VIETNAMESE POLITICS: CHINA-VIETNAM RELATIONS & TPP

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CONTENTS

• Brief history of China-Vietnam relations
  • Prehistoric times
  • During Vietnam war
  • The Border War 1979
  • Relations normalization 1991

• The divide line within VCP from 1991 – Now
• TPP and its impact on China-Vietnam relations
• Conclusion
TRADE ISSUES WITH CHINA

Source: World Integrated Trade Solution and International Trade Center
TRADE ISSUES WITH CHINA

Vietnam's Imports from China in 2011
- Electrical, electronic equipment: 30%
- Machinery, nuclear reactors, boilers, etc: 22%
- Mineral fuels, oils, distillation products, etc: 18%
- Iron and steel: 10%
- Fertilizers: 8%
- Manmade staple fibres: 6%
- Cotton: 3%
- Plastics and articles thereof: 3%
- Knitted or crocheted fabric: 3%
- Others: 2%

Vietnam's Exports to China in 2011
- Mineral fuels, oils, distillation products, etc: 25%
- Wood and articles of wood, wood charcoal: 17%
- Electrical, electronic equipment: 16%
- Edible fruit, nuts, peel of citrus fruit, melons: 9%
- Cotton: 7%
- Machinery, nuclear reactors, boilers, etc: 4%
- Milling products, malt, starches, inulin, wheat gluten: 4%
- Commodities not elsewhere specified: 3%
- Others: 3%

Source: World Integrated Trade Solution and International Trade Center
CHINESE INVESTMENT

- FDI: 14th largest investor
- ODA: one of the regular donors
- 90% of EPC contract in thermal power plant (2007 – 2011)
  - Delay
  - Safety
  - Technology
  - Illegal Chinese workers
<table>
<thead>
<tr>
<th>Projects</th>
<th>Contractors</th>
<th>Tender Price (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Haiphong Thermal Plant</td>
<td>Shanghai Electric Group; Dong Phuong Group</td>
<td>2,800</td>
</tr>
<tr>
<td>2. Quang Ninh Thermal Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Cam Pha Thermal Plant</td>
<td></td>
<td></td>
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<tr>
<td>4. Son Dong Thermal Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Vinh Tan 2 Thermal Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Kien Luong Thermal Plant</td>
<td>Tan Tao Group</td>
<td>2,000</td>
</tr>
<tr>
<td>7. Lam Dong Bauxite Aluminum</td>
<td>Chalieco Group</td>
<td>466</td>
</tr>
<tr>
<td>8. Alumin Nhan Co - Dak Nong</td>
<td>Chalieco Group</td>
<td>499.2</td>
</tr>
<tr>
<td>9. Ca Mau Fertilizer Plant</td>
<td>China National Machinery Imports; Exports and Wuhuan Engineering</td>
<td>900</td>
</tr>
</tbody>
</table>

Source: VEPR
TERRITORIAL CONFLICTS

[Map showing territorial claims in the South China Sea with labels for China, Vietnam, Philippines, Malaysia, Brunei, Indonesia, and Spratly Islands. The map indicates China’s claimed territorial waters, UNCLOS 200 nautical mile Exclusive Economic Zone, and disputed islands. Source: UNCLOS and CIA]
DECISION-MAKING PROCESS

VCP General Secretary

Prime Minister

Politburo

President
1992-1997

GS
Do Muoi

PM
Vo Van Kiet

President
Le Duc Anh
1997-2002

Le Duc Anh
Do Muoi
Vo Van Kiet

G.S. Le Kha Phieu

President Tran Duc Luong

P.M. Phan Van Khai
2002-2006

G.S.
Nong Duc Manh

President
Tran Duc Luong

P.M.
Phan Van Khai
2006-2011

G.S. Nong Duc Manh

President Nguyen Minh Triet

P.M. Nguyen Tan Dung
2011-NOW

G.S.
Nguyen Phu Trong

President
Truong Tan Sang

P.M.
Nguyen Tan Dung
DIVIDED LEADERSHIP

Progressive

Vo Van Kiet  Do Muoi
Phan Van  Le Kha
Khai  Phieu
Nguyen Tan  Nong Duc
Dung  Manh

