

# Vietnamese Politics: China – Vietnam Relations and TPP

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## Introduction

It is Vietnam's destiny to be a much smaller neighbor to such a powerful country as China. Throughout its thousands of years of history, there was a time when Vietnam had to make a choice to be a tributary state of China to keep peace, fight back to assert the sovereignty, or form alliances with third parties. There have been many researchers studying about these relations such as Alexander L. Voving, Carlyle A. Thayer, and Brantly Womack. Their researches focus on the "asymmetric relations" between a big country and a small country and the strategies of Vietnam, as the smaller country, toward the bigger neighbor. This paper will summarize the notable points in this relationship with the focus on the divide line among the Vietnamese leaders from 1991 till now. This paper will also discuss about the significance of the Trans-Pacific Economic Partnership (TPP) to the relationship between the two countries, in which Vietnam is a member but China is not. The paper will be divided into three main parts. The first part is the brief summary of the China – Vietnam relations from the prehistoric times

to 1991. The second part focuses on the divide line among the leaders in the Communist Party of Vietnam. The third part is about the impact of TPP on the relationship.

Keywords: foreign policy, Sino-Vietnamese relations, Vietnam, China

## The China-Vietnam relations

### Prior history – Chinese dominant influence on Vietnam

It would be a mistake if the relations between China and Vietnam were analyzed without mentioning their prehistoric interactions. The complicated and asymmetric relations between China and Vietnam dated back more than 2000 years ago when the Han dynasty invaded Vietnam for the first time in 111 BC. After the invasion China took control of Vietnam for around one thousand years. This has been called the Chinese Domination of Vietnam, which was briefly interrupted by the revolt of Trung Sisters for 3 years (40-43 AD) and the rebellion of Ly Nam De followed by the establishment of the Early Ly Dynasty for 60 years (544-602). The third domination of China was ended by the victory of Ngo Quyen in the Battle of Bach Dang River over the Southern Han in 938AD. During the one thousand years of domination, China had greatly influenced Vietnam's administration and culture. After 938, China claimed Vietnam as one of its tributary states and invaded its small southern neighbor for the fourth time during Ming dynasty. China ruled Vietnam again for 20 years until its defeat by the Later Le Dynasty in 1427.

Despite gaining its independence from 1,000 years of Chinese domination, many traces of the Chinese values remain in Vietnam. The collective memory of Chinese domination has played an important role in shaping the Vietnamese identity and its view towards their northern neighbor (Ray, 2007). It also reinforced Vietnam's cultural and later political independence.

## During Vietnam War – Vietnam with China in comradeship

Sharing the same ideology of Marxism and anti-nationalism, there were some similarities in the movements of China and Vietnam in the first half of 20<sup>th</sup> century. The communist parties were established and succeeded in gaining independence from the Western invaders in China and Vietnam. The emergence and growth of communism proved to form good relations between both countries. During the First Indochina War and the Vietnam War, China supported Vietnam with a great amount of equipment, advisors, and planning assistance. China was the first country to recognize the newly established Democratic Republic of Vietnam in 1950. After the victory over the French in the decisive battle of Dien Bien Phu in 1954, Vietnam was divided into two nations, North and South Vietnam. America took over French control in the South Vietnam as a part of its “Containment Strategy” in order to prevent the expansion of communism to the South. China, under the leadership of Mao Zedong, assured Vietnam it would support for the fight against America. The support from China had a great impact on the Vietnam War and later on became the excuse for the pro-China fraction within the Communist Party of Vietnam.

## From Vietnam War to the Border War 1979

However, this friendly relationship that China and Vietnam had developed under the leadership of Mao Zedong and Ho Chi Minh did not last long. There were several reasons for the deterioration of this relationship.

One reason was the Communist Party’s policy toward the Chinese Vietnamese after 1975. After the reunification, the Communist Party established a new administration in the

South. A lot of economic and social reforms were implemented. One of them was the expatriation of the Chinese Vietnamese who played the main role in trading and retailing in the South of Vietnam at that time. The policy arose from the economic reform in which the private business sector and property right would be abolished. As the big players of the economy, the Chinese Vietnamese and their possessions were targeted by the policy. More than 4,000 Chinese Vietnamese families have been “re-educated” in the first two weeks after the Communist Party started its policy (Huy Duc, 2012a). Thousands of Chinese were forced to leave Vietnam or sent to the distant areas. Beijing threatened Hanoi with unspecified retaliation, and Chinese activities on the Sino-Vietnamese border escalated (Cima, 1990).

