

PERSPECTIVE

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Vietnam-U.S. Relations Flourishing under Trump

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EXECUTIVE SUMMARY

- U.S. President Donald Trump has accused Vietnam of treating his country “even worse” than China in terms of trade, and his administration has imposed heavy duties on steel imports from Vietnam. Despite such tough rhetoric and action, it is unlikely that ties between the U.S. and Vietnam will deteriorate.
- Unlike China, Vietnam is willing to address U.S. trade concerns and is eager to better ties with Washington. For the U.S., Vietnam is also becoming a valued partner in the region.
- The U.S.-Vietnam relationship has considerably advanced in recent years despite the fact that the two countries fought a deadly war and still have major political and economic differences.
- Sharing common strategic interests in many key regional issues, especially in the maritime domain, has been – and continues to be – the driving factor in the relationship.

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INTRODUCTION

In a long, wide-ranging interview with Fox Business Network on June 26,¹ in which he lashed out at China, Japan, Europe, NATO and others, United States President Donald Trump briefly, but sharply, criticised Vietnam, describing it as “almost the single worst abuser of everybody”. He said: “A lot of companies are moving to Vietnam, but Vietnam takes advantage of us even worse than China.” Asked whether he wanted to impose tariffs on the country, Trump said that “we’re in discussions with Vietnam.” A few days later, on July 2, the U.S. Commerce Department announced it would impose duties of up to 456% on imports of steel products produced in Vietnam using material from South Korea and Taiwan.²

Judging by the above, it is clear that Trump is hardening his posture against Vietnam, which is seen as the biggest winner of his current trade war with China. As Vietnam remains a trade-dependent economy, with the U.S. its biggest export market, Trump’s latest rhetoric and his administration’s punitive actions are a huge setback. Yet, this is not the first time he has acted against Vietnam’s economic interests. On his first full working day in office in January 2017, Trump pulled his country out of the Trans-Pacific Partnership, or TPP. His decision was a big blow for Vietnam because the export-led economy was widely tipped to be the biggest beneficiary of the pan-Pacific colossal trade deal if it included the U.S., the 12-member pact’s biggest economy. Yet, despite that, Hanoi’s ties with Washington under the Trump presidency have not stalled, but significantly advanced.

HIGH-LEVEL VISITS

The election of Trump, who has vehemently championed an “America first” foreign policy, caused anxiety among many nations. Trump’s nationalist and protectionist posturing and his TPP withdrawal in particular bred confusion, apprehension and resentment among Washington’s traditional allies and key partners in the Asia-Pacific region. Some regional leaders even publicly voiced their disappointments, concerns or criticisms of his stance. For instance, Singapore’s Prime Minister Lee Hsien Loong expressed his disappointment with Trump for abandoning the TPP.³ In an interview just a month before Trump’s election, Lee said that if the US went back on the trade deal, “how can anyone believe in [the Americans] anymore?”⁴ Yet, instead of reacting disappointedly to new changes in America’s policies or cooling their ties with Washington, which markedly advanced under the Obama presidency, Vietnamese leaders sought to cultivate cooperation with Trump’s America.

Vietnamese Prime Minister Nguyen Xuan Phuc visited the U.S and met with Trump in the White House in May 2017. As such, he became the first leader from Southeast Asia – and the third from Asia (after Japanese Prime Minister Shinzo Abe and Chinese President Xi Jinping) – to have travelled to America and held face-to-face talks with Mr Trump since he took office.

Four months later, Trump attended the Asia-Pacific Economic Cooperation (APEC) summit in Da Nang, Vietnam. After the APEC gathering, he travelled to Hanoi for a two-day state visit, during which he met with Vietnam’s top leaders, including Phuc and Nguyen Phu Trong, general secretary of the ruling Communist Party of Vietnam (CPV). Before his tête-à-tête with the North Korean leader Kim Jong Un in Hanoi, in February this year, Trump

also held talks with Trong and Phuc. In his meeting with Trong, the CPV chief since 2011 and Vietnam's president since October 2018, Trump invited his Vietnamese counterpart to visit the U.S. this year. If his health permits, the 75-year-old leader, who has been sick in recent months, will travel to Washington at some point in 2019 and, thus, hold talks with Trump for the third time in three years. No other country in Southeast Asia has enjoyed such frequent high-level exchanges with Trump's America. This is, in many respects, extraordinary.

