

U.S. Strategic Adjustments Toward Vietnam

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Discussion Paper No. 79

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**Asia-Pacific
Economic Cooperation**

Discussion Paper Series
APEC Study Center
Columbia University

December 2015

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ABSTRACT

When President Obama took office in 2009, the U.S. had been severely affected by the global financial crisis. That crisis weakened the U.S. economy, therefore weakening the overall strength of the United States. Meanwhile, "The rise of the rest" (Fareed Zakaria, 2008), especially of China, is a growing trend of the twenty-first century, pointing to an increase in the strength of U.S. opponents. These two factors (inside and outside the U.S.) have gradually eroded the influence of the United States in Asia. Therefore, to maintain its influence and strategic interests in Asia, the United States must adjust its strategies at regional as well as individual state levels.

U.S. strategic adjustments toward Vietnam are part of the U.S. strategy toward the Asia-Pacific, and are demonstrated particularly by a comprehensive bilateral relationship between the United States and Vietnam. The U.S. Grand Strategic adjustments toward the Asia-Pacific, and China's further influence in Asia, have led to closer U.S.–Vietnam relations. Once again – for the first time since the Vietnam War – Vietnam is now considered a strategic country in the U.S. strategy toward Asia.

¹This research paper is aligned with "the U.S. Grand Strategy Adjustments in the New World Context" project supported by Vietnam National Foundation for Science and Technology Development (NAFOSTED). My sincerest thanks go to: APEC Study Center, and CJEB, Columbia University, for hosting me as a visiting scholar when starting this paper; Prof. Nguyen Thiet Son, Project Director, for his comments on an earlier draft; Prof. Hugh Patrick, Director of APEC Study Center, for his valuable comments, suggestions, and discussions; and Andy Wanning for his careful editing of my paper. The views expressed in this paper are entirely those of the author and do not necessarily reflect the views of the project, or the Vietnamese government.

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Introduction

Sixty years ago, the U.S. intervened in the Vietnam War to prevent the expansion of Soviet led communist allies in South East Asia and protect its strategic interests in Asia.

The world was then a bipolar one, with the Soviet Union balancing the U.S. After the collapse of the Soviet Union, the world became unipolar, with the primacy of U.S. power. However, the world order seems to have been changing since the 2008 global financial crisis. The U.S. power has been declining and facing fierce competition from other emerging powers, especially from China² who surpassed Japan as the world's second largest economy (2010), and has itself transformed into an Asian regional hegemon.

To achieve its regional hegemony goal, China has been alluring countries in and outside Asia, including the U.S. allies, with its economic power via its “one belt, one road” strategy³ and the Asian Infrastructure Investment Bank (AIIB) initiative.⁴ On the other hand, China has been conducting assertive military actions in the region, especially in the East China Sea and South China Sea, to affirm its military power and to gradually gain control over the strategic sea line from East to South China Sea, a crucial commerce and energy routine which connects with Persian Gulf. These strategic steps by China are eroding the U.S. roles and reputation in the region.

Therefore, to maintain its influence and strategic interests in Asia, the United States must adjust its strategy toward Asia both as a whole and as individual states.

²The World Bank (2013), “China 2030: Building a Modern, Harmonious, and Creative Society”, <http://www.worldbank.org/en/news/feature/2012/02/27/china-2030-executive-summary>

³Scott Kennedy, David A. Parker. “Building China’s One Belt, One Road”. Apr 03, 2015. <http://csis.org/publication/building-chinas-one-belt-one-road>

⁴Shannon Tiezzi, “China’s AIIB: The Final Tally”, Apr 17, 2015. <http://thediplomat.com/2015/04/chinas-aiib-the-final-tally/>

I.U.S. Strategic Adjustments toward Asia

To maintain its 'primacy' status in the next 20 years and beyond, the U.S. needs a new “strategic vision” for its long-term development. While continuing to enhance relations with the West, Obama administration has prioritized its strategic focus on Asia-Pacific which is seen as the driving force for the world development in the 21st century and plays a critical role in the U.S.'s future prosperity.⁵ To realize this vision, the U.S. has begun to implement its “Pivot to Asia Pacific,” or “Rebalancing toward Asia” strategy.⁶

Vietnam is now once again viewed as a crucial part of the U.S. strategic calculation in Asia. The U.S. strategic adjustment toward Vietnam is part of its strategic adjustment toward Asia, and is particularly shown in its comprehensive relations with Vietnam, including diplomatic, political, economic, military and security relations.

