

# Friendship in the Shadow of the Dragon

## The Challenge of Upgrading US–Vietnam Ties amid Tensions with China

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### Abstract

The United States' effort to upgrade diplomatic relations with Vietnam this year to coincide with the tenth anniversary of their comprehensive partnership is facing resistance from Hanoi. Experts suggest that Vietnam is hesitant to upgrade its diplomatic status with the United States due to concerns that China could interpret it as a hostile move amid the ongoing tensions between Beijing and Washington. Despite being Vietnam's largest export market, the United States is currently ranked as a third-tier diplomatic partner for Hanoi, while China, Russia, India, and South Korea belong to the top tier. Vietnam's reluctance to upgrade its partnership with the United States stems from its fear of possible retaliation from China, which is its biggest trading partner and a vital source of imports for its manufacturing sector. The two neighbors have a long history of conflict and mistrust, particularly over territorial disputes in the South China Sea. High-level meetings could offer a chance for a last-minute breakthrough on the US–Vietnam ties, but it is unlikely to happen this year. This article aims to provide insights into the factors that contribute to Vietnam's hesitation in upgrading its diplomatic ties with the United States.

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The United States' effort to upgrade its diplomatic relations with Vietnam is facing a hurdle as Vietnam is hesitant to upgrade its partnership due to concerns that China could interpret it as a hostile move amid the ongoing tensions between Beijing and Washington. Washington is hoping to upgrade its

relationship with Vietnam this year, ideally coinciding with the tenth anniversary of their comprehensive partnership. Despite being Vietnam's largest export market, the United States is currently ranked as a third-tier diplomatic partner for Hanoi. The United States hopes to join the second tier, which includes European countries and Japan, but Vietnam's leaders are hesitant due to concerns that China could interpret it as a hostile move amid the ongoing tensions between Beijing and Washington.<sup>1</sup> China is Vietnam's biggest trading partner and a vital source of imports for its manufacturing sector. This article aims to delve into the history of the postwar US–Vietnam relationship and provide insights into the factors that contribute to Vietnam's hesitation in upgrading its diplomatic ties with the United States.

## **Past as Prologue**

The relationship between the United States and Vietnam has been a complex and tumultuous one, marked by decades of war, political tension, and economic isolation. Following the US withdrawal from Vietnam in 1973, the two nations remained estranged for many years, with the United States imposing an economic embargo on Vietnam and not recognizing its communist government until the mid-1990s. This embargo severely impacted Vietnam's ability to trade with the outside world, hindering its modernization and development. However, in the late 1970s, the United States began to reassess its relationship with Vietnam, and over the next several decades, the two countries worked to improve diplomatic and economic ties. While there were challenges along the way, the US–Vietnam relationship continued to evolve and deepen, paving the way for greater cooperation and collaboration in the twenty-first century.

### ***The 1970s***

Following the US withdrawal from Vietnam in 1973, the relationship between the United States and Vietnam remained strained for many years. In the aftermath of the war, the United States imposed an economic embargo on Vietnam and did not recognize the communist government in Hanoi as the legitimate government of the country until 1995. This embargo severely impacted Vietnam's economy and limited its ability to trade with the outside world.

The embargo limited Vietnam's ability to import goods and services from the outside world, including critical technologies, industrial goods, and consumer

<sup>1</sup> Francesco Guarascio, "Vietnam May Resist Diplomatic Upgrade with Washington as U.S.-China Tensions Simmer," *Reuters*, 23 March 2023, <https://www.reuters.com/>.

products. This made it difficult for Vietnam to modernize its economy and industrial base, which was already lagging behind its neighbors in Southeast Asia. Additionally, the embargo made it difficult for Vietnam to attract foreign investment, as investors were wary of investing in a country that was economically isolated from the rest of the world.

The embargo also had a significant impact on Vietnam's ability to export its goods and services. Vietnam's main exports were agricultural products, such as rice, coffee, and rubber, but the embargo limited its ability to sell these products on the global market. This had a negative impact on Vietnam's balance of trade, which exacerbated the country's economic difficulties.

In the late 1970s, the United States began to reassess its relationship with Vietnam. One of the key factors that led to this shift was the changing geopolitical landscape in Southeast Asia. In particular, the rise of China and its growing assertiveness in the region had raised concerns among American policy makers about the need to establish closer ties with other countries in the region.

Additionally, there were increasing calls within the United States to normalize relations with Vietnam. Many Americans believed that the ongoing trade embargo and travel restrictions were counterproductive and hindered the ability of the two countries to engage in constructive dialogue.

In 1977, President Jimmy Carter took the first steps toward improving relations with Vietnam by lifting the embargo on travel to the country. This decision was a significant milestone in the history of US–Vietnam relations, as it marked the first major step toward normalizing diplomatic relations between the two countries.

On 25 December 1978, Vietnam invaded Cambodia and overthrew the Khmer Rouge regime, which had been backed by China. Beijing became increasingly concerned about Vietnam's growing influence in Southeast Asia and saw it as a threat to Chinese regional power. Thus, on 17 February 1979, Chinese forces launched a military invasion of Vietnam's northern border in February 1979, which was met with resistance from the Vietnamese army. The conflict lasted for about a month, with both sides suffering significant losses. Eventually, China withdrew its troops, but tensions between the two countries remained high for several years.

