Dialogue on U.S. - Vietnam Relations

TEN YEARS AFTER NORMALIZATION

Catharin E. Dalpino, Editor

The Asia Foundation
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The Asia Foundation
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## Acronyms

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<th>Acronym</th>
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<tbody>
<tr>
<td>APEC</td>
<td>Asia Pacific Economic Cooperation</td>
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<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
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<tr>
<td>ASC</td>
<td>ASEAN Security Community</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BTA</td>
<td>U.S.-Vietnam Bilateral Trade Agreement</td>
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<tr>
<td>CHOD</td>
<td>Asia-Pacific Chiefs of Defense Conference</td>
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<tr>
<td>CPC</td>
<td>Country of Particular Concern</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>HCMC</td>
<td>Ho Chi Minh City</td>
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<tr>
<td>IMET</td>
<td>International Military Education and Training</td>
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<tr>
<td>MCA</td>
<td>Millennium Challenge Account</td>
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<tr>
<td>MFN</td>
<td>Most Favored Nation</td>
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<tr>
<td>MIA</td>
<td>Missing in Action</td>
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<tr>
<td>MOET</td>
<td>Vietnamese Ministry of Education and Training</td>
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<td>MOU</td>
<td>Memo of Understanding</td>
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<td>NTR</td>
<td>Normal Trade Relations</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OPIC</td>
<td>Overseas Private Investment Corporation</td>
</tr>
<tr>
<td>PACOM</td>
<td>United States Pacific Command</td>
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<tr>
<td>PNTR</td>
<td>Permanent Normal Trade Relations</td>
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<tr>
<td>POW</td>
<td>Prisoner of War</td>
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<tr>
<td>SOE</td>
<td>State-Owned Enterprise</td>
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<tr>
<td>UXO</td>
<td>Unexploded Ordnance</td>
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<tr>
<td>VAT</td>
<td>Value-Added Tax</td>
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<tr>
<td>VCP</td>
<td>Vietnamese Communist Party</td>
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<td>WMD</td>
<td>Weapons of Mass Destruction</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Preface

This report summarizes the discussion and conclusions of a U.S.-Vietnam dialogue held in Washington, D.C. in December 2004. Vietnamese and American representatives from the executive, legislative, business, non-governmental and academic sectors participated in the conference. Its objective was to assess the bilateral relationship at the 10-year mark after normalization, and to offer recommendations to improve relations. The meeting was the final activity in a research and education project on U.S.-Vietnam relations conducted by The Asia Foundation in collaboration with Vietnam’s Institute for International Relations (IIR). The project’s ultimate goal is to promote a deeper understanding among Americans and Vietnamese on domestic and international factors that affect bilateral relations, encouraging more informed policymaking in the two countries. Launched in 2001, the project was made possible by generous support from the Henry Luce Foundation.

Two previous reports have been published under this project. Dialogue on U.S.-Vietnam Relations: Domestic Dimensions, was the product of the first conference in a three-part series, held in Washington, D.C. in November 2001. Dialogue on U.S.-Vietnam Relations: Global and Regional Influences was based on the second conference, held in Dalat in October 2003. In addition to Vietnamese and American participants, the Dalat conference included analysts from other Southeast Asian countries, to lend regional perspective. These two volumes offer perspective on the impact of domestic and international trends and issues on the bilateral relationship that is unprecedented in its comprehensiveness and specificity to U.S.-Vietnam relations. This report builds upon the previous two, with a more intense focus on policy implications.

The report was edited by Catharin Dalpino, who is Associate Professor of Southeast Asian Studies at the Edmund A. Walsh School of Foreign Service at Georgetown University, and is a former Deputy Assistant Secretary of State and former Fellow at the Brookings Institution. A long-time observer of Southeast Asia, she is now devoting increasing attention to Vietnam, and we are very pleased that she agreed to serve as editor of this volume. In addition to a comprehensive introduction written by Professor Dalpino, the volume includes informative papers by Bui The Giang, Carlyle Thayer, and David Dapice. It concludes with a series of recommendations aimed further strengthening U.S.-Vietnam relations at both the official and societal levels. We believe it is a fitting conclusion to a stimulating project, and we sincerely thank the Henry Luce Foundation for its support in making the entire project possible.

Dr. Jonathan R. Stromseth
Vietnam Representative
The Asia Foundation

Ambassador Trinh Quang Thanh
Director General
Institute for International Relations

September 2005
Introduction
Ten years ago the United States and Vietnam normalized official relations, ending two decades of enmity and isolation from one another. Since that time, U.S.-Vietnam relations have expanded dramatically, from a calibrated series of steps in the “roadmap” to normalization, to a diverse and sometimes conflicting set of policy initiatives and responses. The relationship is dynamic and forward-looking; nevertheless, it must deal with the consequences and legacy of a war that ended 30 years ago but still resonates on both sides.

In the years since normalization, new challenges have been added to the bilateral relationship. Vietnam is facing complicated administrative, legal, and social changes as the policy of doi moi, or “renovation,” moves deeper into economic reform. The United States is struggling to shape a new global security policy in which terrorism has abruptly become a central priority. The two countries must also take into account changing dynamics in the Asia-Pacific region—in diplomacy, economics, and security—which give an expanded role to rising powers. As well, the United States and Vietnam have a clear mandate to strengthen cooperation to stem a range of transnational threats, from human trafficking to potent new diseases.

Despite these factors, U.S.-Vietnam relations have made impressive strides in recent years. Since the ratification of the Bilateral Trade Agreement (BTA) in 2001, trade between the two countries has expanded four-fold, making the United States Vietnam’s largest export market. This is likely to slow in 2005, in part because of the abolition of textile quotas for World Trade Organization (WTO) members earlier this year, but the pace is still impressive. Momentum on the non-governmental side is notable as well. Bui The Giang, director of the People-to-People Relations Bureau of the Party Central Committee, notes in his paper in this volume that a third of the 500 foreign non-governmental organizations (NGOs) working with Vietnamese partners in the country are American. The U.S.-Vietnam Fulbright Program is the largest Fulbright program in the world. American tourism to Vietnam grows at the rate of nearly 20 percent per year.

At the same time, new tensions have arisen in the relationship since normalization. The post-BTA surge in trade was met with an anti-dumping suit against Vietnam on behalf of American catfish farmers and the subsequent imposition of tariffs on the importation of Vietnamese basa. A more complicated suit on shrimp, with multiple target countries, is currently in train. The Religious Freedom Act of 1998 mandated greater emphasis on religion in U.S. human rights policy, and this issue has become a formal item on the U.S.-Vietnam policy agenda. In September 2004, the State Department designated Vietnam as a “Country of Particular Concern” (CPC) on religious freedom grounds. A bilateral agreement in this area, the first such agreement the U.S. has made with another country, has averted sanctions, but Vietnam remains on the CPC list.

As noted on the preface, this report summarizes the discussion and conclusions of a U.S.-Vietnam dialogue held in Washington, D.C. on December 8-10, 2004. Vietnamese and American representatives from the executive, legislative, business, non-governmental, and academic sectors participated in the conference. Its objective was to assess the bilateral relationship at the 10-year mark after normalization, and to offer recommendations to improve relations. However, the charge to formulate
recommendations that will improve relations, rather than simply pursue the policy objectives of each side, has particular implications. It speaks to the need to build stronger and broader channels of communication and for better management of the growing basket of policy issues.

Improvement also implies that policymakers in each country give greater weight to domestic factors and pressures in the other. In each domestic environment, policymakers must balance the concerns and aspirations of both older and younger generations. In this respect, relations between the United States and Vietnam may be normal, but they are still in many ways special. Lastly, the two countries need to bear in mind the differences between their policymaking apparatus. As Pham Quoc Bao, director of the Foreign Affairs Department of the Office of the National Assembly in Vietnam, observed in the first volume of this publication series, Dialogue on U.S.-Vietnam Relations: Domestic Dimensions, U.S. foreign policy tends to be driven as much by short-term issues as by long-term objectives, while Vietnamese policymakers seek greater continuity by timing policy review and revision to the five-year cycles of the Party Congress.

This report tracks developments in the bilateral relationship to the end of 2004. Papers and presentations made at the conference, and included in the body of this report, reflect this cut-off date. In June, 2005 Vietnamese Prime Minister Phan Van Khai made a historic visit to the United States, which included a White House meeting with President George Bush. The summit produced new accords on religious freedom, adoption, and agricultural cooperation. A meeting with Secretary of Defense Donald Rumsfeld resulted in the announcement that Vietnam would participate in the International Military Education and Training (IMET) program for the first time. Also a first in the relationship, the armed forces of the two countries co-hosted the annual Asia-Pacific Military Medicine Conference. Although U.S.-Vietnam security relations have not reached the level of a formal strategic dialogue, discrete activities are quietly building fraternal relations between the two militaries. In July 2005, the two governments celebrate the tenth anniversary of normalization of relations with ceremonies in Washington and Hanoi.

These major events notwithstanding, the issues and observations in this report remain current. Despite hopes that Vietnam would enter the WTO by the end of 2005, negotiations between the United States and Vietnam are still in progress as of this writing. A delay in the original schedule would likely place Congressional debate on granting Permanent Normal Trade Relations (PNTR) to Vietnam into the spring of 2006. And although the tenth anniversary of normalization has passed, interest in U.S.-Vietnam relations remains high: President Bush has announced his intention to visit Vietnam in late 2006 to participate in the APEC Summit. The anticipated U.S.-Vietnam bilateral summit will exert positive pressure on both sides in the coming year to expand cooperation in every aspect of the relationship.

Governance and Public Administration Reform

The Asian economic crisis of 1997-98 demonstrated the power of a sharp economic downturn to spur domestic administrative changes. The 1997 crisis was the driving force behind adoption of a reformist constitution in Thailand, and brought dramatic electoral and social changes to Indonesia. As Phan Doan Nam, former Vietnamese assistant minister of Foreign Affairs, pointed out in the 2002 dialogue, Vietnam's economic crisis came a decade earlier, in 1985-86. As with Thailand and Indonesia in 1997, the crisis galvanized Vietnamese governmental and public awareness of the need for more effective and accountable governance, particularly in economic policymaking. Vietnam has tailored its foreign policy in recent decades to support the reforms enacted as part of the renovation process—and thus has increased its number of trading partners dramatically. But the impetus for economic reform was, and still is, indigenous.
It was inevitable, however, that Vietnam would also encounter demands related to international economic integration, and that external factors would also influence the reform process. While a number of unilateral reforms were introduced in the late 1980s and early 1990s, more recently reform has been driven by negotiation of international agreements. New trade agreements and free trade frameworks—from the U.S.-Vietnam BTA to the ASEAN Free Trade Area to Vietnam’s pending entry into the WTO—bring a variety of new pressures for administrative reform. The BTA, for example, committed the signatories to intellectual property rights protection and an open and transparent policymaking process in all areas covered by the agreement. Nguyen Van Long, director-general of the Office of the National Committee for International Economic Cooperation of the Ministry of Trade, writes in *Domestic Dimensions* that fulfilling the commitments of the BTA also involves issues of labor, employment, and other social dimensions. For example, labor standards have particular significance for enterprises exporting goods and services to the U.S. market.

But administrative reforms are only part of Vietnam’s process of renovation. As the section on administrative reform in this volume indicates, a significant portion of political and administrative reform is focused on the business environment, reflecting the growth of the Vietnamese private sector, and a new relationship between government and commerce. Vu Quoc Huy, senior researcher at the Institute of Economics in Hanoi, maintains that a public-private partnership is developing within Vietnam, and the business community is given increasing access to high levels of government.

Of equal importance is the growing role of the National Assembly as a catalyst for reform, outlined by Ambassador Ton Nu Thi Ninh, vice chair of the Assembly’s Foreign Affairs Committee in this volume. She describes the expansion of the legislature’s involvement and influence in lawmakers, oversight, and high-profile national issues. And, like its counterpart in the United States, the National Assembly is increasingly active in Vietnamese foreign policy. “Foreign affairs,” she notes, “is becoming the business of non-diplomats.”

**Political and People-to-People Relations**

Ten years after normalization, the United States and Vietnam are still in a period that a Vietnamese participant in the 2003 conference characterized as an “ice breaking” stage. This period of acquaintance and adjustment is marked both by good will and suspicion. Clearly, however, some policy areas are more sensitive than others.

Two of the most delicate issues were identified in *Domestic Dimensions* and continue to be contentious in the bilateral relationship: human rights and the movement in some Vietnamese-American communities to have the flag used in the south before 1975 recognized by American state and local governments. In June 2005, the Vietnam Human Rights Act, H.R. 3190, was reintroduced into Congress. Like its two predecessors, both of which passed in the House of Representatives but died in the Senate, the bill seeks to prohibit nonhumanitarian assistance to Vietnam unless the State Department has certified that significant improvements have been made on a list of specific human rights issues.