In addition to the mistreatment of the Chinese Vietnamese, the ideological split between USSR and China in 1960s was another reason which led to the Border War. China wanted Vietnam to support its own ideology in the socialist bloc, in which USSR would no longer play the role of leadership. Being aware of the expanding threat from its northern neighbor, Vietnam tried to maintain the equilibrium of wartime relations with both China and Soviet Union. At this time of war, the essential aid from China to Vietnam was one of the reasons why Vietnamese leaders were so reluctant to deeper relations with Soviet. However, this attitude of Vietnam did not improve the relations with China (Huy Duc, 2012b). The relations of the two neighboring countries became tenser in the early 1970s when China started talks with the US and changed its foreign policy. The tension rose in 1978 when Vietnam signed the Treaty of Friendship and Corporation with the USSR. China ended its aid to Vietnam in the same year.

The Vietnam invasion in Cambodia in 1978 was another reason for the deterioration of the relationship. After receiving the support from the USSR, Vietnam launched a full-scale invasion in Cambodia in order to solve the border clashes at its southwest border. Vietnam occupied Phnom Penh and removed Pol Pot from power who was backed by China. A new government was established with deep intervention of the Vietnamese advisors. The expansion of Vietnam in Indochina became a threat to China's influence in the area. The Border War occurred when the tension between Vietnam and China peaked in 1979. The war was a great loss to both sides and remained as one of the gloomiest periods of time in the modern history between China and Vietnam.

#### Vietnam – China relation normalization

The Vietnam invasion of Cambodia not only induced tension between China and Vietnam, which peaked during the Border War, but also developed a negative view of Vietnam from the international community. In addition to the economic sanctions, the US put pressure on the international organizations such as UN, IMF, and WB not to recognize the Socialist Republic of Vietnam as a member. Consequently, some ODA donors to Vietnam at that time such as Japan, and Sweden also cut or reduced aid. This had a severe impact on Vietnamese economy, which mainly depended on the USSR's aid. In the early 1980s, the economy of Soviet Union worsened due to its inefficiency of central planning. Aside from a reduction of financial aid from other countries, the USSR's rapid reduction of aid to Vietnam severely impacted the Vietnamese economy, which mainly relied on the USSR for financial support. Vietnam was isolated and in deep political economic crisis.

Realizing the importance of integration with the world, the 6<sup>th</sup> Party Congress in 1986, the Communist Party of Vietnam decided to untie the economy as well as its foreign policy. In the Resolution No. 13 dated 1986/12/18, it was determined that normalization of the relationship with China was one of the important targets for Vietnam at that time.

After Vietnam retreated its military troops from Cambodia in the 1980s and signed the Paris Peace Agreements in 1991 to restore peace in Cambodia, China sent encouraging messages to Vietnam regarding normalization. This led to the secret Chengdu summit between top leaders of the two communist parties in September 1990 followed by the official meeting on relation normalization in November 1991.

### The divide line within VCP from 1991 till now

After the 6<sup>th</sup> Party Congress, VCP started to diversify and multilateralize its international relations in order to strengthen its economy as well as to counterbalance the dominance of China. However, there was a division within the Communist Party of Vietnam regarding the policy toward China due to democratic centralism of the decision-making. This part will focus on the aforementioned divide line from 1991 till now, after the Vietnam and China normalized their relation.

#### Decision-making process

In a single-party country as Vietnam, there is no clear separation among the political party, the policy makers, and the government. In fact, the power is vested in the political party and the policy maker - the National Assembly - is said to be the lengthened arm of the political



party. The most powerful body is the Politburo which normally consists of 14 or 16 high-ranking members within the Communist Party. This body is in charge of the important political and socioeconomic policies of the country. Among the members of the Politburo, the General Secretary is typically the most influential person regarding domestic policy.

The Communist Party nominates the President, the Prime Minister to the National Assembly. Together with the General Secretary, these persons have the most influential positions in the party and have a great impact on the decision making process. This part of the paper will analyze the relationship among these 3 persons and policy-making linked with China from 1991 till now. However, the term of the General Secretary is usually different from that of the President and the Prime Minister due to the different timing of the party's convention and the meetings of the National Assembly.

#### 1991 – 1997

General Secretary: Do Muoi (1917 - present). In office from 1991/06/28 to 1997/12/26

Prime Minister: Vo Van Kiet (1922 – 2008). In office from 1991/08/08 to 1997/09/25

President: Le Duc Anh (1920 – present). In office from 1992/09/23 to 1997/09/23

Do Muoi, Le Duc Anh, and Vo Van Kiet were said to be more like politicians than that of communist leaders (Huy Duc, 2012b). These three persons exposed themselves to the public through their communication with the press. At the beginning of 1990s, the reporters were able to meet and interview these leaders right outside the Ba Dinh Hall after each meeting of the National Assembly (Huy Duc, 2012b). The leaders exposed themselves more openly even

though the principles of secrecy with discussion and policy-making processes of the communist system still existed.

