

**Not Too Hot, Not Too Cold:
A Vietnamese Perspective on China-U.S. Relations**
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Nguyen Phu Trong, Secretary General of the Vietnam Communist Party, meets Xi Jinping, General Secretary of the Chinese Communist Party in Beijing (April 2015) and President Barack Obama in Washington (July 2015) Source: CCTV and Associated Press

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Introduction

Vietnam pursues a declaratory foreign policy of ‘independence, self-reliance, multilateralization and diversification of international relations, [and] proactive international integration and cooperation’. Within this foreign policy framework Vietnam places a major – but not exclusive – emphasis on relations with the major powers: China (comprehensive strategic cooperative partner), Russia (comprehensive strategic partner), Japan (extensive strategic partner), India (strategic partner) and the United States (comprehensive partner). Vietnam seeks to maintain equilibrium in its relations with the five major powers. Vietnam places priority on its relations with China due to shared boundaries, historical interaction, revolutionary struggle and socialist ideology. But Vietnam resists China’s centripetal pull. Vietnam shows deference to China but insists that its autonomy be respected (Womack 2006).

Vietnam pursues a robust mixed strategy of comprehensive engagement with China and hedging/indirect balancing in its relations with the United States (Thayer 2014h). Since 2003, Vietnam has pursued a policy of cooperation and struggle (*doi tac va doi tuong*) in its relations with China and the United States (Thayer 2011a:336-337 and 2011b:351-351). Vietnam seeks to promote cooperation across the full spectrum of bilateral relations with both major powers but Vietnam ‘struggles’ (ranging from resistance to defiance) when its national interests are threatened. For example, Vietnam ‘struggles’ against Chinese assertiveness in the South China Sea, and Vietnam ‘struggles’ against U.S. political pressures on human rights. Vietnam seeks to maintain a delicate balance between ‘cooperation and struggle’ in order to prevent any single issue from spilling over and negatively impacting on bilateral relations in general.

Vietnam underpins its strategy of ‘cooperation and struggle’ with a determined self-help effort to modernize its armed forces (Thayer 2013c, 2013e, 2015b and 2015g) In recent years Vietnam has acquired top of the line Su-30 jet aircraft, stealth frigates, fast attack missile boats, and coastal and air defence missiles from Russia. Since December 2013, it has taken delivery of four of six Kilo-class conventional submarines ordered from Russia. The fifth submarine is currently undergoing sea trials in the Baltic, while the sixth submarines was launched in late September.¹

With respect to China-United States relations, Vietnam prefers the ‘Goldilocks’ model. Vietnam does not want China-US relations to become ‘too hot’ because it fears they will

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¹ Anh Son, ‘Russian shipyard launches last “Black Hole” sub built for Vietnam Navy’, *Thanh Nien News*, September 28, 2015.

collude against Vietnam's interests. Vietnam also does not want China-US relations to become 'too cold' because of the negative impact this would have on Vietnam. Vietnam prefers that China-US relations are 'just right' so it can leverage off the dynamic tensions in China-US bilateral relations.²

This paper is divided into four parts. Part 1 provides background on Vietnam's foreign policy framework following Vietnam's normalization of diplomatic relations with China and the United States in 1991 and 1995, respectively. Part 2 provides an overview the implementation of Vietnam's foreign policy of 'multilateralizing and diversifying' its relations with the major powers with a specific focus on strategic partnerships. Part 3 discusses Vietnam's relations with China and the United States after the informal summit between President Barack Obama and President Xi Jinping in Sunnylands in June 2013. Part four provides a summary and conclusion.

Part 1 The Framework of Vietnam's Relations with China and the United States, 1991-1995

The end of the conflict in Cambodia through a comprehensive political settlement reached in Paris in October 1991 dramatically altered Vietnam's strategic landscape. Vietnam was now positioned to end the strain in its bilateral relations with China and to advance the process of normalization of diplomatic relations with the United States. In short, the post-Cambodian conflict era presented Vietnam with new opportunities as well as new challenges.

The first signs of Vietnam's strategic policy readjustment emerged at the Seventh National Congress of the Vietnam Communist Party (VCP) that met from June 24-27, 1991 three months before the Paris peace conference on Cambodia. The Seventh Congress adopted a new orientation in foreign policy. Vietnam would now 'diversify and multilateralize economic relations with all countries and economic organizations...' (Communist Party of Vietnam 1991:49-50; Vu Khoan 1995:75 and Thayer 1993:221). In short, 'Vietnam wants to become the friend of all countries in the world community, and struggle for peace, independence and development.' According to the Political Report, 'We stand for equal and mutually beneficial co-operation with all countries regardless of different socio-political systems and on the basis of the principle of peaceful co-existence' (Communist Party of Vietnam 1991, 134).

The Political Report, however, gave priority to relations with the Soviet Union, Laos, Cambodia, China, Cuba, other 'communist and workers' parties', the 'forces struggling for peace, national independence, democracy and social progress', India, and the Non-Aligned Movement. It was only at the end of this list that Vietnam's 'new friends' were mentioned:

² The title of this paper draws on a conversation with a senior Vietnamese diplomat who invoked the children's story 'Goldilocks and the Three Bears,' as a simile for how Vietnam would like China-United States to develop. For the Goldilocks story see: <http://learnenglishkids.britishcouncil.org/sites/kids/files/attachment/stories-goldilocks-and-the-three-bears-transcript.pdf>.

To develop relations of friendship with other countries in South-East Asia and the Asia-Pacific region, and to strive for a South-East Asia of peace, friendship and co-operation. To expand equal and mutually beneficial co-operation with northern and Western European countries, Japan and other developed countries. *To promote the process of normalization of relations with the United States* (Communist Party of Vietnam 1991:135, emphasis added).

Vietnam reaped substantial foreign policy dividends following the Cambodian peace agreement. For example, both Japan and the European Union ended restrictions on development assistance, trade and investment in Vietnam. Vietnam also succeeded in diversifying its foreign relations by moving from dependency on the Soviet Union, now in a period of disintegration, to a more diverse and balanced set of external relations. During this period Vietnam normalized its relations with all members of ASEAN and in November 1991 Vietnam and China also normalized their relations (Thayer 1992:55-62 and 1996). In 1989, Vietnam had diplomatic relations with only twenty-three states; by 1995 this number had expanded to 163.

Not all was smooth sailing in Sino-Vietnamese normalization, however. In February 1992, China's National People's Congress passed the Law on Territorial Sea and Contiguous Zone that claimed all islands in the South China Sea, including the Paracel and Spratly archipelagoes. China's law now put it on a collision course with Vietnam regarding sovereignty claims in the South China Sea. This took the form of a series of maritime incidents in the 1990s precipitated by China's efforts to explore for oil in waters falling within Vietnam's Exclusive Economic Zone (Thayer 1996).