If the situation with the Vietnam Human Rights Act is essentially static, the flag issue is more dynamic. Some 80 U.S. state and local governments have adopted resolutions that designate the South Vietnamese flag as the one to be flown at official functions. A draft resolution currently before the California State Assembly would, if passed, be the most significant of these local initiatives, since the Vietnamese-American population in that state is approximately 430,000. At the same time, the 2004 conference discussion revealed significant areas of progress in relations between Vietnam and Vietnamese-Americans. Two watersheds were reached in 2004: a conference in Hanoi bringing together Vietnamese and Vietnamese-American intellectuals, and a Politburo Resolution addressing issues directly related to the Vietnamese diaspora. Although Resolution 36 is the subject of some controversy in the Vietnamese-American community, it provides a framework for both dialogue and progress in the relationship.
Issues in these sensitive policy areas attract considerable attention in the media of both countries. This degree of attention raises the risk that the U.S.-Vietnam relationship, and the relationship between Vietnamese-Americans and their former homeland, is narrowly defined, particularly in those segments of the population on both sides that do not have in-depth knowledge of U.S.-Vietnam relations. Accordingly, the December 2004 meeting devoted attention to the need to address the “information deficit” on both sides.

This was borne out when participants examined the broader context of these issues. An American participant maintained that Congress has taken a practical approach to human rights in Vietnam in reality. For example, the BTA passed in Congress on the same day that the Vietnam Human Rights Act was approved in the House of Representatives. This arguably relegated the Human Rights Act to symbolic status. An American participant in that discussion pointed out that even the positions of American human rights “watch-dog” groups are more complex than they first appear. For example, Amnesty International has not supported the Vietnam Human Rights Act, because it believes that the bilateral tension it produces is counter-productive. Nuances of this nature uncovered in discussion underscore the need for dialogue between the United States and Vietnam that is both broader and more in-depth.

Security Relations and the Prospects for Strategic Dialogue

Framing security issues between the United States and Vietnam in the context of a strategic dialogue carries a particular implication: that this dimension of the relationship is (or should be) moving toward more regular and formal cooperation. The reasons for this are twofold. First, since the end of the Cold War American policymakers have gradually moved toward a configuration of flexible military arrangements that enable the U.S. military to join forces with other countries’ armed forces and, if necessary, use foreign military facilities rather than attempt to maintain permanent bases. Such arrangements imply a common strategic vision between the U.S. military and its partners. Second, interest is rising in the American policy community in Southeast Asia’s changing relations with China, India, and other external powers. A more formal military relationship, with Vietnam and other Southeast Asian countries, would help protect American security interests in the region.

Vietnamese interlocutors in the 2004 project report, *Dialogue on U.S.-Vietnam Relations: Global and Regional Influences*, provided a useful counterpoint to this view. In that volume, Nguyen Huy Quang, vice chairman of the External Relations Commission of the Communist Party of Vietnam, pointed out that Vietnamese relations have become more diverse in both the bilateral and multilateral dimensions, while also placing greater emphasis on substance rather than formality. Moreover, there is considerably more at stake in Vietnam’s dramatic expansion of relations with the world’s powers than just security, as central as that priority is. China is increasingly important to Vietnam’s economic development because of its trade, while Japan plays an important role in economic assistance and investment. While the United States adheres to bilateral relations to some degree, Vietnam’s security policy—and its foreign policy in general—is to seek a more omni-directional policy that engages all powers without attempting to contain any.

Beyond this comprehensive approach, Vietnam also has specific security concerns. Vietnam’s proximity to China and its complicated history with that traditional power, including armed conflict in 1979, require that Hanoi seek to stabilize relations with Beijing. Russia remains an important power, and Vietnam’s growing relationship with India provide additional strategic balance and a new source of trade. These factors and trends do not necessarily diminish the importance of security relations with the United States in Vietnam’s eyes, but they do suggest reasons to proceed slowly and cautiously. Nor are these the only constraints. In this volume, a Vietnamese participant opines that U.S.-Vietnam security relations...
are moving slowly because of historic suspicions and for more recent reasons. For example, the human rights issue affects even military-to-military relations, since U.S. officials apply human rights criteria to the selection of IMET participants.

Inevitably, the U.S.-Vietnam security relationship is affected by both country’s view of the implications of China’s rise, in the region and the world. In *Global and Regional Influences*, Stapleton Roy, former U.S. ambassador both to China and Indonesia, argued that the present trends are encouraging, but that the future depends on whether China chooses a course that enhances regional security and prosperity and on how both the United States and Vietnam respond to the challenge of China’s rise. In this volume, Marvin Ott of the National Defense University maintains that if China does indeed rise peacefully, it will be the first major power to do so. He agrees that China’s relations with Southeast Asian nations are presently based on win-win scenarios, but expresses skepticism that it will always be the case. The participant agrees that China has to some degree reversed its image in Southeast Asia, “from an enemy to a friendly power,” but that some Southeast Asian countries are concerned nevertheless.

Although the discussion in this volume focuses on U.S.-Vietnamese security dynamics and relations with rising powers, *Global and Regional Influences* also took into account growing regionalism in Asia and the role of regional institutions. Southeast Asian regionalism plays a growing role in security, especially in an era of greater attention to terrorism. As Panitan Wattanayagorn of Chulalongkorn University points out, the growing severity of “non-traditional” security threats require greater regional cooperation. At the same time, they uncover weaknesses in the existing regional framework. Vietnam’s membership in the Association of Southeast Asian Nations (ASEAN) has implications for U.S.-Vietnam security relations. If the ASEAN Security Community becomes a reality, U.S. policymakers will be under increasing pressure to harmonize security relations with the ASC framework. On the other hand, the ASEAN Regional Forum (ARF) also gives the United States and Vietnam another channel for security dialogue and cooperation.

**Next Steps in U.S.-Vietnam Economic Relations**

As the discussion on domestic imperatives and expanding trade ties in *Global and Regional Influences* noted, Vietnam was a latecomer to East Asia’s wave of economic liberalization. However, the Vietnamese experience demonstrates that progress can be rapid when reform begins to take hold: Vietnam now has the fastest-growing economy in ASEAN. Exports are up 70 percent from 2000, and the current level of per capita foreign direct investment (FDI) in Vietnam is nearly that of China. The poverty rate has dropped nearly 20 percent in 10 years.

In his paper in this volume, David Dapice of Harvard’s Kennedy School of Government acknowledges that these trends are undeniably a cause for optimism, but they cloak other issues that will affect Vietnam’s long-term economic development. And, he notes, “it’s hard to change when times are good.” He argues that the current era of prosperity make it difficult for policymakers to resolve structural issues, such as the need for a financial system that will direct savings and investment to dynamic firms. He doubts that even Vietnam’s entry into the WTO will put pressure on inefficient firms, especially those that are state-owned. Moreover, he asserted that the present regulatory environment in Vietnam does not sufficiently persuade officials that making decisions in the public interest will also benefit them. At bottom, he believes significantly more institutional change is needed in Vietnam to sustain and advance economic growth and development.

Because exports make up a very large percentage of Vietnam’s gross domestic product (GDP), trade will be critical to Vietnam’s economic future. By definition, Vietnam’s major trading partners will play an important role. An American participant identifies several vehicles
that will have an impact on the Vietnamese economy: implementation of the BTA; accession to the WTO; and the evolving East Asia trade agreements (such as the China-ASEAN free trade framework). There are also aspects of the U.S.-Vietnam bilateral relationship that can help deepen trade. For example, the war against terrorism impacts trade because of its emphasis on port security. He cautions, however, that even some programs that theoretically include Vietnam may not be useful. One is the Millennium Challenge Account (MCA), which tends to be weighted toward some political factors.

Americans in the December 2004 conference tended to reach for clear-cut prescriptions for Vietnam’s economic problems, while Vietnamese participants offered more relative results. Nguyen Van Binh, deputy director general of the Ministry of Trade’s Department for Americas, maintained that some economic reforms, including some anti-corruption measures, can be attributed in part to the U.S.-Vietnam BTA. The government is making use of the internet to publish and publicize laws and quota allocations. However, he also made note of problems. For example, intellectual property rights protection is made more difficult because of Vietnam’s proximity to China.

As the discussion in this volume demonstrates, some aspects of the U.S.-Vietnam trade relations have a negative effect on the Vietnamese economy. For example, quotas can exacerbate corruption in Vietnam, because they provide fodder for rent-seeking officials.

Moreover, the American political process can disrupt Vietnam’s short-term calculations and plans. Anti-dumping suits tend to originate in American special interest groups. It can be difficult to get trade legislation through Congress, most often in an election year, and politicians can be influenced by precedence. For example, some analysts doubt that Vietnam will be granted market status by the United States, which could help reduce anti-dumping suits, before that status is granted to China.

An American participant cautions that the most difficult problem that Vietnam may face in the American political environment is not animus toward it, but rather apathy. At present, there is no business lobby advocating for trade with Vietnam in the U.S. Congress comparable to that which exists for China. This is hardly surprising, given the size of the Chinese market, but it could become a factor when Congress considers granting Permanent Normal Trade Relations (PNTR) in concert with Vietnam’s accession to the WTO. Vietnam has become more active in its outreach to Congress in recent years, and has encouraged the formation of an informal Vietnam caucus in the legislature. However, one American participant maintains that a more vigorous effort will be needed over the next few years, not only on Vietnam’s part but also on the part of American advocates of stronger U.S.-Vietnam relations.
Panel on Governance and Public Administrative Reform
In U.S.-Vietnam relations, the topics of governance reform and political change in Vietnam are the subject of frequent misperceptions, exacerbated by some deficits of information on the American side. The “division of roles” in the Vietnamese system is comparable to the American “separation of powers,” but Americans often do not recognize the parallel. This may be because of a common perception in the United States that there can be no accountability within a one-party system. Indeed, it seems to some Vietnamese that Americans are obsessed with multi-party politics.

For this reason, many Americans underestimate or discount the role that the National Assembly of Vietnam presently plays in the reform process. Moreover, the recently elected Assembly differs significantly from its predecessors. The demands upon representatives in the National Assembly are growing quickly, especially with regard to lawmaking, and for that reason one quarter of legislators serve fulltime. Furthermore, in contrast to past patterns, each province/major city has one full time Assembly member, based locally. This points to a more representative trend.

Overall, lawmaking is becoming more participatory in Vietnam. This is seen in three main areas:

- **Lawmaking**: Public input into the lawmaking process is increasing, and citizens increasingly turn to the Assembly to voice their concerns and initiate laws. The National Assembly decision to introduce a law on corruption was the result of public pressure. Increasingly, discussion in the Assembly reflects broader public concern, on civil and political rights; economic gaps among provinces; the growth of the private sector; ethnic issues; and gender equity. These discussions follow the consensual form of Vietnamese decisionmaking, rather than more adversarial Western forms, but the change in tenor and topics is significant.

- **Oversight**: The public now expects the National Assembly to press government officials publicly, and National Assembly members are themselves increasingly held to public account. The Assembly presses the government on the effectiveness of planning, competence, waste, and corruption. This accountability takes the form of greater publicity when ministers are called to the Assembly, and public monitoring of these events.

- **Issues of national importance**: The National Assembly is increasingly viewed as a player in national affairs. The General Auditors office was recently taken out of the executive branch and is now accountable to the National Assembly. As a result, the Assembly is increasingly sensitive to public opinion. It withdrew an unpopular tax on motorbikes in the face of public outcry, aided by extensive newspaper coverage.
Additional Remarks

Nguyen Chi Dung
Editor-in-Chief, Legislative Studies Magazine
Office of the National Assembly

Lawmaking is becoming more participatory because of legal reforms. There was public input into constitutional revisions, and significant solicitation of public opinion for the penal code. The Law on the Promulgation of Legal Documents, which passed in 1996 and was amended in 2000, recognizes the public’s ability to provide feedback on laws. This occasionally involves use of the Internet. The Ministry of Trade utilized online public comment for the laws on fair competition, and the Land Law was also placed on the Internet. When the public learned that a law on television was being drafted, many people took the initiative to comment online.

This is an emerging trend but not yet a widespread one. Public comment and response to laws also involves interest groups and professional bodies, which increasingly provide comments on draft legislation. Beyond public comment, there are trends to encourage broader public participation in governance, not focused solely on specific acts of the National Assembly. This is important, because roughly 97 percent of Vietnamese laws are still drafted by cabinet officials rather than the Assembly. There is also a movement to reform the legislative process to further expand public participation.