II. U.S. Interests in Vietnam

Vietnam is located in a geostrategic position in South East Asia. On land, Vietnam shares borders with China, Laos, and Cambodia. At sea, Vietnam has 2000 nautical miles connecting East and South China seas, and shares maritime borders with China, Cambodia, Thailand, Indonesia, Malaysia, Brunei, and the Philippines.

Vietnam is a promising market of over 90 million people (of which 40% are under 30 years old) for U.S. investors and manufacturers, and one of the fastest growing economies in South East Asia with GDP annual growth rate of nearly 7%. Vietnam ranks as the number four largest Asian community in the U.S. with over 1.7 million Vietnamese Americans, plus more than 16.500 Vietnamese students.

Vietnam is also perceived as a middle power who has been playing a greater role in ASEAN (Association of South East Asian Nations), and sharing common strategic interests in economy and regional security with the U.S. These include opening markets for U.S. trade and investment, countering China’s assertive actions in the region,

⁵Hillary Clinton, “ America’s Pacific Century”, Foreign Policy, November 2011

⁶Mark E. Manyin, “Pivot to the Pacific? The Obama Administration’s rebalancing toward Asia”, CRS Report for Congress, March 28, 2012

cooperating to ensure freedom of navigation and commerce in and around the South China Sea, and expanding the U.S. role in South East Asia. Therefore, the U.S. policy makers have been viewing Vietnam as a crucial part in the U.S. “Rebalancing to Asia” strategy.

Figure 1: Map of Vietnam and South China Sea



Source: U.S. Energy Information Administration (EIA)

III. U.S. Strategic Adjustments toward Vietnam

Since the normalization of its diplomatic relations with Vietnam in 1995, the U.S. has taken strategic steps to develop the relationship. The Clinton administration (1995-2000) focused on diplomatic relations, while the Bush administration (2001-2008), prioritized economic relations with Vietnam. In addition, the Obama administration has now strategically enhanced security and military relations with Vietnam. In 2013, Washington and Hanoi decided to form a "Comprehensive Partnership," which has paved the way for a strategic partnership in the future.

The Obama Administration has considered Vietnam an important partner in Asia when implementing its "rebalancing to Asia" strategy. This strategy has been carried out in two major areas: economy and security.

Economy: The U.S. has taken numerous efforts to promote the Trans-Pacific Partnership Agreement (TPP) which is designed to increase trade cooperation within the Asia-Pacific for the next decades and is considered the 21st century trade agreement. Together with ten other countries, the U.S. and Vietnam reached a final agreement on TPP on 5 October 2015.⁷ Once TPP is ratified and put into practice, it will represent nearly 40 percent of global GDP and one-third of world trade. This agreement is crucial for both the U.S. and Vietnam. For the U.S, it is not only an economic tool to promote U.S. economic interests, but also a security tool to ensure the U.S.'s role and commitment in the Asia Pacific region and to limit China's economic influence. For Vietnam, it will help Vietnam integrate further into the global economy and become less dependent on China economically.⁸

Security: the U.S. has planned to redeploy its navy to the Asia-Pacific (60% in Asia Pacific/Indo - Pacific and 40% in other regions instead of 50/50 as in the past). The U.S. is also strengthening relations with core allies in Asia (including Japan, South

⁷Matthew P. Goodman, Scott Miller, "The Trans-Pacific Partnership Negotiations Conclude", October 5, 2015, <http://csis.org/publication/trans-pacific-partnership-negotiations-conclude>

⁸Vietnam has depended heavily on China for its imports. In 2014, Vietnam recorded trade deficit of 28.96 billion USD with China. China accounted for 29.6 percent of Vietnam's total imports (Vietnam General Department of Customs, 2014).

Korea, Australia, Singapore), re-engaging with close partners (the Philippines, Thailand, Malaysia), and establishing new partnerships with Vietnam and Indonesia.

Vietnam is located in a geostrategic position and possesses one of the strongest armies in South East Asia. Vietnam has Cam Ranh Bay, a strategic deep-water harbor which was used as a U.S. military base during the Vietnam War, and now the U.S. Navy can access it for maintenance. Moreover, Vietnam and the U.S. have mutual concerns about China's assertive actions in Asia, especially in the East and South China Seas. Therefore, a further U.S.-Vietnam military development would bring mutual strategic security interests and contribute to strengthening the U.S. – Vietnam relations.

A stronger and more confident Vietnam will allow Vietnam to develop an independent diplomatic policy that can cooperate more effectively with the U.S. and other countries in South East Asia to manage regional issues.

