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Background Brief:

Vietnam-U.S. Relations and Impact on China-Vietnam Ties

May 12, 2022

On the occasion of Prime Minister Pham Minh Chinh's working visit to the United States, we request your assessment of the following three issues:

Q1. What role does the United States play in Vietnam's foreign policy?

ANSWER: The United States is one of the five most important countries in Vietnam's foreign relations, alongside China, Japan, India and Russia plus the European Union.

The U.S. is Vietnam's largest export market and Vietnam has a considerable surplus. China is Vietnam largest trade partner and Vietnam has a considerable deficit.

The United States is a key source of science and technology innovation including e-commerce and digital economy. Vietnam needs increased U.S. foreign direct investment to create new industries to spur the 4th Industrial Revolution in Vietnam.

The United States is a key provider of capacity building in human resources and education and training.

The United States, especially the Indo-Pacific Command, provides a balance to China in the region and the South China Sea in particular. U.S. support for ASEAN, ASEAN-centrality, ASEAN-led multilateral institutions and *ASEAN Outlook on the Indo-Pacific* is vital for Vietnam.

Q2. Vietnam always tries to keep a balanced position in its relationship with the U.S. and China. However, in the current world context, will Vietnam still be able to keep that balance or have to take a side? Which side do you think Vietnam will pick – China or the U.S.?

ANSWER: Vietnam pursues a foreign policy of "diversification and multilateralization" of its foreign relations through seventeen strategic partnerships and a number of comprehensive partnerships, including the United States.

Vietnam prefers a multipolar balance in which all the major powers have political-diplomatic-economic and security equity in Vietnam. Vietnam, in turn, guarantees that it will not align with one or more major powers against another. Vietnam puts a lot of effort in developing its international prestige by pursuing an independent and constructive foreign policy to insulate itself from external pressures.

Russia's invasion of Ukraine and growing isolation and pariah status internationally is a major challenge to Vietnam's foreign policy. Vietnam is dependent on Russia for

arms, military equipment and technology and Russian diplomatic-political support as a permanent member of the UN Security Council. The longer the war in Ukraine drags on the more Vietnam will be exposed to western sanctions or Russia's inability to supply needed arms and equipment,

Vietnam's relations with Russia offer a useful counter-balance to China and the United States. Vietnam will be put in a more difficult position if Russia is further weakened or becomes more dependent on China.

Q3. How might the relationship between Vietnam and China change after Prime Minister Chinh's visit to the United States?

ANSWER: Vietnam will be better placed to deal with China after Prime Minister Chinh's visit to Washington because Vietnam's bilateral relations with the United States will take place in the context of growing U.S.-ASEAN comprehensive engagement.

Vietnam will proceed cautiously in raising its relations with the U.S. for three reasons. First, there are a number of issues, such as U.S. classification of Vietnam as a non-market economy and trade-tariff-related issues, that must be resolved first.

Second, the volatility of domestic American politics create a cloud of uncertainty over any economic or other commitments President Biden makes to Vietnam. Vietnam is vulnerable because of its defence dependence on Russia and record on political and civil rights.

Third, Vietnam will be very careful not to undertake cooperation with the U.S. that Beijing perceives as aimed at China.

If history is a guide, expect China and Vietnam to exchange high-level visits to advance their comprehensive strategic cooperative partnership this year.

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