In January 1994, the VCP convened its first Mid-Term Party Conference. The Political Report reaffirmed Vietnam's commitment to the broad outlines of economic and political renovation that emerged since the Seventh Congress. The Political Report listed eight essential tasks to be carried out including the expansion of Vietnam's external relations.³ The major policy theme to emerge from the Mid-Term Conference was the priority to be given industrialization and modernization and the crucial importance of mobilizing domestic and foreign capital.⁴

In the period between the 1994 Mid-term Conference and the convening of the Eighth National Congress in mid-1996 Vietnam continued to pursue an open door foreign policy designed 'to make friends with all countries' (Vo Van Kiet 1995). These efforts paid handsome dividends. In 1993-94, the United States ended its long-standing objections to the provision of developmental assistance to Vietnam by the World Bank and International Monetary Fund, and gradually lifted restrictions on trade and

³ *Nhan Dan*, January 21, 1994

⁴ After the conference the official Vietnamese media highlighted what it termed the challenges of 'four dangers' facing Vietnam: the danger of being left behind (*tut hau*) economically by regional countries; the danger of peaceful evolution against socialism; the danger of corruption; and the danger of the breakdown of social order and security. See: *Voice of Vietnam*, January 22, 1994.

investment with Vietnam. Vietnam thus became eligible for a variety of aid, credits and commercial loans to finance its development plans.

In July 1995, Vietnam made a major breakthrough on the foreign policy front. Vietnam normalised relations with the United States, became ASEAN's seventh member, and signed a framework cooperation agreement with the European Union. For the first time, Vietnam had diplomatic relations with all five permanent members of the United Nations Security Council and, equally importantly, with the world's three major economic centres - Europe, North America and East Asia.

Part 2 Vietnam's Strategic Partnerships with the Major Powers, 1996-2013

The next turning point in Vietnam's foreign policy came at the Eighth National Congress held from June 28 to July 1, 1996.⁵ The foreign policy section of the Political Report juxtaposed the potential for conflict arising from competition in the areas of economics, science and technology with the potential for cooperation arising from peaceful co-existence between 'socialist countries, communist and workers parties and revolutionary and progressive forces' and 'nations under different political regimes' (Dang Cong San Viet Nam 1996).

Vietnam sought to promote cooperation with the major powers through agreements on strategic partnership. In March 2001, the Russian Federation, a 'traditional friendly state,' became Vietnam's first strategic partner during the course of the visit by President Vladimir Putin to Hanoi (Thayer 2012a). This agreement set out broad-ranging cooperation in eight major areas. Russian arms sales to Vietnam soon became the largest and most significant component of the strategic partnership.⁶ Russia became Vietnam's largest provider of military equipment and technology (Thayer 2011c, 2012b, 2012c and 2013c).

After the VCP's Eighth National Congress in 1996 Vietnam and the United States began difficult negotiations on the terms of a Bilateral Trade Agreement (BTA). This BTA was a highly contentious issue among the party elite. It was only in mid-2000 that the party Central Committee's tenth plenum gave its approval to concluding negotiations with the U.S.

The Ninth VCP National Congress, held from April 19–23, 2001, set the goals of overcoming underdevelopment by the year 2010 and accelerating industrialization and modernization in order to become a modern industrialized state by 2020. According to Vu Khoan (2006), the Ninth Congress resolution identified two main measures to attain this goal, 'first, perfect the regime of a market economy with socialist characteristics, and second, integrate deeper and more fully into the various global economic regimes. Integration into the global economy will tie our economy into the regional and global

⁵ For the first time delegates from Southeast Asia were included (representing the non-communist ruling parties in Cambodia, Malaysia and Singapore).

⁶ For background see Thayer 1997.

economies on the basis of common rules of the game'.⁷ As a result, in 2001 the United States granted Vietnam temporary normal trade relations status on a year-by-year basis.

The Ninth Congress also reaffirmed that 'Vietnam wants to be a friend and a reliable partner to all nations' by diversifying and multilateralizing its international relations (Thayer 2002a). Priority was placed on developing relations with 'socialist, neighboring and traditional friendly states',⁸

In mid-2003, the VCP Central Committee's eighth plenum provided an important interpretation of two ideological concepts – 'partners of cooperation' (*doi tac*) and 'objects of struggle' (*doi tuong*) in foreign relations. According to the eighth plenum's resolution, 'any force that plans and acts against the objectives we hold in the course of national construction and defense is the object of struggle.' And, 'anyone who respects our independence and sovereignty, establishes and expands friendly, equal, and mutually beneficial relations with Vietnam is our partner.'

The eighth plenum resolution argued for a more nuanced dialectical application of these concepts:

with the objects of struggle, we can find areas for cooperation; with the partners, there exist interests that are contradictory and different from those of ours. We should be aware of these, thus overcoming the two tendencies, namely lacking vigilance and showing rigidity in our perception, design, and implementation of specific policies.

The eighth plenum resolution thus provided the policy rationale for Vietnam to step up cooperative activities with the United States (Thayer 2005). After the plenum Vietnam advised the United States that it would accept a long-standing invitation for its Minister of National Defence to visit Washington. Vietnam also approved the first port call by a U.S. Navy warship since the Vietnam War.

The VCP convened its Tenth National Congress from April 18-25, 2006 (Thayer 2007). According to the Political Report, Vietnam 'must strive to unswervingly carry out a foreign policy of... multilateral and diversified relationships while staying proactive in integrating into the world economic community and expanding international cooperation in other fields.' In December 2006 Vietnam was granted Permanent Normal Trade Relations status by the United States.

⁷This was the first time the concept of 'market economy with socialist characteristics' was endorsed (Le Xuan Tung, 2004:17).

⁸A Politburo resolution adopted in November 2001 sketched Vietnam's diplomatic strategy as follows: continue to strengthen relations with Vietnam's neighbours and countries that have been traditional friends; give importance to relations with big countries, developing countries, and the political and economic centers of the world; raise the level of solidarity with developing countries and the non-aligned movement; increase activities in international organizations; and develop relations with Communist and Workers' parties, with progressive forces, while at the same time expanding relations with ruling parties and other parties. Pay attention to 'people's diplomacy.' (Vu Duong Ninh, 2002:110).

After the Tenth Congress Vietnam stepped up efforts to consolidate its relations with the major powers as well as East Asian, European and ASEAN states through strategic partnership agreements.