Officially, the U.S. and Vietnam are just "comprehensive partners" and, as such, their relationship ranks quite low in their respective external relations. In Vietnam's diplomatic lexicon, the "comprehensive partnership" it agreed to with the U.S. in 2013 is the lowest level of the partnerships it has established with other countries. It is behind its "strategic partnerships" with 16 nations – namely Russia (2001), Japan (2006), India (2007), China (2008), South Korea and Spain (2009), the United Kingdom (2010), Germany (2011), France, Italy, Indonesia, Singapore and Thailand (2013), Malaysia and the Philippines (2015) and Australia (2017).

Vietnam elevated its "strategic partnerships" with South Korea to a "strategic cooperative partnership" in 2009, with Japan to an "extensive strategic partnership" in 2014, with Russia and India to "comprehensive strategic partnerships" in 2012 and 2016 respectively, and with China to a "comprehensive strategic cooperative partnership" in 2009. On paper, China is, of course, Vietnam's most important partner, while the U.S. is among the least important ones, which also include faraway and relatively unimportant partners such as Argentina, Brazil, Chile, Denmark, Ukraine and Venezuela. Vietnam's "comprehensive partnership" with the world's biggest economy and military is theoretically even placed behind the "comprehensive cooperative partnership" it forged with Myanmar in 2017.

In terms of its relevance to the U.S., Vietnam is officially placed behind other regional peers. While the Philippines and Thailand are Washington's longstanding allies, Indonesia and Singapore are its strategic partners.

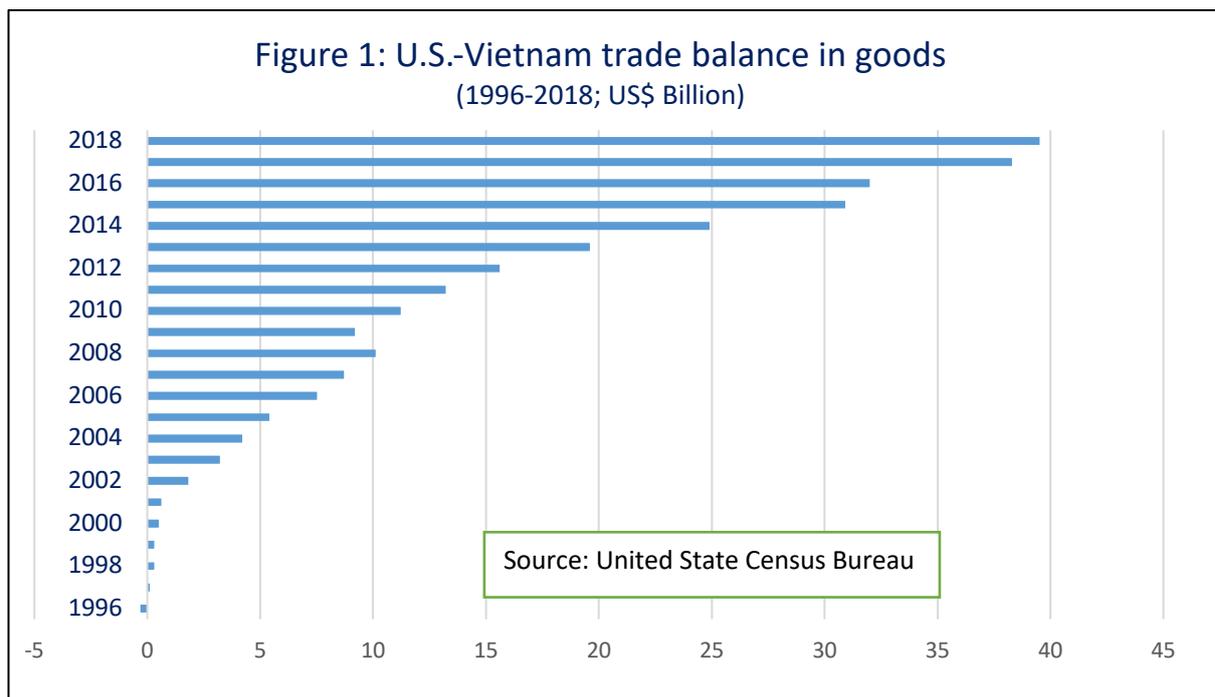
IDEOLOGICAL DIFFERENCES AND THE TRADE DEFICIT

The frequent high-level interaction between the two countries is also remarkable because just over 40 years ago, they fought each other in one of the world's longest and deadliest wars. In a key speech during his 2016 visit, Barack Obama acknowledged that "Cold War rivalries and fears of communism pulled us into conflict."⁵ The Cold War is long gone but Vietnam remains a communist country, with an economic and political system that is different from, if not opposed to, that of the U.S.