Vu Quoc Huy
Senior Researcher
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Changes in governance are improving the business environment in Vietnam. The most important of these in recent years were the Enterprise Law of 2000, and the signing of the U.S.-Vietnam Bilateral Trade Agreement. These have enlarged the scope of business activity and expanded the reach of Vietnamese business into the international economy. However, the results have so far been highly uneven across the country. Local government has been given greater autonomy on the issues of land access and licensing. Registration and licensing processes have become more streamlined. Foreign direct investment (FDI) gives local government greater incentive to improve performance and increase public participation, while greater autonomy provides local government more flexibility to make internal reforms to attract FDI.

Despite these encouraging signs, greater progress could be made with a bigger push from the Vietnamese private sector. Business associations are expanding but they could play an even more meaningful role. It is a two-way street: business groups need to be more assertive, while the government needs to open up the process more. For example, there should be more impact assessments prior to the passage of new laws and regulations, and business could put pressure on the government on working together on these assessments.

Nevertheless, there is an emerging public-private relationship in Vietnam, and business groups have greater access to high levels of government. Business groups have met with the prime minister, and there have been a series of dialogues with business at the ministerial level. Ministries have responded to over six hundred complaints, requests and questions from Vietnamese firms on a variety of topics, including land, taxes, customs, and credits.

Le Quang Minh
National Assembly Member
President of Can Tho University

Private universities in Vietnam play an important role in developing human resource capacity and have the potential to increase that role. The first such private university was established just 10 years ago. Today private university students account for 18 percent of the Vietnamese university student population. The first foreign-owned university was recently established.
Foreign investors would do well to look more closely at the opportunities for private universities in Vietnam. Human resource development is a top priority for the government, and private universities are likely to get favorable treatment as a result. Moreover, the student market is growing. Each year, one million students graduate from high school, but only 15 percent enter college—the opportunities are not there at present. Lastly, foreign universities are respected in Vietnam.

There are, of course, problems. New universities have problems guaranteeing a high quality of education. Beyond that, some universities have trouble finding an appropriate balance between academic and more technical or vocational programs. However, the inherent advantages of private universities—including their relative autonomy—will serve as a catalyst for broader educational development in Vietnam.

Discussion

Growing public attention to the work of the National Assembly raises questions about dynamics between the legislature and the media, especially since press reporting helps determine public perceptions of which the most influential figures in the Assembly are. One Vietnamese participant remarked that Assembly members realize that public broadcasts of legislative sessions can give their constituents confidence in their representatives. As a result, some members actively court the press and attempt to have footage of their speeches before the Assembly re-broadcast in their home provinces.

An American participant raised the issue of other instruments for measuring public opinion, such as public opinion polls. Vietnamese participants outlined several uses of opinion polls. Some government-sponsored institutes conduct surveys on such topics as local government and the role of civil society organizations. In these polls, subjects are asked to evaluate government responsiveness and to suggest new issues for consideration. A 1997 poll probed public attitudes on elections, with questions on preferences for Party or non-Party members and gender issues.

An American asked if non-Party members of the National Assembly would be eligible for inclusion in the Politburo. A Vietnamese participant pointed out that the Politburo is a Party organization and therefore would not include non-Party members.

However, at present, about 10 percent of National Assembly representatives are non-Party. All members of the National Assembly Standing Committee continue to belong to the Party, although a non-Party committee member is not impossible. The participant believed that the executive branch, which is becoming increasingly performance-oriented, might actually have a non-party member at a senior level before the National Assembly does.
Political and People-to-People Relations
This paper provides a general overview of the Vietnam-U.S. political and people-to-people relations over the past 10 years. I will try my best to do this in a balanced way, although this is not an easy task because no one can ever be absolutely free from using his or her own lens to look at things. I will concentrate on major facts in our bilateral political relations as recognized since normalization and their implications. I will also venture some suggestions for the coming years.

While the past 10 years have seen comprehensive and significant developments in our bilateral relations, particularly fast-growing bilateral trade since the Bilateral Trade Agreement became effective three years ago, the decision on normalization was the most important political event in itself. This decision allowed Vietnam to achieve normal and fundamentally peaceful relations with all major powers of the world for the first time in history. For the United States, a new page was opened to officially change Vietnam from an enemy to a partner.

Less than a month after normalization was announced in July 1995, U.S. Secretary of State Warren Christopher arrived in Hanoi to open the U.S. Embassy. Prompted by this positive gesture from the U.S., Vietnam tested the waters by sending a Party VIP to the U.S. Although his visit was informal, the U.S. Government was helpful with logistics and security, but perhaps the time was not ripe for such a move.

The second half of the 1990s saw frequent exchanges of officials at both working and senior levels, despite such complications as the Asian financial crisis. Important moves from the U.S. side, such as the consecutive annual waiver of the Jackson-Vanik Amendment for Vietnam since 1998, and endorsement for OPIC and Ex-Im Bank operations in Vietnam, etc., were appreciated. Vietnam responded with a more positive position in BTA negotiations and several ministerial visits to the United States. After the visit to Vietnam by U.S. Secretary of Defense William Cohen in March 2000 and the signing of the BTA in July 2000, President Clinton's visit in November of the same year served as a vigorous boost to official Vietnam-U.S. relations. This was all the more meaningful given the emerging trend of regionalization, both political and economic, in virtually all parts of the world. As a result, a lot of hope was expressed for better and improved ties between the two former adversaries.

But, at this point, let me quote Catharin Dalpino's words about the relations between our two countries when we met in Washington, D.C. a year ago. “Clearly, the euphoric state of relations in the 1990s has faded […] because of normalization and because new policy paradigms—particularly the war on terrorism—have caused the United States to shift its attention and priorities elsewhere.”

From 2001 onward, notable steps forward included the BTA ratification by the United States; its agreement to sit down with Vietnam for the first Joint Scientific Conference on Agent Orange; continued annual passage of the Jackson-Vanik waiver; the implementation of the Vietnam Education Foundation’s scholarship programs; and more recently, the Bush administration’s inclusion of Vietnam in the list of candidate countries for the Millennium Challenge Account. However, these have been overshadowed at times by catfish and shrimp anti-dumping petitions and sanctions; quota-based textile and garment imports; successful attempts by Vietnamese-American groups, who are supported by certain constituency-driven American politicians, to replace the official national flag of Vietnam with that of the former Saigon administration in dozens of U.S. localities; and efforts to pass the Vietnam Human Rights Act.
In this regard, it is necessary to mention the growing prominence of democracy and religious freedom issues in American foreign policy towards countries like Vietnam. This irritates the Vietnamese public and leadership, especially after Vietnam was designated as a “Country of Particular Concern.”

Vietnam is often commended for its consistent and uninterrupted efforts for the fullest possible accounting for Americans missing in action (MIAs); its ratification of the BTA in December 2001; its cooperation in such fields as migration, education, control of HIV/AIDS and narcotic trafficking; and more recently, its expressed support to the U.S. counter-terrorism war. There have also been many visits to the United States by senior Vietnamese officials, ranging from economic and trade ministers, chief justice of the Supreme Court, and minister of Defense, to vice prime minister. Vietnam also gave permission for the USS Vandegrift and USS Curtis Wilbur to visit its seaports.

Nevertheless, Vietnam seems still to be viewed as a land with burning domestic political problems. Things considered by Vietnam as its internal affairs have actually attracted growing attention, and criticism, from the United States. The cancellation of the human rights dialogue since last fall is simply judged by many as a sign of U.S. reaction to Vietnam’s problematic human rights record. This does not take into account problems raised by Vietnam in its relations with the United States, such as the collective lawsuit by Vietnamese Agent Orange victims against the U.S. chemical companies producing dioxin-containing chemicals for use in the Vietnam War.

These problems in the Vietnam-U.S. bilateral relationship have different causes. First, the Vietnam War is still deeply felt everywhere in Vietnam, with tens of thousands of military cemeteries, a large population of Agent Orange victims, and also some 300,000 Vietnamese MIAs. It is also still present in many places in the United States, particularly those inhabited by Vietnamese-Americans embittered with feelings of loss and sorrow. The war was repeatedly mentioned during the recent presidential elections, for domestic motivations. It will continue to hang over us for years to come, whether we want it or not.

Second, ours are two different political and ideological systems. The word “communism” in the United States has long had an ideological connotation that is synonymous with the absence of democracy and human rights. President Clinton’s official statement, when announcing normalization in 1995, that “normalization and increased contact between Americans and Vietnamese will advance the cause of freedom in Vietnam, just as it did in Eastern Europe and the former Soviet Union” has often been quoted as an evidence of U.S. intentions to interfere into Vietnam’s internal affairs. Different systems have thus led to mistrust and distrust between the two countries.

Third, while the priorities of each country differ considerably, Vietnam understandably enjoys a low priority in U.S. foreign policy, and therefore is likely to be submerged or even become hostage in the relations between the United States and any more significant player. In the meantime, Vietnam’s closer ties with a bigger nation may be viewed as potentially threatening to the U.S. vital national interests, particularly in cases related to the U.S. free navigation in the region or even to the latter’s war on terrorism.

This sounds like too negative an overall picture of our bilateral political relations, but here is the good news: at the people-to-people level, throughout the last decade, closer ties have been achieved across the board. Interestingly, veterans’ organizations from both sides have been champions. In 1989, the first-ever seminar between Vietnam and the U.S. was held by Vietnamese and American writer-veterans, laying the ground work for further relations between Vietnamese and American veterans. Today, regular contacts have been maintained between the largest American veterans’ organizations and their Vietnamese counterparts. Humanitarian and development projects sponsored by American veterans can be seen in many places in Vietnam, significantly contributing
to healing both physical and spiritual wounds of the war and promoting mutual understanding.

But veterans are not the only actors. Of more than 500 foreign non-governmental organizations (NGOs) currently operating in all 64 provinces and cities of Vietnam, about a third come from the United States. U.S. NGOs are involved in a vast spectrum of fields. A considerable number of them have moved from basic humanitarian activities during the early and mid-1990s to more development-oriented areas, such as higher education, healthcare, environmental protection, upland development, fine arts collaboration, and unexploded ordnance (UXO) clearance. And, in the fields of governance and women's empowerment, organizations like The Asia Foundation have helped train Vietnamese female deputies of People’s Councils, and are participating in sensitive areas such as combating trafficking in women and children. The U.S.-Vietnam Trade Council has been extremely active, helping to bring to conclusion the Vietnam-U.S. BTA, and now focusing on Vietnam’s accession to the WTO. Both have measurable implications for political dynamics in Vietnam.

On the Vietnamese side, many people's and mass organizations have established relations with American peers. Apart from the Vietnam Veterans' Association, among the most active Vietnamese organizations are the Vietnam-USA Society, the Writers’ Union, the Fine Arts Association, the Red Cross and, more recently, the trade unions and the Farmers’ Union. Individual scientific, religious, and arts workers have also played an increasing role in boosting people-to-people relations, and at the same time, promoting better mutual understanding between the two nations. Visiting scholar programs, home-stay exchanges, and dialogue tours have proved useful and effective to this end.

Unlike through the official political channel, activities through people-to-people channels have scored more concrete and positive results. This is because more similarities than differences are identified, and equal footing is taken for granted among non-governmental entities, thus avoiding the fear of bigger guys dictating to smaller chaps. Deeper sympathy and better understanding have been reached. This leads me to the following thoughts for moving Vietnam-U.S. relations ahead. At the political level, apart from the internationally recognized principles of respect for independence, sovereignty, equality, mutual benefit, and non-interference in each other’s internal affairs, I believe it is essential that:

1) the two countries be truly sensitive to each other’s concerns, and be aware of and agreeable to each other’s needs. Given differences in their domestic and international agenda priorities, and in their political systems and cultural backgrounds, this constitutes a very challenging job, calling for a strong political will and a dialogue-based approach to issues of mutual concerns. In this context, an early resumption of the human rights dialogue is strongly recommended.

2) greater efforts be made to minimize potential misunderstanding and distrust while maximizing mutual trust. Mutual cooperation should be enhanced through information sharing and increased exchanges of official and unofficial visits between the two countries’ executive, legislative, and judicial branches.

3) mutual economic and trade relations be further fostered and treated independently of political motivations. This underscores the vital importance of the economic factor in domestic politics in both countries, especially in a developing country like Vietnam.

At the people-to-people level, more frequent and easier exchanges, particularly from Vietnam to the U.S., would be helpful. It is imperative for NGOs to exchange information about their countries’ realities to reduce the information deficit, particularly in the U.S. about Vietnam. In contrast to the traditional underestimation of non-governmental institutions, in many instances people-to-people relations can exert critical influence on
the official political processes between our two countries. In the present context, these relations could give an important push to the temporarily suspended human rights dialogue, by opening up a “track two” dialogue on the issue, involving NGO activists, researchers, and retired yet experienced public officials. Organized film weeks, fine arts exhibitions, fashion shows, among others, may also be useful.

