

Straits Times
22-2-20

Vietnam, the rising – but reluctant – star

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The country is an emerging middle power and has territorial disputes with China. But Washington may not find it easy to get Hanoi to deviate from its current path of avoiding entanglement in the Sino-US rivalry.

United States President Joe Biden says he wants to hold a summit that will bring together the world's democracies. Vietnam may not be invited despite its potential as an ally in Washington's strategic competition with China.

But not being on the guest list would hardly ruffle Vietnam's leaders. Communist-run Vietnam is an emerging middle power, albeit a reluctant one.

It has certainly raised its international profile in recent years. As Asean chair last year, it helmed the regional grouping at a time of the coronavirus crisis and helped shepherd members of the world's largest trading bloc – the Regional Comprehensive Economic Partnership (RCEP) – across the finish line. It also sits on the United Nations Security Council as a non-permanent member.

Vietnam is the only other country – apart from Singapore – to have hosted a meeting between former US president Donald Trump and North Korean leader Kim Jong Un. Last year, it overtook New Zealand to rank 12th out of 26 countries and territories in the Lowy Institute's Asia Power Index.

“There have been some discussions among Vietnam policymakers that Vietnam should aim to become a kind of middle power. There's a conscious attempt by Vietnam to raise its profile,” says ISEAS-Yusof Ishak Institute fellow Le Hong Hiep. But regional leadership comes with a price, as well as danger in getting entangled in strategic Sino-US competition.

That could distract it from domestic goals, like the recently approved target of 6.5 per cent to 7 per cent annual economic growth over the next five years. Or the longer-term vision of achieving fully developed status by 2045.

“For various reasons, I think Vietnam may still want to keep a low profile for now,” says Dr Hiep.

ON THE FRONT LINES

Vietnam stands on the front lines of intensifying Sino-US rivalry. Geographically, it is wedged beneath China while its 3,260km coastline runs along the the South China Sea – a waterway frequented by international warships and a source of contested claims involving Beijing and several other regional parties, including Hanoi itself.

When Mr Trump launched a trade war against Beijing, China-based companies moved their supply chains to Vietnam to sidestep escalating tariffs. This helped swell Vietnam's trade surplus

with the US to almost US\$70 billion (S\$93 billion) last year, putting it in the cross hairs of American trade regulators.

Yet the US has also courted the country of 97 million to counter China's growing influence, most notably in October last year, when outgoing secretary of state Mike Pompeo made Hanoi the final stop of his Asian tour. Indonesia was the only other South-east Asian country on his itinerary.

None of this has altered Vietnam's fundamental foreign policy thinking. Hanoi engages the Americans just enough to keep its northern neighbour off-kilter, but not so much as to trigger a backlash. It terms Beijing its "comprehensive strategic cooperative" partner and Washington a lower-tier "comprehensive" partner, though that has proved no hindrance to Vietnam receiving US aid to boost its maritime capabilities.

"Inside Vietnam, there is still a consensus that they should maintain a balance between the two powers," says Dr Hiep. "They don't want to change that policy direction yet for now, unless something significant happens in (the) South China Sea – for example, if China invades Vietnam-held features – that Vietnam sees as crossing the red line."

Observers say Hanoi compartmentalises its territorial dispute with Beijing in the South China Sea, which saw China dispatching an oil survey vessel through waters claimed by Vietnam last year to warn the Vietnamese against starting new energy exploration projects.

Both China and Vietnam are careful not to let their territorial dispute get too far out of control, says researcher Hai Hong Nguyen from the University of Queensland. Hanoi, for example, will not take bilateral legal action against Beijing to try to enforce its claims, like the Philippines did in 2013, which resulted in an arbitral tribunal ruling subsequently ignored by Beijing. But Hanoi may be more likely to join a collective protest against China, he says.

China's rise, after all, has been a huge spur in the development of Vietnam's "socialist-oriented market economy".

On its part, China plays up the benefits of economic links and shared communist ideology as part of its efforts to keep Vietnam on its side. Earlier this month, Chinese President Xi Jinping told his Vietnamese counterpart Nguyen Phu Trong in a phone call that both countries must manage their own maritime disputes and resist outside instigation while offering to promote the construction of cross-border economic cooperation zones.

Associate Professor Vu Minh Khuong at the Lee Kuan Yew School of Public Policy says: "China is not only Vietnam's largest trade partner but also a powerful factor boosting the strategic importance of Vietnam as an attractive investment destination. Many leading multinational corporations, in pursuing the China Plus One strategy, have made major investments in Vietnam as a key node in building their global value chains."