### ***The 1980s***

During the Reagan administration, US–Vietnam relations remained strained due to the legacy of the Vietnam War. In response to Vietnam's continued exploits in Cambodia, Washington imposed economic sanctions on Vietnam in 1985, which included a trade embargo and a freeze on Vietnam's assets in the United

States. Washington also imposed restrictions on aid and loans to countries that traded with Vietnam. The sanctions were intended to pressure Hanoi to withdraw its forces from Cambodia and to respect human rights, but they remained in place until 1994, long after the Vietnamese withdrawal from Cambodia in 1989.

Despite the sanctions, Vietnam sought to improve its relations with the United States, as Hanoi recognized the importance of the United States as a potential trading partner and as a counterbalance to China, with which Vietnam had a tense relationship.

In 1986, Vietnam began to implement a series of economic reforms known as *Đổi Mới*, which opened up the country to foreign investment and trade. This, in turn, created new opportunities for US businesses to engage with Vietnam and paved the way for further normalization of diplomatic relations between the two countries.

In 1988, the United States and Vietnam signed an agreement to locate and repatriate the remains of US service members who were missing in action (MIA) in Vietnam. This was a significant step toward improving relations between the two countries, as it showed a willingness to cooperate on a sensitive and emotional issue.

Overall, while there were some small steps toward improving relations between the United States and Vietnam in the 1980s, progress was slow and often hindered by regional conflicts and political tensions.

### ***The 1990s***

In the early 1990s, the United States and Vietnam took steps toward normalizing their relations. In April 1991, the George Bush Administration presented Hanoi with a “roadmap” plan for phased normalization of ties. The two sides agreed to open a US government office in Hanoi to help settle MIA issues, and the United States Office for MIA Affairs opened officially for business in Hanoi in July 1991. Later that year, Vietnam supported a UN peace plan for Cambodia, and Secretary of State James Baker announced that Washington was ready to take steps toward normalizing relations with Hanoi.

In the following years, the two countries continued to make progress toward normalized relations. The ban on organized US travel to Vietnam was lifted in December 1991, and the US Congress authorized the United States Information Agency (USIA) to begin exchange programs with Vietnam. The Joint Task Force—Full Accounting was established in February 1992 with the goal of achieving the fullest possible account of Americans missing from the Vietnam War. In July 1993, the Clinton administration cleared the way for the resumption of interna-

tional lending to Vietnam, and in February 1994, President Bill Clinton lifted the US trade embargo against Vietnam.<sup>2</sup>

In May 1995, Vietnam gave the US presidential delegation a batch of documents on missing Americans, later hailed by the Pentagon as the most detailed and informative of their kind to date. On 11 July 1995, President Clinton announced “normalization of relations” with Vietnam, and in August 1995, Secretary of State Warren Christopher officially opened the US Embassy in Hanoi while Vietnam opened an embassy in Washington.

The two countries continued to take steps toward normalized relations in the following years. In April 1997, US Treasury Secretary Robert Rubin and Finance Minister Nguyễn Sinh Hùng signed an accord in Hanoi for Vietnam to repay debts of USD 145 million from the former government of South Vietnam.<sup>3</sup> Later that same month, the Senate confirmed Douglas “Pete” Peterson, a Vietnam War veteran and former prisoner of war (POW), as Ambassador to Vietnam. In June 1997, Secretary of State Madeline Albright arrived in Vietnam on an official visit, and on 27 June 1997, the United States and Vietnam signed a Copyright Agreement. In August 1997, the US government passed special legislation permitting the US Agency for International Development (USAID) to assist Vietnam in improving trade through a commercial law and trade policy technical program.

In 1998, President Clinton issued a waiver of the Jackson-Vanik Amendment for Vietnam, which paved the way for various US government agencies to conduct activities in Vietnam, including the Overseas Private Investment Corporation (OPIC), Export-Import Bank (Ex-Im), Trade and Development Agency (TDA), United States Department of Agriculture (USDA), and Maritime Administration (MARAD).<sup>4</sup> Later that year, Minister of Planning & Investment Trần Xuân Gia and Ambassador Peterson finalized the signing of the OPIC Bilateral Agreement. In July 1998, the US Senate voted 66–34 to continue funding for the US Embassy in Vietnam based on ongoing cooperation on the POW/MIA issue.

In July 1999, USTR Ambassador Richard Fisher and Vietnam Trade Minister Trương Đình Tuyển agreed to a Bilateral Trade Agreement in principle in Hanoi,

<sup>2</sup> Andrew Glass, “Clinton Ends Vietnam Trade Embargo: Feb. 3, 1994,” *Politico*, 3 February 2017, <https://www.politico.com/>.

<sup>3</sup> “United States and Vietnam Sign Debt Agreement” (press release, US Department of the Treasury, 7 April 1997), <https://home.treasury.gov/>.

<sup>4</sup> Reuters, “Clinton Eases Trading Status of Vietnam,” *New York Times*, 11 March 1998, <https://www.nytimes.com/>.

