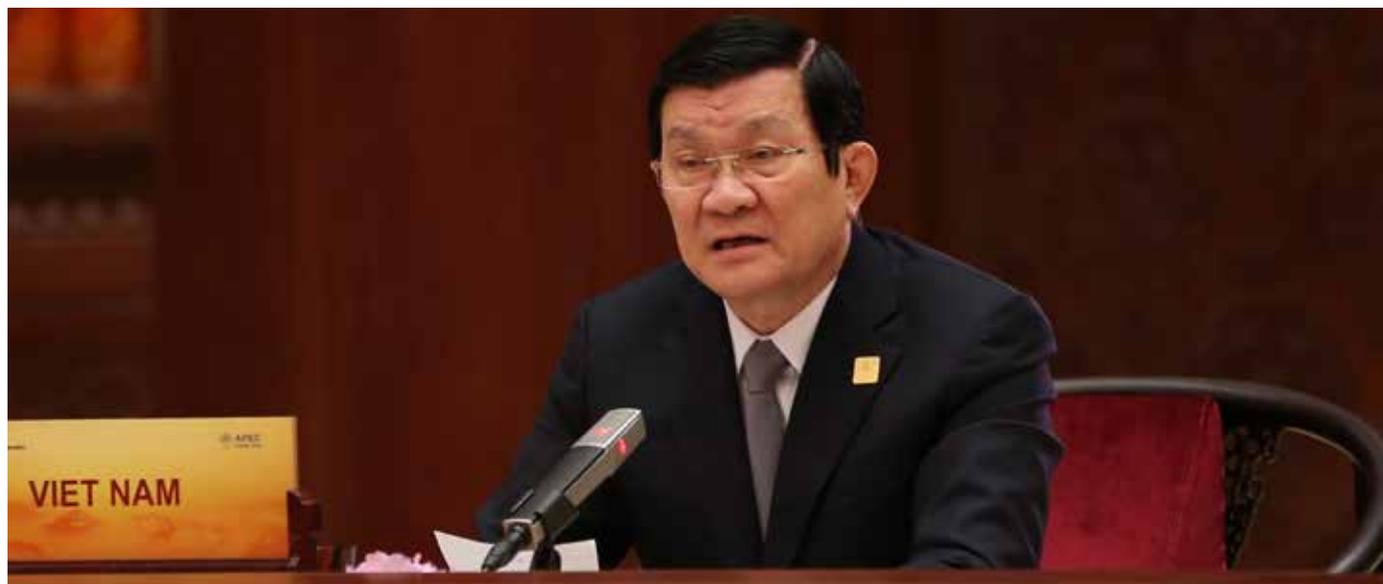
Vietnam’s foreign policy direction in relation to the United States over the next decade will be shaped by a number of factors, with three in particular having the most impact. First, the CPV’s decision-making will be shaped by its internal priorities — in particular the way the CPV balances the need for economic liberalisation with its desire to remain the country’s sole political force. The country needs to speed up the pace of economic growth in order to provide jobs, but far-reaching reforms will be opposed by the state-owned sector. The TPP offers one route towards higher growth. At the same time it will impose costs on inefficient industries and those that have previously used political connections to impede competition. This debate will take time and may not be concluded until a majority within the CPV is convinced of the need to take a pragmatic view of the wider interests of the country rather than a narrowly ideological or protectionist one. As the country moves in a more reformist direction, this will in turn see improvements in Vietnam–US relations.

The second factor will be China’s actions. If China pursues an aggressive agenda in the South China Sea, to the detriment of Vietnam’s interests, then Hanoi will pursue further openings with the United States. Even this kind of cooperation, however, is unlikely to evolve into a formal military partnership in the foreseeable future.

The third factor is how the US administration manages its emerging relationship with the CPV. While the most recent overtures are no doubt welcome in Hanoi, CPV leaders will be wondering whether Washington has truly reconciled itself to one-party rule and how

prominently the human rights agenda will feature in future bilateral relations. However, it is unlikely Washington would completely disregard the human rights aspects of its relations with Vietnam. Nor would it be able to convince Vietnam's security establishment that it has completely abandoned plans for "peaceful evolution." Barring major changes in the orientation of the two governments, US–Vietnam ties will always be characterised by a degree of suspicion that does not hamper the Vietnamese leadership's links with Russia, India, or even China.

4. Balancing the United States and China



Vietnamese President Trương Tấn Sang addresses the Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Beijing, November 2014

Photo: APEC

Vietnam's foreign policy priority is its own independence and the CPV will seek to avoid becoming dependent on either the United States or China. In the past, this has been achieved by what appeared to be "balancing" between the two but was more of an attempt to remain close to China while using the possibility of closer ties to Washington as a tool to leverage independence. At moments of tension in the Sino-Vietnamese relationship, Hanoi has repeatedly used visits to or from the United States by senior figures to signal resolve. It seems, however, as if a more decisive shift is underway towards something that may be closer to genuine balancing.