In remarks when hosting Mr Trong – the first CPV chief to have visited the U.S. – in the White House in 2015, Obama admitted that "there continue to be significant differences in political philosophy and political systems between our two countries" and he cited differences around issues of human rights and freedom of religion.⁶ Such differences are the main reasons why the U.S. often criticises Vietnam's human rights record. For example, a bill introduced in February 2019 called on Hanoi to release "political and religious prisoners" and "respect religious and internet freedoms". It even proposed to apply the Global Magnitsky Human Rights Accountability Act to those who are "complicit in torture,

extrajudicial killings, the arbitrary detention of political and religious prisoners, or other gross violations of internationally recognized human rights.”⁷ All these political differences hinder, to varying degrees, the advancement of cooperation between the two sides. They are one of the reasons why Washington and Hanoi have not so far formally elevated their partnership to a higher level.

Under Trump, U.S. growing trade shortfall with Vietnam is another notable point of disagreement. According to U.S. Census Bureau’s data, in 1996, the U.S. had a trade surplus of \$285 million with Vietnam. But in 1997, it had a deficit of \$102 million and since then the gap has increased rapidly annually – to \$39.5 billion last year (see Figure 1).



In the first five months of 2019, the U.S. deficit with Vietnam hit \$21.6 billion, compared to \$15.1 billion over the same period last year. Should this trend continue, the deficit could top \$50 billion by the end of this year or sometime next year. This is a key reason why Trump and his senior aides often raise – publicly and privately – their concerns about the trade imbalance. For instance, when introducing Phuc at an event for businesses in Washington in May 2017, U.S. Trade Representative Robert Lighthizer said that since 2007, when Vietnam joined the World Trade Organization, the two sides further strengthened their ties through a Trade and Investment Framework Agreement and made significant progress in trade in goods, agriculture sales, and services. But, he also pointed out that they “still have a lot of work to do” as “over the last decade, our bilateral trade deficit has risen from about \$7 billion to nearly \$32 billion.”⁸ In his meeting with the Vietnamese prime minister, Lighthizer again highlighted “the challenges presented by the growth in the U.S. trade deficit with Vietnam.”⁹ In May this year, the U.S. Treasury Department added Vietnam – alongside with eight other countries, including China, Japan, South Korea, Singapore and Malaysia – to a watch list for currency manipulation.¹⁰ As noted above, a month later, Trump branded Vietnam “the worst [trade] abuser” and shortly after that the U.S. imposed extremely high duties on steel imports from Vietnam. All this shows that the two countries have a number of significant disagreements.

CONVERGENCES TRANSCEND DIFFERENCES

That said, the U.S. and Vietnam share convergence on many key issues, especially in security and defence. In fact, their views and interests are now more convergent than a few years ago and such convergences have taken – and will continue to take – their relationship forward. Even on the political level, the relationship is now better than it was six years ago. During President Truong Tan Sang’s trip to America in 2013, when a comprehensive partnership was formally established, the two sides “underlined the principles” of such a partnership, “including respect for the United Nations Charter, international law, each other’s political systems, independence, sovereignty, and territorial integrity.”¹¹ During Trong’s 2015 trip, they asserted “their continued pursuit of a deepened, sustained, and substantive relationship on the basis of respect for the United Nations Charter, international law, and each other’s political systems, independence, sovereignty, and territorial integrity.”¹² Their agreement with, and commitment to, those principles was of both symbolic and substantive significance, especially for Vietnam. By agreeing to build and advance the relationship “on the basis of respect for each other’s political systems,” the U.S. officially accepted and respected Vietnam’s one-party system, and such a recognition was extremely important for Hanoi because the CPV’s ideological conservatives strongly suspected that the US wanted to overturn Vietnam’s socialist regime through the so-called “peaceful evolution.”

The emphasis on respect for each other’s “independence, sovereignty, and territorial integrity” is also very telling. It resonates very well in Vietnam, a country which, throughout its history, has fought wars against China (numerous ones), Japan, France and the U.S. to safeguard its independence, and is still struggling to defend its sovereignty and territorial integrity in the disputed South China Sea. What is revealing is that, although they fought each other more than four decades ago and still have some political and economic disagreements, the U.S. and Vietnam currently do not have any dispute over sovereignty and territorial integrity. By agreeing to include such a principle in his joint statements with Vietnamese leaders, President Obama showed an understanding of Vietnam’s past and, especially, current struggles. Indeed, in his televised address to the Vietnamese people during his 2016 visit, he said, “Vietnam is an independent, sovereign nation, and no other nation can impose its will on you or decide your destiny.”¹³ Such a statement incited a raucous round of applause from the audience present, mostly young people.