In October 2006, the prime ministers of Vietnam and Japan issued a Joint Statement entitled 'Toward a Strategic Partnership for Peace and Prosperity in Asia' (Thayer 2012a). In November 2007, Vietnam and Japan issued a Joint Statement that included a forty-four point Agenda Toward a Strategic Partnership. Point four of the Agenda addressed defence cooperation including exchanges of military delegations, high-level defence officials' visits, and goodwill ship port calls by the Japan Maritime Self-Defense Force.

In July 2007, India and Vietnam adopted a 33-point Joint Declaration on Strategic Partnership (Thayer 2012a). The Joint Declaration set out six areas for political, defence and security cooperation: (1) strategic dialogue at vice ministerial level; (2) defence supplies, joint projects, training cooperation and intelligence exchanges; (3) exchange visits between their defence and security establishments; (4) capacity building, technical assistance and information sharing with particular attention to security of sea lanes, anti-piracy, prevention of pollution and search and rescue; (5) counter terrorism and cyber security; and (6) non-traditional security. Since 2007, defence cooperation has included high-level visits, an annual Defence Strategy Dialogue and naval port visits.

In June 2008, following a summit of party leaders in Beijing, China-Vietnam bilateral relations were officially raised to that of strategic partners (Thayer 2012a). A year later this was upgraded to a strategic cooperative partnership (later re-designated comprehensive strategic cooperative partnership). As strategic partners China and Vietnam developed a dense network of party, state, defence and multilateral mechanisms to manage their bilateral relations including a Joint Steering Committee at deputy prime minister level. China and Vietnam undertake defence cooperation in three areas: exchange of high-level visits, strategic defence and security dialogues, and joint naval patrols and port visits.

Tension between Vietnam and China over their territorial dispute in the South China Sea began to simmer from late 2007 and became more intense in after May 2009. These tensions led to an increasing convergence of security concerns between Vietnam and the United States. In 2010, Vietnam agreed to hold its first Defence Policy Dialogue with the United States and quietly encouraged the U.S. to contribute to maritime security by balancing Chinese military power.

The VCP held its Eleventh National from January 12-19, 2011. The final Resolution of the Congress set the following foreign policy goals for the 2011-15 period:

enhance external activities; firmly defend national independence, sovereignty and territorial integrity; thus creating a foundation for the nation to become a modern-oriented industrialised country by 2020.⁹

⁹ 'Resolution of the 11th Party National Congress', *Communist Party of Vietnam Online Newspaper*, January 23, 2011. http://www.cpv.org.vn/cpv/Modules/Preview/PrintPreview_En.aspx?co_id=30180.

With specific reference to the main tasks ahead, the final resolution of the Congress declared:

Intensifying the national defence and security strength and power; maintaining socio-political stability, independence, sovereignty, unity, territorial integrity, social order and security; preventing and foiling all schemes and plots of hostile forces; comprehensively and effectively carrying out external activities and *proactively taking part in international integration* {emphasis added}.

Following the Eleventh National Congress, Vietnam moved to advance its defence relations with the United States but in a low key manner so as not to provoke China. At the second Defence Policy Dialogue held in Washington in September 2011 the two sides signed their first formal Memorandum of Understanding (MOU) on defence cooperation (Thayer 2013d). This was a modest agreement that codified activities that were already being undertaken: regular high-level defence dialogue, maritime security, search and rescue, studying and exchanging experiences on United Nations peacekeeping, and humanitarian assistance/disaster relief (HA/DR). In some respects the MOU was a transparency measure directed at China.

In June 2012, Vietnam hosted a visit by Defence Secretary Leon Panetta under the 2003 agreement to exchange alternate visits by defence ministers every three years. Panetta visited the former U.S. naval base at Cam Ranh Bay prior to his meeting with Minister of National Defence General Phung Quang Thanh. Although Panetta's visit to Cam Ranh was rich in symbolism, Vietnam undercut any speculation that the U.S. Navy would be permitted to return by reiterating its long-standing policy of 'three no's' - no foreign bases on Vietnamese territory, no military alliances, and no use of a third country to oppose another country (Thayer 2012d).

Talks between Panetta and Thanh went over old ground as they reviewed progress under their MOU. Thanh proposed future cooperation in non-sensitive areas only - HA/DR and search and rescue. He also elicited further U.S. financial support to address legacies from the Vietnam War (unexploded ordnance and Agent Orange); and he called for the lifting of the U.S. ban on arms sales (Thayer 2012d).

Vietnam and the United States held their fifth Political, Security and Economic Dialogue in Hanoi in June 2012. The following month Secretary of State Hillary Clinton held discussions with her counterpart in Hanoi. Vietnam's Deputy Minister of National Defence General Nguyen Chi Vinh travelled to Washington to discuss war legacy issues. In October, as the *USS George Washington* transited the South China Sea, Vietnamese officials were flown out to observe operations. Vietnam thus signaled that it supported a U.S. naval presence in the South China Sea. In April 2013, U.S. Coast Guard Rear Admiral William Lee pledged support for Vietnam's fisheries protection force.

Between 2009 and 2013 Vietnam reached strategic partnership agreements with South Korea and Spain (both in 2009), United Kingdom (2010), Germany (2011), and Italy, France, Thailand, Indonesia and Singapore (all in 2013). Vietnam is currently negotiating

a strategic partnership agreement with the Philippines (Thayer 2014c and 2015c).¹⁰ In same period Vietnam and Australia reached agreement on a comprehensive partnership (2009), while Vietnam and Russia raised their strategic partnership to a comprehensive strategic partnership (July 2012).

Part 3 Vietnam's Relations with China and the United States, 2013-2015

The proceeding two parts of this paper outlined the multilateral context of Vietnam's relations with the major powers. During 2013--15 Vietnam and Japan raised their bilateral relations to an Extensive Strategic Partnership (March 2014), and Vietnam and Australia agreed to enhance their strategic partnership (March 2015). This part focuses on Vietnam's relations with the United States and China in the period after the Sunnylands summit between president Obama and Xi in June 2013 up to the recent U.S.-China Summit in Washington in September 2015.

Vietnam-China Relations Prior to the HYSY 981 Crisis

In 2013, Vietnam-China bilateral relations went on an upward trajectory. As noted above, Vietnam and China developed a dense network of party, state, and defence mechanisms to manage their bilateral relations under the umbrella of the Joint Steering Committee at deputy prime minister level. Both deputy prime ministers were also Politburo members of their respective ruling parties. In May 2013, China and Vietnam held the sixth session of their Joint Steering Committee for Bilateral Cooperation in Beijing.

