

# VIETNAM – US RELATION FROM NORMALIZATION TO COMPREHENSIVE PARTNERSHIP THEN ALLIANCE IN THE FUTURE

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**Abstract:** Since normalization of Vietnam – US relation in 1995, there have witnessed important developments in the cooperation between the two countries in the spirit of “*leaving aside the past to the future*”. The first important step after normalization was made in 2005, when the two countries agreed to build a framework of relations to “constructive, friendship and multi-faceted cooperation on the basis of equality, respect and mutual benefits”. Based on this cooperation framework, the two countries developed the relations in many areas, from political, diplomatic, economic, commercial, investment areas to national defense, security, science – technology and education, even the cooperation for settlement of issues in dispute and difference between the two countries, including democracy, human rights and religions...; all of which resulted in practical benefits for the people of the two countries and contributed to ensuring peace, security and strengthening cooperation, internationally and regionally.

**Key words:** International relation, Vietnam, US, comprehensive partnership.

## **1. Normalization – an initial step for new relations to be established**

Till present, the two countries have built 10 dialogue mechanisms in politics, security, national defense, economy and development in the Asia – Pacific region... In diplomatic and political areas, the biggest achievement was that the two countries have officially recognized the national independence, sovereignty and territorial integrity of each another, creating favorable conditions for developing cooperation relations on the basis of equality and mutual benefits, enhancing working visits and meetings between high-ranking leaders of the two, along with frequent visits and meetings of ministries, lines, businesses and people of both countries. Since normalization, there have been 6 highest level meetings between the two

countries. For the part of the United States, they were the presidential visits to Vietnam by US President Bill Clinton (2000) and President George Bush (2006). For the part of Vietnam, there were the visits to the United States by Prime Minister Phan Van Khai (2005), State President Nguyen Minh Triet (2007), Prime Minister Nguyen Tan Dung (2008) and recently by State President Truong Tan Sang on July 25, 2013. The visit to the United State by State President Truong Tan Sang is the latest development to upgrade the cooperation relations between the two countries to a new height: formation of a Comprehensive Partnership between Vietnam and the United States.

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Based on the high-level agreements made by the two countries, the cooperation relations have been expanded and developed in many areas, through dialogues and exchanges of visits and meetings among ministries, lines and sectors, businesses, and people's diplomacy as well. On the international arena, the two countries have had side meetings, effective collaboration in several international forums, like the Asia-Pacific Economic Cooperation Forum (APEC), Asian Security Forum (ARF), East Asian Summit (EAS), and the ASEAN Defence Ministers Meeting Plus (ADMM+)...

In terms of economy, the United States of America has become the second largest

trade partner of Vietnam, after China, and the largest market for Vietnam's exports since 2005. The two-way trade turnover has continuously increased for years since normalization, from a zero in 1993 (before normalization) to 200 million USD in 1995 (the first year of normalization), and nearly 26 billion USD in 2012, that is, up by nearly 100 times after nearly 20 years of normalization. Of these, Vietnam's trade surplus with the United States was about 15 billion USD in 2012. In 6 early months of 2013 alone, the two-way trade turnover reached 13.5 billion USD, up by 16% as compared with the same period of 2012 (Source: General Statistics Office).

**Figure 1: Vietnam – US Imports and Exports during 2007 – 2012**



*Source: General Customs Office*

\* *Note:* Before 2008, import data were made on the basis of goods shipping country/ territory while since 2009, import data have been made on the basis of country/territory of goods origin.

It is estimated that in the period from 2010 to 2015, Vietnam's growth rate of exports to the United States would be around 7% per year, though lower than the average rate of the 5 years earlier (18%);

and the total value of Vietnam's exports to the United States would be, estimatedly, about 43 billion USD in 2015, while that of two-way trade would be about 49 billion USD (*Table 1*).

