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ABN # 65 648 097 123



Background Briefing:

Vietnam: Party Secretary General to Visit China Under Shadow of Trump Presidency

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January 12, 2017

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The Secretary General of the Vietnam Communist Party, Nguyen Phu Trong, will visit China. We request your assessment of the following questions:

Q1- What do you think the Vietnam government hopes to achieve from his visit?

ANSWER: Although Vietnam pursues a policy of “diversifying and multilateralizing” its external relations, the context has changed with Donald Trump about to be the next U.S. president. Hanoi can take nothing for granted in its relations with the United States after Trump takes office. In this changed context Vietnam must continue to engage with China to seek reassurance that Beijing will act in a peaceful manner, particularly in the South China Sea. Secretary General Trong needs to find out how Beijing plans to deal with the Trump Administration. In addition to the South China Sea, Vietnam has a strong interest in the bilateral economic relationship including Chinese investment in infrastructure in Vietnam, and greater market access for Vietnamese goods to reduce its massive trade deficit.

Q2 - How would you characterize relations between Vietnam and China currently, particularly with regards to the South China Sea?

ANSWER: Both sides are trying to restore political and strategic trust after the HD 981 crisis of May-July 2014. Both sides have worked hard to restore relations to the level they were in October 2013 when Premier Li Keqiang visited Vietnam. At that time China claimed a breakthrough had occurred in bilateral relations and many agreements were signed. Relations now are going well because working level talks are proceeding. Also, President Duterte’s shift to a policy of non-provocation towards China gives Vietnam some breathing space. Beijing has every incentive to play the diplomatic card rather than the military card in advancing China’s interests in the South China Sea.

Q3- What is the thinking of the government in Hanoi about the election of Trump and Duterte? Is the government concerned that the balance of power in the South China Sea could change or not?

ANSWER: Vietnam invited President Duterte to Hanoi soon after he was elected to assess their strategic partnership. Vietnam’s main concern is Duterte’s unpredictability. Hanoi wants to ensure that the United States remains engaged in

East Asia. Duterte actions in downplaying the U.S. alliance are not in Vietnam's interests. Vietnam wants the U.S. to balance China without Hanoi having to take sides. As for Trump, the rebalancing policy of the Obama Administration will be re-set to zero. No one has any idea what Trump will do in Southeast Asia because his foreign policy priorities lie in the Middle East, improved relations with Russia, and getting China to give American businesses greater access.

Q4- What does the Vietnam government think about Trump?

ANSWER: Vietnam's leaders were taken aback when Trump announced that one of his first acts in office would be to scrap the Trans Pacific Partnership. Vietnam's leaders do not accept Trump's assertion that Vietnam is taking away jobs from America. Vietnamese observers have stated privately that Prime Minister Nguyen Xuan Phuc "slept well" after his telephone conversation with Donald Trump. Vietnam's leaders are pragmatic and will adjust their policies accordingly. But they face a new era of uncertainty.

Q5- Is it a concern that the Trump Administration could pull away from involvement in the region?

ANSWER: It is highly unlikely the Trump Administration will pull away from the region, meaning East Asia. U.S. material interests in terms of trade and investment will remain. The South China Sea will remain a vital waterway for global trade for the United States and its allies as well as U.S. military forces. What is of concern is that a Trump Administration could pursue protectionist trade policies and spark friction with China. Another concern is that a Trump Administration will down play multilateral institutions such as ASEAN. It is not that the U.S. will pull away from the region but that the form of U.S. involvement will change.

Q6- With the apparent end of TPP, do you think Vietnam will move closer to China economically? Or does Hanoi still hold out hope to gain closer ties with the U.S. and the West?

ANSWER: Vietnam has extensive economic relations with China, moving closer to Beijing would only exacerbate Vietnam's trade deficit. Vietnam will work with Japan and Australia to see that alternatives are available; there is a suggestion that a revised TPP without the U.S. could be negotiated. There is also the possibility that the Regional Comprehensive Economic Partnership will be the main vehicle for promoting trade. Finally, both Japan and Australia hold out hope of getting the Trump Administration to renegotiate the TPP. The United States is one of Vietnam's major markets and Vietnam has a massive trade surplus. This will not change. Japan's Prime Minister Abe is taking a leading role to unite regional countries on the economic front. He will visit Australia, Indonesia, the Philippines and Vietnam.

Q7- Does the government seek more involvement from the U.S. and its military? If so, how?

ANSWER: First and foremost Vietnam seeks to keep the United States engaged in the region "as long as the U.S. contributes to regional peace, cooperation and development" and makes a positive contribution to regional security. This does not mean Vietnam will ally with the U.S. At the same time, Vietnam seeks a gradual step up in defence cooperation with the United States – as well as other major powers. In

particular Vietnam would like to see practical cooperation in the area of defence technology transfer and co-production.

Q8- What concerns Vietnam government most these days with all the changes occurring?

ANSWER: The Vietnam government has at least two major concerns. First, that Trumps' economic and defence policies towards China could raise tension in the region and create a more difficult environment for Vietnam's economic development. Second, Hanoi also is concerned that its interests could be affected in the South China Sea if Donald Trump and Xi Jinping reach agreement to cooperate economically and on other international interests, while the United States acknowledges Chinese interests in the South China Sea. As a senior Vietnamese official once told me, Hanoi would prefer that relations between Beijing and Washington "are not too hot, and not too cold."

Q9- What is the significance of upcoming visit of Secretary John Kerry and Prime Minister Abe to Vietnam ?

ANSWER: John Kerry is making his last official visit to Vietnam in two capacities, as Secretary of State and as a Vietnam War veteran. Vietnam is one of the success stories of the Obama Administration's rebalance to the Asia-Pacific. During Obama's term the two sides reached an agreement on comprehensive partnership, the Vietnam Communist Party Secretary General was received in The White House, and Barack Obama was received in Hanoi. Kerry would like to acknowledge major progress both sides have made in stepping up their bilateral relations. Kerry will also offer reassurances that the United States will remain engaged and committed to the comprehensive partnership. With the exception of the TPP, Vietnam-US relations should not suffer under Trump because the new American president will give priority to international terrorism, improved relations with Russia, nuclear proliferation by Iran and North Korea, and economic relations with China.

Prime Minister Abe is taking a proactive leadership role at a time when the United States is in transition. He will offer Japan as a counter balance to China. Abe is concerned about maintaining regional security in East Asia and his trip also includes Australia, Indonesia, the Philippines as well as Vietnam.

Suggested citation: Carlyle A. Thayer, "Vietnam: Party Secretary General to Visit China Under Shadow of Trump Presidency," *Thayer Consultancy Background Brief*, January 12, 2017. All background briefs are posted on Scribd.com (search for Thayer). To remove yourself from the mailing list type, UNSUBSCRIBE in the Subject heading and hit the Reply key.

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