

Thayer Consultancy
ABN # 65 648 097 123



Background Brief

Vietnam's Special Economic Zones Provoke Anti-China Demonstrations - 1

June 13, 2018

We are writing to seek your insights about the recent demonstrations in several parts of Vietnam, particularly the demonstrations in Binh Thuan province that later turned violent.

Q1. Would you comment on what really drove the demonstrations? Was it merely the draft law on special economic zones or was it something else? Anti-China sentiment?

ANSWER: In general, the underlying factor precipitating nation-wide demonstrations was anti-Chinese sentiment. This was inextricably linked with the draft law of Special Administrative and Economic Zone (SAEZ) with its vague reference to "neighbouring countries" rather than China as the source of investment.

Social media played up the national security implications of having Chinese long-term ownership of property in SAEZs that were on the coast, especially Van Phong in Quang Ninh province near the China border. This resonated with the late General Vo Nguyen Giap's 2009 criticism of allowing China to mine for bauxite in Central Vietnam on national security grounds.

Anti-China sentiment would have been provoked by reports of China's militarization of artificial islands in the South China Sea, deployment of nuclear bombers to the Paracels, as well as Chinese pressure to stop Repsol from exploring in waters near Tu Chinh bank.

In addition, the simultaneous consideration of a law on internet security aroused the opposition of Vietnamese netizens who used social media to promote the protests against China.

The violent demonstrations in Phan Thi, Binh Thuan province have been linked to land disputes (resumption of land for development projects such as a wind farm), pollution (dumping waste in the sea off the coast of Binh Thuan, emissions from a local thermal power plant and pollution related to titanium mining) and Chinese investment in the Vinh Tân power station.

Q2. Videos posted on social media show the authorities didn't strongly quell the demonstrations there in Binh Thuan, why was that?

ANSWER: Public security forces may not have had guidance from Hanoi and may also have feared provoking an even more violent response. I can only speculate that local authorities were overwhelmed by the size of the mass demonstration, which cut the

national highway for a period of time, and the violent attack on local government offices and motor bikes owned by government cadres. Security forces had to rely on reinforcements and employed fire hoses and smoke grenades to quell the demonstrations.

Q3. The National Assembly has said it would delay the vote on the special economic zones until the next session in October, would this keep the demonstrations from happening again over the coming weeks?

ANSWER: The Prime Minister, Nguyen Xuan Phuc, appears to have taken ninety-nine year leases off the table. The postponement of the bill buys time for the government to take on board the criticism from a wide spectrum of society – National Assembly deputies, scientists, economists, experts, intellectuals, senior citizens, overseas Vietnamese and ordinary citizens.

Demonstrations are likely to continue in part in response to the passage of the Law on Cyber Security.

Q4. How would the demonstrations impact future foreign investment inflows to Vietnam?

ANSWER: Foreign investment in Vietnam is increasing. It is unlikely that future investment will be negatively affected as the government responds to pressures from below while at the same time reasserting control. Demonstrations in Hanoi, Ho Chi Minh City and other localities were, with one exception, peaceful.

The real question is will foreign investor put their money into three SAEZs once the draft law is approved by the National Assembly. I see no reason why investment will not flow into these special zones.

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Background Brief

Vietnam's Special Economic Zones Provoke Anti-China Demonstrations - 2

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Q1 How do you think the delay of the decision on the Special Economic Zones (SEZs), and the protests themselves, will affect bilateral ties between China and Vietnam?

ANSWER: I do not think that party-state relations between China and Vietnam will be negatively affected as a result of the anti-China demonstrations as long as Chinese citizens are not attacked. China is well aware that anti-China sentiment is toxic in Vietnam. China is also aware that Vietnam's leaders have continually pressed for greater Chinese investment in Vietnam (and vice versa, more Vietnamese investment in China) to off-set Vietnam's \$30 billion plus trade deficit. The postponement of legislative action on the SEZs will not upset China either as Beijing takes a long-term view of developments.

Q2. Today, the government passed the Cyber Security Law. How will this change things? How will it change the possibility for open discussion and public organizing in Vietnam? How will citizens and activists react?

ANSWER: The simultaneous tabling the draft laws on SEZs and Cyber Security provoked criticism in the social media. And the Cyber Security bill added fuel to the protests against the draft SEZ law. The Cyber Security Law, now passed, will make it easier for the government to control Facebook and other social media. The requirement that all data must be stored in local offices in Vietnam means security forces can intervene at any time to determine the identities of those who post material critical of the government. The ability to conduct open discussion of issues such as the SEZs and to organize public protests will be curtailed. It is likely dissidents will take steps to hide their identities.

Q3. Chinese media the *Global Times* has said that the Cyber Security Law is needed in Vietnam precisely to stop protests and anti-Chinese feelings in Vietnam - they say they need to stop "foreign influence" in Vietnam. Is there a real threat of "foreign influence"? Is the Vietnamese government afraid of "foreign influence"? Who do they have in mind? The United States specifically?

ANSWER: Vietnamese party leaders and public security officials often invoke the plot of peaceful evolution as a threat to Vietnam. They mean that hostile foreign forces are working with internal dissident to overthrow the socialist regime. Chinese propaganda plays on the fears of Vietnamese officials. Vietnamese security officials mainly target

the Viet Tan party and other pro-democracy advocates overseas for instigating trouble in Vietnam. While there is a linkage, it is overblown by security officials to justify internal repression. In reality, computer savvy Vietnamese access foreign media reporting to find out what government censors try to suppress. This is the greater threat to Vietnam's one-party state.

Q4. One person I talked to said that in Vietnam, many people feel that the Communist Party of Vietnam has been a tool of the Chinese Communist party for a long time, and that these anti-Chinese protests are actually, in a way, against the Vietnamese government itself. Is this accurate? In what way are these protests directed at the Vietnamese authorities?

ANSWER: It is clear that a widespread section of the public would like to see the government take more assertive action against China especially in relation to territorial disputes in the South China Sea. During the 2014 mass protests against China's mega oil drilling rig there were calls and an open letter from a number of intellectuals and retired party and military veterans to "thoát Trung" or exit China's orbit. When Vietnam Minister for National Defence, General Phung Quang Trung, spoke at the Shangri-La Dialogue that year, he was roundly derided in social media for calling China "a friend of Vietnam" in his speech (Trung Quốc là bạn của Vietnam). The reluctance of Vietnamese leaders to publicly criticize China has led to cynicism and the promotion of the trope that they are beholden to China.

The anti-China demonstrations this month were a hyped reaction to the draft law on SEZs and the proposal to grant land leases for ninety-nine years. The common assumption was that Chinese investors would acquire land use rights in the SEZs. The Van Phong SEZ in Quang Ninh province, near the China border, was cast as a national security threat in Vietnamese social media.

To a certain extent there was an undercurrent of anti-government feeling. The Minister of Planning and Investment, Nguyen Chi Dung, in particular, was excoriated for his dismissive and arrogant attitude. Dung shot back at his critics that the draft SEZ bill did not mention China by name and only referred to neighbouring countries. Nguyen Thi Kim Ngan, the chairman of the National Assembly, was criticized for stating that the Politburo had already decided to approve the SEZs. In other words, public consultations and debate in the National Assembly were superfluous.

The violent demonstrations in Phan Thi, Binh Thuan province, that led to the burning of local government offices, may have had roots in simmering discontent over land disputes and environmental pollution. Development projects, such as a wind farm, removed people from their property, compensation became an issue. There were protests against pollution caused by titanium mining, emissions from thermal power plants and dumping of waste in the sea thus reducing the fish catch..

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