Vietnam.<sup>5</sup> In August of the same year, Secretary of State Madeleine Albright and Ambassador Peterson dedicated the Consulate General in Ho Chi Minh City, and it officially opened for business.

In September 1999, the USAID began a technical program to the Ministry of Trade to support the acceleration of negotiations for the Bilateral Trade Agreement. Finally, in December 1999, the Export-Import Bank and the State Bank of Vietnam completed the framework agreements, allowing Ex-Im to begin operations in Vietnam. These events signify a deepening of the US–Vietnam relationship, as the two countries continued to work together on issues such as POW/MIA cooperation and trade.

US–Vietnam relations continued to improve in the 1990s, setting the stage for even greater cooperation in the years to come.

### ***The Early 2000s***

The early 2000s saw a significant shift in US–Vietnam relations, with several events marking their growing cooperation. In March 2000, Secretary of Defense William Cohen visited Vietnam, marking the first visit by a US Defense Secretary since the end of the war.<sup>6</sup> In July of the same year, Vietnam Trade Minister Vũ Khoan and USTR Ambassador Charlene Barshefsky signed a Bilateral Trade Agreement, with President Clinton announcing the agreement at a White House ceremony. Later in November, Clinton himself visited Vietnam with a delegation that included Secretary of Commerce Norman Mineta and USTR Ambassador Charlene Barshefsky. During the trip, a memorandum of understanding on labor cooperation was signed, and the USAID opened an office in Hanoi. Congress also passed the Vietnam Education Foundation Act, which provides funding for Vietnamese students to study in the United States.<sup>7</sup>

During the George W. Bush administration, Vietnam and the United States engaged in various diplomatic efforts, including trade agreements and visits by high-level officials. Kicking off such efforts in 2001, Secretary of State Colin Powell visited Vietnam, and the Bilateral Trade Agreement was signed into law.

<sup>5</sup> “U.S., Vietnam announce trade agreement,” *Tampa Bay Times*, 26 July 1999, <https://www.tampabay.com/>.

<sup>6</sup> Jamie McIntyre, “Cohen Begins Historic Visit to Vietnam,” *CNN*, 13 March 2000, <https://www.cnn.com/>.

<sup>7</sup> “Vietnam Bilateral Trade Agreement: Historic Strengthening of the U.S.-Vietnam Relationship” 13 July 2000, <https://clintonwhitehouse4.archives.gov/>.

Deputy Prime Minister Nguyễn Tấn Dũng also led a high-level delegation to the United States to promote trade relations.<sup>8</sup>

In March 2002, the first Vietnamese-US scientific conference on Agent Orange was held in Hanoi, bringing together researchers from both countries. However, in April 2002, the Ministry of Justice reported that around 150 Vietnamese laws were inconsistent with the provisions of the Bilateral Trade Agreement (BTA), leading to a Joint Committee being opened in Hanoi in May 2002 to address the issue. Vice President Nguyễn Thị Bình visited Washington, DC, in May 2002, followed by a trade delegation led by Vice Minister of Trade Lương Văn Tự. Minister of Justice Nguyễn Đình Lộc visited the United States in June 2002 for meetings on the implementation of the BTA, and Deputy Prime Minister Nguyễn Mạnh Cầm made a visit to several US cities in June 2002.<sup>9</sup> In April 2003, the Vietnam Human Rights Act was reintroduced into the US House of Representatives by Congressman Chris Smith (R-NJ). The act was later added as an amendment to the House Foreign Relations Authorization Act, which passed in the House on 15 July 2003, and was sent to the Senate. On 17 July 2003, the Vietnam-US Garment and Textile Agreement was signed in Hanoi by Vietnamese Minister of Trade Trương Đình Tuyển and US Ambassador Raymond Burghardt. In September 2003, Minister of Trade Trương Đình Tuyển visited the United States, followed by Minister of Planning & Investment Võ Hồng Phúc in October 2003 and Minister of Defense Phạm Văn Trà in November 2003. The USS *Vandegrift*, the first US Navy ship to dock in Vietnam since the end of the war, arrived in Ho Chi Minh City in November 2003, symbolically boosting relations between Vietnam and the United States. In December 2003, Vietnam Deputy Prime Minister Vũ Khoan visited Washington, DC, and other US cities, during which the two countries signed a Bilateral Aviation Agreement. Additionally, in December 2003, negotiators from both countries participated in a Working Party Meeting in Geneva regarding Vietnam's entry into the World Trade Organization (WTO), and the Letter of Agreement on Counternarcotics Cooperation was signed by Le Van Bang and Ambassador Burghardt.<sup>10</sup>

<sup>8</sup> "Visit of Deputy Prime Minister Nguyen Tan Dung to the U.S." (press release, Embassy of the Socialist Republic of Vietnam, 6 December 2001), <https://vietnamembassy-usa.org/>.

<sup>9</sup> Ang Cheng Guan, "VIETNAM: Another Milestone and the Country Plods On," *Southeast Asian Affairs* (2002): 345-56, <https://www.jstor.org/>.

<sup>10</sup> Richard Boucher, "United States - Vietnam Sign Bilateral Counternarcotics Assistance Agreement" (press statement, US Department of State, 12 December 2003), <https://2001-2009.state.gov/>.