Do Muoi, the General Secretary, was described as a disciplined and strong supporter of socialist economy (Huy Duc, 2012b). He was one of the leaders to support the program to eliminate capitalists in North Vietnam in 1958 and in the South in 1970s. However, after coming into power in 1991, Do Muoi changed his political view and supported the Program for Organizational Reform 1987-1991 which was put into effect by the previous GS Nguyen Van Linh<sup>1</sup>. Although he supported the progressive changes in socialist economy, Do Muoi was still skeptical of the new market economy.

Prime Minister Vo Van Kiet was a progressive politician. Before becoming the Prime Minister in 1991, he strongly supported the market economy as Secretary in Ho Chi Minh City. Vo Van Kiet played an important role in the reinforcement of diversification and multilateralization of diplomatic relations with other countries, especially ASEAN and the West.

President Le Duc Anh was elected to the Central Committee of the Communist party in 1976, much later than Do Muoi (1955) and Vo Van Kiet (1960). According to the Constitution amended in 1992, the President is the head of state and has more of a symbolic position in Vietnamese government. However, before Le Duc Anh was elected as president in 1992, he was the Defense Minister and had served a long time on the battlefield of the Vietnam War and the

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<sup>1</sup> Stern, L. M. (1993). *Renovating the Vietnamese Communist Party: Nguyen Van Linh and the programme for organizational reform, 1987-91*. New York: Singapore: St. Martin's Press; Institute of Southeast Asian Studies.

2<sup>nd</sup> Indochina War. His reputation in the military as a veteran general helped to make his presidency go beyond that of a symbolic position. Some observers described Le Duc Anh as the most conservative and Do Muoi acted as a moderator between him and Vo Van Kiet<sup>2</sup>. However, some other observers speculated Vo Van Kiet and Do Muoi opposed each other in the transition (Press, 1988)

Although Do Muoi, Vo Van Kiet, and Le Duc Anh had different backgrounds and political views about socialism, market economy, or the party control over domestic policies, they had consensus in foreign policy during the transition. All three agreed that normalizing relations with China was necessary for Vietnam to get out of its deep economic crisis. In September 1990, the top leaders of both sides had a secret meeting in Chengdu, China. There were many arguments within the Communist Party about the concessions which Vietnam made with China in exchange for the normalization, especially about the designation of new Supreme National Council of Cambodia. This was revealed in Tran Quang Co's book "Memoirs and Thoughts" in 2003. He cited the Prime Minister Vo Van Kiet's words in the meeting of Politburo (on 1991/05/15-17) criticizing the Chengdu agreement which stated "China was always a trap"<sup>3</sup>. Do Muoi claimed that Vietnam should not delay the normalization with China just because of the matter of Cambodia<sup>4</sup>. He also expressed his belief in the comradeship with China and Cambodia.

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<sup>2</sup> Thayer, Carlyle A. & Amer Ramses (1999). *Vietnamese foreign policy in transition*. (1999). New York: St. Martin's Press.

<sup>3</sup> Vo Van Kiet did not join the Chengdu summit. In 1990, he was in the Politburo but was not the Prime Minister. At that time, only the General Secretary Nguyen Van Linh, the Prime Minister Do Muoi and the Advisory Pham Van Dong attended the summit.

<sup>4</sup> Tran, Quang Co. (2003). *Memoirs and Thoughts*.

Consequently, this impatience put Vietnam in a disadvantageous position to negotiate with China for normalization (Tran, 2003).

The division between Vo Van Kiet, as the leader of progressive faction and Do Muoi and Le Duc Anh, as the conservative faction also revealed their strategies toward ASEAN and the West. Vo Van Kiet considered that good relations with ASEAN and other countries in the Pacific regions would be the way to improve relations with the US as well as the Vietnamese economy. He described it as “Blooming Lotus” strategy in which the relations with neighboring countries in ASEAN should be restored first, then China, other countries in Asia – Pacific region, EU, and finally the US (Huy Duc, 2012b). However, as a theorist, Do Muoi stood on the socialist ideology and was skeptical about the relationship with non-communist countries, especially the West. Vo Van Kiet started his premiership with visits to Thai Land and other ASEAN countries in 1991. In the meeting with the former Prime Minister of Singapore Lee Kwan Yew, Vo Van Kiet requested that he visit Vietnam and help with economic development. Do Muoi was discontented Vo Van Kiet’s plea (Huy Duc, 2012b). Vo Van Kiet and Do Muoi also had different views about the human right clauses in the negotiation for the Framework Corporation Agreement with EC. Do Muoi was concerned about party control while Vo Van Kiet did not want to miss the chance to cooperate with EC (Maass, 2012). Vo Van Kiet was also active in the relation normalization with the US in early 1993 and has initiated negotiations for a BTA with the US since 1994 with the support of Senator Ron Brown (Shenon, 1993). Do Muoi and the

conservatives were strongly opposed to the BTA (Huy Duc, 2012b) due to the fear of the expansion of imperialism. The BTA was delayed until 2000.