Although it will surely take years to come to turn our two countries into friends in the full sense of the word (or even strategic allies, as some respected personalities hope), a thorough review of what has been done and undone in the past 10 years is commendable. It promises to bring to our nations the delicious fruits of long-awaited friendship and cooperation they deserve after a bitter interval several decades ago.
Discussion

One American commentator said a key question in U.S.-Vietnam relations is whether relations will proceed in the manner of a multi-lane highway, or whether a single issue such as human rights can act as a major roadblock. Four main points may help determine that:

- **Vietnam is increasingly sophisticated about the American system.** For example, the government’s approach to the anti-dumping suit on shrimp is more nuanced than its approach to the catfish case.

- **The opportunities for cooperation between the United States and Vietnam are likely to increase.** This is due primarily to the mounting number and increasing severity of transnational threats. For example, the early days of negotiation on normalization could not have envisioned the present level of bilateral cooperation on HIV/AIDS.

- **The U.S. Congress will often step into a vacuum left by the American executive branch.** This is particularly true of such areas as human rights. As a result, foreign policy on certain issues may have an underlying process of dialogue—or even tension—between the administration and Congress.

- **Although Congress often gives high profile to certain issues, it can also be pragmatic.** Human rights in Vietnam is a good illustration of this. Approval of the Vietnam Human Rights Act in the House of Representatives in 2001 did not prevent the passage of the Bilateral Trade Agreement that same day. If there was a link between the two, it was to make the Human Rights Act a symbolic gesture. In the past two years, the prospect of denying Normal Trade Relations to Vietnam in the annual Jackson-Vanick review process was not even raised. Congress will continue to press on human rights, but it should not be assumed that it will automatically be unreasonable.

A Vietnamese commentator noted that in the past 10 years, achievements in the U.S.-Vietnam relationship have been aided by a favorable strategic environment, within the region and globally. Without the end of the Cold War and the collapse of the Soviet Union, it is possible that the bilateral relationship would not have moved forward. However, the early 1990s presented a window of opportunity the two countries had not had since the mid-1940s, when Ho Chi Minh approached President Truman. That opportunity was not taken, and it would be another 50 years before a comparable one would appear.

After normalization in 1995, the relationship began to accelerate, particularly in the economic dimension. At this point, all channels of communication between the two countries are open, even the military-to-military channel. Throughout this period, the war continued to provide a basis for cooperation, through MIA accounting and the activism and assistance of veterans groups.

There have of course been obstacles as well. Legacies of the war remain and help to sustain suspicions and other negative attitudes. These will take time to resolve and can only be reduced incrementally. It was inevitable that an expanding relationship would also encounter new problems, among them human rights and trade disputes.

A number of lessons can be drawn from the record of the past 10 years. First, specific smaller issues can have an impact on the broader relationship. Resolving “micro” issues is often taken as a sign of good will toward the larger problems. Second, the slate and range of problems in the bilateral relationship suggests that the United States and Vietnam will need to build more common ground in order to move forward. The problems are threatening to overtake the foundation. Third, although multiple channels are important, government-to-government relations are still central. At this point, it is the most important relationship. Lastly, multilateral organizations present an opportunity to improve the bilateral relationship. As Vietnam becomes more integrated into the international community, it will help to strengthen U.S.-Vietnam relations.
Three issues dominated the summary discussion of political issues and people-to-people relations. On human rights, an American participant made two points. First, Vietnamese policymakers should take a nuanced approach to the American system on this issue. Just as Congress has taken a bottom-line position of pragmatism on human rights in Vietnam, so have some prominent human rights “watchdog” groups. For example, Amnesty International has not supported the Vietnam Human Rights Act on the grounds that it creates bilateral tensions that make constructive dialogue difficult.

Second, the more that Vietnam becomes integrated into the international community, the more it is likely to be pressured to take positions on human rights in other countries. The Burma issue is a case in point. When Hanoi hosted the Asia-Europe Meeting in 2004 it had to deal with European objections to Rangoon’s participation. The United States is not likely to lessen its pressure on ASEAN to urge the Burmese government to reconcile with the political opposition.

Another issue is that of leadership. An American participant suggested that the relationship might suffer from a leadership vacuum on both sides. Normalization was possible in part because of the decisions of a key group of individuals in both countries.

With that milestone achieved, has the bilateral relationship been on “auto-pilot?” A Vietnamese participant disagreed with that assessment and maintained that there is considerable leadership on the Vietnamese side for initiating dialogue with the United States.

The most complex discussion was on the issue of relations between Vietnam and Vietnamese-Americans. Vietnamese and Vietnamese-American participants agreed that there are perceptions that each side is presenting conditions to the other before relations can improve. Nevertheless, there is impetus from both sides for outreach. A Vietnamese-American raised the issue of the Politburo’s Resolution 36, on relations with the Vietnamese diaspora, and the Prime Minister’s Decision 110, which implements the Resolution.

Approved in June 2004, Resolution 36 was the first open document of the Party to offer a comprehensive list of issues relating directly to overseas Vietnamese, and the first to recognize them as a contributing factor in national unity. The Resolution covers such measures as equal treatment in business and the abolishment of the visa requirement for overseas Vietnamese, but does not specify a timetable. A Vietnamese-American participant acknowledged that the Resolution was a watershed, but characterized its tone as one of “triumph.”

A Vietnamese participant disagreed, and ventured that the Resolution was an attempt to encourage overseas Vietnamese to re-integrate into Vietnamese society if they wish to. He characterized this as a movement away from previous attitudes, which tended to view the diaspora simply as a source of funds. Without question, overseas Vietnamese play an economic role in their country of origin. Total remittances in 2004 were over $3 billion, and investment is nearly half a billion.

An American suggested that perceptions of “triumphalism” from Vietnam, whether they are accurate or inaccurate, could be reduced if Vietnam could find a way to symbolically recognize the suffering of the defeated. Whatever their specific views, all of the participants in this aspect of the discussion agreed that more sensitive and extensive dialogue between Vietnamese and Vietnamese-Americans would be useful.
Security Relations
The Prospects for Strategic Dialogue

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The Strategic Context

It is commonplace among western strategic analysts to discuss security relations between Vietnam and the United States within the neo-realist balance of power framework. Neo-realists argue that a rising China will emerge as an assertive power that will massively influence if not dominate the East Asian region economically, politically, and militarily. The United States, it is argued, is the only credible counter-weight. ASEAN is not viewed as an effective regional security organization. Small and medium East Asian states, therefore, have two plausible security options: bandwagon with or balance against a rising China.

Vietnam’s strategic predicament may be summed up in the expression “tyranny of geography.” Vietnam is located on China’s southern frontier and faces the strategic disadvantage of having no strategic allies. Vietnam’s population and resource base make it roughly equivalent to a middle-sized Chinese province. From the realist perspective, Vietnam has two plausible strategic options: accommodate with a rising China or seek to balance Chinese power by developing offsetting relationships, particularly with the United States.

In the early 1990s, following the collapse of socialism in Eastern Europe and the disintegration of the Soviet Union, Vietnam seriously approached China and sought to revive traditional alliance arrangements. Vietnam was rebuffed with the response that the two could be “comrades but not allies” (dong chi khong phai dong minh). Since 1992, however, there is little evidence to support the proposition that Vietnam has sought to balance China by seeking out a military relationship with the United States. Nor does the evidence suggest that Vietnam has chosen to bandwagon with a rising China.

Since the late 1980s, Vietnam has adopted a comprehensive security paradigm to guide its external policies. This paradigm places a premium on the impact of global trends in economics, science and technology. The main threats to the Vietnamese one-party state are viewed overwhelmingly as internal. The resolution of the ninth Vietnam Communist Party (VCP) Central Committee (January 2004) highlighted economic underdevelopment, social problems arising from corruption, and peaceful evolution by outside hostile forces as the main threats.

There are signs that Vietnam is re-evaluating its national security policies and that this process will intensify in the lead up to the tenth national party congress scheduled for the second quarter of 2006. This process presents an opportunity to both sides to engage in high-level strategic dialogue with a view to fully comprehending the security perspectives of the other party and to identify areas of common interest in which to advance military-to-military relations.

Main Issues and Trends

Since 1973-75, defense relations have overwhelmingly but not exclusively focused on the issue of obtaining a full accounting of American prisoners-of-war (POWs)/MIAs during the Vietnam War. Progress in this area paved the way for the gradual expansion of defense ties. For example, prior to the establishment of diplomatic relations, U.S. defense officials had informed their Vietnamese counterparts that the United States wanted
to discuss regional strategic matters “that transcend the POW/MIA issue.”¹ Cooperation on this issue has been exemplary and is highly unlikely to be an impediment to the expansion of defense ties in the future.²

In July 1995, the United States and Vietnam formally exchanged diplomatic relations. An official U.S. Mission was established in Hanoi in August with the appointment of a Chargé d’Affaires. In December 1995, the United States accredited its first Defense Attaché to Vietnam. The new U.S. Chargé, Desaix Anderson, opened a dialogue with Vietnamese foreign ministry and defense officials and “defense intellectuals” soon after his arrival. Anderson pressed for the commencement of military-to-military relations on his return visit to Washington, D.C. in April 1996 when he held discussions with senior officials at State, Defense, and the National Security Council. It was made clear at the time that “the security relationship should remain steps behind these other two [MIA accounting and economic relations]. A ship visit should occur only after we had concluded the trade agreement and the MFN negotiations.”³

The U.S. National Security Advisor, Anthony Lake, visited Vietnam in July 1996. This set the stage for the commencement of bilateral military relations between Vietnam and the United States. In October of the same year, Deputy Assistant Secretary of Defense Kurt Campbell led a delegation composed of officials from the Departments of Defense and State, National Security Council, and Pacific Command on a visit to Vietnam. Campbell was received by Deputy Minister of National Defense, Lt. Gen. Nguyen Thoi Bung. Discussions ranged far beyond POW/MIA matters. Campbell proposed an eight-month program of activities that included “a visit to the United States by several senior Vietnamese colonels, a visit to Vietnam by the U.S. Navy commander in chief of the Pacific (CincPac) [sic], a visit by officials from the U.S. National Defense University and the Air Force War College.” Campbell also proposed “graduated military activities… such as exchanges of historians, multilateral humanitarian exercises, bilateral disaster relief exercises, and an exchange of military judiciary officials” (Anderson 2002:66).⁴ A possible port call by a U.S. Navy ship may have been raised. Vietnam’s Defense Minister, General Doan Khue, expressed an interest in visiting the United States to advance military-to-military relations. It would take another eight years before Vietnam’s first defense minister could make such a visit.

Following the Campbell visit, Vietnam and the United States took the first steps toward interaction on defense issues. In February 1987, for example, a working group of six colonels from the External Relations Department of the Ministry of National Defense, led by a deputy minister, visited Washington to initiate discussions on the future shape of contacts including a possible show the flag port call by a U.S. naval vessel (it would take five more years before the first such port call was made).⁵

In March 1997, Commander-in-Chief Pacific Command, Admiral Joseph Prueher, journeyed to Hanoi to discuss POW/MIA matters and to advance the military-to-military relationship. Prueher proposed that a working group at colonel level be set up to initiate a modest program of activities. Prueher suggested equipment exchanges or sales, tactical discussions, and joint training exchanges in jungle warfare. Vietnamese military officials were invited to attend the executive course at the Asia-Pacific Center for Security Studies in Hawaii.

Deputy Minister of National Defense, General Tran Hanh, received a U.S. defense delegation in Hanoi in March 1998. General Hanh made a reciprocal visit to

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² As of November 2004, the two sides conducted 79 joint field activities. In addition, in 2004, quadrilateral cooperation on MIA matters among Cambodia, Laos, Vietnam, and the United States was revived.
⁴ Campbell also suggested exchanged between Harvard University and Vietnam on national security issues and a joint seminar on the literature of the Vietnam War.
⁵ Reportedly, the U.S. was interested in a visit to Hue, and Vietnam was willing to host such a port call but ruled out Cam Ranh Bay. One question that bedeviled ship visits was U.S. Navy opposition to a requirement by the Vietnamese side that foreign ships fly its national flag above their own when visiting. The flag issue caused the abrupt departure of a French frigate on a goodwill visit to Haiphong in November 1992.
the United States in October and was received by Secretary of Defense William Cohen and had working sessions with Frank Kramer, assistant to the secretary of defense, and Kurt Campbell, deputy assistant secretary. In December, Admiral Prueher made his second visit to Vietnam; while in August of 1999 a team of Vietnamese researchers visited the archives in the Washington area.

Building on this foundation, bilateral defense relations took a major step forward in March 2000 with the visit to Hanoi by the Secretary of Defense William Cohen. Secretary Cohen was concerned to see the development of bilateral defense relations within a framework that would make them more predictable and routine. In his discussions with his Vietnamese counterparts, Cohen suggested joint research on Agent Orange and cooperation in such areas as removal of land mines, search and rescue, natural disaster relief (including flood control engineering), medical research, and enhanced security dialogue on regional security issues. In bilateral discussions, Secretary Cohen also raised Asian security issues.