In February 2004, Admiral Thomas Fargo, commander of the US Pacific Command, visited Vietnam for two days, stopping in Hanoi and Danang. Later that month, the first American Corner opened in Danang, signaling the increasing interest in strengthening cultural and educational ties between the two countries. In April 2004, the Congressional US–Vietnam Caucus was formed, seeking to monitor and support normalized relations. This was followed by a visit from Vietnam’s Minister of Trade Trương Đình Tuyển to discuss Vietnam’s accession to the WTO and implementation of the US–Vietnamese BTA. In June, Vietnam held the eighth round of WTO accession negotiations and was designated by President Bush as one of 15 “focus countries” for the President’s Emergency Plan for AIDS Relief. However, the US Congress passed the Vietnam Human Rights Act, which highlighted concerns about human rights violations in Vietnam. Several other visits by US and Vietnamese officials followed, including discussions on BTA implementation, trade, and consular affairs. In December 2004, United Airlines’ inaugural flight from San Francisco to Ho Chi Minh City marked a significant milestone in bilateral economic relations.

In addition, Deputy Secretary of State Robert Zoellick visited Hanoi and Ho Chi Minh City in May 2005, and Prime Minister Phan Văn Khải visited President George W. Bush in Washington, DC, in June 2005. The two countries signed an Economic and Technical Cooperation Agreement, as well as agreements on international adoptions, intelligence, and military cooperation. In October 2005, US Secretary of Health Michael Leavitt visited Vietnam to discuss avian influenza and cooperation on combating HIV/AIDS through the US President’s Emergency Plan for AIDS Relief (PEPFAR).<sup>11</sup>

In 2006, a bilateral partnership was established to prevent HIV/AIDS in Vietnam, and talks on human rights resumed after a three-year break. The United States and Vietnam also signed an agreement-in-principle on Vietnam’s accession to the WTO, and legislation was introduced to grant Vietnam Permanent Normal Trade Rights. The two countries broadened defense cooperation and signed an agreement on counternarcotics cooperation. Additionally, visits by US officials such as Secretary of Veterans Affairs R. James Nicholson and Secretary of Defense Donald Rumsfeld further solidified the relationship between the two nations.<sup>12</sup>

<sup>11</sup> “U.S. Official Announces \$25M in 2005 PEPFAR Funding for Vietnam,” *KHN Morning Briefing*, 9 May 2005, <https://khn.org/>.

<sup>12</sup> Michael R. Gordon, “Rumsfeld, Visiting Vietnam, Seals Accord to Deepen Military Cooperation,” *New York Times*, 6 June 2006, <https://www.nytimes.com/>.



In 2007, Vietnam became the 150th member of the WTO, signaling its growing integration into the global economy. This was accompanied by a series of diplomatic engagements between Vietnam and the United States, under the George W. Bush administration. Admiral Gary Roughead, commander of the US Pacific Fleet, visited Vietnam and met with Vietnamese Navy officials, while Deputy Prime Minister Phạm Gia Khiêm visited the United States to discuss bilateral cooperation.<sup>13</sup> The US–Vietnam Bilateral Maritime Agreement was also signed, and President Nguyễn Minh Triết visited the United States to discuss economic and trade cooperation. The USS *Peleliu* also docked in Danang to support humanitarian projects.<sup>14</sup> However, the US House of Representatives also passed the Smith Bill to promote human rights reform in Vietnam, indicating some tension in the bilateral relationship. Meanwhile, Vietnam sought to increase its global profile by attending the UN General Assembly and being elected as a nonpermanent member of the UN Security Council for the 2008–2009 term. Finally, Ambassador Lê Công Phụng was appointed as the Vietnamese Ambassador to the United States., cementing the diplomatic ties between the two nations.

In January 2008, Congressmen Steny Hoyer (D–MD) and Roy Blunt (R–MO) visited Vietnam, meeting with high-ranking officials and attending a reception given by the National Assembly Chairman.<sup>15</sup> The same month, the Vietnamese Ambassador Extraordinary and Plenipotentiary presented a Letter of Credentials to President Bush, and an agreement was signed regarding Vietnam’s acceptance of its citizens who are deported for violating US law. In March, the US Assistant Secretary of State visited Vietnam to find ways to strengthen the relationship, and in June, Prime Minister Nguyễn Tấn Dũng visited the United States as a guest of President Bush, signaling a new step forward in bilateral relations. Other significant events included a hearing on Agent Orange in the US House of Representatives, the deployment of the USNS *Mercy* for a 10-day humanitarian mission in Vietnam, and the first-ever strategic dialogue between the United States and Vietnam.

<sup>13</sup> Robert E. Lucius, “Pacific Partnership Visits Vietnam: setting the Standard for Sea-based Humanitarian Cooperation,” *Naval War College Review* 60, no. 4 (Autumn 2007): 1–9, <https://digital-commons.usnwc.edu/>.

<sup>14</sup> “USS *Peleliu* sails on in Pacific Partnership,” *Stars and Stripes*, 28 July 2007, <https://www.stripes.com/>.

<sup>15</sup> Vietnam News Agency, “United States House of Representatives Majority Leader Visits Vietnam,” Embassy of the Socialist Republic of Vietnam, n.d., <https://vietnamembassy-usa.org/>.