Vietnam and China both identified their South China Sea dispute as the major irritant in their relations and sought to contain it from spilling over and affecting their overall bilateral relations. Vietnam and China continued to manage their territorial dispute in the South China Sea under the Agreement on Basic Principles Guiding the Settlement of Maritime Issues adopted In October 2011. There was a marked drop in the number of incidents involving fishermen. During the year political relations went on an upward trajectory.

In significant respects Vietnam's defence relations with China paralleled those with the United States. In January, Vietnam hosted a goodwill port visit to Ho Chi Minh City by three People's Liberation Army Navy (PLAN) ships. The two defence ministers met in May on the sidelines of the seventh ASEAN Defence Ministers' Meeting (ADMM) in Brunei. Vietnam and China held their fourth Strategic Defence Dialogue in Beijing in June and agreed to establish a naval hot line between their two defence ministries. That same month China and Vietnam conducted their fifteenth joint naval patrol in the Gulf of Tonkin and held a search and rescue training exercise. Later, two Vietnamese naval ships paid a goodwill port visit to the headquarters of China's South Sea Fleet at Zhanjiang city.

¹⁰ Nina P. Calleja, 'Philippines, Vietnam close to signing cooperation pact on South China Sea', *Philippines Daily Enquirer*, September 3, 2015.

President Truong Tan Sang made an official state visit to China in June 2013 for discussions with President Xi Jinping. The two leaders agreed to double the size of their joint development area in the Gulf of Tonkin, extend cooperation between their national oil companies until 2016 and set up a fishery incident hot line. In late July, the two communist parties held their ninth theoretical seminar in China. China's Foreign Minister Wang Yi paid an official visit to Hanoi in August.

The high point in bilateral relations occurred in October 2013 when Premier Li Keqiang made an official visit to Vietnam at the invitation of Prime Minister Nguyen Tan Dung to advance their comprehensive strategic partnership (Thayer 2014a). According to the Joint Statement issued by Prime Minister Dung and Premier Li on October 15, the two leaders agreed to set up three joint working groups with responsibility in three areas.

The first area was onshore cooperation and included economic issues, transport and communication connectivity, and management of the China-Vietnam land border. Two-way trade was valued at U.S. \$41.2 billion in 2012 with China enjoying a surplus of U.S. \$16.4 billion. Prime Minister Dung pressed Premier Li for a more balanced trade by easing the conditions under which Vietnamese companies could trade in China. According to the Joint Statement issued after their discussions:

The Chinese side encourages Chinese businesses to expand imports of Viet Nam's competitive goods and supports Chinese firms investing in Viet Nam while being ready to create more favorable conditions for Vietnamese businesses to expand their markets in China.¹¹

The two leaders set the goal of raising two-way trade to U.S. \$60 billion by 2015 if not earlier. They also discussed how to improve transport and communications connectivity. They agreed on a list of key cooperation projects and the establishment up of a working group on infrastructure cooperation to plan and implement these plans. Prime Minister Dung and Premier Li endorsed the continuing role of joint land border committees and their annual work plans.

As for the second area of cooperation, the two leaders agreed to establish a joint working group on monetary cooperation. However, they only made general commitments to boosting financial transactions. The leaders encouraged their financial organisations to provide services to promote bilateral trade and investment. They also called for more research into using domestic currencies for payment.

The third area concerned cooperation on maritime issues. Dung and Li agreed to 'stringently implement' the 2011 Agreement on Basic Principles Guiding the Settlement of Maritime Issues and to pursue maritime cooperation following the principles of the 'easy-first, difficult-later' and 'step by step'. They reaffirmed the role of the existing government-level mechanism on boundary and territory negotiations and agreed to pursue 'mutually acceptable fundamental solutions that do not affect each side's stance and policy, which will include studies and discussions pertaining to cooperation for

¹¹ Vietnam Government Portal, 'VN, China issue joint statement.'

mutual development.’ They therefore agreed to instruct the Working Group on the Waters off the Mouth of the Gulf of Tonkin and the expert-level Working Group on Cooperation on Less Sensitive Issues at Sea to step up their consultations and negotiations. They also agreed to establish a joint Working Group on Cooperation for Mutual Development at Sea under the existing government-level mechanism on boundary and territory negotiations.

With respect to their territorial disputes in the South China Sea, the two leaders reaffirmed their past agreement to implement the 2002 on Conduct of Parties in the South China Sea and ‘based on mutual consensus, both sides will do more for the adoption of a Code of Conduct’ in the South China Sea. The two leaders also agreed ‘to exercise tight control of maritime disputes and not to make any move that can further complicate or expand disputes.’ In this regard both sides vowed to make use of hot lines established between their ministries of foreign affairs and ministries of agriculture.

At the conclusion of their talks Prime Minister Dung and Premier Li witnessed the signing of several agreements including:

- Agreement on the reciprocal opening of trade promotion agencies
- Agreement on the establishment of a Confucius Institute at Hanoi University
- Agreement on the construction of the Ta Lung-Shui Kou island bridge 2 (plus an attached protocol)
- MOU on building a cross-border economic cooperation zone
- MOU on establishing a joint working group to support projects supported by Chinese businesses in Vietnam

Vietnam and the United States: Agreement of Comprehensive Partnership

In July 2010, Secretary of State Hillary Clinton visited Hanoi and reportedly proposed that bilateral relations be raised to a strategic partnership. Negotiations on a formal strategic partnership soon became bogged down by human rights and other issues.

In parallel with the improvement in Vietnam-China relations, Vietnam also moved to step up its relations with the United States. A major breakthrough was announced during the official state visit of President Truong Tan Sang to Washington in July 2013. President Sang met President Obama in the Oval Office at The White House. The two presidents agreed to codify their bilateral relations by issuing a Joint Statement on Comprehensive Partnership (Thayer 2013a and 2013b).

The Joint Statement included nine major points that basically reiterated existing areas of and mechanisms for cooperation. These included: the Trade and Investment Framework Agreement Council; the Joint Committee for Scientific and Technological Cooperation; the Defense Policy Dialogue; and the Political, Security, and Defense Dialogue. However, the Comprehensive Partnership created a new political and diplomatic dialogue mechanism between the U.S. Secretary of State and Vietnam’s Minister of Foreign Affairs.

The Comprehensive Partnership Agreement made no mention of a Plan of Action that accompanied many of Vietnam's other strategic partnership agreements. Instead, the Joint Statement noted that the two governments would create new mechanisms for each of the nine areas of cooperation: political and diplomatic relations, trade and economic ties, science and technology, education and training, environment and health, war legacy issues, defence and security, protection and promotion of human rights, and culture, sports, and tourism. Specifically, the Comprehensive Partnership Agreement committed both sides to advance bilateral cooperation on trade and economic issues, including the conclusion of negotiations on the Trans-Pacific Partnership free trade agreement, and institutionalize a regular dialogue at ministerial level between the two countries.