IV. U.S. – Vietnam relations

The two countries have worked tirelessly to advance the bilateral relationship. As Secretary of State John Kerry affirmatively put it, there were no two countries who have “worked harder, done more, and done better to try to bring themselves together and change history and change the future”⁹ than the U.S. and Vietnam. The result of this effort is that the two sides established the U.S.-Vietnam Comprehensive Partnership in July 2013¹⁰ to provide an “overarching framework” for bringing the relationship to a new height. The July 2015 historical visit to the U.S. by the General Secretary of the Vietnam Communist Party (VCP), Nguyen Phu Trong, which was received with honor in the Oval Office at the White House by President Obama, has shown how far the U.S. and Vietnam relations have achieved in the past two decades and demonstrated the political will of the two sides in promoting their comprehensive partnership. The Obama-Trong meeting was understood to signify that the U.S. recognized the role of

⁹John Kerry, “Remarks to Ho Chi Minh City Business Community and Fulbright Economic Teaching Program Participants”, December 14, 2013,

<http://www.state.gov/secretary/remarks/2013/12/218721.htm>

¹⁰The White House, “Joint Statement by President Barack Obama of the United States of America and President Truong Tan Sang of the Socialist Republic of Vietnam”, July 25, 2013,

<https://www.whitehouse.gov/the-press-office/2013/07/25/joint-statement-president-barack-obama-united-states-america-and-preside>

the VCP in Vietnam's one-party state and the importance of the party secretary-general in Vietnam's political system. This opens a new chapter in the U.S. – Vietnam relations.

In security and military relations, over the last few years, the two countries have cooperated actively to deal with various regional security issues and promote regional stability. Specifically, when China conducted assertive activities in South China Sea (SCS), including unilaterally putting oil rig HYSY 981 deeply into the Vietnam's Exclusive Economic Zone (EEZ)¹¹, the U.S. has upheld Vietnam and other claimants in SCS by contributing a collaborative, diplomatic resolution of disputes and a reduction of tensions in the South China Sea. The U.S. also lifted partially the lethal weapons embargo on Vietnam to allow Vietnam improve its maritime defense in 2014.

The two countries have established 11 dialogue mechanisms, including the annual Bilateral Defense Dialogue and Political Security Defense, to expand the cooperation in maritime security, search and rescue, humanitarian assistance, disaster relief, nuclear nonproliferation and peacekeeping. The U.S. Defense Secretary Ashton Carter and his Vietnamese counterpart Phung Quang Thanh signed a Joint Vision Statement on Defense Relations on June 1, 2015, which continues to deepen the defense cooperation.¹²