**Table 1: Vietnam – US Import-export Turnover up to 2015 (Estimates)***Unit: million USD*

<b>Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2010</b>	<b>2015</b>
Vietnam's exports to the US	5,275	6,631	8,531	10,633	12,700	43,000
Vietnam's imports from the US	1,164	1,193	1,100	1,902	2,700	5,000
Total import-export turnover between Vietnam and the US	6,439	7,824	9,667	12,536	20,700	48,000

*Source:* General Customs Office

As of late 2012, the total foreign direct investment (FDI) from the United States to Vietnam was over 11 billion USD, with total 629 projects, standing the 7<sup>th</sup> among the FDI countries and territories in Vietnam. This was not included a large amount of investment capital in Vietnam coming from US economic groups and/or corporations through their representatives in another country and/or territory, like Singapore or Hong Kong (China).

Since 2008, the two countries has established several dialogue mechanisms on politics, security and national defence on the basis of which, the Vietnam – US relations in security and national defence has been enhanced step by step. Since 2010, the two sides have set up dialogues on national defence policy at vice-minister level. In 2011, a Memorandum of Understanding (MOU) was signed by the two countries for strengthening bilateral cooperation relations in national defence. In addition, Vietnam continued to participate in the programs on English training, military medical cooperation, giving permission for US navy ships to anchor at Vietnam ports, and for the US Pacific Command to carry out humanitarian aid programs in certain local provinces in Vietnam. Also, continuous cooperation in

search and rescue programs has been promoted by the two countries.

Following the visit to the United States of America by Vietnam Minister of National Defence Phung Quang Thanh in 2012, on June 21, 2013 a high-ranking Army Delegation headed by Chief of General Staff of Vietnam People's Army – Senior Lieutenant-General Do Ba Ty – under the invitation from United States General Martin Dempsey, Chairman of the Joint Chiefs of Staff paid a visit to the United States. In this visit, the two sides committed to continue enhancing amity and mutual understanding between the two armies, promoting bilateral military cooperation to a new development, compatible with amity and multi-sided cooperation between which has been flourishing these years, contributing to developing Vietnam's foreign policies in the direction of independence, sovereignty, multi-lateralization and diversification, further improving the status and position of Vietnam and Vietnam People's Army in the world arena, improving understanding of Vietnam's country, people and army. The two sides has signed an agreement to continue exchanging of visits at different levels, carrying out advisory and dialogue mechanisms and promoting

cooperation for solving the consequences of war, such as mine and explosive clearance, MIA issues, dioxin or orange agent problems, and other rescue and humanitarian work for the purpose of strengthening mutual understandings and trust, creating favorable conditions for effective cooperation to meet the requirement and interests of both sides, and, at the same time, cooperation for solving the regional and global issues in the international forums, especially within the frameworks of ADMM+, providing positive contributions to peace, cooperation for development of the region in the new global contexts. The US side has expressed its readiness to support and share experience with Vietnam in such areas as coast guard and UN peacekeeping operation.

Cooperation between the two countries in education is one of the very strong areas, with remarkable and encouraging results. For over the past 10 years, there were about 60,000 Vietnamese students in the United States of America at all levels, from secondary education to college, university and higher education. At present, there are about 16,000 Vietnamese students in the US, which is twice of 2008. Vietnam is now the 1<sup>st</sup> country in Southeast Asia (and the 8<sup>th</sup> in the world) having the largest number of students in the United States of America. Vietnam Ministry of Education and Training and US Department of Education have signed an agreement on establishment of education taskforces for promoting education cooperation. Education cooperation is by nature the cooperation for human resource development, which in turn will create new and stronger motivations for development of cooperation between the two countries.

In the field of science and technology, a Joint Committee for Science and Technology Cooperation between Vietnam and the United States was established. The two sides have signed a number of cooperation agreements in such areas as nuclear energy, climate change, oceanology, and sea tide rising... In 2012, NASA and Vietnam Academy of Science and Technology signed a Memorandum of Understanding for cooperation in space technology.