Maritime security issues featured prominently in Vietnam-U.S. relations after President Sang state visit (Thayer 2014b). In August 2013, U.S. Defence Secretary Chuck Hagel met Vietnam's Minister of National Defence General Thanh on the sidelines of the ADMM Plus meeting in Brunei and accepted an invitation to visit Vietnam. Secretary of State John Kerry visited Hanoi in October 2013. Vietnam and the United States reached agreements on cooperation between their Coast Guards. In December 2013, Secretary Kerry announced that the U.S. would provide Vietnam with U.S. \$18 million to assist Vietnam enhance the capacity of its Coast Guard to conduct search and rescue by providing five patrol boats (Thayer 2013f).

Vietnam and China: The HYSY 981 Crisis (May-July 2014)

The upward trajectory of Vietnam-China relations was abruptly reversed when a major maritime confrontation erupted when China deployed a mega oil exploration platform, Hai Yang Shi You 981 (HYSY 981), in Vietnam's EEZ from May 2 to July 16, 2014. A mixed armada of eighty vessels accompanied the HYSY 981. During the six week stand off Chinese ships regularly rammed Vietnam's Coast Guard and Fishery Surveillance Force vessels and used high-pressure water cannons to prevent them from interfering with the operations of HYSY 981.

China's actions provoked peaceful anti-China demonstrations in Hanoi and Ho Chi Minh City and violent attacks by Vietnamese workers on four hundred Chinese (and other foreign-owned) enterprises in three industrial estates. China evacuated several thousand of its workers, demanded compensation and imposed economic sanctions. Chinese tourism to Vietnam plummeted.

Throughout May Vietnam made more than thirty attempts to make contact with counterparts in China, either through hot lines or direct contact by the agencies concerned, to resolve the crisis. Vietnamese officials claims they were rebuffed on each occasion and China failed to respond to communications made through established hot lines.

Vietnam's leadership appeared divided on how to respond to Chinese actions. Prime Minister Dung publicly advocated taking international legal action against China. Other senior leaders were more circumspect. The Defense Minister downplayed the crisis

comparing it to an internal family spat. The VCP Central Committee convened its ninth plenum from May 8-14, 2014. By all accounts this was a heated session with some members calling for an end to Vietnam's policy of 'three no's'. Vietnam adopted a more restrained view in public. The Vietnamese media only reported that the Central Committee resolved to closely monitor the maritime standoff and called for a peaceful resolution of the dispute.

On June 18, 2014, China's dispatched State Councilor Yang Jiechi to Hanoi for testy consultations with Deputy Prime Minister and Foreign Minister Pham Binh Minh at a 'leaders meeting' of the Joint Steering Committee on Bilateral Cooperation. The term 'leaders meeting' was a diplomatic sleight of hand to enable both sides to meet without losing face.¹² The meeting between Yang and Minh focused entirely on the HYSY 981 crisis and was marked by mutual recriminations. The confrontation at sea continued.

In early July, the VCP Politburo reportedly voted overwhelmingly to hold a meeting of the Central Committee in August to endorse international legal action against China; but before it could do so China brought an abrupt end to the crisis by withdrawing the HYSY 981. Nonetheless, on July 28 sixty-one leading Vietnamese personalities signed an open letter criticizing the government for its handling of relations with Beijing and called for legal action. The open letter also called for Vietnam to 'exit China's orbit' (*thoat Trung*).

Just as suddenly as it had erupted the HYSY 981 crisis ended. China accepted an offer by Vietnam's party leader to send a to Beijing. In August 2014, Xi Jinping and other high-level Chinese leaders met with special envoy Le Hong Anh, a member of the Politburo, head of the VCP Secretariat and former Minister of Public Security. Anh negotiated follow-on visits by Vietnamese leaders and presented an invitation from the VCP Secretary General Nguyen Phu Trong for Secretary General/President Xi to visit Vietnam (Thayer 2015a).

The following month a high-powered Vietnamese military delegation led by Minister of National Defence and member of the Politburo General Thanh visited Beijing (Thayer 2014e). Shortly after Councilor Yang returned to Vietnam to co-chair the seventh Joint Steering Committee on Bilateral Cooperation where both sides agreed to reset their relations (Thayer 2014f). Nevertheless, in December 2014, Vietnam filed a statement of interest with the Permanent Court of Arbitration in The Hague requesting that Vietnam's interests be taken into account during deliberations by the Arbitral Tribunal on the case brought by the Philippines against China (Thayer 2014g).

In a sign of Vietnam's deference to China, on April 7, 2015, Secretary General Trong journeyed to Beijing to meet with General Secretary Xi Jinping and other high-level Chinese leaders. After the Xi-Trong meeting a joint communiqué stated that the leaders 'reached broad common perceptions on intensifying ties between the two Parties and countries in the new context'. The joint communiqué stated:

¹² This was the first co-called leaders' meeting.

They [China and Vietnam] need to consistently respect each other, hold sincere consultations and manage differences; As political trust is a foundation for the healthy and stable development of bilateral ties, both sides need to increase visits and exchanges, from the strategic heights, carrying the bilateral ties forward; win-win cooperation between Vietnam and China brings practical benefits to people in both countries and contributing to peace, development and prosperity in the region, which should be enhanced and deepened across sectors¹³

On the vexed issue of the South China Sea dispute, the two leaders reset the clock back to October 2013 and understandings reached during the visit of Premier Li Keqiang to Hanoi. Xi and Trong agreed to comply with and seriously implement the Agreement on Basic Principles Guiding the Settlement of Maritime Issues through the already established government-level negotiation mechanism on Vietnam-China boundary and territorial issues. The leaders further agreed to ‘manage disputes at sea’ and ‘fully and effectively’ implement the 2002 Declaration on Conduct of Parties in the South China Sea and to reach agreement on a Code of Conduct in the South China Sea.

Trong’s visit did not mark any breakthrough in with respect to the South China Sea dispute. Both sides merely repeated formulations used in the past. The HYSY 981 crisis led to a loss of strategic trust by Vietnam in its relations with China. Vietnam sought to leverage its relations with the United States in order to add ballast in its relations with Beijing.

Vietnam and the United States

Maritime security issues featured prominently in Vietnam-U.S. relations as a result of tensions arising from China’s deployment of the HD-981 oil platform in Vietnam’s Exclusive Economic Zone. In May, during the HYSY 981 crisis, Secretary Kerry invited Vietnam’s Foreign Minister Pham Binh Minh to visit Washington. Minh’s trip was postponed due to Vietnamese sensitivities that it might undermine the forthcoming visit by State Councillor Yang in June. Instead Vietnam dispatched Politburo member Pham Quang Nghi to Washington in July where he held discussions with an array of Obama Administration officials.