His successor, Donald Trump, continues to uphold that principle, with his joint statements with Nguyen Xuan Phuc in May 2017¹⁴ and Tran Dai Quang in November 2017 reasserting it.¹⁵ In his joint press conference with (now deceased) president Quang, Trump recalled his address to the APEC CEO Summit in Da Nang a day earlier, in which he stated that the U.S. “is committed to a free and open Indo-Pacific, where strong, independent nations respect each other’s sovereignty” and wants its partner in the region “to be proud and self-reliant, not proxies or satellites.”¹⁶ With such remarks, like his predecessor, Trump implicitly but pointedly referenced China, Vietnam’s giant neighbour with whom it has long been locked in territorial disputes over both the Spratly and Paracel islands in the South China Sea.

SHARED VIEWS ON SOUTH CHINA SEA

Indeed, both the U.S. and Vietnam have increasingly become wary and critical of China's actions in the SCS. For instance, a report by the U.S. Department of Defense released in May this year said, "In 2018, China continued militarization in the South China Sea"¹⁷ and by doing so, it violated a pledge by Xi Jinping that "China does not intend to pursue militarization" in the area.¹⁸ In a key speech in Singapore in 2015, Tran Dai Quang warned against the "might makes right" mindset. Quang did not mention China but his remarks were aimed at Beijing's then aggressive activities in the region and its might-makes-right approach to maritime disputes.¹⁹ The U.S.-Vietnam Joint Vision Statement issued during Trong's 2015 visit said that both countries "are concerned about recent developments in the South China Sea" and "reaffirm continued bilateral cooperation in defense and security."²⁰ Without doubt, China's adventurism in the SCS since Xi Jinping came to power in 2012, including placing a huge oil drilling platform in Vietnam's waters in 2014, is a key, if not the most decisive factor behind the remarkable advancement of the U.S.-Vietnam relationship in all important areas, notably security and defence in recent years. Jim Mattis, who resigned as US defence secretary last December, visited Vietnam in January and October last year. In April 2018, the USS Carl Vinson, a US Navy aircraft carrier, made a landmark port call at Da Nang – the first such visit since 1975. The U.S. has already transferred a Hamilton-class coast guard cutter and six patrol boats to Vietnam, all of which are now very active in Vietnam's maritime security missions.

Speaking at an event in Washington in April 2019, Randall Schriver, US Assistant Defence Secretary for Indo-Pacific security affairs, said that the cooperation "represents one of the strongest pillars" in the U.S.-Vietnam multifaceted bilateral relationship and gave a number of reasons for this.²¹ Chief among these is their common interests "in promoting a rules-based order, protection of sovereignty, individual rights of countries, no matter their size" and their "shared concern that there's a potential erosion of [such] a rules-based order." Though he didn't explicitly name China when making those comments, the U.S. defence official unmistakably referred to the Asian behemoth as the one behind such "potential erosion." Vietnam must have been pleased with Schriver's remarks because it also strongly champions a rules-based order in the East Sea – Vietnam's name for the SCS – and the wider region.

In their talks with China's leaders as well as their own statements and joint declarations with leaders of Vietnam's main partners – such as the U.S., India, Japan, Australia, South Korea, Indonesia, Singapore, the United Kingdom and France – Vietnamese leaders have always maintained a peaceful solution based on international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), to the maritime disputes. China's latest aggressive moves – including sending a seismic survey ship and its armed escort vessels to an area within Vietnam's exclusive economic zone (EEZ) – will certainly bring Washington and Hanoi closer. The Vietnamese government "staunchly demanded China to stop all unlawful activities"²² and "to immediately withdraw (its violating vessels) from Viet Nam's waters."²³ The U.S. State Department has also expressed concern with "China's interference with oil and gas activities in the South China Sea, including Vietnam's long-standing exploration and production activities."²⁴ Such a statement was undoubtedly well received in Vietnam.