Strong efforts have been made by the two countries in solving the consequences of the wartime, overcoming the difficulties and losses of people and assets during the war. Vietnam had more than 300,000 people who were missing and millions of people died during the wartime. Unconditional cooperation relations were made by Vietnam with the United States on MIA issues to seeking for US soldiers missing in action during the war. As of May 2013, Vietnam and the United States had 109 successful mixed operations; with over 125 times of returning of remnants of US soldiers to the United States to have been done, thanks to which 693 US soldiers were identified out of 1,982 missing in action cases. In return, information of about 1,000 cases of Vietnamese soldiers missing in action were collected and shared by the United States with Vietnam; a number of belongings of Vietnamese soldiers were given back, including *Dang Thuy Tram's Diary*, which has touched the very hearts of millions of people in Vietnam and the world. The United States has provided strong cooperation and supports to Vietnam in solving the orange agent problems, proving medical assistance to the victims. Given limited conditions at present, it will

take Vietnam at least 100 years more to solve all the problems related to mine/explosive clearance in all provinces and cities of the country and thus, continued efforts and assistance should continue to be made by the United States in collaboration with Vietnam to deal with this humane issue.

Exchanges and dialogues among the people of the two countries have been constantly developed. In the spirit of *“leaving aside the past to the future”*, even the US veterans, who used to be involved during the war in Vietnam, like Douglas Pete Peterson, Hagel and Kerry... who put over their animosity in the past, now have another look on Vietnam, not like a war but a country, and they want to be a “bridge to cross the painful river” that had separated the two countries, for building and developing friendships and cooperative relations for the present and for the future. Not only many individuals but also non-governmental organizations of the two countries have taken part in and promoted the cooperation relations in many aspects, from humane aids to hunger eradication and poverty reduction, and human resource development... For the ordinary people, tourist activities have been more and more developed. In 2012, there were about 400,000 US visitors to Vietnam, making the United States to become the 4<sup>th</sup> largest country to visit Vietnam.

Another issue, which used to be very complicated in the past, has been much improved: the relations with Vietnamese residents in the United States. Most of them went to live in America when the war was over in 1975. They were, at that time, hostile to the government of Vietnam and it was this hostility that made them

discordant, even opponent to the government and people of their homeland. Throughout the years, however, in the spirit of national unity, harmony, and heartfelt love to their homeland, many of them have had a new look and new actions: giving supports to the government of Vietnam, improving relations with friends and relatives, seeking for business and investment opportunities, contributing to development of Vietnam, and at the same time, obedient to US laws, and becoming the bridge to connect and develop the relations between Vietnam and the United States.

Along with the above-said areas, which indeed brought in potential benefits, further collaboration has been developed by Vietnam and the United States for solving the problems which are often said to be sensitive and different between the two countries, like the issues of democracy, human rights, religious freedom, market economy and role of state-owned enterprises in Vietnam, or the US dumping policies... The collaboration has been developed through meetings and exchanges, with open and frank dialogues and discussions, improving mutual understandings and joint seeking for solutions appropriate with interests, customs and laws of both sides, and on the basis of United Nations Charter and international laws, with respect given to political system, independence, sovereignty and territorial integrity of one another, improving the Vietnam – US relations to a new stage of development, at higher levels and larger areas of cooperation: towards development of a comprehensive partnership. Till present, despite that the differences in these sensitive issues have not yet been all settled, they have been in fact more and

more narrowed down, and this is what the two countries have been expecting for, meeting the aspirations and common interests of the people of the two countries, and looking forward to developing the relations of amity, cooperation for equality and mutual benefits.

## **2. Comprehensive partnership – a new and practical step of development**

In line with the issues of bilateral relations, Vietnam and the United States have been promoting cooperation in the international and regional issues of mutually concerned, including, among them, the cooperation with ASEAN and its member states, with the Asia – Pacific region, and Trans-Pacific Partnerships (TPP), solving the disputes and tensions in the East Sea (South China Sea) where China is now putting territorial claims, causing loss of interests to Vietnam and other Southeast Asian nations, threatening navigation safety, including commercial activities of the United States. Given complicated changes in the world, slowly-recovered world economy, and continuous dynamic development of the Asia-Pacific region with multilateral and multi-layer connections, strengthening cooperation between Vietnam and the United States will become more-than-ever and important factor to sustain peaceful environment, stability and development of Vietnam as well as other countries related.