Foreign Minister Minh’s rescheduled visit took place in October. Minh conferred with Kerry. Kerry took this opportunity to announce publicly that the United States had lifted the restriction on the sale of lethal weapons to Vietnam on a case-by-case basis to assist in maritime domain awareness and maritime security capabilities (Thayer 2014d). In March 2015, Minister for Public Security and Politburo member Tran Dai Quang met with a range of senior officials in the Obama Administration.

In June, U.S. Defence Secretary Ashton Carter visited Hanoi. After discussions with his counterpart General Thanh the two ministers issued a Joint Vision Statement that set out twelve areas of future defence cooperation. The fourth area included, ‘expand

¹³ Vietnam News Agency, ‘Viet Nam, China issue joint communiqué’, Beijing, April 8, 2015, Ministry of Foreign Affairs, Hanoi, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns150409005752>.

defense trade between our countries, potentially influencing cooperation in the production of new technologies and equipment, where possible under current law and policy restrictions’.

A major turning point in Vietnam-U.S. relations was reached with the first visit by the leader of the Vietnam Communist Party to the United States (Thayer 2015d). During the course of Secretary General Trong’s five-day visit (July 6-10), he met with President Barack Obama, Vice President Joe Biden, National Security Advisor Susan Rice, Secretary of State John Kerry, Secretary of the Treasury Jack Lew, U.S. Trade Representative Michael Froman, and Senators John McCain and Patrick Leahy.¹⁴

The centrepiece of Trong’s visit was his face-to-face meeting with President Obama in The White House. At the conclusion of their talks the two leaders issued a Joint Vision Statement that highlighted a convergence of views on six major issues (Thayer 2015e and 2015f).

First, Obama and Trong agreed to pursue ‘a deepened, sustained, and substantive relationship on the basis of respect for each other’s political systems, independence, sovereignty and territorial integrity’. In other words, this statement accorded *de facto* recognition to the role of the VCP in Vietnam’s one-party state and the importance of the party Secretary-General in Vietnam’s political system, and a set a precedent for future visits by Vietnam’s party leader.

The statement to respect each other’s political systems is important because ideological conservatives in Vietnam voice suspicions that the United States wants to overturn Vietnam’s socialist regime through ‘peaceful evolution’. The fact that Trong was received in the Oval Office and President Obama committed the United States to respect Vietnam’s political system undermined a key tenet in the worldview of Vietnam’s ideological conservatives.

Second, both leaders pledged to advance their agreement on comprehensive partnership by stepping up high-level visits and creating mechanisms to implement cooperation in the nine major areas outlined in the 2013 agreement.¹⁵ Obama and

¹⁴ Secretary General Trong also met with American religious leaders, Vietnamese-American community representatives, American entrepreneurs, the head of the Communist Party of the United States, former President Bill Clinton, a group of Harvard University professors and United Nations Secretary General Ban Ki-moon.

¹⁵ On July 7, the U.S. and Vietnam signed four agreements, including on double taxation, cooperation in addressing emerging pandemic threats, and technical assistance for aviation safety. Vietnam’s Deputy Minister of National Defence Senior Lt. General Nguyen Chi Vinh and U.S. Assistant Secretary of Defense for Asia-Pacific Security David Shear signed a Memorandum of Understanding on U.S. assistance to Vietnam for UN peacekeeping. Vietnam is poised to raise its commitment to the UN from five military officers to deployment of a level 2 field hospital and engineer company. In addition, PetroVietnam and Murphy Oil signed a cooperation agreement, Harvard University was given approval to establish the Fulbright University in Vietnam, and Vietnam took delivery of its first Boeing 787 Dreamliner aircraft.

Trong also agreed to complete negotiations on the Trans-Pacific Partnership and Vietnam agreed to carry out reforms necessary to reach a high-standard agreement.¹⁶

Third, Obama and Trong pledged that the United States and Vietnam would work more closely together to contribute to peace, stability, cooperation and prosperity in the Asia Pacific both bilaterally and through regional multilateral organisations such as APEC, and ASEAN-related institutions, such as the ADMM Plus and the East Asia Summit.

Sixth, both leaders directly addressed difficulties and challenges in their bilateral relations, including human rights and market economy status, and pledged to conduct positive, frank and constructive political dialogues to reduce these differences and build trust.

Their Joint Vision Statement repeated the standard formulations that maritime disputes should be settled on the basis of international law and by peaceful means. Nevertheless, the leaders prefaced their remarks by noting:

Both countries are concerned about recent developments in the South China Sea that have increased tensions, eroded trust, and threatened to undermine peace, security and stability. They recognize the imperative of upholding the internationally-recognized freedoms of navigation and overflight; unimpeded lawful commerce, maritime security and safety; refraining from actions that raise tensions; ensuring that all actions and activities taken comply with international law and rejecting coercion, intimidation, and the use or threat of force.

In other words, there is considerable convergence of strategic interests regarding the South China Sea and both leaders easily accommodated the key concerns of their counterpart.

Fifth, Obama and Trong agreed to step up defense and security cooperation in maritime security, maritime domain awareness, defence trade and information sharing, and defence technology exchange. These commitments open new areas for cooperation. However, continuing restrictions under the International Trafficking in Arms Regulations remains a bone of contention,

Sixth, both leaders directly addressed difficulties and challenges in their bilateral relations, including human rights and market economy status, and pledged to conduct positive, frank and constructive political dialogues to reduce these differences and build trust.

¹⁶ There are several hurdles to be overcome. The U.S. insists that Vietnam meet four principles included in the International Labor Organisation's 1998 Declaration on Fundamental Principles and Rights at Work. One of the principles is the right of workers to 'freely associate' and to bargain collectively (form their own labor union). Vietnam is pushing the United States to grant it market economy status so that tariffs will be lowered on imports to the United States. At the time of this writing discussion on the Trans-Pacific Partnership are continuing, see: Jackie Calmes, 'Trade Negotiations Stall Over Drugs and Dairy, Extending Talks Another Day', *The New York Times*, October 3, 2015 and John Kehoe, 'Drug patents hold up trade deal', *The Australian Financial Review*, October 5, 2015.

Secretary Kerry journeyed to Vietnam in August to mark the twentieth anniversary of diplomatic relations. In a public address in Hanoi entitled 'U.S.-Vietnam: Looking to the Future', Kerry addressed the broad range of issues that comprised the comprehensive partnership with Vietnam including addressing dioxin (Agent Orange) contamination, human rights and the South China Sea.

