

## **What's in a Name: The Promise and Peril of a US-Vietnam 'Strategic Partnership'**

**Despite the growing depth and breadth of strategic ties between the two countries, Washington ranks surprisingly low in Hanoi's hierarchy of diplomatic designations.**

By Phuong Vu

In an interview with local media published last month, Marc Evans Knapper, the U.S. ambassador to Vietnam, said that raising the U.S.-Vietnam relations to a “strategic partnership” was a current priority for Washington. Knapper’s hope speaks to the important position that Vietnam occupies in Washington’s new Indo-Pacific strategy, which seeks to deepen its engagement with Asian partners and allies in a bid to counter the rising power of China. But hopes for such a diplomatic upgrade go back much further. Since at least 2010, the U.S. government has constantly sought the establishment of a “strategic partnership” with Vietnam.

However, it currently seems as if Vietnam is not ready to take such a step. In his first message following his arrival in Washington on February 23, Vietnam’s new ambassador to the U.S., Nguyen Quoc Dung, expressed great confidence that “the Vietnam-U.S. comprehensive partnership will grow in depth and in breadth, serving as building blocks for us to intensify mutually beneficial cooperation and reach further beyond to a new height.” Dung did not mention “strategic partnership” as a goal.

Some might question whether the advancing U.S.-Vietnam relationship needs to be franked with a formal upgrade in diplomatic status, but words can nonetheless play an important role in diplomatic signaling. Indeed, a close study of Vietnam’s diplomatic strategy reveals that Hanoi has used its intricate taxonomy of diplomatic designations to defend and promote its national interests and maintain a delicate balancing act amid heightened superpower rivalries.

Vietnam’s diplomatic hierarchy includes three key categories: “strategic comprehensive” partnerships sit at the top, followed in descending order by “strategic” and “comprehensive” partnerships. (There is also a fourth category of “special strategic” relationships, a status enjoyed by Vietnam’s former wartime allies Cambodia and Laos). At the 12th Shangri-La Dialogue in Singapore in May 2013, then Prime Minister Nguyen Tan Dung stated that Vietnam hoped to establish strategic partnerships with all five permanent members of the United Nations Security Council (UNSC). Dung said that such strategic partnerships would be based on the principles of independence, sovereignty, and mutual respect and non-interference.

So far, Vietnam has established “comprehensive strategic partnerships” with two permanent members of the UNSC – China in 2008 and Russia in 2012 – and “strategic partnerships” with two more: the United Kingdom in 2010 and France in 2013. India is not a permanent member of the UNSC but has been a comprehensive strategic partner of Vietnam since 2016.

In addition to these, Vietnam has strategic partnerships with 17 nations. Many of them are U.S. allies and partners, among them New Zealand, Australia, Philippines, Indonesia, Thailand, Singapore, Germany, South Korea, and Japan. The case of Japan in particular reflects Vietnam’s semantic prudence: the two countries elevated their “strategic” partnership to a bespoke

“extensive strategic” partnership in 2014, giving Japan a special niche above the “strategic” level but just short of a “comprehensive strategic” partnership. Earlier this month, Vietnamese Foreign Minister Bui Thanh Son confirmed a plan to elevate relations with South Korea to Vietnam’s highest level of diplomatic designation, to mark the 30th anniversary of diplomatic ties this year. Once realized, Seoul will join Beijing, Moscow, and New Delhi in Hanoi’s club of “comprehensive strategic” partners.

The U.S. is the only permanent UNSC member that Vietnam has not raised to a “strategic” or “comprehensive strategic” partnership level. Instead, the U.S. belongs to the third category of “comprehensive partnerships,” a designation that Vietnam has also bestowed upon the Netherlands, Brunei, Hungary, Myanmar, Canada, Denmark, Ukraine, Argentina, Chile, Brazil, Venezuela, and South Africa. Seen from a certain angle, this is a diplomatic snub for Washington.

So, what’s in a name? India and New Zealand are the two most recent nations to receive “upgrades” – to the “comprehensive strategic” and “strategic” levels, respectively. As mentioned, Vietnam and India established their comprehensive strategic partnership in 2016, on the basis of the two nations’ shared defense interests. Following the agreement, India granted Vietnam a \$500 million line of credit to purchase defense equipment, though it’s not clear how much of that Vietnam has used. In December 2020, the Indian Navy took part in a “passage exercise” with the Vietnamese Navy in the South China Sea designed to boost the two nations’ maritime cooperation. Two countries have also adopted a joint vision “for peace, prosperity, and people.” Bilateral trade reached \$10 billion in 2020, and India invested \$1.9 billion in Vietnam that year, including funds channeled via other countries.