Vietnam and the United States have had common interests in supporting relevant parties in dispute settlement on the basis of international laws and conventions, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), wishing for a Code of Conduct (COC) to have been written by ASEAN and China soon, for

ensuring peace, stability and prosperity development in the Asia – Pacific region and in the world. The two countries have been actively participating in TPP negotiation rounds, together with other countries, which if done will create big opportunities for cooperation between the two countries within a large market of 800 million people and accounting for 40% of global GDP and trade value.

For Vietnam, strengthening cooperation with the United States is a new opportunity to deepen its integration into the Asia-Pacific region and the world as well, making important contribution to facilitating the market-oriented economic reforms in the country, especially the restructuring of the SOE sector for reducing monopoly, enhancing competitiveness and improving the role of the private sector, and at the same time, increasing foreign investment, strengthening foreign trade, opening the door for markets of major exports with Vietnamese comparative advantages, such as textile and garment, footwear and agricultural products, promoting industrialization and modernization for successful achievement of the objective to build Vietnam as a strong country with rich people.

The US market in particular is a big potentiality for Vietnam. This is a No.1 developed industrial country in the world, with total GDP of US\$ 15,685 billion in 2012, representing 20% of total global GDP, and GDP per capita of US\$ 49,965. Of the US economic structure, the share of services was 79.7%, that of industry – 19.1% and agriculture – 1.2%. The import-export turnover of the United States represented 30% of its total GDP, being the largest import and export country in the world.

For the United States of America, Vietnam has been a country of strategic importance in Southeast Asia, with a high-level trade commitment and contribution to strengthening ASEAN. At the same time, Vietnam is an important partner for TPP formation and development with significant contributions to the US's new strategy to restore and strengthen its role as a superpower in the Asia – Pacific region.

The visit to the United States of America by Vietnam State President Truong Tan Sang in 2013 was a new step to upgrade the relations between the two countries from normalization to a comprehensive partnership, which is quite prospective to create new opportunities for mutually benefited cooperation for the two countries. From the reality of 18 years of normalization, we could see many favorable conditions and potentialities for successful realization of the comprehensive partnership. Both the United States President Obama and Vietnam State President Truong Tan Sang have affirmed steady developments to be made, reaching a level with mature conditions for entering a new stage of developments at higher and deeper cooperation level.

However, we could also see that there are not a small number of difficulties and challenges to the relations of the two countries, for example, the difficult issues related to democracy, human rights, religious freedom, recognition of Vietnam's market economy, and US dumping policies which have caused big losses for many export industries and millions of workers in Vietnam. In addition, the cooperation relations between the two countries are facing with many other difficulties and barriers arising from the complicated changes of the world and the region,

especially the increasing expansionist actions taken by China in the East Sea following their turbulent rising strategy, instead of peaceful rising as they have officially stated.

Right in his recent visit to the United States, Vietnam State President Truong Tan Sang officially declared to reject China's groundless territorial claims on the 9-dash or U-shape line on the East Sea (South China Sea). Also, these claims have been rejected by the Philippines, the United States of America and some other countries, as this is a serious violation to international laws, causing loss of interests for many relevant countries, creating disputes, conflicts, instabilities to peace and security in the region; they are not only the barriers to the relations between Vietnam and the United States but also to freedom of navigation on the East Sea.

TPP, if realized, is also an opportunity and challenge at the same time. At the start of TPP negotiation rounds, many were optimistic of the huge potentialities when 11 countries of 800 million population - a huge market representing 40% of total global GDP and trade value – will cooperate with one another, with a zero (0) tariff rate imposed on 90% of total tax lines. However, considering strict conditions from politics, human rights, democracy, and religious freedom to the environment, intellectual property right, state-owned enterprises, labour protection, origin of goods and many other rules for an item of goods to be tax exempted or of low tariff rate, it has become very difficult. For the part of Vietnam, there was a view that Vietnam would be the most beneficial from TPP if realized, as it is the least developed economy, Vietnam can take more advantage of this huge market than other TPP

members, as the latter have had higher development levels than Vietnam. But in fact, Vietnam has been dealing with a number of large difficulties and challenges, such as the issues of human rights, SOE reform to assure fair competition, and other commitments related to intellectual property rights, labour, environment, small and medium businesses, and many other strict conditions on politics, socio-economy and environment...