The following month, Vietnam's Deputy Minister of National Defence Senior Lt. General Vinh visited the United States from September 29-October 2nd to attend the sixth Defence Policy Dialogue in Washington. The two sides discussed the on-going search for the remains of American soldiers and airmen missing in action in the Vietnam War, disposal of unexploded wartime ordnance, dioxin decontamination, peacekeeping, maritime security, search and rescue and humanitarian assistance and disaster relief. Looking towards the future the two sides agreed to explore cooperation in defence industry and how to enhance the ADMM Plus process through practical activities.¹⁷

Vietnam and China

In 2015 Vietnam intensified its preparations to hold the Twelfth National Party Congress early next year (Thayer 2015h and 2015i). On September 15, two key draft policy documents, the Political Report and the Socio-Economic Plan for 2016-2020 were released for public discussion and comment. Provincial party congresses are now underway, inter alia, to select delegates to the national congress.

Two major issues loom large – leadership succession and Vietnam's relations with China and the United States. There are straws in the wind that suggest that these two issues have become intertwined in intense political in-fighting in advance of the twelfth plenary session of the party Central Committee due to convene on October 5.

The Chinese Embassy in Hanoi held an early reception on September 29 to celebrate China's National Day, October 2. Vietnam was represented by its Minister for Planning and Investment, Bui Quang Vinh. Vinh is not a member of the Politburo and is expected to retire after the 2016 national party congress. There was intense speculation in Hanoi why such a comparatively 'low level' official represented the Vietnamese government.

On September 30, the day after the reception, Vietnamese media reported that Ha Huy Hoang, a former employee of Ministry of Foreign Affairs and a former journalist with the *Vietnam and the World Weekly*, had been tried and convicted for spying for China. Hoang was sentenced to six years in jail.¹⁸ Media reporting in Vietnam on espionage cases involving Vietnamese citizens is exceedingly rare. Hoang's conviction led to speculation on the timing of the trial and who authorised media reporting. Speculation

¹⁷ Vietnam News Agency, 'Vietnam, US convene 6th Defence Policy Dialogue', *VietNamNet*, October 2, 2015,

¹⁸ 'Vietnam Jails Journalist Accuse of Spying For China', Radio Free Asia, September 30, 2015. <http://www.rfa.org/english/news/vietnam/vietnam-jails-journalist-accused-of-spying-for-china-09302015130324.html>.

only intensified when *Tuoi Tre*, *VnExpress* and other media outlets took down their reports from their websites on the afternoon of publication. Speculation then turned to who ordered that these reports be rescinded and why.

As Vietnam completes its preparations for the Twelfth National Party Congress it is clear that consensus on how Vietnam should manage its relations with China and the United States has not been reached. For example, the anonymous draft Political Report released in mid-September gave no hint of future policy directions on this vexed question. China's construction of artificial islands in the South China Sea, complete with infrastructure to support a Chinese naval and military air presence, is a now major driver behind those pushing for a deeper relationship with the United States.

The publicity given to the espionage trial, and the decision to rescind news reporting, is a significant sign that how Vietnam manages its relations with China and the United States has not been resolved. It is evident that some elements of Vietnam's political elite approved media reporting of the espionage trial. This development follows on the heels of reports that China has been given permission to open a Consulate General in Da Nang.

Those who oppose getting too close to the United States highlight the 'threat of peaceful evolution' as a national security threat.¹⁹ They point to US pressure on human rights and religious freedom as part of this threat. The allegations of Chinese espionage fuels allied concerns that China continues to interfere in Vietnam's internal affairs and may be attempting to influence the outcome of the forthcoming national party congress. Hanoi-based observers privately report that China has informed selected Vietnamese leaders that it opposes the elevation of Foreign Minister Pham Binh Minh who is viewed as pro-American (Thayer 2015i).

Vietnamese sources also report that China has let it be known privately that General Secretary/President Xi may call off his expected visit to Vietnam this month if Hanoi does not mute its criticism of China's construction of artificial islands in the South China Sea. These same sources believe the visit will go ahead because so much is at stake for China.

Those who want closer ties with the U.S. also stress the economic advantages of membership in the Trans Pacific Partnership. This group is now countering the argument of the 'threat of peaceful evolution' by pointing to Chinese espionage as a major threat to national security. In other words, the threat of peaceful evolution from the United States is now being counterpoised with the threat of Chinese subversion.

There are other straws in the wind of a possible change in Vietnam-United States relations. Despite private Chinese warnings to Vietnam to mute public statements on the South China Sea, President Sang recently stated in a media interview that China's

¹⁹ See: Nguyen Duc Thang, 'No ground for any claims to "depoliticize" the armed forces', *People's Army Newspaper Online*, September 13, 2015 and 'Units active in combating 'peaceful evolution plot'', *People's Army Newspaper Online*, October 2, 2015.

construction of artificial islands was illegal under international law and endangered maritime security.²⁰ Sang's interview was given in New York while he was attending the annual meeting of the UN General Assembly.

Sang's remarks were directed at both international and domestic audiences and may be viewed as preparing the grounds for deepening relations with the US. At the same time his remarks may be seen as burnishing his national security credentials domestically. Sang is rumoured to have thrown his hat into the ring to contest the post of party Secretary General also being sought by his long term political rival, Prime Minister Dung.

Vietnamese leaders who advocate deepening ties with the United States need some indication that Vietnam's actions will be reciprocated to win over their domestic critics. That is why Sang called for an end of all US restrictions on the sale of lethal weapons to Vietnam in his New York interview. Sang also repeated affirmations he made in Washington two years ago that Vietnam would engage the US on human rights. This is a precondition the U.S. has set for advancement of defence ties and the lifting of all restrictions on the sale of lethal weaponry to Vietnam.

Obama-Xi Summit

President Barack Obama and President Xi Jinping held their first formal summit in Washington on September 25, 2015. Vietnamese officials would have been satisfied with the outcome because their worst fears, U.S.-China great power collusion, particularly over the South China Sea, were not realized.²¹ In other words, Vietnam's preferences would have been met. U.S.-China relations were neither 'too hot' nor 'too cold'. Continued cooperation and rivalry between Washington and Beijing was 'just right' for Vietnam.

Vietnam is expected to host official visits by President Xi and President Obama in October and November. Given the present leadership in-fighting in Hanoi each of these visits may be viewed as separate auditions for Vietnam's future orientation. Vietnam can be expected to seek to protect its national interests by obtaining assurances from China that it will moderate its South China Sea policies vis-à-vis Vietnam on the understanding that Vietnam will not 'exit China's orbit' by turning to the United States.