Meanwhile, New Zealand is the latest nation to be raised to a “strategic” partnership with Vietnam, the designation that the U.S. has been pursuing. The partnership centers on trade, agriculture, education and culture, disaster risk management, and renewable energy. Two-way merchandise trade in 2020 reached \$1.38 billion in 2021, and New Zealand currently has registered investments totaling \$209.5 million in Vietnam. Hanoi and Wellington have signaled a commitment to strengthening defense ties, maritime security cooperation, and joint peacekeeping operations. Both also have a shared interest in defending international law. Not much has been implemented, but Wellington has increasingly weighed in on the maritime disputes in the South China Sea, where Hanoi has long battled against China’s aggression.

It should not be controversial to point out that Vietnam and the U.S. share a deeper, more multi-faceted relationship than some nations higher up in Hanoi’s diplomatic hierarchy. Since 2013, the U.S.-Vietnam comprehensive partnership has made significant strides. In 2020, bilateral trade reached \$92.2 billion, more than nine times higher than Vietnam’s trade with India. The U.S. is Vietnam’s 11th largest investor, with nearly \$10 billion invested in the country.

Defense relations have also advanced considerably in recent years. From 2015 to 2019 the U.S. authorized permanent exports of more than \$32.3 million in defense articles to Vietnam. The U.S. Department of State also has over \$162 million in active Foreign Military Sales with Vietnam. From 2017 to 2021, Vietnam received approximately \$80 million in bilateral State Department-funded security assistance and in 2018, Vietnam also received an additional \$81.5 million to support the implementation of the Indo-Pacific Strategy.

While large-scale arms agreements are highly unlikely given Vietnam's close defense ties to Russia, cooperation with the U.S. continues to see steady growth. The Trump and Biden administrations have even quietly held off on a decision about whether to impose sanctions on Vietnam under Washington's Countering America's Adversaries Through Sanctions Act (CAATSA), which allows the U.S. government to sanction countries that purchase Russian weaponry. (Whether this ambiguity survives the current response to Russia's invasion of Ukraine remains to be seen.)

Meanwhile, Washington's increasingly robust stance on the disputes in the South China Sea has benefited Hanoi and other Southeast Asian claimants. In 2018, Vietnam participated for the first time in the RIMPAC military exercise, after first sending observers in 2012 and 2016, and U.S. aircraft carriers paid port visits in 2018 and 2019.

In addition to security and economic engagements, the U.S. in partnership with COVAX, has provided over 24 million doses of vaccines to Vietnam and has pledged to provide \$30.2 million to help the nation's pandemic response. U.S. firms have licensed production for mRNA vaccine production to Vietnamese firms. During her visit to Hanoi in August, Vice President Kamala Harris announced that the Southeast Asia Regional Office of the U.S. Centers of Disease Controls will be established in Vietnam. The U.S. is also the largest destination for Vietnamese students, contributing nearly \$1 billion to the American economy in the 2019-2020 academic year, while the two countries signed a Peace Corps agreement in 2020.

While Vietnam faces serious food and water security challenges posed by major dams on the Mekong River, the country benefits from Washington's growing Mekong River initiatives aimed at helping promote sustainable fisheries, climate change adaptation, and biodiversity conservation. Meanwhile, the U.S. last August announced plans to build a \$1.2 billion embassy compound in Hanoi, while Vietnam said last month that it would spend \$23.7 million on a new embassy facility in Washington.

And yet, despite all of this progress, the Vietnam-U.S. relationship is marked by a relatively humble diplomatic designation.

### **Rational Choice and Signal Projection**

In July 2010, on the 15th anniversary of diplomatic normalization between the U.S. and Vietnam, U.S. Secretary of State Hillary Clinton first announced Washington's goal of upgrading the bilateral relationship to a "strategic partnership." While Hanoi was pleased with the improvements in the bilateral relationship, disagreements over human rights hindered negotiations. Economic engagement and U.S. commitments to regional security built up trust, however, and in 2013 the two sides raised their relationship to the "comprehensive" level. Since then, there has been a steady increase of high-level exchanges between the two countries, including the first-ever visit to the U.S. by the head of the Vietnam Communist Party (VCP) in 2015. Speculation about the establishment of a strategic partnership peaked in 2020, when Vietnam and the U.S. celebrated the 25th anniversary of diplomatic normalization.

Nonetheless, Hanoi has expressed some concerns about recent U.S. policy, including President Trump's withdrawal from the Trans-Pacific Partnership trade pact, its inconsistent foreign policy, and its lackluster support for allies and security partners. Since taking office last year, however, the Biden administration has actively courted Vietnam. It has twice proposed an upgrade to a "strategic partnership": once during Defense Secretary Lloyd Austin's visit in July

and again during Vice President Kamala Harris' trip the following month. But still the relationship remains stuck at the "comprehensive" level. Ha Kim Ngoc, former Vietnam's ambassador to the U.S., last year tempered expectations, suggesting the substance in Vietnam-U.S. relations was more important than the label it is given.

Given that upping a diplomatic designation would be substantive in its own right, and sends a clear signal about the state of bilateral relations, what is driving the thinking on both sides?

