

## Vietnam Mass Protests Expose Hanoi's China Dilemma

The protests highlight the difficulties in embracing Chinese investment while defending Vietnamese independence.

By Tom Fawthrop  
June 21, 2018

The huge nationwide protests that rocked Vietnam last week have highlighted Hanoi's headaches in dealing with China, both as a hostile power in the South China Sea and as a key trading partner and economic investor.

The history of Vietnam-China relations is steeped in a thousand years of Chinese colonization, conflict, and rebellion. The last Chinese invasion was a two-month border war in 1979.

The recent protests centered on the Special Zone Act, a law that would create "special economic zones" (SEZs) with the goal of sparking investment and economic reform. However, the prospect of dodgy deals that allegedly would have handed land over to Chinese investors provoked a **flood of angry demonstrations** less than two weeks ago, with protesters holding placards that read "No Special Zone — No leasing land to China — Even for one day!" and "Down with those who sell our country." The chants started in Ho Chi Minh City and Hanoi but soon spread to towns in six provinces, including Danang, Nha Trang, Binh Thuan, and Tai Ninh.

Pham Chi Dung an ex-military officer, now chairman of the Independent Journalists of Vietnam, told *The Diplomat*, "The Special Zone Act is termed by the Vietnamese people as the law to sell the country. Many people are outraged. These [SEZ] concessions are only for poor and backward countries."

No doubt Dung had in mind two poorer neighbor countries, Laos and Cambodia, which already been lured into accepting Chinese investor deals with 99-year leases on the land.

Vietnam's prime minister, Nguyen Xuan Phuc, has backpedaled on offering special 99-year leases for the three controversial economic zones in strategic locations. The 99 percent clause could have permitted foreign ownership of the land, with Chinese investors as the most likely beneficiaries. The government probably intends to trim the lease period to the standard 70 years applied to the 18 economic zones already established

Nguyen Chi Tuyen, a Hanoi-based dissident blogger with 42,500 Facebook followers, was not impressed by Phuc's promise of revising the terms. "We have a long history with the Chinese people, they always want to invade our country, so it is dangerous to allow them to use these SEZs to control our country," Tuyen said.

On another front, Vietnam has condemned China's militarization of islands in the South China Sea, and claims sovereignty over several islands in the area that Hanoi defiantly insists should be called "Biển Đông (the East Sea)."

Only a few days after the recent anti-Chinese protests, on June 14, **Vietnam's foreign ministry denounced** China's recent redeployment of missiles on Woody (Phu Lam) Island, an island in the Paracel group claimed by Hanoi. The foreign ministry statement called the missile redeployment "a serious violation of its sovereignty."

Despite rising maritime tensions, and a deeply troubled history with its powerful neighbor, the Vietnamese government still welcomes Chinese investments to boost its flagging economy.



Image Credit: Radio Free Asia / Nguyen Peng

But the Special Zones Act just debated in the National Assembly includes one SEZ in Van Don in Quang Ninh province, which, for many Vietnamese, is **worryingly close to the border** with China. Another is Phu Quoc Island in Kien Giang province, lying opposite a Cambodia coastal zone increasingly dominated with Chinese projects.

The contradictions inherent in a balancing act between confrontation at sea and economic cooperation on land, the tough assertion of territorial rights but soft collusion with Chinese investors, has been strongly criticized by a wide spectrum of intellectuals, academics, and even a few deputies in the National Assembly, Vietnam's parliament.

One of the most articulate critics, Nguyen Quang Dy, a former foreign ministry official turned academic and analyst, **published a paper** arguing against the SEZs some weeks before the protests. The article said:

*While Beijing is militarizing and controlling the South China Sea (as its own lake) banning Vietnamese from fishing and developing oil resources in their own waters, the SEZ becomes an attractive piece of cake for them to take... While Vietnam's economic interests and sovereignty in the South China Sea are seriously threatened by China, the decision to set up new SEZs at these critical positions would be inexcusable for either economic or national security reasons.*

Government ministers have tried to promote the special economic zones as “mini Singapores” — business-friendly environments complete with high-tech hubs.

However, Vietnamese economist Vũ Quang Việt, a former advisor to reformist Prime Minister Vo Van Kiet (1992-95) does not buy that. These new SEZs have put “group interests first by their focus on property and casino market,” Vu argues. “What Vietnam really needs is high-tech and educational investment to increase productivity, and the knowledge-based economy, not property and casino projects.”

“Group interests” often refers to a new elite of Vietnamese businessmen and real estate speculators who are allegedly working in collusion with Chinese investors. Poor farmers have accused them of land-grabbing with corrupt complicity from local authorities.

A few deputies in the Communist Party-controlled National Assembly are also not convinced. Parliamentarian Duong Trung Quoc told the National Assembly, “the proposal, if approved, would only benefit real estate investors and land speculators, and not high-tech enterprises.”