Similarly, Vietnam can be expected seek to protect its national interests by obtaining U.S. reassurance that it will counter Chinese assertiveness in the South China Sea and build up Vietnam's maritime security capacity in exchange for Vietnam's tacit support for U.S. rebalancing in the region. In other words Vietnam will attempt to leverage U.S. security interests in the South China Sea for its own benefit

²⁰ John Daniszewski and Matthew Pennington, 'Vietnam Leader: China island work violates international law', Associated Press, September 28, 2015.

²¹ Differences between Obama and Xi over the South China Sea emerged at a joint press conference following their meeting; see: Jacquelyn Bengfort, 'Chinese President Reasserts Astro turf Sovereignty Claims in South Chia Sea', *Vice*, September 30, 2015 and Reuters, 'Obama and Xi remain at loggerheads on S China Sea'. *Today Online*, September 30, 2015.

Conclusion

This paper has presented an overview of Vietnam's strategic framework for ordering its relations with the major powers. The main argument of this paper is that Vietnam doggedly pursues a policy of 'multilateralization and diversification' in its relations with the major power. This context is essential for understanding Vietnam's relations with China and the United States.

In Part 1 focused on the opportunities and challenges that opened for Vietnam following the end of the conflict in Cambodia. Four months before a comprehensive settlement was reached Vietnam positioned itself for the post-Cambodia period with a the objective of diversifying and mutlilateralizing 'economic relations with all countries...' Although Vietnam gave priority to enhancing its relations with traditional friendly states, such as the Soviet Union and China, it also opened the door to developing relations with 'new friends' such as Japan and normalizing its relations with the United States.

Within four years of the Seventh National Party Congress that promoted multilateralization and diversification of relations Vietnam achieved notable success. It normalized diplomatic relations with China and the United States in 1991 and 1995, respectively. Vietnam also became the seventh member of the Association of South East Asian Nations. Normalization of diplomatic relations, however, presented challenges as well. In the early 1990s the South China Sea emerged as a growing irritant in Hanoi's relations with Beijing. The normalization of diplomatic relations with the United States was the first step in a long process of developing economic relations.

Part 2 provided an overview of the framework of Vietnamese foreign policy over a seventeen year period with an emphasis on strategic policy set by five yearly national party congresses – the Eighth (1996), Ninth (2001), Tenth (2006) and Eleventh (2001). An overview of this period confirms that domestic economic development and integration with the global economy were Vietnam's top priorities. Vietnam sought to become a modern and industrial country by 2020. In 2011 the Eleventh National Party Congress set proactive international integration as a major goal. These objectives could only be obtained by consolidating Vietnam's diversified external relations while at the same time maintaining equilibrium in Vietnam's relations with the major powers.

In the period under review (1996-2013) Vietnam developed strategic partnerships with the Russian Federation (2001), Japan (2006), India (2007), China (2008), Spain and South Korea (2009), United Kingdom and Germany (2010), and Italy, France, Thailand, Indonesia and Singapore (2013), and reached comprehensive partnership agreements with Australia (2009) and the United States (2013). Vietnam also upgraded its strategic partnerships with China (2009) and Russia (2012).

Beginning in 2007-2008, and particularly after May 2009, territorial disputes in the South China Sea began to bedevil Vietnam-China relations. This led to a growing convergence of security interests between Vietnam and the United States. At the same time, however, China's rise and engagement with the United States posed the risk that

the two major powers might collude at the expense of Vietnam's interests in the South China Sea.

Part 3 shifted focus to Vietnam's relations with China and the United States after the informal summit between presidents Obama and Xi in Sunnylands. It was during this honeymoon period that a senior Vietnamese diplomat confided to the author that Vietnam preferred the 'Goldilocks model' in relations between Beijing and Washington. That is, Vietnam hoped that their bilateral relations were not 'too hot' or 'too cold' but 'just right' so Vietnam could leverage the dynamic tensions between Washington and Beijing.

Vietnam's relations with China and the United States deepened and became more institutionalized across a number of sectors including defence and security in 2013. A high point was reached in Vietnam's relations with both the United States and China with the visits of President Truong Tan Sang's to Washington in July and Premier Li Keqiang to Hanoi in October. President Sang's visit to Washington resulted in a landmark comprehensive partnership agreement, while Premier Li's visit to Hanoi resulted in agreement to deepen bilateral relations in three priority areas (on-shore, monetary and maritime) and to compartmentalize the South China Sea dispute to prevent it spilling over and affecting bilateral relations.

China's decision to deploy the HYSY 981 mega-oil drilling platform in Vietnamese waters in May 2014 proved catalytic. Strategic trust between Hanoi and Beijing was the first casualty. As a result of the six-week confrontation a sea all the goodwill flowing from Premier Li's visit dissipated. An intense debate erupted in the highest levels of the Vietnam Communist Party over whether to 'exit China's orbit' by seeking closer relations with the United States.

Vietnam now sought to restore equilibrium in its relations China and the United States. A special envoy of the party Secretary General was dispatched to Beijing, followed by a high-powered military delegation. In April 2015, party Secretary General Nguyen Phu Trong held a high-level summit with General Secretary Xi Jinping. Trong's visit reset economic relations but did not achieve a breakthrough on the South China Sea dispute.

At the same time as Vietnam sought to restore normalcy in its relations with China, it also sought to deepen its ties with the United States. The HYSY 981 sharpened the strategic convergence between Vietnam and the United States on the South China Sea. Two Politburo members were dispatched to Washington in addition to Vietnam's Foreign Minister. The U.S. lifted its restriction on the sale of lethal weapons to Vietnam on a case-by-case basis and limited sales to maritime security. Defence ministers from Vietnam and the United States adopted a Joint Vision Statement in June 2014 that included a new provision – defence trade and technology.

The high-point in Vietnam-U.S. relations was reached in July 2015 with the first visit by the VCP Secretary General to Washington and his meeting with President Obama at The White House. Of the six major outcomes of Trong's visit, none was more important than U.S. recognition of the legitimacy of Vietnam's one-party system and the role of the

party Secretary General in that system. This outcome was a powerful antidote to those who opposed deepening ties with the United States on the grounds that the U.S. was seeking to overthrow Vietnam's socialist system through 'peaceful evolution'.

The question of how Vietnam should manage its relations with China and the United States has gained new urgency as the deadline for the next national party congress approaches. It is clear that Vietnam's leadership is divided on this issue. The recent trial of a Vietnamese accused of spying for China appears to indicate that those in the leadership pushing for deeper relations with the United States are counterpoising the 'threat of peaceful evolution' with the 'threat of Chinese subversion'. The outcome of this intra-party debate may not be resolved until after the twelfth national party congress in early 2016.

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