For Hanoi, the hesitancy toward meeting Washington's long-held goal is a matter of rational choice: namely, who cares about form when you've got the substance? As Vietnam-U.S. relations have developed over the past two decades, Hanoi has been assiduous in trying not to appear to take sides or to be seen to be balancing against China. Hanoi is all too aware of the range of coercive instruments that Beijing has to employ against it, which include maritime actions in the South China Sea, trade and investment sanctions, and hacking and cyber warfare, to say nothing of its control of the headwaters of the Mekong and Red rivers which give it considerable power to alleviate both floods and droughts in Vietnam. Should Vietnam have the audacity to elevate ties with Washington to the same level as Beijing, China would likely escalate tensions with Vietnam across a range of domains. As it stands, Vietnam has advanced ties with the U.S. without eliciting intolerable political, economic, and diplomatic costs from Beijing.

There is also the desire to use the future elevation of ties as a diplomatic inducement. Vietnam did more than any other country in order to gain admission to the TPP, and was pained by Trump's withdrawal from the agreement. Despite promises of a bilateral trade agreement, negotiations are yet to get off the ground. President Biden has neither the political capital nor the will to rejoin the TPP any time soon. This continues to be an irritant for Hanoi. Any upgrade in the relationship would therefore have to be premised on a strong economic foundation.

Then there is the uncertainty about the political situation in the U.S. itself. While the Biden administration has helped right the ship of state after the disruptive Trump era, Vietnam, like all countries, is aware that in less than three years, the U.S. could opt for another president that could be as chaotic and disruptive to the international system. Given these uncertainties, Hanoi is unlikely to take the step of raising relations to a "strategic" level.

Finally there is the question of ideology. It is no surprise that Vietnam's highest level diplomatic partners are fellow authoritarian states, with a common concern about "color revolutions" and challenges to their monopolies on power. Conversely, there remains a latent concern within some quarters of the VCP that the U.S. and the West are still committed to advancing democracy in Vietnam via a so-called "peaceful evolution": a strategy to infiltrate and subvert the socialist state by spreading Western political ideas and lifestyles, inciting discontent, and encouraging groups to challenge the Party's leadership.

Put differently, if Hanoi's situation ever calls for an upgrade to a strategic partnership with Washington, the benefits must be worth the foreseeable associated costs. For Washington, such an elevation of diplomatic status with Hanoi matters in terms of multilateral signaling. In pushing for an upgrade, the Biden administration is looking not just for a quick foreign policy success; it is trying to signal that it is taking the threat of China seriously, engaging local allies and partners, and dedicating sufficient resources to the challenge.

The reality is that Thailand, though a U.S. treaty ally, does not share Washington's threat perception about China. Likewise, the Philippines remains a politically unstable ally. Though President Rodrigo Duterte backed down from a threat to abrogate the Visiting Forces Agreement that governs the deployment of U.S. forces to the Philippines, he undermined the alliance's foundation and made his desire for closer security ties with Beijing clear.

Meanwhile, Indonesia remains inwardly focused under President Joko Widodo's "friends with benefits" foreign policy philosophy, shying away from its traditional role of leader of ASEAN. Malaysia and Singapore are similarly reluctant to play leadership roles in standing up to China, while Brunei, Cambodia, and Laos have largely been co-opted by China. At the same time, the military junta in Myanmar will become increasingly dependent on China as its economy tanks and the regime continues to deepen its international isolation. In each case, the country has made a clear, rational choice. But underlying all of them is a latent concern over Chinese hegemonic intentions and an acknowledgment that the U.S. has to underpin the regional security order over the long term.

For the U.S., then, Vietnam is the only real game in town. Diplomatically astute and strategic in its thinking, Vietnam is now playing a greater role in ASEAN, though by default and unable always to exercise that power. It is one of the only countries in the region to push back against Chinese aggression routinely. And Vietnam has one of the only militaries in the region that is focused on external threats. Vietnam's military modernization has been impressive, and while it cannot match China's military growth, it now has sufficient military capabilities to keep Chinese defense planners guessing. For Hanoi to upgrade the U.S. to a "strategic" or "comprehensive strategic" partnership would therefore send a clear signal to Beijing of a wholesale rejection of China's view of the regional order. That is something the U.S. would ostensibly love to see, though realistically, it understands that it could be counter-productive.

Although Hanoi has to take pains to reassure its big northern neighbor, it has no intention of being stuck in China's orbit. Vietnam is engaging in multilateral cooperative signaling to project and strengthen its image and power, while stopping short of actions that confront China directly. While Vietnam hasn't upgraded its relations with the U.S. to a strategic partnership, Hanoi has established higher levels of diplomatic designation with many American allies and partners, and engaged in a range of security and defense cooperation mechanisms in the Indo-Pacific region. With both sides able and likely to increase their engagements through multilateral forums such as ASEAN and the Quad, Vietnam has succeeded in augmenting its relationship with the U.S. without paying the operating costs of the officialese.

With Vietnam's Prime Minister Pham Minh Chinh planning to visit the U.S. sometime later this month, there will be plenty of signals worth watching out for.

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