In January 2009, a delegation from the Vietnam National Assembly Committee for External Affairs visited the United States and had meetings with government officials and businesses. In April of the same year, US Senator John McCain (R–AZ) visited Hanoi and met with Prime Minister Nguyễn Tấn Dũng and National Assembly Chairman Nguyễn Phú Trọng. Later in the year, Deputy Secretary of State James Steinberg led a US interagency delegation to Hanoi to discuss ways to strengthen bilateral ties and security issues.<sup>16</sup> The United States and Vietnam also signed a memorandum of understanding on implementing health and environmental remediation programs related to Agent Orange/Dioxin in December 2009.<sup>17</sup> There were also several cultural events, including the New York Philharmonic’s visit to Hanoi and the Meet Vietnam 2009 Expo in San Francisco, aimed at promoting mutual understanding and boosting economic and trade cooperation between the two countries.

### ***The 2010s***

In the first few months of 2010, US–Vietnam relations under the George W. Bush administration saw several significant events. These events included US Senator Christopher S. Bond’s (R–MO) visit to Hanoi, where he met with several officials including the Deputy Prime Minister and Foreign Minister.<sup>18</sup> The US Embassy in Hanoi held the third annual Education Conference, which attracted over 600 educators from the United States and Vietnam to discuss educational goals. Several officials, including Deputy Assistant Secretary of State for East Asian and Pacific Affairs and Ambassador for Association of Southeast Asian Nations (ASEAN) Affairs, Scot Marciel,<sup>19</sup> and Treasury Deputy Assistant Secretary for Asia, Robert Dohner, visited Hanoi to meet with officials from various Vietnamese ministries and organizations. The US Consul General and Agricultural Attaché also visited Phu My Port in Bà Rịa–Vũng Tàu province to welcome the largest shipment of US soybean meal to Vietnam. The United States and Vietnam conducted their first formal meeting on climate change in Hanoi, and the Vietnamese prime minister participated in the Nuclear Security Summit in

<sup>16</sup> T. Nam, “US Deputy Secretary of State visits Vietnam,” trans. Truc Thinh, *Saigon News*, 28 September 2009, <https://en.sggp.org.vn/>.

<sup>17</sup> Matthew Palmer, *Agent Orange in Vietnam: Recent Developments in Remediation*, Testimony before the Subcommittee on Asia, the Pacific, and the Global Environment Committee on Foreign Affairs, Washington, DC, 15 July 2010, <https://2009-2017.state.gov/>.

<sup>18</sup> Dale Singer, “Bond promotes Midwest-China hub—and predicts ‘sea change’ in Congress,” *St. Louis Public Radio*, 20 January 2010, <https://news.stlpublicradio.org/>.

<sup>19</sup> See Ambassador Marciel’s senior leader perspective article in this same issue.

Washington, DC. In addition, the two nations signed a memorandum of understanding concerning cooperation in the field of civilian nuclear energy, and USAID-sponsored MTV EXIT concerts were held in several Vietnamese cities to raise awareness about human trafficking.

Under the Obama administration, the relationship between the United States and Vietnam continued to strengthen, with a focus on trade, security, and human rights. In 2013, during President Barack Obama's visit to Vietnam, the two countries agreed to establish a comprehensive partnership, which would broaden and deepen their cooperation in a range of areas.<sup>20</sup>

One of the main areas of focus was trade. In 2015, the United States and Vietnam reached an agreement on the Trans-Pacific Partnership (TPP), a trade deal involving 12 countries in the Indo-Pacific region. The TPP aimed to reduce tariffs and other trade barriers, as well as establish rules for labor and environmental protections. However, the TPP faced opposition in both the United States and Vietnam, and in 2017, President Donald Trump withdrew the United States from the agreement.<sup>21</sup>

Security cooperation was also an important aspect of the US-Vietnam relationship under the Obama administration. In 2016, the United States lifted its decades-long arms embargo on Vietnam, which had been in place since the end of the Vietnam War. The move was seen as a way to boost Vietnam's defense capabilities and to counterbalance China's growing military presence in the region.

At the same time, the United States and Vietnam continued to work together to address human rights issues. The Obama administration urged Vietnam to release political prisoners and to allow greater freedom of expression and assembly. In 2016, President Obama met with Vietnamese civil society leaders to discuss these issues, and he also announced the creation of a new Fulbright University in Vietnam, which aimed to promote academic freedom and critical thinking.<sup>22</sup>

During the Trump administration, US-Vietnam relations saw both cooperation and tensions. In 2017, President Trump visited Vietnam for the Asia-Pacific Economic Cooperation (APEC) summit, where he met with Vietnamese leaders and expressed his desire to strengthen economic ties between the two countries.

<sup>20</sup> "U.S.-Vietnam Comprehensive Partnership" (fact sheet, US Department of State, 16 December 2013), <https://2009-2017.state.gov/>.

<sup>21</sup> Mireya Solís, "Trump withdrawing from the Trans-Pacific Partnership," *Unpacked* (blog), 24 March 2017, <https://www.brookings.edu/>.

<sup>22</sup> Daniel Harsha, "President Obama Formally Announces Opening of Fulbright University Vietnam," Ash Center, 24 May 2016, <https://ash.harvard.edu/>.