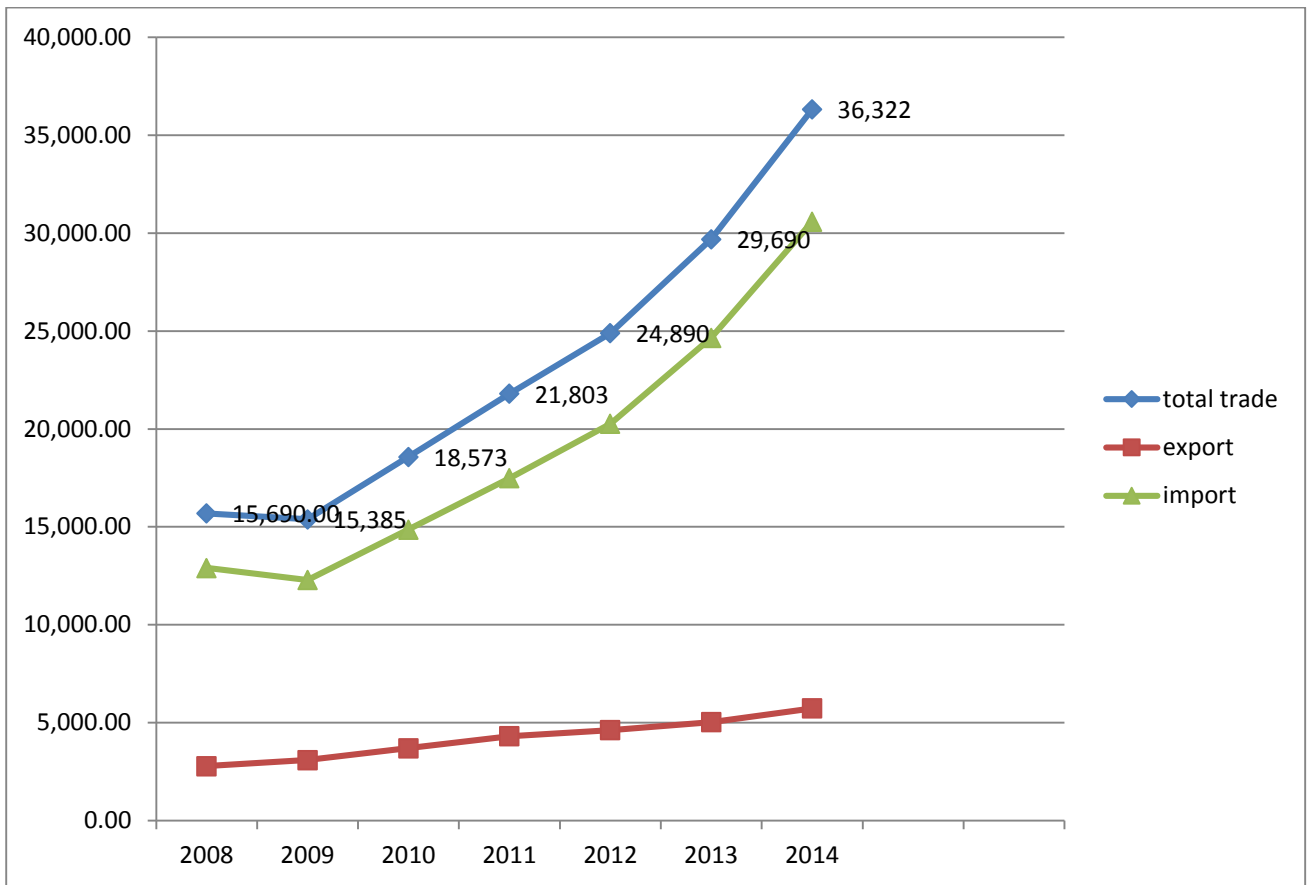
Therefore, if China continues to conduct unilateral activities – thereby aiming to change the status quo and causing instability in the region – such as redeploying oil rigs in other countries' Exclusive Economic Zones (EEZs), constructing and militarizing artificial islands in South China Sea, establishing Air Defense Identification Zones (ADIZs) in the East and South East China Seas, Vietnam and the U.S. strategic interests are likely to further converge.

In economic relations, the U.S. - Vietnam bilateral trade has grown rapidly from USD 15,4 billion in 2009 to USD 36,3 billion in 2014 in spite of the global financial crisis, transforming Vietnam into the 27th largest trading partner of the United States, and the fourth biggest trading partner of the U.S. among ASEAN members.

¹¹Paul J. Leaf, "Learning From China's Oil Rig Standoff With Vietnam", August 30, 2014, <http://thediplomat.com/2014/08/learning-from-chinas-oil-rig-standoff-with-vietnam/>

¹²Aaron Mehta, "New US-Vietnam Agreement Shows Growth, Challenges", June 2, 2015, <http://www.defensenews.com/story/defense/policy-budget/budget/2015/06/01/us-vietnam-joint-vision-statement-signed-in-hanoi/28291963/>