One of three special zones, Phu Quoc Island, sits close to the Cambodian coastline at Kep, the major seaport of Sihanoukville, and a Chinese enclave in Koh Kong. Analyst blogger Nguyen Quang Dy sees a very real danger to national security: “China is very interested in Phú Quốc as the next target.”

Australian expert on Vietnamese affairs Carl Thayer also saw Phu Quoc as a strategic location pointing out that “Koh Kong [on the Cambodian coast] is rapidly becoming a Chinese enclave. Phu Quoc's importance lies in its location at the southern end of the South China Sea adjacent to sea lanes through the Straits of Malacca and Singapore.”

## **Whither Vietnam?**

Much of the fuel for the current wave of anger has accumulated from the toxic legacy of several Chinese investment scandals. This includes the bauxite mining project in the Central Highlands that triggered a nationwide protest in 2009. The Chinese company's role and the huge environmental threat posed by the toxic sludge triggered a wide spectrum of protest, from dissidents and ranking party members all the way up to the legendary hero retired **General Vo Nguyen Giap**.

Yet the project has continued after some improved environmental safeguards and monitoring from Vietnam's weak Ministry of Environment.

The government was clearly shaken by the last week's protest. Prime Minister Nguyen Xuan Phuc tried to appear conciliatory, assuring the public that “we have listened to a lot of intellectuals, the people, members of the National Assembly, senior citizens and overseas Vietnamese.”

However in the same week as the prime minister started listening, one of the main venues for political debate, the internet, was subjected to stricter regulation and censorship by the new cybersecurity law, in spite of **protests also condemning this new measure**.

The catalogue of corruption scandals linked to Chinese investment has created current cries for more debate and dialogue inside the Communist Party of Vietnam, in the government-controlled media, and online with social media.

A Vietnamese sociologist who asked to remain anonymous wanted to see more dialogue and openness. “The government should accept a pluralism of views. listen to civil society and intellectuals as we recall during the golden era of Vo Van Kiet,” a reformist prime minister in the 1990s.

In a similar vein, Vietnam specialist Dr. Benedict Kerkvliet, Emeritus Professor at Australian National University, commented, “The government should openly show they respect citizen’s concerns about Vietnam’s sovereignty and be honest about it.”

The government has so far refused to accept that the nation’s independence could be jeopardized by Chinese investment in special zones.

Communist Party chief Nguyen Phi Trong called for calm, but he and other leaders curiously omitted any mention of China, at a time when Beijing is expressing anger over the anti-Chinese demonstrations.

### **The Enduring Struggle for Independence**

Struggling to maintain Vietnam’s independence from being overwhelmed by the economic giant on its northern border is no easy task. Kerkvliet commented that “China is a huge challenge and Hanoi also needs to work in concert with neighboring countries who are also worried about China’s actions.”

While several ASEAN countries also have territorial claims in the South China Sea, Vietnam is by far the most vocal critic of Beijing’s belligerent policies. It is also the only country putting up some mild resistance to China’s stranglehold over the water resources of the Mekong River.

The Philippines under a previous administration, took China to international arbitration over the South China Sea and achieved a **landmark legal victory**. But new President Rodrigo Duterte has focused more on securing economic investment than upholding his country’s territorial claim, leaving Vietnam isolated.

China claims almost all of the South China Sea, citing historic usage records, while Vietnam says it should control the waters off its long east coast

Although the court rejected China’s territorial claims to nearly all the Paracel and Spratly Islands, this did not deter China from **deploying military threats** to stop offshore exploration and drilling in Vietnam’s proclaimed exclusive economic zone in the South China Sea.

This year a \$200 million oil and gas development project led by Repsol Spain, known as the Red Emperor development, was **suspended as a result of Chinese pressure**.

China’s rapid economic expansion under its Belt and Road Initiative may yet encounter some roadblocks in Vietnam. Vietnamese government advisors and experts whom I met in Hanoi recently all expressed the deepest distrust and belief that China’s strategy in both the South China Sea and the Mekong River was based on weakening Vietnam.

Every Vietnamese school child learns that country was colonized for a thousand years by Chinese emperors and warlords from the rear 111 BC until 938 AD. Then in the 19th century France set up their Indochina empire.

Vietnam’s identity as an independent nation has been carved out of defeating vastly superior imperial armies – ancient China, France in the 1954, and finally the United States by 1975.

But the hardest victory of all will be to maintain their independence in the face of the current economic assault from China being waged on many fronts – economic zones, the Mekong River, and the South China Sea.

The intensely nationalistic protests of Vietnamese citizenry are clearly at odds with a divided Hanoi leadership that lacks a clear strategy for dealing with the expanding regional domination of the economic giant on their doorstep.

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