Trump also praised Vietnam for its economic progress and expressed his support for Vietnam's efforts to achieve regional stability and security.<sup>23</sup>

However, the Trump administration also took a tougher stance on trade issues with Vietnam. In 2019, the US Trade Representative's office launched an investigation into whether Vietnam was manipulating its currency to gain an unfair trade advantage. The investigation resulted in the imposition of tariffs on certain Vietnamese goods, including seafood, furniture, and tires.<sup>24</sup>

In addition to trade issues, the Trump administration also expressed concern about Vietnam's human rights record. In 2017, Trump raised the issue of human rights during his meeting with Vietnamese leaders, and in 2018, the US Department of State expressed concern over the arrest and sentencing of Vietnamese human rights activists.

Despite these tensions, the Trump administration also continued to deepen defense ties with Vietnam. In 2018, the US Navy aircraft carrier USS *Carl Vinson* visited Vietnam for the first time since the end of the Vietnam War, and the two countries signed a memorandum of understanding to deepen defense cooperation.<sup>25</sup> The Trump administration also supported Vietnam's efforts to enhance its maritime security and capacity through the transfer of excess defense articles and the provision of training and equipment.

## **Current Situation**

In May 2022, the Indo-Pacific Economic Framework for Prosperity (IPEF) was launched between Australia, Brunei, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, the United States, and Vietnam. IPEF is a framework centered around four pillars, namely Connected Economy, Resilient Economy, Clean Economy, and Fair Economy. The US government views the IPEF as central to its commitment in the Indo-Pacific region. The framework has a modular approach with a reliance on tailored initiatives such as technology, harmonization, focused investments, and joint projects.

The IPEF is not a traditional trade agreement but has a specified focus on labor standards and issues, which is likely to impact labor regulations and trends among

<sup>23</sup> Steve Herman, "Trump Touts Vietnam as 'One of the Great Miracles of the World,'" *Voice of America*, 11 November 2017, <https://www.voanews.com/>.

<sup>24</sup> Ana Swanson, "Trump Administration Opens Investigation Into Vietnam's Trade Practices," *New York Times*, 2 October 2020, <https://www.nytimes.com/>.

<sup>25</sup> Jim Garamone, "Aircraft Carrier USS Carl Vinson Makes Vietnam Port Call," *DOD News*, 5 March 2018, <https://www.defense.gov/>.

partner countries, including Vietnam. The first pillar, “Connected Economy,” focuses on reducing nontariff trade barriers and promoting trade facilitation, with a focus on digital trade and the digital economy, cross-border data flows, and cybersecurity. This pillar also envisions high standard commitments in the labor and environment fields, which demonstrates a renewed focus on labor issues and standards throughout the region and in member states, including Vietnam.

The second pillar, “Resilient Economy,” aims to achieve supply chain resilience through encouraging supply chain diversification and fostering favorable market conditions. This is an area of crucial importance to Vietnam, which has been a net beneficiary of supply chain diversification efforts. The third pillar, “Clean Economy,” focuses on green technology and infrastructure development and is indicative of the potential for investments in Vietnam’s infrastructure and renewable energy sectors. The fourth pillar, “Fair Economy,” aims to introduce horizontal benefits to the private sector via an overall improvement to the regional business environment.

IPEF places a strong emphasis on close collaboration with the private sector, and there is ample opportunity for companies in the region to shape and influence policy decisions and direction. Technology is also set to play a crucial role, particularly in relation to supporting a low carbon transition through R&D and infrastructure, as well as joint support for relevant projects in member countries. Opportunities for development are evident in the trade pillar, as well as the increased opportunities for investment, infrastructure expansion, and connectivity through digital trade and joint projects. Although IPEF does not address tariff reductions or currently involve binding commitments in relation to Vietnam, it is envisioned as a precursor for continued negotiations in this context. Various initiatives will have the capacity to foster Vietnam’s continued integration into global supply chains and impact issues of importance to Vietnam, such as infrastructure development, renewable energy, and foreign investment.<sup>26</sup>

On 23 March 2023, Deputy spokeswoman of the Vietnamese Foreign Ministry, Phạm Thu Hằng, expressed Hanoi’s readiness to collaborate with the Biden administration to further enhance bilateral ties in an effective and sustainable way, which would lead to peace, stability, cooperation, and development in the region and the world. Hằng stated that since its establishment a decade ago, the US–Vietnam comprehensive partnership has developed extensively, effectively, and substantially in bilateral, regional, and international aspects. The two countries

<sup>26</sup> “In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity” (fact sheet, The White House, 23 May 2022), <https://www.whitehouse.gov/>.

have maintained contacts, dialogues, and exchange of delegations at all levels, especially high-level visits. Hanoi and Washington have consistently affirmed their commitment to respecting the UN Charter, international law, as well as independence, sovereignty, territorial integrity, and political regime of each other in joint statements and meetings between the two countries' leaders.