At the conclusion of the Defense Secretary’s visit, U.S. Ambassador Pete Peterson stated that the United States was willing to provide assistance in a number of areas including: land mine recovery and disposal, training in search and rescue techniques, English-language assistance, and forensic expertise to help Vietnam recover its own MIAs. The Ambassador also forecast that a U.S. warship would make a port call within a year (Los Angeles Times, March 14, 2000).

After Secretary Cohen’s visit, defense cooperation activities expanded in three main areas: assistance for de-mining and the disposal of unexploded ordnance; humanitarian/flood relief assistance; and bilateral cooperation in military medicine. Vietnam recently agreed to co-host with the U.S. Army Pacific, the Asia-Pacific Military Medicine Conference in Hanoi in May 2005. This will mark the first time that Vietnam has agreed to co-host a PACOM multilateral conference.

U.S.-Vietnam defense cooperation appears to have stepped up in the aftermath of 9-11. In January 2002, Admiral Dennis Blair, the PACOM Commander, visited Vietnam. Admiral Blair was given red carpet treatment. He met with Deputy Prime Minister Nguyen Tan Dung, Foreign Minister Nguyen Dy Nien, Defense Minister Pham Van Tra, and Deputy Minister for National Defense and Chief of the General Staff General Phung Quang Thanh. In discussions, Blair proposed continued cooperation in mines/unexploded ordnance clearance, and advanced new proposals for joint cooperation in fighting drug trafficking and countering terrorism. He extended an invitation to Vietnam to attend the annual Cobra Gold exercise held in Thailand as an observer. Admiral Blair noted that most bilateral defense cooperation was “backward looking” to the legacy of war. It was now time, he said, “to transition to missions of the future.” Blair reportedly raised the question of naval ship visits, including Cam Ranh Bay, and support for operations in Southeast Asia.

After Admiral Blair’s visit, Vietnam attended the Cobra Gold exercise as an observer in 2003 for the first time. Since 1999, PACOM has regularly extended an invitation to Vietnam’s chief of defense to attend the annual Asia-Pacific Chiefs of Defense Conference (CHOD). This invitation has never been taken up. In 2004, however, Vietnam sent its deputy chief of the general staff to the CHOD 2004 meeting in Japan. This marked the first occasion that Vietnam has sent a representative to the Asia-Pacific CHOD Conference.

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6 Two previous visits planned by the Defense Secretary (June 1997, February 1999) had been cancelled.
7 Blair was originally scheduled to visit Hanoi in January the previous year, but his trip was abruptly cancelled by the Vietnamese at the eleventh hour on the grounds that they were “too busy” to receive him. This very well may have been the case. The Vietnam Communist Party’s Central Committee held its eleventh plenum (1st session) from January 6-16, 2001, in preparation for the forthcoming ninth national party congress. Sensitive leadership and foreign policy issues were under consideration at that time.
8 Cobra Gold included components involving anti-terrorism, peacekeeping, non-combatant evacuations, and humanitarian missions.
9 The port at Cam Ranh Bay is currently in a dilapidated run-down state that would require millions of dollars to repair. Vietnam has indicated it will not grant permanent military access to this facility to any foreign country. Vietnamese officials at central and provincial level are considering plans to commercialize this area. The United States has sought access to Vietnamese ports not permanent basing facilities.
The United States has regularly raised Vietnam’s participation in the International Military Education and Training (IMET) program as one of the major topics for discussion in official meetings with their Vietnamese counterparts. In mid-2003, when Vietnam indicated its interest in a ministerial visit to Washington, U.S. officials hoped Vietnam would agree to sign a 505 agreement and thus pave the way for assistance under the IMET program prior to the Defense Minister’s visit. They were disappointed.

In November 2003, General Pham Van Tra made the first visit by a communist Vietnamese minister of national defense to the United States. Tra received red carpet treatment; he met with the Secretary of State and the National Security Adviser, and held discussions with his counterpart, Secretary of Defense Donald Rumsfeld. Minister Tra noted Vietnam’s wish to expand defense and diplomatic relations with all countries including the United States. Significantly, he stressed the desire to build “a [framework for friendly cooperative ties [emphasis added].” Tra pressed for increased cooperation from the United States on compensation for victims of Dioxin/Agent Orange. General Tra’s visit was followed almost immediately by the first post-war port call by a U.S. navy ship which dropped anchor in the port of Saigon in November 2003. In February 2004, Admiral Thomas Fargo, the current PACOM Commander, journeyed to Hanoi to follow up on Pham Van Tra’s Washington visit. In July 2004, the U.S. was permitted to make a second port call, this time to Da Nang.

To put these developments into a larger perspective, it should be noted that since 1990 Vietnam has opened defense contacts with over 60 countries. It has accredited 24 defense attaches for service abroad and host’s defense attaches from 34 countries. In the period from 1990-2004, Vietnam has exchanged over 266 high-level defense visits with 40 countries, including thirty at ministerial level. These exchanges have resulted in a number of signed defense cooperation agreements with a diverse range of countries: Australia, Belgium, Bulgaria, Germany, India, Italy, Laos, Russian Federation, South Korea, and the Ukraine to name a few. Finally, Vietnam has hosted 32 naval port visits from 15 countries in the same time period. Australia (6 visits), United Kingdom (5 visits), and France (4 visits) top the list.

U.S.-Vietnam defense relations have evolved gradually over a relatively long period of time due in no small measure to Vietnamese suspicions of U.S. motives and Vietnamese anxieties about becoming fully engaged with a major power. Nonetheless, the above overview of U.S.-Vietnam defense relations clearly indicates a trend of increasingly higher-level contacts and a willingness by Vietnam to participate with the United States for the first time in a number of multilateral activities. Despite the scope of contemporary defense ties, the relationship has not developed into a true strategic dialogue.

Prospects for Future Defense Cooperation

Since 1991, Vietnam has pursued a policy of “making friends with all countries.” Vietnam has done so quite successfully. But now Vietnamese foreign policy analysts are debating the issue of whether this is a sufficient basis to ensure Vietnam’s national security. In other words, should Vietnam refocus its future efforts on adding quality to its quantitative relations? For those who argue that Vietnam should move in this direction, they first point to the need to upgrade the machinery of state to produce an effective whole of government approach.

In addition, in mid-2003, the VCP Central Committee’s eighth plenum provided an important reinterpretation of two key ideological concepts—the “objects of struggle” (do tuong) and “partners” (doi tac) in foreign relations. According to the 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 sophisticated dialectical application of these concepts: “with

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10 This refers to Section 505 of the Foreign Assistance Act of 1961.
11 High-level visits include the defense minister, chief of the general staff, deputy minister of national defense, and service chiefs or their equivalents.
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 engage in cooperative activities with the United States in sensitive areas such as General Tra’s ministerial visit, intelligence exchanges on counter-terrorism12 and U.S. Navy port calls. Between now and the tenth national party congress, Vietnam and the United States have the opportunity to step up the scope and frequency of high-level exchanges of defense and military officials with a view toward establishing a truly effective strategic dialogue. Such a process should be aimed at establishing a viable framework for security cooperation to add value (quality) to the bilateral relationship. A U.S.-Vietnam bilateral cooperation framework agreement should endorse current cooperative efforts (MIA recovery both American and Vietnamese, disposal of land mines and unexploded ordnance, medical research and exchanges, and research into the effects of Agent Orange) but move beyond these historical legacies to address emerging transnational security issues (anti-piracy, maritime terrorism, and proliferation of weapons of mass destruction).13

High-level strategic dialogue should also aim at trust and confidence building between defense and military officials at senior to middle-officer level. In this respect, international military education and training could play a key role, especially the mutual provision of language training, technical instruction, and staff college exchanges. A mechanism might be established (permanent working group) to oversee the annual and long-term program of mutually agreed activities as these expand in nature and scope. Future cooperation could include counter-terrorism training in conditions of jungle warfare at the tactical level.

Vietnam and the United States both share a common strategic interest in the maintenance of peace and security in the South China Sea. Vietnamese officials privately acknowledge the stabilizing role that the U.S. military presence provides in this region. U.S. officials have expressed the desire to see an emergent Vietnam play a constructive role in regional affairs. Mutual consideration should be given to enhancing Vietnam’s capacity to patrol and conduct surveillance over its Exclusive Economic Zone and to cooperate in anti-piracy and maritime counter-terrorism measures. Finally, defense planners in Hanoi and Washington will need to consider how their evolving bilateral relationship fits into the growing web of Vietnam’s other bilateral and regional multilateral security arrangements. U.S. defense cooperation with Vietnam could aim to increase Vietnam’s capacity to undertake combined maritime operations with Thailand and the Philippines, to participate fully in the program of defense-related activities approved by the ASEAN Regional Forum, and to contribute to the development of an ASEAN Security Community.

12 The United States and Vietnam have developed a low-key but productive information-sharing relationship in this area that stands in contrast to other key transnational issues.

13 There is no legal basis for U.S. cooperation with the Vietnamese Ministry of Public Security to deal effectively with a range of key transnational issues such as counter narcotics, money laundering, trafficking in persons, and organized crime.
Discussion

An American commentator said that at the present time, the ingredients for a strategic dialogue between the United States and Vietnam are not quite present in the bilateral relationship, but such a dialogue will eventually be necessary. The list of accomplishments and cooperation to date, although encouraging, do not amount to a strategic dialogue. On the U.S. side, Iraq is consuming attention and resources in American security policy. Even China is not a priority at this time. Vietnam is gradually infusing its security policy with strategic content.

There is at present no indigenous, organic balance of power in Southeast Asia, in contrast to Northeast Asia. The Asian financial crisis ended some of the prospects for balance in the late 1990s. Southeast Asia is weakening as China is on a dramatic trajectory in capacity, economic development, and the military. This presents China with a power vacuum in Southeast Asia that it could try to fill at some point.

The rise of China is a fact, and as a result there is growing disparity of power between China and Vietnam. ASEAN is not a strategic option in this equation. In the current strategic environment, inter-state conflicts are unlikely: the waters are calm and new threats are apparent on the surface. However, this stability is mostly the result of a subtle, outwardly friendly and skillful policy in Beijing, aimed at binding Southeast Asia to China.

Where this trajectory is headed, however, is unclear. China will continue to shift the balance of influence in Southeast Asia by focusing on issues that benefit all the nations of East Asia, and by offering the region win-win scenarios. If China indeed rises peacefully, it will be the first major power in modern history to do so benignly. This suggests a need to monitor this rise, perhaps with some skepticism.

A Vietnamese commentator said China has indeed been successful in changing its image in the region from that of an enemy to a more friendly state. China is making progress internally and externally. It is increasing its influence and working out border demarcations with its neighbors. Nevertheless, some Southeast Asian nations are concerned about China's rise and believe that the only country that can contain China is the United States.

Southeast Asian countries have two options. They can either side with China or seek to counter-balance it. Vietnam's approach is to make friends with all powers and to avoid entering into military alliances. It opposes foreign power bases and joint exercises. At present there are no signs of alternative thinking on foreign policy in Vietnam.

In its history, Vietnam has fought with four out of the five world powers. It has been able to build good relations with most of them in a short period of time. Relations with the United States have been slower to develop. More military-to-military dialogue would be useful, if it were supported by stronger diplomatic relations.

For most of the post-normalization period and before, the U.S.-Vietnam military relationship has focused on the legacy of the war. The United States has made accounting for soldiers MIA since 1981, when President Reagan made it a condition for normalization. The issue still has considerable impact on the American psyche. Vietnam has been cooperative on this issue, and U.S. officials have extensive access to sites for search and recovery. The two sides disagree on underwater recovery, however. Vietnam does not feel it can allow the United States to conduct offshore operations, but would be willing to have Vietnamese officials conduct searches with ships provided by the United States.

Vietnam too must cope with the consequences of the war. For example, there are between 250,000 and 380,000 tons of mines remaining in Vietnam, despite
efforts to disable and remove them for a number of years. There are numerous difficulties in demining. The affected area in Vietnam is large, and the mines have been buried for a long time at differing depths. In addition, demining funds are limited, and the government has a little more than $7 million to devote to it. The United States could help more in this regard.

In general discussion, an American participant challenged the underlying assumption of the session and questioned whether a U.S.-Vietnam strategic dialogue is necessary. He invoked the example of Singapore and the “poisoned shrimp” metaphor (that is, the country is small but so militarily strong that no other countries will threaten it) and suggested that Vietnam could employ a “poisoned lobster” metaphor, that is, to be powerful enough to deter aggression from a regional power. He also questioned whether China would ever attack Vietnam—to the Chinese it would be unobtainable and ungovernable. Moreover, warfare with Vietnam would destabilize the South China Sea and interrupt commerce for several nations. Another American participant responded that the “poisoned lobster” metaphor would make more sense if Vietnam built up its defense capability. However, there would also be the possibility of economic domination from China.