One of the typical examples is the case of garment and textile products, made in and exported from Vietnam. In 2012, the total export turnover of garment and textile products of Vietnam reached over 17 billion USD, 50% of which were consumed by the US market, while the rest by EU (26%), Japan (12%), South Korea (6%) and other smaller markets. However, the larger part of Vietnam's garment and textile products were processed under foreign contracts and largely dependent on imported materials from non-TPP members, such as China, Pakistan, or Uzbekistan... Under such a high dependence level, it will be difficult for Vietnam to enjoy TPP-related preferences, as Vietnam cannot meet the conditions and/or requirements of goods origin, degree of local contents in its products and other conditions from TPP members, like the United States, Australia... Even when Vietnam can import cotton materials from the United States, Australia and other TPP members, they are of high prices, making production and export costs of Vietnam's products very high, thus, unable to compete with similar products from other TPP countries. For domestic production, there are only a few fiber factories in Vietnam, the products of which could meet only 1% of the industry's

demand. This is indeed a big challenge to Vietnam's textile and garment industry, with a labour force of 1.5 million workers and export turnover of about 17 billion USD, while its income in fact is some billion USD from processing only.

The above-said issues will certainly be the big challenge and barriers, demanding the two countries to make stronger determination and commitments for settlement, towards successful achievement of comprehensive partnership for the interests of both countries, for peace, security and development in the region and in the world.

### **3. The development trend toward a natural alliance in the future**

From a comprehensive partnership, the two countries can develop their relations to a higher level in not a very far future. They can be a natural alliance, if not a strategic alliance, for the benefits of the two countries as well as for peace, security and sustainable prosperity in the region and the world.

The new relations are the results from a long process the two countries have come to know each other, from the missed opportunities in history, like the one in 1832, when US President Andrew Jackson dispatched Edmund Robert, a special envoy, to Vietnam for a Commercial Treaty, but failed; or on the 16<sup>th</sup> of February 1946, not so long after the birth of the Democratic Republic of Vietnam, President Ho Chi Minh sent a letter to US President Harry Truman, expressing his wish to establish a "full relation" with the United States, which, after over a half of a century, has not yet become true.

For Vietnam, like other US allies in Asia - Pacific, such as Japan, South Korea, Australia, the Philippines or Thailand, only when an alliance with the United States is



established, the goals of peace, stability, rich people, a strong nation could be achieved, either it is a strategic or a natural alliance. There is no other better solution than this one.

For the United States, as it was emphasized by Senator Jim Web in the discussion with President Truong Tan Sang, “for many recent years, Vietnam has been considered one of the most important countries in the US foreign policies in the world..., the two countries should open honest discussions on the political challenges, economic and other opportunities that could bring benefits for both countries; we can make this relation to become one of the strongest ties that the United States has ever had”.

### Conclusion

Since the normalization of relations, Vietnam and the United States have witnessed fast and steady developments in their cooperation. Till present, the two countries together have developed their relations in many areas, from politics, diplomacy, economy, trade, investment to national defence, security, science – technology and education; they have even cooperated with each another to solve the issues of dispute and difference, such as those relating democracy, human rights, religion...; all of which have brought in practical benefits for the people of the two countries, contributing to preserving peace and stability, promoting cooperation in the region and the world.

Once the last challenges and difficulties are to be overcome, the gaps are to be filled, together with the sound developments of relations in all areas of the political life, security, socio-economy of the two countries, there will surely be a day when the relations of the two countries are to be upgraded from

a comprehensive partnership to an alliance relation, either naturally or strategically, which will create a fundamental and sustainable framework for the development of a closer and durable friendship between the two countries.

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