NIKKEI ASIA REVIEW 6-4-21

Chinese aggression pushes Vietnam ever closer to Washington

Already rocky Sino-Vietnamese relations could deteriorate still further

Charles Dunst

Charles Dunst is an associate with Eurasia Group's Global Macro practice.

As the former U.S. Ambassador to Vietnam Ted Osius told me over almost sickenly sweet Vietnamese coffee in Ho Chi Minh City in 2018, then-President Donald Trump was "obsessed by trade deficits."

So much so that it was one of only three issues he raised during a 2017 White House meeting with Vietnamese Prime Minister Nguyen Xuan Phuc, according to Osius, who attended. Trump revealed his obsession again in 2019, proclaiming: "Vietnam takes advantage of us even worse than China."

It was thus no surprise then that just a month before leaving office, Trump labeled Vietnam a currency manipulator, all while rumors abounded that he would slap tariffs on the country's exports to the U.S. These moves threatened to undermine U.S.-Vietnam relations, which remain key to Washington's Indo-Pacific strategy -- namely, to countering Chinese supremacy in Southeast Asia.

It was surprising, then, that on Jan. 15, the Office of the U.S. Trade Representative announced that it was not recommending the imposition of tariffs on Vietnam, despite declaring Hanoi's actions "unreasonable." This decision is a bullet dodged both for Vietnam and President Joe Biden, who is now well-positioned to deepen U.S.-Vietnam ties.

Unlike the rest of the world, the Communist Party of Vietnam had a very good 2020, controlling the COVID-19 pandemic, chairing the 10-member Association of Southeast Asian Nations, and hosting the signing ceremony for the Regional Comprehensive Economic Partnership. The Vietnamese economy even recorded 1.8% growth during the first half of 2020.

Yet not all was rosy. In April, a Chinese maritime vessel rammed and sank a Vietnamese fishing boat in the South China Sea. In June, another Chinese maritime ship rammed and sank another Vietnamese fishing boat there. In July, Chinese aggression forced Hanoi to cancel its contracts with oil companies operating in these waters -- costing the Communist Party of Vietnam almost a billion dollars.

This discord epitomizes how rocky Sino-Vietnamese relations remain, and how much further they could deteriorate.

Indeed, China's unpopularity in Vietnam is unrivaled. Most Vietnamese consider resistance against China to be the continuation of a thousand-year conflict. The Vietnamese collective chronicle, as communicated by the country's textbooks, is overstocked with tales of heroic Vietnamese martyred by China.

But such disdain has now merged with more prosaic concerns: the "toxic" nature of Chinese goods and exploitative nature of Chinese enterprises, for starters. And while the CPV is

autocratic, its legitimacy is performance-based and hinges on nationalism -- and thus on repudiating China.

The last 15 years have seen hundreds of anti-China rallies, with Vietnamese citizens complaining that "national leaders have sold the country to China." The CPV actually encouraged some of this anger by pushing an anti-China narrative "for the purposes of restoring national solidarity" and to rebut criticism that the party is too soft on China. Some CPV members have even alleged that China intends to "make Vietnam its 'new type of vassal."

But Hanoi knows the necessity of positive relations with its northern neighbor, as evinced by the fact that when Phuc responded to China's summer aggression, he did not name China. Nationalism, however, is a fickle force. Once mobilized, it pressures governments to act and talk tough. China's belligerence is exacerbating Vietnamese anti-China sentiment, and will therefore force the CPV to respond.

Ordinary Vietnamese, meanwhile, do not have to look hard for evidence of China's plans to "dominate" them. Chinese damming, coupled with the effects of climate change, has robbed the Mekong River of its riches and in 2016 caused Vietnam to experience its worst drought in 90 years. In 2019, Chinese damming pushed excess saltwater into Mekong, damaging Vietnamese rice farming in the process.

Vietnam is looking nervously at Cambodia as well, its once-pliant neighbor. China has reportedly secured access to that country's Ream naval base, which lies 90 miles (150 km) from the Vietnamese border. Plans for other Chinese-built "resorts" in Cambodia, whose details suggest a military purpose, will augment those concerns.

Taken together, Chinese overreach in the South China Sea, the Mekong and Cambodia runs the risk of fomenting Vietnamese anti-Chinese sentiment to such an extent that the CPV will have little choice but to move closer to Washington -- which the overwhelming majority of Vietnamese, holding positive views of the United States, would support.

Hanoi seems to recognize as much. In a 2019 defense white paper, Vietnam signaled a surprising willingness to abandon its Three No's policy -- no formal military alliances, no hosting of foreign military bases and no explicit alignment with any single outside actor -- by declaring that Vietnam "will consider developing necessary, appropriate defense and military relations with other countries."

Washington and Hanoi are already strategic partners in all but name, but Vietnam could play a larger role in American foreign policy by hosting more U.S. port calls to Vietnam and accepting American defense aid packages. Vietnam's ambassador to the U.S. also says that Washington has already invited Vietnam to join the Quadrilateral Security Dialogue, which in the nascent Biden era has assumed new importance.

Perhaps paradoxically, the CPV could solidify its nationalist credentials, and thus bolster its domestic popularity, by accepting such American overtures to "powerfully oppose the bandit" -- China -- "assaulting our house," as Vietnamese citizens have demanded.

If Biden realizes that Asian nations, Vietnam included, resent being forced to choose between the two superpowers -- and accordingly walks back Trump's creation of rival blocs between China and the U.S. -- he could capitalize on China's mistakes to bring Vietnam closer into the American fold. In so doing, he could lay the groundwork for even greater cooperation with Vietnam on issues including, of course, freedom of navigation in the South China Sea.