In conclusion, the division between the progressive and conservative faction within the Communist Party during this term was mitigated by the concern of weak economic performance as well as being isolated by the international community. The leaders reached fundamental agreements on building relationships with ASEAN, the West and the US. However, they were still in disagreement regarding the relationship with China and socialist ideology. Cima and Elliott stated that the conservative faction was not fundamentally opposed to reforms, but was much more fearful of the danger of losing political control over social changes, rather than being optimistic about the economic opportunities (Maass, 2012).

#### 1997 - 2006

General Secretary: Le Kha Phieu (1931 – Present). In office from 1997/12/26 to 2001/04/22

General Secretary: Nong Duc Manh (1940 – Present). In office from 2001/04/22 to 2006/04/25)

President: Tran Duc Luong (1937 – Present). In office 1997/09/24 to 2006/06/26

Prime Minister: Phan Van Khai (1933 – Present). In office 1997/09/25 to 2006/06/27

In 1997, the new leading positions were given to Le Kha Phieu, Tran Duc Luong, and Phan Van Khai in the 8<sup>th</sup> Party Congress. Do Muoi, Le Duc Anh, and Vo Van Kiet stepped down as advisors. However, the new leaders could not acquire the reputation of their predecessors.

The reason, according to Carlyle A. Thayer, is that the new leaders had less experience during the wartime and therefore, their network and connections were not as large and (*Consuming urban culture in contemporary Vietnam*, 2003).

Le Kha Phieu was criticized to be a conservative and pro-China party leader. In February 1999, he had a meeting with Jiang Zemin in Beijing. The leaders of two parties announced a “16-Word Guideline” for the relations in the new century: “Long-term, stable, future-oriented and all-around cooperative relations”. The 16-Word Guideline was followed by the Joint Statement for Comprehensive Cooperation signed in 2000. The Joint Statement has rapidly increased the mutual trade and investment between the two nations. The Joint Statement was accompanied by the Treaty on the Land Border between the Socialist Republic of Vietnam (SRV) and The People’s Republic of China (PRC); the Agreement on the Demarcation of Waters, Exclusive Economic Zones and Continental Shelves in the Beibu Gulf between SRV and PRC; and the Agreement on Fishing Cooperation in the Beibu Gulf between SRV and PRC. After Le Kha Phieu’s visit, the “ideology tool” was used by Beijing as a method to control Hanoi (Huy Duc, 2012b).

Le Kha Phieu was also said to be an anti-imperialist. He was criticized about the postponement in signing BTA with the US, which was originally planned to be signed in 1999.. He stated that when imperialism speeds up trade and services liberalization and the globalization of investments, the rich countries become richer and the gap between rich and poor countries widens (Abuza, 2002). The Prime Minister Phan Van Khai did not strongly support the openness of the economy as the predecessor Vo Van Kiet. But Khai was in favor of

cutting expenses on inefficient state-owned enterprises. Le Duc Anh suggested that the Land Border treaty with China should be signed first. Consequently, the party could not reach a consensus about the BTA with the US within 1999. The BTA was finally signed in 2000, and approved by the Upper House in 2001. According to Huy Duc (2012), each year of delay cost Vietnam more than 1,5 billion USD.

After Le Kha Phieu was ousted in 2001<sup>5</sup>, Nong Duc Manh was elected for the position. Nong Duc Manh was the youngest member of the Politburo. Nong Duc Manh was said to be indecisive, and lacked capability (Huy Duc, 2012b). This weakened the image of the General Secretary, which had been the most powerful position in the party since its establishment. Nong Duc Manh followed the path of Le Kha Phieu in maintaining relationship with China but in a less ambitious way. On his first visit to China after election in 2001, Nong Duc Manh and Jiang Zemin agreed to develop “a long-term stable, future-oriented, good neighborly and all-around cooperative relationship”. China also provided financial help to Vietnam and expressed its interest in mineral mining projects in Vietnam<sup>6</sup>.