Hãng noted that the two sides have been working increasingly effectively at multilateral forums such as the ASEAN, the United Nations, APEC, and the Mekong subregion to address regional and global issues of common concern related to sustainable development and climate change. The recent visit of a major US business delegation to Vietnam indicated the strong willingness of the two countries to further promote their mutually beneficial comprehensive partnership. Hãng concluded that Vietnam hopes that the United States becomes its biggest investor in the future.<sup>27</sup>

*So, why the reluctance on Vietnam's to upgrade the relationship?*

Vietnam is heavily reliant on China for imports of raw materials and components for its manufacturing industry. Moreover, China is a significant investor in Vietnam, with Chinese businesses investing in various industries in the country, from real estate to infrastructure.

Despite the economic benefits of its relationship with China, Vietnam's leaders are wary of China's growing assertiveness in the region, particularly its territorial claims in the South China Sea. Vietnam, like many other Southeast Asian countries, is concerned about China's increasing military presence in the region, which it sees as a threat to its sovereignty.

At the same time, Vietnam sees the United States as a critical strategic partner. The United States is an important market for Vietnamese exports, particularly textiles and electronics, and Vietnamese businesses are increasingly looking to expand their presence in the US market. The United States is also a significant investor in Vietnam, particularly in the technology and manufacturing sectors.

Vietnam's leaders recognize the strategic importance of their relationship with the United States as a counterbalance to China's growing influence in the region. However, they are also keenly aware that taking any action that could be perceived as hostile toward China could result in economic repercussions, which could hurt Vietnam's economy.

Therefore, Vietnam's leaders must delicately balance relationships with both China and the United States. They must maintain strong economic ties with

<sup>27</sup> Vietnam News Agency, "Deputy spokeswoman: Vietnam ready to cooperate with U.S.," *People's Army Newspaper*, 23 March 2023, <https://en.qdnd.vn/>.

China while also cooperating with the United States on security and strategic issues. This delicate balancing act requires Vietnam to navigate complex geopolitical dynamics and carefully manage its relationships with both major powers.

Florian Feyerabend, the representative in Vietnam for Germany's Konrad Adenauer Foundation, has stated that a formal upgrade of ties between Vietnam and the United States is "not considered realistic anymore."<sup>28</sup> This move would be largely symbolic, and Vietnam's leaders are not keen on taking any action that could put their economic relationship with China in jeopardy. In fact, Bich Tran, an adjunct fellow at the Washington's Center for Strategic and International Studies, has noted that Vietnam's leaders may be reluctant to upgrade their comprehensive partnership with the United States, given the intensifying competition between China and the United States, as well as the proximity between China and Vietnam—particularly in light of the 1979 Sino-Vietnamese War, even older encounters with imperial China, and Beijing's increasingly belligerent foreign policy and irredentist tendencies.<sup>29</sup>

It is understandable why Vietnam is hesitant to upgrade its partnership with the United States at this time. The country does not want to be caught in the middle of the ongoing rivalry between China and the United States, which could have serious economic and political repercussions. However, it is also important for Vietnam to maintain its strong ties with the United States, which is a major investor in the country and an important market for its exports. It is a delicate balancing act, and Vietnam's leaders will need to carefully navigate their country's relationships with both the United States and China to achieve their strategic goals.

### **US Efforts to Assuage Hanoi's Concerns**

On 30 December 2022, Carol Spahn, the Director of the Peace Corps, swore in the first group of US volunteers to serve in Vietnam. The ceremony was attended by government representatives from both Vietnam and the United States, as well as administrators and teachers from the schools where the volunteers will co-teach. Vietnam is the 143rd partner country of the Peace Corps, and the country's Ministry of Education and Training established a collaborative partnership with the Peace Corps in July 2020 to create an English education program in Vietnam. The nine English education volunteers arrived in Vietnam in October

<sup>28</sup> Guarascio, "Vietnam May Resist Diplomatic Upgrade."

<sup>29</sup> Bich T. Tran, "A Better Approach to Promoting Human Rights in Vietnam and Southeast Asia," *Indo-Pacific Perspectives* (February 2022): 15–19, <https://media.defense.gov/>.

and underwent comprehensive training to co-teach alongside Vietnamese teachers for two years. This program adds Vietnam to the list of 45 countries where nearly 900 Peace Corps volunteers are currently serving in support of government and community priorities across Africa, Europe, Asia, and the Americas. The event highlights the positive bilateral relations between the United States and Vietnam, particularly in the area of education, and serves as a step forward in strengthening their ties.<sup>30</sup>

On 6 January 2023, a transfer ceremony was held for the newly constructed Trinh Viet Bang Primary School in Dinh Trung commune, which was a joint effort between the US Office of Defense Cooperation Vietnam and Ben Tre province. The US Indo-Pacific Command funded the construction project, which includes eight fully furnished classrooms, two teacher's rooms, and a handicap accessible ramp, under the Overseas Humanitarian Disaster Assistance and Civic Action Program. The ceremony was attended by US Defense Attaché Colonel TJ Bouchillon, Acting Deputy Principal Officer in Ho Chi Minh City Graham Harlow, and Vice Chairwoman of Ben Tre Provincial People's Committee Nguyễn Thị Bé Mười, who acknowledged the support of the US Mission in Vietnam and the US Indo-Pacific Command. Colonel Bouchillon emphasized the project's significance, which supports the local development strategy by improving primary education facilities in Dinh Trung and providing safe shelter during natural disasters. The project reflects on the continued cooperation between the United States and Vietnam since normalizing diplomatic relations and exemplifies the approaching 10-year anniversary of the comprehensive partnership between the two countries in 2023.<sup>31</sup>