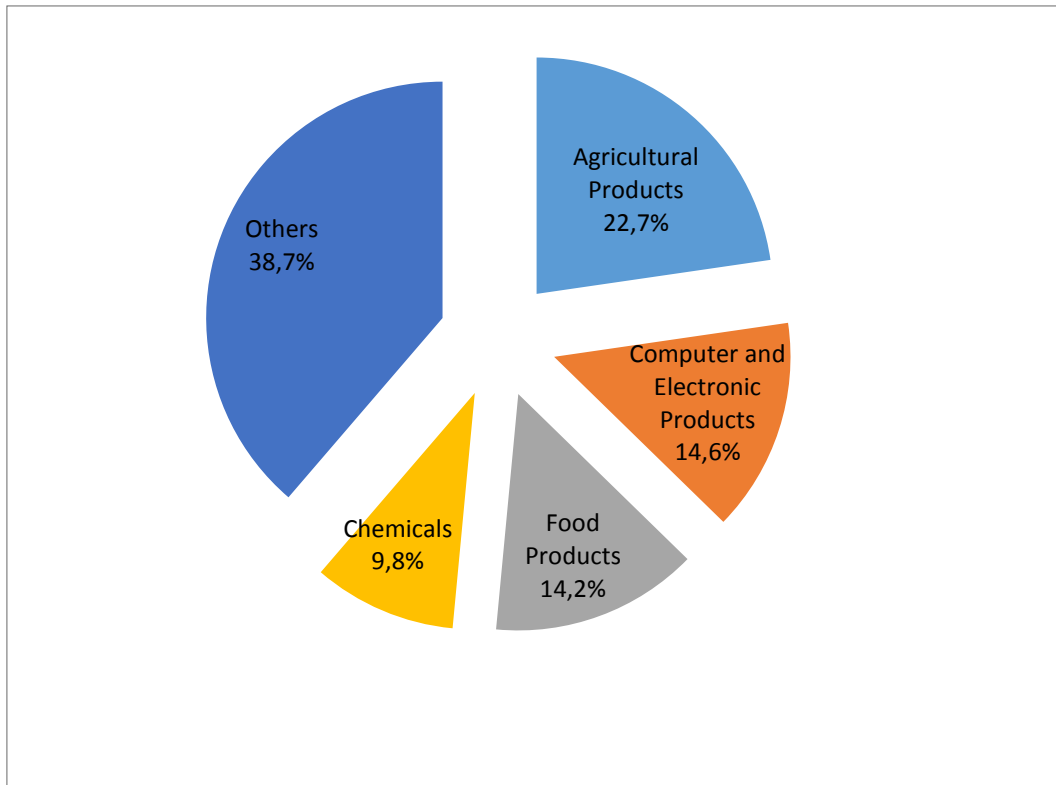
Figure 2: The United States and Vietnam Trade Relation 2008 – 2014
(in billions of U.S. Dollars)



Source: Foreign Trade Division, U.S. Census Bureau 2015

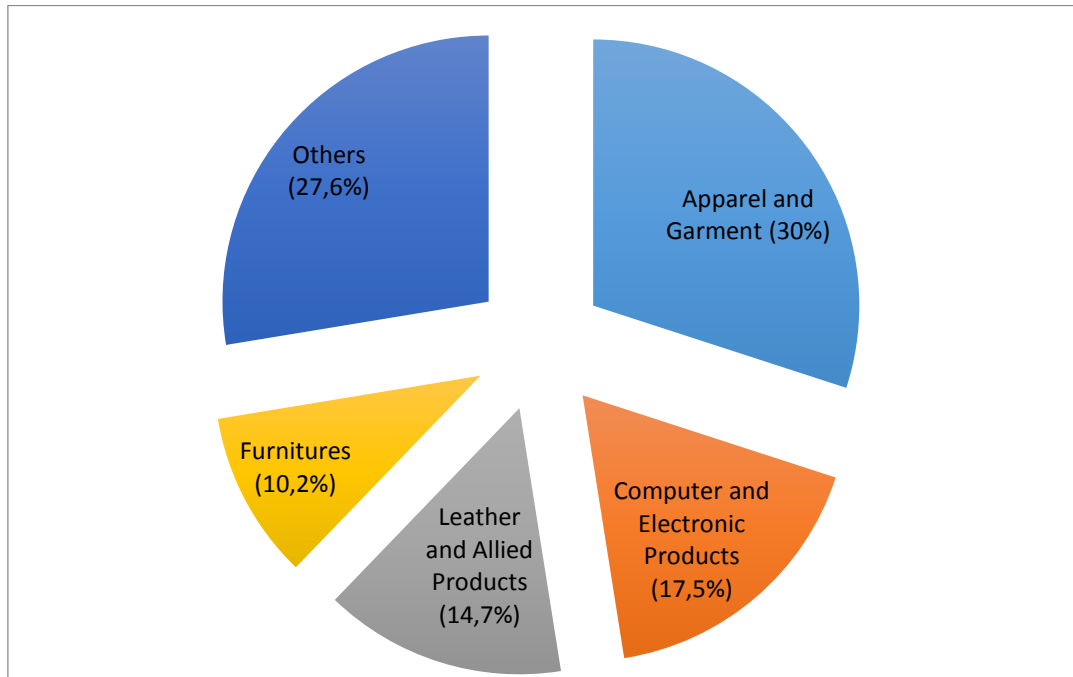
Vietnam’s major exports to the United States in 2014 are apparel and garments (about 30%), computer and electronic products (17,5%), leather and allied products (14,7%), furniture (10,2%), and others (27,6%). In the meanwhile, the U.S. top exports to Vietnam are agricultural products (22,7%), computer and electronic products (14,6%), food products (14,2%), chemicals (9,8%), and others (38,7%). (Data by Foreign Trade Division, U.S. Census Bureau data).