Domestic debate in Vietnam

One way Hanoi tries to manage relations with China and the United States is through careful control of public debate. Publicly expressed opinions about China are tightly managed in Vietnam. Those in the legal media generally fall into two groups: formulaic pledges of good relations by officials or, less commonly, grumbling articles about aspects of the relationship, notably over the trade deficit. Occasionally the media pick up sensationalist stories about alleged malign influences from China — about food contamination or gangs of dog traffickers for example — but the CPV

makes sure that coverage of these stories is quickly curtailed. On very rare occasions, such as the 2014 oil rig crisis, officials and official media make direct criticism of Chinese actions, though not of the Chinese Communist Party or of the principle of good relations between the two countries.

Outside the official media, the online world is full of angry denunciations of Chinese perfidy. These are stoked by the small dissident minority, which tries to use popular anti-Chinese emotion to build bridges with society at large. However, so far, the authorities have been successful at keeping the dissidents' anti-communism from infecting mainstream opinion.

It is extremely difficult to gauge the nature of the foreign policy debate within ruling circles in Vietnam. Public expression of opinion is tightly managed and the pages of such publications as the CPV's theoretical journal *Tạp Chí Cộng sản* or the military newspaper *Quân đội Nhân Dân* are of little help. Many of those who think they understand the debate may not realise that they are simply being used by the CPV, or one point of view within the CPV, to articulate a position for the benefit of their interlocutors. The CPV hasn't remained in power for over sixty years without developing a fine understanding of the arts of propaganda, domestic and international.

Foreign policy debates occur within the Politburo and the Central Committee, but these discussions are never officially reported and information generally only leaks when it's politically expedient: party discipline is strong. One way to consider the debate is to observe the actions of players in the top leadership. Those on the governmental side of the system — particularly the prime minister and ministry of foreign affairs — are generally the ones put forward to engage with Western countries. Those on the party side — particularly the general secretary and the standing secretary of the Secretariat — are used to engage with China, the former Soviet bloc, and “socialist” countries.

Observers can only assume that the party-state deploys these people as they are likely to share the worldviews of the people they are meeting. It is noteworthy when the “wrong” representatives meet the outside world. At the height of the 2014 oil rig standoff, the foreign minister, **Phạm Bình Minh**, was deputed to meet the Chinese state councillor, Yang Jiechi, for tense discussions in Hanoi. Shortly afterwards, the dispatch to Washington of Politburo member **Phạm Quang Nghị**, known to be close to the Party general secretary, was a signal that the Politburo had forced its pro-China thinkers into a corner and that some kind of policy reorientation could be on the cards. It was a warning that China took very seriously.

By opening strategic and defence dialogues with Washington and allowing senior US military officials to give high-profile speeches inside the country, the CPV is signalling that it believes the United States will be a key player in South-East Asia for some time to come. At the same time, it is taking care to be deferential towards Beijing, at least in form. Vietnam's guiding strategy is to avoid having to make hard choices.

Diversifying relations

A second way the CPV tries to maintain its independence is to seek other sources of international support. Since the Central Committee's approval of a reorientation in foreign policy in 2003, there has been a quadrupling in the number of countries with

which Vietnam has defence agreements.⁸² By 2009, it had defence attachés posted in 31 countries.⁸³ It has reached out to three countries in particular: Japan, India, and Russia.

Vietnam formalised its strategic partnership with Japan in 2006 and upgraded it to an extensive strategic partnership in March 2014 — both agreements were signed when Shinzo Abe was Japanese prime minister. In 2007, the two countries agreed to establish a Joint Cooperation Committee, which meets annually, and in 2011 a defence policy dialogue. In 2014, Japan agreed to provide Vietnam with six boats — two former Japanese Fishery Agency patrol boats and four used commercial fishing boats — for Vietnam's coastguard and Fishery Surveillance Force.⁸⁴ As a US ally with similar concerns to Vietnam about China, Japan–Vietnam ties could become increasingly significant. Vietnam, Japan, and India are reported to have privately agreed to coordinate their security policies in a trilateral format.⁸⁵

History plays a key role in the other two partnerships. Vietnam appreciates India's historic role as a champion of the non-aligned movement and a supporter of its anti-imperialist struggle in the 1960s and 1970s. At present, the two countries share concerns about China's rise. India has been a strategic partner since 2007 and the two leaderships have exchanged a number of visits in recent years. India's state-run energy corporation ONGC Videsh has made a number of investments in Vietnamese offshore oil blocks, largely without success — it withdrew from oil block 128 in Vietnam in May 2012 — and in July 2013 India offered Vietnam a \$100 million credit line to purchase four patrol boats.