Conservative
VIETNAM’S CHINA POLICY

Economic development

Socialist ideology
## VIETNAM – TPP COUNTRIES

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>12,709,953</td>
<td>15,973,552</td>
<td>16,673,276</td>
<td>20,203,643</td>
<td>24,866,392</td>
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<tr>
<td></td>
<td><strong>Total to TPP</strong></td>
<td><strong>19,602,727</strong></td>
<td><strong>24,997,894</strong></td>
<td><strong>19,229,083</strong></td>
<td><strong>22,915,729</strong></td>
<td><strong>28,821,718</strong></td>
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<td>3</td>
<td>Japan</td>
<td>6,188,907</td>
<td>8,240,307</td>
<td>7,468,092</td>
<td>9,016,086</td>
<td>10,400,666</td>
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<td>5</td>
<td>Singapore</td>
<td>7,613,746</td>
<td>9,377,975</td>
<td>4,248,356</td>
<td>4,101,145</td>
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<tr>
<td>7</td>
<td>United States of America</td>
<td>1,700,464</td>
<td>2,652,015</td>
<td>3,019,430</td>
<td>3,779,836</td>
<td>4,555,260</td>
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<td>8</td>
<td>Malaysia</td>
<td>2,289,912</td>
<td>2,596,052</td>
<td>2,504,735</td>
<td>3,413,393</td>
<td>3,919,720</td>
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<td>12</td>
<td>Australia</td>
<td>1,059,376</td>
<td>1,357,897</td>
<td>1,050,035</td>
<td>1,443,642</td>
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<td>29</td>
<td>New Zealand</td>
<td>246,358</td>
<td>237,181</td>
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<td>Canada</td>
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<td>297,844</td>
<td>300,219</td>
<td>349,315</td>
<td>342,136</td>
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<td>32</td>
<td>Chile</td>
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<td>104,390</td>
<td>147,189</td>
<td>291,231</td>
<td>335,728</td>
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<tr>
<td>39</td>
<td>Brunei Darussalam</td>
<td>-</td>
<td>1,498</td>
<td>-</td>
<td>10,006</td>
<td>189,178</td>
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<tr>
<td>52</td>
<td>Mexico</td>
<td>58,732</td>
<td>61,166</td>
<td>163,585</td>
<td>89,148</td>
<td>91,346</td>
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<td>53</td>
<td>Peru</td>
<td>47,985</td>
<td>71,119</td>
<td>77,779</td>
<td>68,959</td>
<td>89,880</td>
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</tbody>
</table>

Source: International Trade Centre
## VIETNAM – TPP COUNTRIES

<table>
<thead>
<tr>
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<td>2</td>
<td>China</td>
<td>3,646,128</td>
<td>4,850,110</td>
<td>5,402,978</td>
<td>7,742,950</td>
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<td></td>
<td><strong>Total in TPP</strong></td>
<td><strong>24,822,764</strong></td>
<td><strong>30,744,939</strong></td>
<td><strong>25,199,998</strong></td>
<td><strong>30,457,148</strong></td>
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<td>United States of America</td>
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<td>11,902,834</td>
<td>11,415,618</td>
<td>14,250,850</td>
<td>16,970,422</td>
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<tr>
<td>3</td>
<td>Japan</td>
<td>6,089,978</td>
<td>8,467,750</td>
<td>6,335,602</td>
<td>7,727,660</td>
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<td>6</td>
<td>Malaysia</td>
<td>1,554,974</td>
<td>2,030,402</td>
<td>1,775,157</td>
<td>2,093,118</td>
<td>2,770,808</td>
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<td>7</td>
<td>Australia</td>
<td>3,802,213</td>
<td>4,351,580</td>
<td>2,386,092</td>
<td>2,704,004</td>
<td>2,601,965</td>
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<td>12</td>
<td>Singapore</td>
<td>2,234,386</td>
<td>2,713,824</td>
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<td>2,121,314</td>
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<td>26</td>
<td>Canada</td>
<td>539,178</td>
<td>656,384</td>
<td>638,506</td>
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<td>969,409</td>
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<td>30</td>
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<td>47</td>
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<td>70,504</td>
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<td>151,377</td>
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<tr>
<td>51</td>
<td>Chile</td>
<td>46,704</td>
<td>68,892</td>
<td>110,520</td>
<td>94,099</td>
<td>137,535</td>
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<td>62</td>
<td>Peru</td>
<td>16,471</td>
<td>35,697</td>
<td>25,598</td>
<td>38,336</td>
<td>76,250</td>
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<td>100</td>
<td>Brunei Darussalam</td>
<td>-</td>
<td>4,492</td>
<td>7,690</td>
<td>14,235</td>
<td>15,362</td>
</tr>
</tbody>
</table>

Source: International Trade Centre
IMPACTS

- Vietnam’s Markets
- Vietnam’s Suppliers
- State-owned enterprises
- Government procurement

Distance from China
LEADERSHIP

“Vietnam are living in a region surrounded by tigers and a dragon; the continued backwardness of the country is the biggest security threat to the nation.”


“We live adjacent to a big country; we cannot afford to maintain tension with them because they are next door to us.”

- GS Le Kha Phieu (1997 – 2001)
LIMITATIONS

- Just focused on the GS, PM and the president
- The secrecy of decision-making process
THANK YOU