

VIETNAM'S ACTIVE DIPLOMACY TO ENGAGE WITH CHINA'S INCREASING REGIONAL

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In the five years of Xi Jinping's leadership, with a new approach to neighbourhood diplomacy, China has quickly increased its influence in Southeast Asia, reaffirming this region as one of China's diplomatic priorities. China's presence is exhibited through two channels: economic relations and cultural relations.

Trade volume between China and ASEAN reached 452.2 billion dollars in 2016, making China ASEAN's biggest trade partner, the second-largest import market and the fourth-largest export market. Accrual of foreign direct investment from China to ASEAN as of May 2017 had reached 183 billion dollars. Besides, with China promoting its 'going global' strategy and the Belt and Road Initiative (BRI), Chinese companies' investment in ASEAN's infrastructure has been increasing. As of May 2017, China's firms have put 204 billion dollars into ASEAN's infrastructure systems, especially in Laos, Cambodia, Thailand and Myanmar. Regarding cultural relations, Confucius institutes and Confucius classes are established in dozens of countries in an attempt to increase the dissemination of the Chinese language and Chinese culture overseas. Statistics as of 2016 show that Southeast Asian

countries accommodate a third of the Confucius institutes and a fifth of the Confucius classes in Asia.

China's increased 'soft power' in terms of economic and cultural relations in Southeast Asia clearly presents a great opportunity for Vietnam, while posing new challenges in terms of security, politics and diplomacy. To balance the increasing pressure from China, Vietnam has simultaneously initiated shuttle diplomacy and promoted cooperation at three different levels: 'Large neighbour' diplomacy towards China; neighbourhood diplomacy with countries of strategic importance, such as Laos and Cambodia; and diplomacy with major powers such as the United States and Russia.

In relation to China, political trust between the two deteriorated quickly after the HD981 incident in 2014. China's reclamation effort in the Spratly Islands prolonged Vietnam's worries. Thus, although Xi Jinping made his first official visit to Vietnam in 2015, relations between the two countries remain politically prudent, while economic relations have been tightened. China is Vietnam's largest trading partner in

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China's President Xi Jinping and Vietnam's Communist Party Secretary General Nguyen Phu Trong together during a welcoming ceremony in November 2017 at the Presidential Palace in Hanoi.



terms of trade volume. In 2016, Vietnam exported nearly 22 billion dollars to China (accounting for 12.4% of its total exports), making China its third-largest export market, trailing behind the United States (21.8%) and the European Union (19.2%). On the other side, imports from China reached 49.8 billion dollars (accounting for 28.7% of Vietnam's total imports). However, Vietnam's stance on China has drastically changed since 2015. The main point is now focusing on 'cooperation' and limiting mention of 'tension/conflict'. Vietnam has also changed its approach from a relatively passive stance to actively suggesting cooperative activities with China, as shown by the following initiatives:

- Establishment of the China–Vietnam Steering Committee for Bilateral Cooperation, co-chaired by Deputy Prime Minister and Foreign Minister Pham Binh Minh of Vietnam and State Councillor Yang Jiechi of China. As of April 2017, the committee had held 10 meetings to discuss cooperative issues.
- Increased numbers of officials visits paid by Vietnam's leaders to China in the last three years, including those made by General Secretary Nguyen Phu Trong (7 April 2015 and 12 January 2017), former National Assembly chairman Nguyen Sinh Hung (23–27 December 2015), Prime Minister Nguyen Xuan Phuc (10–15 September 2016), and President Tran Dai Quang (11 May 2017).
- Increased support to and trust in China's BRI, as shown by President Tran Dai Quang's participation in the Belt and Road Summit held in Beijing in May 2017.



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As regards its neighbourhood diplomacy with Laos and Cambodia, Vietnam adopts a pragmatic policy, although with some differences. While Vietnam and Laos have 'special relations', Vietnam's relations with Cambodia are influenced by China's presence and Cambodian opposition parties. On one side, General Secretary Nguyen Phu Trong and Prime Minister Nguyen Xuan Phuc made official visits to these countries in 2016 and 2017 to reaffirm and underline the unique relationships that Vietnam has with its neighbours. On the other side, Vietnam has also proposed economic and investment connections between countries, for example the Hanoi–Vientiane Highway, or a blueprint for a railway linking Vientiane (Laos) with Vung Ang Port in Vietnam.

When it comes to its relationship with major powers, as a middle-income developing country, Vietnam actively engages in diplomacy. In recent years, Vietnam has bolstered security cooperation with Japan, tightened economic ties with the European Union (through the EU–Vietnam FTA) and comprehensively improved relations with the United States. In May 2017, Prime Minister Nguyen Xuan Phuc was the first Southeast Asian leader to visit President Donald J. Trump after his election. In August 2017, Vietnam's Defence Minister

Ngo Xuan Lich met his US counterpart James Mattis in Washington and shared with him the need to improve defence ties based on the common view on the South China Sea, where freedom of navigation should be granted. Symbolic of this defence cooperation is the subsequent visit from a US aircraft carrier, in 2018. Vietnam's leaders are fully aware that they need to promote bilateral ties with Washington to keep President Trump's focus on Vietnam and its interests.

At the conclusion of APEC 2017, hosted by Vietnam (during which 121 agreements worth over 20 billion dollars were signed, creating opportunities for Vietnamese enterprises), China's President Xi Jinping paid his second official visit to Hanoi since 2015. This event not only meant that Vietnam was the first country visited by President Xi following the 19th National Congress of China's Communist Party, but it also sent positive signals for future relations between the two countries. On one hand, the visit underscored China's growing interest in neighbourhood diplomacy. On the other hand, it places Vietnam–China in the evolving geopolitical context, recognising Vietnam's new active stance and boosting further cooperation between Hanoi and Beijing. Paradoxically, the difficulties of the bilateral relationship can be observed in the BRI itself: the initiative has not been very fruitful since there are only two projects related to BRI so far and Vietnamese media rarely mention them.

The chairman of the Asian Infrastructure Investment Bank (AIIB) visited and proposed loans for Vietnamese private enterprises without government guarantee, but Vietnam has not yet been an AIIB loan recipient. This prudence could be attributed to the high level of public debt, which necessitates some

restraint on further borrowing, but undoubtedly points also to the limits of the bilateral relations.

Nevertheless, in order to seize existing opportunities and improve the effectiveness of cooperation at the political level it will be crucial to increase political trust through activities that produce observable results and to increase the number of bilateral talk mechanisms for new issues (such as BRI); meanwhile, at the economic level Vietnam should reduce its deficit with China to move towards sound and high-quality trade relations, 'nudging' large Chinese state corporations to invest in Vietnam, and removing quotas and unnecessary technical barriers in order to allow high-quality Vietnamese goods to penetrate the Chinese market.



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