Figure 3: Top U.S. Exports to Vietnam in 2014 (Percent)



Source: Foreign Trade Division, U.S. Census Bureau 2015

Figure 4: Top Vietnamese Exports to the United States in 2014 (Percent)



Source: Foreign Trade Division, U.S. Census Bureau 2015

Vietnam and the U.S. concluded the TPP negotiations with 10 other countries.¹³ This is considered a 21st century trade agreement that will contribute to regional future prosperity. If this agreement is put into practice, it would push further U.S. – Vietnam economic relations.

In other relations, the two countries have signed an agreement on civilian nuclear cooperation and have increased their non-proliferation cooperation in 2014. The U.S. has agreed to provide nuclear know-how to Vietnam to build a nuclear power plant in the near future. Vietnam now has more than 16,500 students studying in the U.S., ranking first among Southeast Asia countries. The two countries are preparing to set up the Fulbright University in Vietnam in 2016. The two countries are also cooperating closely to solve war legacies including MIA, Agent Orange, and unexploded ordnance issues.

Conclusion

Over the past few years, the U.S. rebalancing strategy to Asia and common shared strategic interests, including the perception of China's raising influence in Asia, have accelerated U.S. strategic adjustments toward Vietnam. These adjustments have strengthened U.S. – Vietnam relations, effectively forming the Comprehensive Strategic Partnership between the U.S. and Vietnam in 2013.

However, there are still major challenges in U.S. – Vietnam relations, especially the lack of deeper mutual understanding and the China factor. Due to history legacies, different cultures, values, and ideologies, the Vietnamese leaders and policy makers still do not understand clearly what the U.S. expects from Vietnam; meanwhile the U.S. leaders and policy makers do not know how to decipher Vietnam's behavior.

Thus, the future of U.S. – Vietnam relations are likely to be highly dependent on the political will of the U.S.'s and Vietnam's leaders and policy makers. If the two countries are willing to push forward with the bilateral relationship, it will go forward.

¹³The final text of Trans- Pacific Partnership (TPP) Agreement was released on 5 November 2015. More information available at: <https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text>

“There is nothing impossible in the relationship” between the U.S. and Vietnam,”¹⁴ as Ted Osius, the current U.S. ambassador to Vietnam, said.



U.S. President Barack Obama shakes hands with General Secretary of the Communist Party of Vietnam Nguyen Phu Trong, at the White House in Washington, D.C. on July 7, 2015

The recent historic meeting between President Obama and the General Secretary of the Vietnam Communist Party, Nguyen Phu Trong, showed the political will of both sides to promote further the bilateral relations between the U.S. and Vietnam. The two sides should continuously put their mutual strategic interests as their foremost priority, and not let less strategic issues affect the relationship development such as POW/MIA issues in the past and human rights at the present, according to Ngo Vinh Long’s recent analysis.¹⁵

The two countries can set up concrete steps to promote mutual understanding. The first seeable step is for the U.S. and Vietnam to cooperate to realize the important visit to Vietnam by President Obama before the end of his term, after the visit to the U.S. by General Secretary Nguyen Phu Trong. The second step is that the U.S. accepts Vietnam into the Generalized System of Preferences (GSP) and recognizes Vietnam as a market

¹⁴Ted Osius, “Ambassador’s Policy Address at Vietnam National University, Hanoi”, March 6, 2015
<http://vietnam.usembassy.gov/ambspeech-030615.html>

¹⁵Ngo Vinh Long, “After the Fall of Saigon”, April 06, 2015,
<http://www.aucegypt.edu/GAPP/CairoReview/Pages/articleDetails.aspx?aid=794>

economy; meanwhile Vietnam gradually opens its service sectors including financial services, telecommunications, distribution services, and certain professions for U.S. investors and recognizes the strategic partnership with the U.S. as important as with China and Russia. Moreover, the two countries can invest to deepen their people-to-people relations, such as establishing U.S. universities and training centers in Vietnam, and building up Vietnam study centers in top U.S. universities where Vietnamese scholars, business people, and government officers can frequently visit to share and discuss all aspects of Vietnam to American audiences.

Last but not least, China has been clearly playing an essential role in the U.S. – Vietnam relationship. China is the most important partner of Vietnam, and also sharing huge mutual benefits with the U.S. Both the U.S. and Vietnam still need China for their development and stability; therefore, the two countries should assure China that a closer U.S. – Vietnam relationship will not tend toward opposing China, but rather would promote peace and stability in the region as well as each country's strategic interests.

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