STRONG ECONOMIC MOTIVES

Trade imbalance is a major issue in the U.S.-Vietnam relationship. Yet, on the economic front, the two sides have a strong interest in advancing cooperation. China remains Vietnam's largest trading partner but the U.S. is its biggest export market. According to its General Statistics Office (GSO),²⁵ in 2018, Vietnam exported \$41.9 billion worth of goods to China and imported \$65.8 billion worth from it. In the same year, it sold \$47.5 billion worth of goods to the U.S. and bought \$12.8 billion worth from it. This means it had a trade deficit of \$23.9 billion with China and a surplus of \$34.7 billion with the US economy last year.

Compared to its commercial ties with China, Vietnam's trade interactions with the US are more complementary and, thereby, more beneficial. Vietnam also has strong economic interests in forging closer ties with the U.S. and other Western or advanced countries and a key reason for this is so that it will not have to rely too much on Beijing politically and economically. Therefore, unlike Chinese leaders who have refused to adjust their policies to make China's trade with other countries, including the US and Vietnam, more balanced and reciprocal, the leadership in Hanoi is responsive to Trump's call for reducing the trade deficit. During Trump's state visit in 2017, Vietnam agreed to purchase \$12 billion worth of American goods and services. During his second trip in February, Hanoi reached several trade deals, including agreements to buy 110 aircraft from Boeing, worth more than \$21 billion, and this led Trump to hail Vietnam's efforts to balance the bilateral trade.²⁶

Trump's harsh criticism of Vietnam in June and his administration's punitive actions against steel imports from Vietnam in July certainly shocked many people in Vietnam because just a few months ago, he had lavished praise on his Vietnamese hosts, thanking both Nguyen Phu Trong and Nguyen Xuan Phuc for buying American products and reducing the trade deficit very substantially. But again, like it has done since Trump's election, the Vietnamese government responded positively to Washington's concerns by vowing to buy more U.S. goods and improve the trade balance between the two countries.²⁷

CONCLUSION

Differences between the U.S. and Vietnam over a number of political and economic issues, notably the trade deficit, remain. Yet, they will not derail the flourishing cooperation between the two countries. This is because both sides have strong convergences, which are more numerous and greater, than their differences. Though, on paper, the U.S. ranks low in Hanoi's network of partnerships, it is, in reality, Vietnam's second-most-important partner. In some respects, it is as important as China. In some others, it is even more significant than China. For the U.S., Vietnam, which is now one of the world's 50 largest economies, is also emerging as a key partner for Washington in the Indo-Pacific region. Despite certain hiccups, therefore, their partnership will likely progress, not regress, in the years to come.

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- ¹ The full interview can be accessed at https://www.youtube.com/watch?v=XL_AMOnnV5o.
- ² “U.S. Department of Commerce Announces Three Affirmative Preliminary Circumvention Rulings on Exports of Steel Products from Vietnam,” accessed at <https://www.commerce.gov/news/press-releases/2019/07/us-department-commerce-announces-three-affirmative-preliminary>.
- ³ “Singapore disappointed TPP is unlikely to be passed under Donald Trump: PM Lee,” *Strait Times*, 14 November 2016, accessed at <https://www.straitstimes.com/asia/se-asia/singapore-disappointed-tpp-is-unlikely-to-be-passed-under-donald-trump-pm-lee>).
- ⁴ “PM Lee Hsien Loong’s interview with Time Magazine,” 20 October 2016, accessed at <https://www.pmo.gov.sg/Newsroom/pm-lee-hsien-loongs-interview-time-magazine>. In another interview in February 2017, PM Lee reiterated his view, stating that Trump’s TPP abandonment “has put a dent in the degree to which people can be confident of America’s policies.” See “PM Lee Hsien Loong’s Interview with BBC HARDtalk,” 23 February 2017, accessed at <https://www.pmo.gov.sg/Newsroom/pm-lee-hsien-loongs-interview-bbc-hardtalk>.
- ⁵ The full text of the Obama address can be accessed at <https://obamawhitehouse.archives.gov/the-press-office/2016/05/24/remarks-president-obama-address-people-vietnam>.
- ⁶ “Remarks by President Obama and General Secretary Nguyen Phu Trong of Vietnam,” accessed at <https://obamawhitehouse.archives.gov/the-press-office/2015/07/07/remarks-president-obama-and-general-secretary-nguyen-phu-trong-vietnam>.
- ⁷ The text of the proposed “Vietnam Human Rights Act” is available at <https://www.congress.gov/bill/116th-congress/house-bill/1383/text>.
- ⁸ “Remarks by U.S. Trade Representative Robert Lighthizer at the U.S. Chamber of Commerce Gala Dinner,” accessed at <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/may/remarks-us-trade-representative-robert>.
- ⁹ “Readout of USTR Robert Lighthizer’s Bilateral Meetings with Vietnam,” accessed <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/may/readout-ustr-robert-lighthizer%E2%80%99s>.
- ¹⁰ “Report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States,” accessed at the <https://home.treasury.gov/system/files/206/2019-05-28-May-2019-FX-Report.pdf>.
- ¹¹ “Joint Statement by President Barack Obama of the United States of America and President Truong Tan Sang of the Socialist Republic of Vietnam”, accessed at <https://obamawhitehouse.archives.gov/the-press-office/2013/07/25/joint-statement-president-barack-obama-united-states-america-and-preside>.
- ¹² “United States – Vietnam Joint Vision Statement”, accessed at <https://obamawhitehouse.archives.gov/the-press-office/2015/07/07/united-states-%E2%80%93-vietnam-joint-vision-statement>.
- ¹³ The video of his address can be accessed at https://www.youtube.com/watch?v=46J_IjKR5Kg.
- ¹⁴ “Joint Statement for Enhancing the Comprehensive Partnership between the United States of America and the Socialist Republic of Vietnam,” accessed at <https://www.whitehouse.gov/briefings-statements/joint-statement-enhancing-comprehensive-partnership-united-states-america-socialist-republic-vietnam/>.
- ¹⁵ “Joint Statement between the United States of America and the Socialist Republic of Vietnam,” accessed at <https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-america-socialist-republic-vietnam/>.
- ¹⁶ “Remarks by President Trump and President Quang of Vietnam in Joint Press Conference,” accessed at <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-quang-vietnam-joint-press-conference-hanoi-vietnam/>.
- ¹⁷ The report can be accessed at <https://dod.defense.gov/News/News-Releases/News-Release-View/Article/1833267/dod-to-release-2019-report-on-military-and-security-developments-in-china/>.