A Vietnamese participant pointed out that, as in other quarters of the Vietnamese system, the Vietnamese military is undergoing a gradual reform process. The navy is acquiring some new vessels, and a new law to improve military professionalism is on the books. At the same time, there is considerable continuity. The military is still permitted to maintain state-owned enterprises and to run economic defense centers.

Another Vietnamese participant raised the issue of Vietnamese participation in peacekeeping missions. From the time of the international intervention in East Timor, interest in regional peacekeeping has been building in Southeast Asia. In terms of capacity and English-language skills, Vietnam would have a difficult time participating in missions. An American participant ventured that, on the other hand, Vietnam could play a useful role in some aspects of conflict resolution in the Asia Pacific region. For example, Vietnam and North Korea are trading partners, and Vietnam might be able to play a constructive role in the negotiating process.
Next Steps in U.S.-Vietnam Economic Relations
Celebration and Reflection: Vietnam's Economy Enters a New Era

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Introduction

If the data are to be believed, and many of them should be, Vietnam is in the midst of a period of unusually good news. Real GDP has been growing at 7 percent or so for the past few years.\(^{14}\) Exports are growing smartly, up 70 percent in from 2000. FDI is also increasing and will be in the $4 billion range next year up 20 percent or so from an already strong 2004. This puts per capita FDI about equal to China! Poverty in Vietnam in 2003 is reported to have fallen below 30 percent compared to 58 percent in 1993.\(^{15}\) Even the resurgence in population growth to 1.5 percent a year can be taken as a sign that people are optimistic and prosperous. Certainly educational indicators such as enrollments have been improving and health indicators such as mortality are dropping. In spite of a spike in inflation to nearly 10 percent in 2004, macro-economic stability is broadly assured with government deficits under control and exchange rates stable against the dollar.

So what is not to like? A country that is growing rapidly with declining poverty and mortality and increasing investment and exports would seem to be very much on the right track. In many ways, it is. In some ways, it is not. This paper explores some of the issues that might concern a Vietnamese leader or policy analyst concerned with Vietnam.

Inflows or Efficiency?

The 7 percent or so growth is very good, but should also be viewed against an incredibly high level of foreign inflows. In 2004, net oil revenues are close to $5 billion; remittances will be in the $3-4 billion range; FDI will exceed $3 billion; and official development assistance (ODA) will approach $2 billion. If we assume a $40 billion GDP, then inflows are over 30 percent of GDP! This nearly equals estimated investment and suggests a very low rate of savings from non-oil income. It is hard to know how long each of these cylinders will keep firing, but normally some of them stop or slow down, at least in relative terms. At that point, low savings and the lack of a financial system that efficiently directs savings to good firms and investments will become a significant obstacle.

The most obvious sign of inefficiency at a macro-level comes from the capital-output ratio. This divides Investment/GDP by the real GDP growth rate. With I/GDP of about 32 percent since 2000 and GDP growth of 6.7 percent a year, it takes nearly five units of capital to produce one unit of growth. This compares with values of three or less for Taiwan or South Korea in their rapid growth phases. Taiwan, for example grew 11 percent a year from 1963-73 while investing an average of only 23 percent of GDP. That means it required only about two units of investment to get a unit of growth! So, at one level, the question is not why is Vietnam doing so well as to grow at 7 percent a year, but why is it not growing much faster?

The answer is surely to be found in the way that investment is allocated. State allocated investment accounts for over 50 percent of total investment, and the ratio has actually risen from the middle 1990s. Many of the public investment projects are poorly chosen, executed

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\(^{14}\) The Asian Development Bank has GDP estimates lower than official ones but higher than the International Monetary Fund (IMF) and these are used. The 2001-2004 average real GDP growth is 6.7 percent.

\(^{15}\) Statistics on Hunger Eradication and Poverty Reduction for the Period of 1989-2000 and 2001-2003, a publication of MOLISA and GTZ, Hanoi, 2004, p. 42-43. The poverty definition is a local one, keyed to a food budget for 2100 calories/day plus plausible nonfood spending. It yields lower poverty incidence estimates than the $2 a day approach used by the World Bank, but is not necessarily less accurate. See also World Bank's, Vietnam Development Report 2004, Poverty. A “food only” poverty rate is below 10 percent.
to too high a standard, or simply cost too much due to corruption. There are various official estimates of losses, generally starting around 20 percent of public investment and ranging upward. In addition, there is “waste”—the building of unneeded or gold-plated projects. Many bank loans still go to public enterprises that make poor use of the funds. The stock market is a tightly controlled exit mechanism for state enterprises. Most Vietnamese put their money into housing and land—whose price outside of major cities is approaching that or equal to that in Japan, even though per capita income is 5 percent as much even in purchasing power adjusted terms. Alternatively, they will pay a lot to put their children into a decent (not state run) educational system, often outside of Vietnam. This is true in spite of the very large number of firms started since 2000 when the Enterprise Law made it possible to register a new business above the household level. These many firms have very low investment per capita and seldom use banks.

There have been various attempts to estimate the growth in “total factor productivity” or the efficiency of capital and labor in Vietnam. Since there are only shaky estimates of the market value of a capital stock that was put in place under a different economic system, one might arbitrarily but plausibly estimate that the capital stock is growing at 10-11 percent a year; labor (uncorrected for skill improvements) at 2 percent a year, and that each accounts for one-half of total output. In that case, virtually all growth would be due to input growth and none to efficiency gains. Different assumptions, such as a lower share of income going to capital, would help raise the efficiency contribution, to perhaps 1 percent a year, or 15 percent of total growth. In any case, this is not an impressive ratio.

**Future Imperfect?**

The past successes, heartening as they are, cannot be extended easily if they rely on huge increases in inputs. As the capital stock increases, it is ever harder to add net capital in a way that it raises output without new technology also entering to raise efficiency. As the population ages, the growth of new entrants will slow unless more properly educated workers can be pulled out of farm jobs and enter higher-productivity jobs elsewhere. So what of the future?

The first issue is not only when the WTO will be entered but under what conditions, and how well those conditions will be followed. There are broadly two views. One is that while WTO membership is desirable, it is most important to allow a very gradual adjustment of Vietnamese firms and institutions to its requirements. Under this view, a delay is preferable to a rushed entry. Such a delay also allows for “strategic” investments in heavy or promising industries and does not rely on light industry alone. In this scenario, banking and other services would not be pushed very hard or too fast to change. The other view is that Vietnam has more to lose than to gain from delaying WTO entry beyond 2005. FDI would take note of foot-dragging and not just garments but other products would suffer if Vietnam were one of the few economies in the world not in the trade organization. In addition, silly and probably illegal tariffs under WTO rules, such as those on shrimp imposed by the United States, would be easier to mitigate or reduce as a WTO member, if only because it would be easier to get classified as a “market” economy. The Vietnamese leadership has said it expects to enter the WTO in 2005, but given the strength of the skeptical group, it is not clear if this will actually happen.

Even if Vietnam did enter in 2005, it is quite possible that there will be some severe fluctuations in the world economy in the next few years. There is the possibility of a dollar collapse and U.S. recession, growing protectionist pressures in countries faced with super-cheap dollar and Chinese exports, and subsequent recessions in Japan and Europe. (Recent quarterly GDP growth was near zero in both Germany and Japan.) Under these conditions, what could Vietnam expect and what would it do? One positive aspect of Vietnam’s current condition is that it is small relative to world markets, diversified by country and by commodity, and has shown it can be
flexible in increasing or decreasing output in response to market conditions. This is probably the best situation to be in if the world economy is going to produce some bumps. Finding new products (Suitcases? Furniture? Software? Organic foods?) is then easier and any given product can become a meaningful part of total activity compared to a country such as China, which already has over 20 times the amount of exports and is large relative to world demand.

The ability of Vietnam to become and remain an attractive location for value-creating FDI will be crucial to riding out any such fluctuations. What will be required to continue increasing in attractiveness? First, let us be clear about the level of actual FDI inflows. There are several different measures, some of which include land or domestic partner contributions. Others, such as the balance-of-payments figure from the IMF only look at funds brought in from abroad. The latter are much lower than the former. In addition, Vietnam now [properly] includes the reinvestment of existing FDI profits as well as new FDI in arriving at a total inflow figure. However, much of this reinvestment is simply offsetting the depreciation of past FDI and is not an expansion of total capital. Probably $2 billion a year in depreciation must be offset against the $3-3.5 billion in total FDI realizations in 2004. Even the per-capita equality with China is misleading. Should Vietnam not be considered more like a coastal province than Inner Mongolia? Guangdong province, with the same population and education as Vietnam, gets about $15 billion a year in FDI and has over $100 billion in manufactured exports. Is this, or even half of this, a better comparison than all of China?

But, what would attract more “good” FDI? Opinions differ. Those favoring an old style Korean industrial policy prefer protection and state subsidies, but there is little evidence of protection resulting in “good” FDI in Vietnam. The domestic market is small and there is scant reason to bring in the best technology—better to go to China. Export-oriented FDI might be a better bet, since the market is then the entire world. What attracts export-oriented FDI? Political security and stability matter a great deal. Good facilities such as telephone services and transportation are needed at a reasonable price. Little red tape and quick decisions are appreciated. Skilled or at least trainable workers who work hard are essential. Ease of hiring and firing and low taxes also help. A fair appeals process when there is a difference of opinion eases concerns. A network of local suppliers to help keep costs down and reduce response time is desirable.

Notice that cheap land and labor is nice, but not crucial. What is crucial is low costs overall. A province that offers cheap land and labor but poor administration is not apt to attract firms that need quick decisions and confidence that legitimate problems will not be met with delays, requests for extra payments, and rigidity. A good legal system, or at least a competent and friendly administrative system, is very important for good long-term investors. If there is no local financial system to finance private firms, then the “cluster” of local suppliers is much harder to develop. Beyond the immediate supply issues, a foreign investor is often more comfortable when there are also domestic private firms of some size that have similar interests and will be pushing for similar policies.

In 2002, there were five private limited companies and seven private joint stock companies having at least 500 billion dong in capital. In a nation of 80 million people with a $40 billion GDP, 12 private companies having $33 million or more in capital can only be called modest. (There were 121 state enterprises of this capital size and 11 joint-stock companies with state capital—or over 10 times as many.) There were also 116 foreign-invested companies with over $33 million in capital, but only half were 100 percent foreign owned. A 100 percent foreign-owned company is more likely to transfer technology and operate with efficient management than a foreign joint ventures with a state enterprise.

In short, what Vietnam has to do to continue upgrading its technology and therefore its economy is what other successful nations have done. Develop competitive firms
and industrial sectors. Stop thinking in terms of targets of production in heavy or engineering industries and focus on productivity and profits instead. Invest government funds in technology acquisition and skills more than actual machinery or plants. Make the financial system more open so that truly promising private firms can get finance. Let competition play a larger role, using the market to discipline enterprise managers. Do not leave everything to a blind market, but do not try to dictate the products, plants, and technologies that state enterprises use. If state firms are created, they will surely tend to crowd out other firms in domestic markets. In export markets, most of them will have trouble operating at a profit without quota allocation, cheap loans, government contracts, and free land.

**Hard to Change When Times Are Good**

All of this seems easy, but of course it is very hard. Many provinces and ministries are still run by officials who think and operate in the old ways. They believe that current policies are succeeding brilliantly, not slowing growth to half or two-thirds its potential level. They still see the private sector as somehow unhealthy or perhaps a necessary evil rather than the vanguard of the nation’s economy, providing most of socially stabilizing employment growth. If it is small and easily controlled, it is tolerable. If it were to become powerful, it would be viewed as dangerous. When small, it is inadequate, so state investment is viewed as essential for complex industry.

What is likely to cause change? At one level, the entry into the WTO and other trading groups will certainly put pressure on inefficient firms, especially state enterprises. But the huge incomes generated from public investment, land speculation, and other sources would not be much affected by this. Only when Vietnam is confronted with difficult choices in hard times is it likely to see the necessity of making them. Good times often make for bad policies, even though this need not be true. So long as Vietnam can save little of nothing out of non-oil income and grow at 7 percent a year, it is unlikely to continue with its mixed strategy, buying off the inefficient and allowing the competent some latitude. It will aim for economic satisfaction but political equilibrium. This is not evidently wrong from the point of view of those who simply want to keep the nation moving forward and maintain short-run stability. That it might be creating bad institutional habits that would create real difficulty in a less favorable international environment is not something that would occur to many.