US Ambassador to Vietnam Marc Knapper's visit to Lào Cai City and Sa Pa on 21–22 February 2023 highlighted the importance of US–Vietnam cooperation in countertrafficking efforts, sustainable economic development, environmental sustainability, health initiatives, and English language programming. During his visit, Ambassador Knapper met with local leaders, NGO representatives, and frontline workers to discuss the progress made in countertrafficking projects supported by the US Embassy, such as the Meeting Targets and Maintaining Epidemic Control project, which provides training to frontline workers in Lào Cai on best practices for supporting trafficking survivors. He also visited Compassion House, a government-owned shelter for trafficking survivors run by the NGO

<sup>30</sup> US Embassy & Consulate in Vietnam, "Peace Corps Director Swears-in First-ever Volunteers in Viet Nam," 30 December 2022, <https://vn.usembassy.gov/>.

<sup>31</sup> US Embassy & Consulate in Vietnam, "U.S. Mission to Vietnam Builds Primary School in Ben Tre Province," 6 January 2023, <https://vn.usembassy.gov/>.



Pacific Links Foundation, and attended an awareness-raising event on the risks of trafficking for students at Kim Đồng Junior Secondary School in Sa Pa. In addition, Ambassador Knapper learned about the economic opportunities provided by social enterprise Ethos Spirit, which works with ethnic minority communities to provide cultural tours, and the work being done to protect Hoàng Liên National Park's fragile ecosystem and promote sustainable tourism in Sa Pa. The visit highlights the continuing importance of US–Vietnam cooperation in addressing shared challenges and achieving common goals.<sup>32</sup>

In March 2023, a group of 52 US firms, including Boeing and Netflix, visited Vietnam as part of the biggest business mission ever organized by the US–ASEAN Business Council. The move highlights how Vietnam has emerged as an attractive potential alternative to China for US firms seeking to diversify their markets and supply chains. However, Vietnam's rapid economic growth and rising middle class are also attracting investors, despite the nation facing heightened risks due to the continued effects of the economic slowdown. Oxford Economics predicts Vietnam's GDP growth will slow to 4.2 percent in 2023, citing a weak outlook in its global trading partners and rising financial risks.<sup>33</sup>

### **Lingering Concerns in Washington**

The recent removal of key officials in Hanoi has sparked concerns among foreign diplomats that Vietnam's foreign policy may be tilting toward China. The removal of deputy prime ministers Phạm Bình Minh and Vũ Đức Đam from the Politburo and their government posts over graft allegations, as well as the near-unprecedented departure of former state president Nguyễn Xuân Phúc, has led to fears that the United States is losing an important friend in Vietnam. Minh was seen as a driving force behind closer cooperation with Washington, while Phúc was trusted by the foreign business community at a time when Vietnam was benefiting from US “decoupling” from China.

However, most independent analysts believe that fears of a conservative-leaning reshuffle in Hanoi fundamentally altering Vietnam's foreign policy away from the West and toward China and Russia are exaggerated. There has also been something approaching “detente” between Vietnam and China for several years, with Vietnam reaping more benefits from a continuation of a friendly relationship

<sup>32</sup> US Embassy & Consulate in Vietnam, “Ambassador Knapper Makes First Official Visit to Lào Cai Province,” 22 February 2023. <https://vn.usembassy.gov/>.

<sup>33</sup> Michelle Toh, “US Companies including Netflix and Boeing Join “Biggest” Business Mission to Vietnam,” *CNN*, 21 March 2023, <https://www.cnn.com/>.

with China than an upgrade in the relationship with the United States. The stall in US–Vietnam relations reflects Hanoi’s attempt to signal to China that if Beijing does not provoke, Hanoi will not upgrade ties with the United States and hurt China’s interests in the process.

Vietnam is not easily categorized as pro-US or pro-China. On the one hand, the Vietnamese Communist Party has more in common politically with Beijing, while on the other, China is viewed as the bugbear of Vietnamese nationalists. Whether the leadership reshuffles and purges impact Vietnam’s foreign policy is another matter, but economically, Hanoi has to maintain cordial ties with China and the West, with US–Vietnam trade worth almost USD 140 billion last year.<sup>34</sup>

## Conclusion

In conclusion, Vietnam’s leaders are facing a delicate balancing act in managing their relationships with both China and the United States. While the United States is an important strategic partner for Vietnam, particularly in terms of security and counterbalancing China’s growing influence in the region, Vietnam’s strong economic ties with China mean that any actions that could be perceived as hostile toward China could have economic repercussions. Despite this, there have been indications that Vietnam is willing to collaborate with the Biden administration to further enhance bilateral ties in a sustainable way. The recently launched IPEF is also likely to impact Vietnam, particularly in areas such as labor standards, supply chain diversification, green technology, and infrastructure development. Overall, Vietnam’s leaders face a complex set of geopolitical dynamics, and managing relationships with both major powers will require careful navigation and delicate management. 🌟

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