¹⁸ Xi made that promise in remarks with President Obama at the White House during his 2015 state visit. His remarks can be accessed <https://obamawhitehouse.archives.gov/the-press-office/2015/09/25/remarks-president-obama-and-president-xi-peoples-republic-china-joint>.

¹⁹ Xuan Loc Doan, “Quang warned against ‘might-makes-right’ mindset,” *Asia Times*, 23 September 2018, accessed at <https://cms.ati.ms/2018/09/quang-warned-against-might-makes-right-mindset/>.

²⁰ The full text of the document can be accessed at <https://obamawhitehouse.archives.gov/the-press-office/2015/07/07/united-states-%E2%80%93-vietnam-joint-vision-statement>.

²¹ His remarks at the seminar on “Vietnam and the United States: Towards Strategic Cooperation” can be accessed <https://www.csis.org/events/vietnam-and-united-states-towards-strategic-cooperation>.

²² “Remarks by MOFA Spokesperson Le Thi Thu Hang on comments on the remarks made by the Spokesperson of the Ministry of Foreign Affairs of China on 17 July 2019 regarding the developments in the East Sea,” accessed at

http://www.mofahcm.gov.vn/vi/mofa/tt_baochi/tcbc/ns190719190308.

²³ “Statement of the MOFA Spokesperson on the violations of Viet Nam’s EEZ and Continental shelf by the Chinese survey ship, Haiyang Dizhi 8, and its escort vessels,” accessed at

http://www.mofahcm.gov.vn/vi/mofa/tt_baochi/pbnfn/ns190726103258.

²⁴ U.S. State Department’s Press Statement on “Chinese Coercion on Oil and Gas Activity in the South China Sea”, accessed <https://obamawhitehouse.archives.gov/the-press-office/2015/07/07/united-states-%E2%80%93-vietnam-joint-vision-statement>.

²⁵ “Tình hình kinh tế - xã hội năm 2018,” accessed at

<https://www.gso.gov.vn/default.aspx?tabid=621&ItemID=19037>.

²⁶ “President Donald J. Trump Hails Vietnam’s Commitment to Expanding Commercial Partnerships with American Companies,” accessed at <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-hails-vietnams-commitment-expanding-commercial-partnerships-american-companies/>.

²⁷ “After Trump threat, Vietnam says it wants free and fair trade with U.S.,” *Reuters*, 28 June 2019, accessed at <https://www.reuters.com/article/us-usa-trade-vietnam/after-trump-threat-vietnam-says-it-wants-free-and-fair-trade-with-us-idUSKCN1TT2MS>.

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