One area that might be susceptible to reform now is education. It is an object of widespread discussion and discontent. It has few deeply rooted special interests outside of those who use the system to augment their incomes. Even Security may be concerned, as its newspaper has published stinging criticisms of the current system. Many parents sense that the value-added in the current system is low, even as they pay for extra tutoring. The easy granting of advanced degrees does little to build confidence either. While some few Vietnamese excel in things like the science and math Olympics, the average level of education is feared to be quite low. The public response to fundamental educational reform would be warm and enthusiastic. The economic impact could be enormous over time, helping to prepare workers for higher value-added activities. But change would require a rethinking of the entire institutional and incentive structure.

Nevertheless, if any reform is possible now, this may be the field for it. Allowing foreign and domestic private schools to come in and provide high-quality services would be one way to put more pressure on the inefficient state sector. The state’s role, aside from reducing red tape, would be to measure fairly and accurately the progress of students and report it to parents. Separating the school administration from the test giving—even mixing students from different schools together for annual tests—might be a good way to avoid manipulation. Certainly, those schools that failed to improve

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17 There has already been a huge increase in the numbers enrolled at university — from fewer than 100,000 in 1992 to over 1,000,000 in 2002. Obviously, this jump has put pressure on quality. While further enrollment growth might be desirable, quality improvement is essential.
might be subject to measures that provided new leadership. Simply buying tutoring from the same teacher who grades a pupil should not create an automatic superior grade and promotion! Given China’s head start in educational excellence, Vietnam has to regard this as a more worrisome gap than fertilizer or steel production. It is really the key to economic success and would help ensure more social equality if any bright student could get good education.

There have been other complaints as well—about medical services, for example. Certainly, the spread of HIV is a concern and needs attention. However, the latest data suggest that life expectancy in Vietnam is nearly equal to China’s, with twice the income per capita, and to Thailand’s, which is many times richer. The World Bank has Vietnam’s infant mortality rate at 20/1000 vs. 24 for Thailand and 30 for China. While maternal mortality remains high (130 per 100,000 births vs. 56 in China), by most measures health and nutrition have been improving. Thus, the pressure to reform in this area is not so strong as in education.

Corruption and Stability

The Party has lately been on an anti-corruption drive and numbers of people have been charged, some of them high level, in Ho Chi Minh City, Petro-Vietnam, and the Ministry of Trade. This suggests a renewed concern with the impact of corruption on the ability of the Party to maintain its legitimacy. Certainly it is true that if wealth were seen to be mainly the result of dishonest manipulation, it would much harder to enforce professional standards and reduce crime, much less to claim the “mandate of heaven.” Indeed, those who happen to earn wealth honestly would have to wonder if they would not be singled out for persecution, as all with wealth might be tarred by the same brush. This is scarcely a good way to attract long-term investment!

Still, the essential connection between corruption and a highly regulated economy with a complex tax/tariff system and lots of dubious state-directed projects is not clear to many, even though some have pointed it out. So long as an official is charged with deciding which loan is approved or which project is to be funded or which permit is to be issued, it will be very hard to wipe out corruption. The huge jump forward in the Enterprise Law reduced payments considerably by making registration a matter of informing authorities rather than getting permission. If taxes were flatter and simpler; if loans were the result of commercial screening; and if projects were mainly viewed as a way to build needed infrastructure at a reasonable cost, then corruption would drop. The question is, how can incentives be changed so that more officials see “proper” decisionmaking to be in their own interest?

The way forward requires a more modest but still ambitious set of goals for the government, aimed more at enabling firms and creating effective public services than doing so many things directly. It will require better pay but stricter oversight of officials. The rule of law would curb arbitrary power but also allow all players to know what the rules were. Newspapers would be encouraged to uncover self-dealing and punishments should include milder as well harsher punishments. Taking away ill-gotten gains might be as effective as jail in some cases, especially if any subsequent offense was treated more severely. The point of all effort would be to create a government that helped promote development by lowering costs and attracting efficient investment, not by getting a dubious project in one’s own province. Perhaps a Japanese-style “descent from heaven” in which retired Party or government officials could serve in certain companies and earn more for a period of time would be one way of allowing the powerful to eventually do well if they have served well. Without a systemic approach to corruption, in which the very purpose and operating style of officials changes, the anti-corruption drives will have a difficult time. Some rotten apples will be discarded, but many more will survive because they managed to get political protection. If those abusing power feel safe from prosecution, they will tend to excess. This in itself can create instability.
One other possibility is to take a leaf from China’s playbook and use foreign pressure, such as bilateral trade agreements and the WTO to force more competition and efficiency from local monopolies and even provinces. If success goes to those who welcome productive investment, then at least some officials will see their success arising from more employment and growth without subsidies. This includes, of course, most of the fast-growing exports. Even in non-tradables, if banks have to compete they are likely to improve, just like in telecommunications. Having foreign pressure in the short to medium run can be an important element in keeping reform moving.

But ultimately, reform has to come from domestic pressure. Because Vietnam is doubling income every decade, it is creating a middle class. While many of these people have benefited from the unclear rules typical of a transition economy, many more prefer to have a future in which the skilled are promoted over the well-connected—and where skills can be learned by anyone with intelligence and energy. This is the kind of place they want for their children. If the Party can provide it, it is likely that the Party will preserve its current legitimacy for some time to come. If it cannot, then all of the concerns about stability would be justified.

So, the tension between moderate success in outcomes (relative to potential) but less success in institutional change will hang over this period of good times. When one or several of the inflows begins to slow down, the problems will be clearer and then the harder choices are more likely to be made. If the astonishing success that has been realized so far is built upon, then another round of doi moi reforms will likely be made, creating new growth momentum even in difficult circumstances. However, if the world economy seems unstable and if “old style” officials cannot learn new tricks, it is just possible that Vietnam would then join the ranks of other nations that did very well for a while but finally stumbled due to inadequate institutional change. The “new era” of the title is not so much the WTO accession, but the period after it when external conditions become more normal or even adverse. That is when the need for institutional reform will be clearer and the ability of the Party and government to respond will be tested. The next few years will be interesting for those living in Vietnam and for those watching it.
Discussion

An American commentator stated that there are three dominant threads at present in U.S.-Vietnamese economic and trade relations:

- **Expanded trade and investment relations.** The BTA has had a significant impact in the trade area. In addition, U.S.-related FDI has grown significantly.

- **The rule of law and open markets.** The United States considers rule of law and market access important for further economic development in Vietnam. There is a perception in the U.S. that these elements will benefit Vietnamese political as well as economic interests, and that they also serve U.S. interests.

- **Linkage in the relationship.** There is no question that there will continue to be linkages between economic and non-economic issues, particularly in U.S. policy. This provides a continual opportunity for non-economic actors to use economic issue as leverage in other areas of policy, such as human rights.

There are a number of evident vehicles available to Vietnam to address trade issues, bilateral and otherwise, although some promise to be more fruitful than others:

- **Pursuing implementation of the Bilateral Trade Agreement.** From the beginning, the United States has viewed the BTA as Vietnam’s stepping stone to the WTO. Moreover, the BTA has played an important role in the evolution of the National Assembly, which has had to address the way that the Vietnamese system deals with economic and trade policy.

- **Acceding to the WTO.** Vietnam’s entry by the end of 2005 is possible, but it depends upon two factors: (1) negotiations with foreign countries, in which U.S.-Vietnamese negotiations are clearly important; and (2) internal negotiations, which are significantly more difficult. The United States has the most stringent requirements, because it is generalizing from the experience of China’s entry into the WTO. That suggests that it is important for reforms to be competed before entry, not just to have promises of them. The WTO-related reforms will have real impact in Vietnam and deal with Hanoi’s relationship to provincial and local governments, rule of law, and state-owned enterprises.

- **Receiving funding from the Millennium Challenge Account.** This U.S. assistance program in theory could include Vietnam. Its criteria include human rights and transparency issues. Attitudes in the United States are unlikely to favor giving MCA funds to Vietnam in the foreseeable future, and Hanoi should probably not invest too much time in the application process.

- **Participating in East Asian financial arrangements.** The China-ASEAN free trade agreement could ultimately prove to be useful, and there are possibilities for similar arrangements with Japan and South Korea. The United States is significantly behind other countries in this aspect of regionalism.

- **Countering the abolition of textile quotas.** The January 2005 rule lifting quotas for textiles from WTO members will hurt Vietnam, although investors and trade partners will not abandon it entirely, since they will not want to put all their eggs in one basket. Moreover, American manufacturers are likely to press the Commerce Department to expand, rather than eliminate, some quotas, especially on China. Vietnam should devote much of its trade diplomacy with the United States to stopping or preventing anti-dumping suits.
Utilizing the war against terrorism, Terrorism (and its prevention) naturally has an impact on economies. Moreover, some of the technical aspects of U.S.-Vietnamese cooperation on counter-terrorism can improve trade by encouraging greater transparency and efficiency.

A Vietnamese commentator said trade relations and economic ties are win-win for Vietnam and the United States. Bilateral trade expanded rapidly in the first few years after the BTA went into effect. There are, however, problems that have surfaced. First, many Vietnamese manufacturers complain that U.S. quotas are too low, and they stifle the development of new trade relations. They are putting pressure upon the Ministry of Trade to put pressure on U.S. officials.

Second, there is great interest in doing business with the United States in Vietnam. However, there is no systematic way of getting information on Vietnamese companies to U.S. firms.

Lastly, trade between the United States and Vietnam will not be secure until the overall bilateral relationship improves. A stronger relationship is required to remove two trade obstacles. The first is Vietnam's status with the Department of Commerce. Designating Vietnam as a market economy (rather than its present non-market status) will help protect it against anti-dumping suits. The second is Permanent Normal Trade Relations, which will be addressed when Vietnam enters the WTO. The BTA granted normal trade relations only temporarily, and Vietnam needs permanent status.

An American participant pointed out that state-owned enterprises (SOEs) are an important issue. The WTO negotiations do not address this issue adequately, but when Vietnam enters, however, the actions of SOEs will be incompatible with WTO rules. It is in Vietnam's interests to address the problems with SOEs at this stage, rather than when cases against Vietnam are brought up before the WTO.

Another American participant believed that U.S. policy has an impact on state reform in Vietnam. For example, the quota system enables Vietnamese ministries to allocate quotas, many of which go to SOEs. This not only reinforces the SOEs but also encourages corruption. A Vietnamese participant agreed but emphasized that the Vietnamese government is uncertain on how to handle quotas and hasn't yet found a system that works well.

An American participant suggested that there are useful lessons for Vietnam in the example of SOEs in Taiwan. State-owned enterprises were allowed to continue operating, but they were eventually outdistanced by the private business. In Vietnam private sector FDI will overtake public sector investment soon, but there are no alternatives in either the domestic or foreign business sectors to replace SOEs at this point. This will slow the privatization of Vietnamese SOEs.

An American participant maintained that the Vietnamese system of assigning licenses by national quotas inhibits business development. This practice grants permission to just one company per nationality in a specific business sector, such as insurance. In market terms, this is an arbitrary way of managing access and regularly turns away companies that are interested. It prevents some companies from seeking entry into the Vietnamese market.

An American urged the Vietnamese to think more strategically, particularly with respect to the U.S. Congress. In contrast to China, Vietnamese business has little profile on Capitol Hill, in part because it does not have a comparable commercial lobby. For that lobby to be effective, it must include (or even be led by) American companies with an economic stake in Vietnam. This is a potential area for cooperation between Vietnamese and American businesses, and more broadly between Vietnamese and their American supporters.
As the final exercise in this project, participants in the December 2004 conference were charged with formulating recommendations to strengthen U.S.-Vietnam relations at both the official and the societal levels. A number of proposals were offered across a broad spectrum of concerns. Some addressed specific issues, while others focused on strengthening the foundation of U.S.-Vietnam relations, to enable both sides to weather tensions that may arise in controversial areas of policy. Many recommendations are directed at both the United States and Vietnam, while some are focused more on one side in particular.

These recommendations were not the product of a consensus process, nor do they represent the views or policies of all participants, their institutions, the Institute for International Relations, or The Asia Foundation. Nonetheless, the editor believes them to be salient and serious points in the dialogue across the three-year duration of the project.

**Governance and Public Administrative Reform**

1. **Americans and Vietnamese should strengthen cooperation in areas of political and administrative reform that are not controversial.** Some groundwork has already been made in this regard, in areas of legal and administrative reform, legislative training, and the role of women in the political process. This issue area is both complicated and assisted by negotiations between the United States and Vietnam on WTO accession, which will have an impact on reform. This provides a framework for cooperation, but should not limit it.

2. **Americans should be encouraged to assess Vietnam’s political progress in the context of Vietnamese political history and political development in other Southeast Asian systems, rather than by measuring Vietnam against American or Western standards alone.** This paradigm shift can be encouraged by support from both the United States and Vietnam for an ASEAN human rights framework, which will shed light on regional norms and diverse models of political change.