China Plus One is a business strategy where companies avoid investing only in China but diversify into other countries in the region.

China's development both provides valuable lessons as well as "provokes rethinking" on the part of Vietnam's policymakers, he says.

An assurgent China puts Vietnam under "immense pressure to make a hard choice for its future as a neighbour of China: becoming a Mexico or a Canada", he says, referring to Mexico's

perceived inferior status in the eyes of the US. It prods Vietnam's communist party to speed up the country's economic transformation and development.

DEFT DIPLOMACY

Vietnam has proved adroit in its relations with the US. In 2015, Vietnam communist party chief Trong – the most powerful man in the country – met then US President Barack Obama on a landmark visit to Washington. He was subsequently hosted to lunch by then Vice-President Biden, who said Vietnam has “never been more consequential” in his administration's “rebalance” towards the Asia-Pacific region.

Two years later, Vietnamese Prime Minister Nguyen Xuan Phuc met the then new US President Donald Trump at the White House, brandishing multibillion-dollar trade deals. He was the first South-east Asian leader to do so.

Vietnam maintains a tight lid on political discussion and polices cyberspace stringently for “propaganda” against the state.

Yet its human rights record is unlikely to be a big hurdle in relations with the new Democratic administration given its strategic importance, say analysts.

“Vietnam's foreign policy and strategy does not depend on who is the US president,” said Prof Khuong. “For Vietnam, integrating into the world economy and fostering synergistic gains from strategic partnerships, especially with Asean, Japan, South Korea and Western countries, are among the main thrusts for the country to move faster ‘from Third to First World’.”

Mr Murray Hiebert, a senior associate at Washington-based Centre for Strategic and International Studies, says Vietnam and Singapore are the only two strategic-thinking countries in the region.

“Almost everybody else is preoccupied internally,” he tells The Straits Times. “It really is Singapore and Vietnam that are thinking of how to boost Asean's role, and how Asean should respond to China, and how Asean should respond to the US, too.”

STABLE, BUT FOR HOW LONG?

Vietnam is currently battling its latest Covid-19 outbreak and has ordered residents in the northern province of Hai Duong to stay home for two weeks. Yet it remains one of the best performers in the region when it comes to containing the coronavirus, and achieved a 2.9 per cent economic growth last year while much of the world fell deep into negative territory. With a clutch of free-trade deals, including the RCEP, under its belt, its prospects remain bright.

In its five-yearly congress that concluded on Feb 1, the leadership of Vietnam's ruling communist party vowed to target high-quality foreign investments rather than those with outdated technology that posed pollution risks.

The country has stayed the course through a model of collective leadership, under which key decisions are made by consensus in the party's Politburo. The party has traditionally disapproved of the kind of concentration of personal power exhibited by Chinese President Xi Jinping.

But recent leadership decisions have raised questions over its longer-term stability.

Mr Trong, 76, who doubled as president after Mr Tran Dai Quang died in 2018, was chosen for an unprecedented third term as general secretary during the most recent party congress. This was despite the fact that he was past the 65 age limit as well as the two-term limit.

Prime Minister Phuc, 66, is likely to take the largely ceremonial post of president later this year.

The premier's seat is expected to be filled by Mr Pham Minh Chinh, 62, the party's organisation commission chief. Mr Chinh is a former deputy minister of public security who a decade ago headed Quang Ninh, a northern province which recently attracted iPhone manufacturer Foxconn to set up shop.

Dr Khuong calls Mr Chinh a decisive politician who "gained a solid reputation as a reformist and an effective leader when he transformed Quang Ninh into one of Vietnam's most successful provinces in economic catch-up".

Still, there is some concern over the fact that Mr Trong is helming the party for a third term, despite his age and poor health. Although the selection process is highly secretive, it is believed that Mr Trong became the default choice for general secretary after his protege, fellow politburo member Tran Quoc Vuong, was rejected.

Mr Hiebert says the party essentially "kicked the can down the road" by re-electing Mr Trong because various factions could not agree on a successor.

But the exceptions made now could sow the seeds for tension down the line, during the next party congress.

Dr Hiep says: "Without the rules and the norms, there will be a lot of confusion and a lot of competition among the senior party members. That may lead to increasing instability in the political system, and that's bad for Vietnam."

One of the country's main advantages is its comparatively more stable political system compared with regional peers such as Malaysia and Thailand.

"They need to preserve the stability of the party and the political system, not only for the party's sake, but also for the country's socio-economic development," says Dr Hiep.

But if it waits too long to renew its top ranks, Vietnam's star might just dim.