Military cooperation is also significant. India began training Vietnamese submarine crews in 2013, and, in 2014, offered to train its Sukhoi fighter crews as well. In May 2015, the two countries signed a five-year joint vision statement. There are ongoing talks over whether India will export its Brahmos supersonic anti-ship cruise missile to Vietnam. The missile is jointly produced with Russia, which has reportedly been lobbied by China not to sell it to Vietnam.⁸⁶ In August 2014, an Indian frigate exercised with its Vietnamese counterparts in the South China Sea.⁸⁷

Vietnam also has growing ties with Russia. Despite agreeing to a strategic partnership in 2001, Hanoi's diplomatic relationship with Moscow dwindled to near irrelevance, particularly after the Russian pullout from its base at Cam Ranh Bay in 2002. However a new initiative to rebuild the relationship has been pioneered by "system loyalists" within the CPV: those most suspicious of the United States but who have lost the option of pursuing closer relations with China since the oil rig episode. The older generations of political leaders share with Moscow an ideological suspicion of American intentions and a memory of wartime comradeship. Nonetheless, it plays a key role in Vietnam's security calculus. Russia supplies around 90 per cent of Vietnam's arms purchases and dominates

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In July 2012, the two leaderships re-designated their bilateral relationship as a "comprehensive strategic partnership" —

the highest level in Vietnam's diplomatic lexicon. This was partly a result of President Vladimir Putin's "return to Asia" and partly because of Vietnam's efforts to diversify its sources of international support. A third motivation may be Vietnam's desire to have a voice in Russia's dealings with China and to try to prevent Russia from following China's agenda in areas which negatively affect Vietnam. In November 2013, during President Putin's visit to Hanoi, the two governments signed 17 agreements covering defence, oil, and nuclear power. A Russian firm is to build Vietnam's first nuclear power plant in Ninh Thuan province, adjacent to Cam Ranh Bay.

A year later, in November 2014, CPV general secretary Nguyễn Phú Trọng returned the visit to Russia. Among the agreements his delegation signed was one giving Russian warships easier entry to Cam Ranh Bay.⁸⁸ Russia made the first flights from the base in 2014 in support of Tu-95MS (Bear) bomber aircraft flying from

Russia towards the US base at Guam in the Pacific.⁸⁹ Since then, Vietnam and Russia have signed further agreements including one, in April 2015, covering Gazprom Neft's intention to buy 49 per cent of Vietnam's first and only oil refinery, which has been a commercial disappointment. Then, more significantly, Russia's Prime Minister Dmitry Medvedev announced that Vietnam was close to agreeing a free trade deal with the Russian-led Eurasian Economic Union. Led by conservatives within the CPV, an effort to upgrade relations with Russia form an international diversification strategy to reduce reliance on either the United States or China.

Conclusions

Vietnam would be content if its current security situation endures indefinitely. Tensions with China are managed through neutralisation and ritual, ties with the United States are becoming more to their liking, and ASEAN is a generally happy neighbourhood. There are difficulties in all of the relationships but nothing that threatens CPV rule. Hanoi would like to recover the Paracel Islands from China and the rest of the Spratlys from the other claimants, but elites in Hanoi seem reconciled to this never happening. What they seek from the other claimants is recognition of the status quo, not the risk of territorial losses and humiliation. The South-East Asian claimants are in agreement on this. Only China is not.

In the absence of such recognition from China, Vietnam will continue along its current path, building relations with regional and global powers, developing a deterrent power through the purchase of asymmetric military capabilities, and regularly signalling the possibility of pursuing closer security relations with the United States. At the same time it will nurture the formation of supportive diplomatic coalitions within ASEAN and beyond behind its agenda in the South China Sea while seeking to maintain its own diplomatic freedom of manoeuvre.

China's decision to deploy the HS981 oil rig in May 2014 appears to have caused a profound rethink in Vietnam's foreign policy orientation. It has enabled more candid discussions about China's role in the region and opened the road to deeper political engagement and military relations with the United States. Vietnam is also concerned about losing out in any grand bargain between Beijing and Washington, sacrificed in an "Asian Yalta." One way to make this less likely is to become a more reliable and attractive partner to the United States.

The United States has been promoting an agenda of engagement with Vietnam for more than two decades. The relationship has progressed significantly but, for the time being, it lacks strategic trust, certainly on the Vietnamese side. The way for the United States to build that trust with Vietnam is to demonstrate, through its actions, that it genuinely respects the autonomy of the Vietnamese party-state and is committed to helping it preserve its independence. Given time this can evolve into a genuine partnership.

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