3. **U.S.-Vietnamese exchanges should be designed to encourage dialogue and linkages between sectors and groups that affect political, legal, and administrative reform.** For example, programs should build upon emerging contact between the Vietnamese National Assembly and the U.S. Congress, and between justice ministries. Programs that pair Vietnamese and American non-governmental actors, such as journalists, should also be considered.

**Political and People-to-People Relations**

1. **Both sides should make a greater effort to link issues more broadly across the relationship.** For example, progress on the political issue of Agent Orange in Vietnam may reap benefits in the security relationship, since that issue is of particular concern in the Vietnamese defense sector.

2. **To supplement official dialogue, Track Two exercises should be employed, especially in sensitive areas.** This could help prevent flare-ups that damage the overall relationship and give both sides a deeper understanding of the issue, as well as of
one another. In this respect, both sides should make a conscious effort to include more representatives of civil society.

3. **Both sides should consider ways to boost tourism as a source of people-to-people relations, particularly in travel to Vietnam.** This is a matter of accelerating an already growing trend. Although American tourism to Vietnam is growing, its relatively high cost, in part because of an uncompetitive airline industry, is a discouraging factor. Vietnam should also consider offering tourist visas on arrival, at airports and other international points of entry.

4. Vietnam should anticipate a debate over human rights when Congress considers granting Permanent Normal Trade Relations to Vietnam in support of its entry into the WTO. A pro-active rather than a defensive approach may help keep tensions in this regard in check.

5. Vietnam should expand its dialogue with Vietnamese-Americans, particularly related to the provisions of the Politburo’s Resolution 36. Both sides recognize that the Resolution is a watershed in this dimension of U.S.-Vietnam relations and there are obvious sensitivities on both sides. In addition, the challenges of relations between diasporas and their countries of origin are not unique to Vietnam, and both sides should look to the experience of other countries and groups.

### Security Relations and the Prospects for Strategic Dialogue

1. **The United States and Vietnam should emphasize cooperation in forward-looking security issues.** Counter-terrorism and maritime security, for example, are less controversial than some older and more conventional areas.

2. **The two defense communities should tailor IMET programs for Vietnam to specific Vietnamese needs.** The ultimate goal of the IMET program is to enable the two militaries to develop a common conceptual framework. However, historic factors and regional dynamics require that this be a gradual process. Focusing on current Vietnamese interests and needs will build support for the program while it helps to build the scaffolding for a stronger military-to-military relations. This could be accomplished by establishing a permanent working group to oversee the Vietnamese IMET program.

3. **Vietnam and the United States should consider codifying the military-to-military relationship in a Memo of Understanding detailing current security cooperation and future plans.** The prospects for a formal strategic dialogue do not seem imminent, but working toward an MOU would in itself constitute an informal dialogue. For the time being, this should be viewed as an end in itself, rather than the precursor for a formal strategic dialogue or a strategic framework.

4. **When the time is right for a U.S.-Vietnam strategic dialogue, Vietnam should consider the U.S.-Singapore dialogue as a model.** The Singapore process was interactive: military, governmental, and Track Two. It was accompanied by small concrete steps that built cooperation while the dialogue was in progress.

5. **The United States should consider admitting Vietnamese officers into American military academies.** This, like IMET training, can help to increase understanding of each country’s military culture and build fraternal relations between the two armed forces.

6. **Through the ASEAN Regional Forum, the United States should encourage Vietnamese participation in joint or multilateral peacekeeping operations and**
humanitarian assistance operations. This form of cooperation is increasingly vital as transnational threats become more potent in the Asia-Pacific region. Since peacekeeping operations are conducted in English, the United States should consider offering English-language training to Vietnamese officers.

Next Steps in U.S.-Vietnam Economic Relations

1. Vietnam should press the United States for market economy status, preferably before it enters the WTO. This will be important in reducing the number of future anti-dumping cases.

2. Vietnam should rethink its “nationalities” approach to licensing market access. This would help ensure a steady flow of foreign investment and attract new entrants into Vietnam’s market.

3. The United States and Vietnam should focus on cooperation to strengthen education in Vietnam as a means of supporting economic development. There are substantial programs in this area of cooperation, but more needs to be done. Education is currently in crisis in Vietnam. U.S. assistance should focus on helping to change the structure and incentives for education, which will improve both the supply and demand sides of the structure.

4. The Vietnamese and American business communities should give greater attention to educating the U.S. policy community—Congress in particular—on U.S.-Vietnam trade issues.
Appendix I: Ten Years after Normalization: Prospects for Improved U.S.-Vietnam Relations

The Cosmos Club, Washington, D.C.
December 8-10, 2004

Vietnamese Participants:

Bui Thanh Son*
Ministry of Foreign Affairs, Vietnam

Bui The Giang
Party Central Committee

Dang Dinh Quy
Embassy of The Socialist Republic of Vietnam

Duong Hoai Nam
Permanent Mission of Vietnam to the United Nations

Ambassador H. E. Nguyen Tam Chien
Embassy of The Socialist Republic of Vietnam

Le Quang Minh
National Assembly of Vietnam/Can Tho University

Nghi Vu
Embassy of The Socialist Republic of Vietnam

Nguyen Chi Dung
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Nguyen Duc Hung
Ministry of Foreign Affairs

Nguyen Van Binh*
Ministry of Trade

Phong Ho
Embassy of The Socialist Republic of Vietnam

Ta Minh Tuan
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* Denotes participants who served as formal commentators on paper presentations.
| American Participants:                        | Andrew Durant                              |
|                                           | Samuels International Associates            |
| Zachary Abuza                             | Virginia B. Foote                           |
| Simmons College                           | U.S.-Vietnam Trade Council                  |
| John Brandon                              | James Gagnon                                |
| The Asia Foundation                       | U.S. Department of State                    |
| Larry Berman                              | Chris Gilson                                |
| University of California Washington Center | Vietnam Veterans of America Foundation      |
| Douglas Bereuter                          | Jean Gilson                                |
| The Asia Foundation                       | Independent Consultant                      |
| Alasdair Bowie                            | Eric Heginbotham                            |
| Woodrow Wilson International Center for Scholars | Council on Foreign Relations                |
| Fred Brown                                | Rudi Jeung                                  |
| Johns Hopkins University, SAIS            | The Asia Foundation                         |
| Laura Cheng                               | Richard Kessler                             |
| U.S. Department of State                  | Senate Committee on Government Affairs      |
| Catharin Dalpino                          | Le Xuan Khoa                                |
| Georgetown University                     | Johns Hopkins University, SAIS              |
| Joseph Damond                             | Le Linh Lan                                 |
| PhRMA                                     | Institute for International Relations       |
| David Dapice                              | Terrill E. Lautz                            |
| Harvard University and Tufts University   | Henry Luce Foundation, Inc.                |
| Ellen Dunlap                              |                                           |
| U.S. Department of State                  |                                           |
Appendix II: Chronology of Recent U.S.-Vietnam Relations

**September 15, 2004**
Vietnam is designated a Country of Particular Concern (CPC) by the U.S. Department of State under the Religious Freedom Act. However, the Department does not indicate whether it will apply sanctions under the legislation.

**October 25-28, 2004**
U.S. and Vietnamese officials meet in Washington for bilateral negotiations and discussions on multilateral commitments for Vietnam's accession to the World Trade Organization.

**November 30, 2004**
The U.S. Department of Commerce announces it will maintain penalty tariffs on shrimp imports from Vietnam imposed in July 2004.

**December 10, 2004**
The Bush administration renews the U.S.-Vietnam Bilateral Trade Agreement.

**December 11, 2004**
United Airlines inaugurates direct service between the United States and Vietnam with a flight from Los Angeles to Ho Chi Minh City.

**December 12, 2004**

**January 6, 2005**
The U.S. International Trade Commission upholds its preliminary finding of February 2004 that the U.S. shrimp industry was injured by imports of Vietnamese frozen shrimp, but votes to remove tariffs on canned shrimp.

**March 10, 2005**
A class action suit entered into the U.S. District Court by the Vietnamese Association for Victims of Agent Orange against 30 American chemical companies that manufactured Agent Orange during the war is dismissed on all counts. Plaintiff lawyers announce they will appeal.

**March 14-16, 2005**
The United States and Vietnam conduct another round of talks on Vietnam's accession to the WTO in Washington.

**May 5, 2005**
In Hanoi, U.S. Deputy Secretary of State Robert Zoellick announces the conclusion of an agreement between Vietnam and the United States on religious freedom. That same day, the State Department announces it will not impose sanctions on Vietnam under the Religious Freedom Act.

**May 8-12, 2005**
The U.S. Army/Pacific and the Logistics General Department of the People's Army of Vietnam co-host the 15th Annual Asia-Pacific Military Medicine Conference in Hanoi.
May 10, 2005

Vietnam is mentioned as a target country in the Global Internet Freedom Act, H.R. 2116, introduced into the House of Representatives. The bill does not stipulate sanctions but proposes to establish an Office of Internet Freedom within the International Broadcasting Bureau to monitor Internet access in specific countries.

June 3, 2005

The U.S. State Department releases the 2005 Trafficking in Persons Report. Vietnam is moved from the Tier 2 Watch List to Tier 2, signifying improvement.

June 20, 2005

The first Vietnamese prime minister to visit the United States in over 30 years, Phan Van Khai arrives in Seattle to meet with Microsoft Chairman Bill Gates. Microsoft promises to assist Vietnam’s technological development and to train 50,000 Vietnamese teachers.


June 21, 2005

President Bush and Prime Minister Khai meet at the White House and sign accords on adoption, religious freedom and agricultural cooperation. Prime Minister Khai also meets with Defense Secretary Donald Rumsfeld and Commerce Secretary Carlos Gutierrez. At the Defense Department, Rumsfeld and Khai announce that Vietnam will participate in the International Military Education and Training Program for the first time.

June 30, 2005

The Vietnam Human Rights Act, HR 3190, is introduced into the House of Representatives. The draft legislation resembles earlier versions of the Act submitted in 2001 and 2004, both of which passed in the House but were not approved in the Senate.

July 10-12, 2005

The United States and Vietnam celebrate the tenth anniversary of the normalization of relations with parallel events in Washington and Hanoi. In Washington, U.S. Secretary of Veterans Affairs Jim Nicholson addresses a reception at the Freer Gallery. In Hanoi, Vietnamese Foreign Minister Nguyen Dy Nien; U.S. Deputy Secretary of Veterans Affairs Gordon Mansfield; and U.S. Ambassador Mike Marine speak at a celebration at the Museum of Fine Arts.

August 16-18, 2005

The U.S. Department of Defense sponsors a remediation workshop in Hanoi on techniques for destroying dioxin, the primary chemical used in herbicides such as Agent Orange during the war. The Vietnamese Ministry of Defense, the Military Medical University and the Vietnam Institution for Science and Technology send participants to the workshop.

August 18, 2005

The Vietnamese Ministry of Foreign Affairs releases a White Paper on Human Rights.

August 31-September 1, 2005

Vietnamese President Tran Duc Luong and Prime Minister Phan Van Khai send condolences to President Bush for the human and property loss to the Gulf states caused by Hurricane Katrina. The Government of Vietnam donates funds for hurricane relief, and the Vietnamese Red Cross announces it will collect contributions for Katrina victims.

September 13, 2005

Members of the Vietnam Veterans of America’s Veterans Initiative Task Force meet with the Veterans Association
of Vietnam in Hanoi to relay information related to Vietnamese soldiers missing in action in the war. Working together since 1993, the Task Force and the Veterans Association have accounted for over 9000 missing Vietnamese soldiers.

**September 15, 2003**

The U.S. Department of Health and Human Services announces a five-year, $2.5 million cooperative agreement with Vietnam’s National Institute of Hygiene and Epidemiology to help strengthen influenza surveillance in Vietnam. The project aims to improve the detection of changes to influenza viruses, including the avian flu virus HSN1.
Appendix III: Selected Bibliography


Catharin E. Dalpino is Visiting Associate Professor of Southeast Asian Studies at the Edmund A. Walsh School of Foreign Service at Georgetown University. She is a former Deputy Assistant Secretary of State and a former Fellow at the Brookings Institution.
The Institute for International Relations (IIR) was established in Hanoi in 1987 as a merger of the Foreign Affairs College, which was in charge of the training of Vietnamese diplomats, and the Institute for International Relations, which conducted research for the Ministry of Foreign Affairs. IIR now serves as a “think tank” for the Ministry of Foreign Affairs and is responsible for organizing, coordinating, and managing scientific matters of the Ministry. The Institute has three main functions: (i) to do research in international affairs; (ii) to conduct mid-career training courses for Vietnamese diplomats and officers from ministries and agencies and the private sector; and (iii) to offer undergraduate and graduate programs that lead to B.A. and M.A. degrees in international relations.

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