Prime Minister Phan Van Khai, as the successor of Vo Van Kiet, was an integrationist. He had been working as the assistant to Vo Van Kiet before and during Kiet’s premiership. Phan Van Khai was considered to be a progressive economist, but lacked decisiveness to be a leader

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<sup>5</sup> See more in *Political Developments in Vietnam: the Rise and Demise of Le Kha Phieu, (1997-2001)*, written by Carlyle A. Thayer, published in “Consuming Urban Culture in Contemporary Vietnam (2003)”

<sup>6</sup> China Provides Financial Help To Vietnam. (2001, December 2). *The New York Times*. Retrieved from <http://www.nytimes.com/2001/12/02/world/china-provides-financial-help-to-vietnam.html>

according to Vo Van Kiet (Huy Duc, 2012b). Under the premiership of Phan Van Khai, many laws have been passed and amended, such as: Law of Investment (2005), Law of Enterprises (2005), and Law of Tendering (2006). Phan Van Khai advocated the development of the private business sector.

The division between Phan Van Khai and Nong Duc Manh was not as strong as it was during the 1990s. During this time, Vietnam has managed to maintain a peaceful relationship with China. However, the pro-China faction emerged with the expansion of China and its economic interest in Vietnam.

#### 2006 - 2011

General Secretary: Nong Duc Manh (1940 – Present). In office (2006/04/25 – 2011/01/19)

President: Nguyen Minh Triet (1942 – Present). In office from 2006/06/27 to 2011/07/25

Prime Minister: Nguyen Tan Dung (1949 – Present). In office from 2006/06/27 to 2011/07/26

This time has been marked by the activeness of Nguyen Tan Dung as the new head of the Government. Beside an indecisive General Secretary and a symbolic President, Nguyen Tan Dung has emerged as an outstanding politician. For the first time in Vietnam's modern history, the Prime Minister surpassed the General Secretary in policy making. According the Carl Thayer, Nguyen Tan Dung succeeded in turning the position of Prime Minister to the most powerful one



in Vietnamese political system (Thanh Phuong, 2011). At the beginning of his premiership, Dung declared that he would finish the five-year plan ahead of the schedule (Huy Duc, 2012b). He advocated the SOEs by signing the Decree No. 101/2009/NĐ-CP to establish 13 state-owned conglomerates<sup>7</sup> in an attempt to boost the economy. There were reports about corruption and inefficiency of these conglomerates (Bruno Philip, 2011). This put much questions on his capability to manage the economy. Nguyen Tan Dung had to face with the criticism and punishment from the party.

During this time, the relationship with China became more complicated due to the closer economic ties for mineral mining in the northern areas and Central Highland, and escalated tension in the South China Sea.

In a meeting between Nong Duc Manh and Hu Jintao in June 2008, the bilateral relations were raised to the level of a strategic partnership. A joint agreement on corporation between China and Vietnam in bauxite industry was issued. After that, an agreement between Aluminum Corporation of China Ltd and Vietnam Coal and Mining Industry Group was signed, opening the door for Chinese investors to enter the mineral mining industry in Vietnam (Duy Hoang, 2009).

On the other hand, the dispute over waters and features in the South China Sea has proved intractable (Thayer, 2008). In April 2006, the 10<sup>th</sup> National Congress of VCP adopted a resolution that Vietnam's maritime areas should be developed with a focus on sectors that

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<sup>7</sup> These conglomerates were originated from the SOEs established under the Decision 91/Ttg dated 1994/03/07. However, the Decree 101/2009/NĐ-CP allows them to operate out of their main business.

have comparative advantages in order to develop a strong maritime, maintain national defense and security in a spirit of international cooperation (Thayer, 2008). The Vietnam People's Army was tasked with defending territorial waters and safeguarding national sovereignty (Thayer, 2008). In the meantime, Hu Jintao introduced the concept of "harmonious world" in the 17<sup>th</sup> party congress October 2007. This new concept consists of several major foreign policies toward Southeast Asian countries. China sought to bolster its influence in the region through economic integration, promote the development of the Greater Mekong Subregion and pan-Beibu Gulf, support ASEAN and other international organizations as long as they were beneficial to itself (Thayer, 2008). China also put much pressure on foreign investors, warning them about the commercial operation in China might suffer if they continue their projects in the disputable areas (Thayer, 2008). In June 2007, Exxonmobile and BP announced to halt their seismic work off southern Vietnam until Sino-Vietnamese tensions subsided<sup>8</sup>. The tension escalated in December 2007 when China decided to create Sansha city with administrative responsibility over the disputed islands in the South China Sea: Paracels, Spratlys, and Zhongsa. On 2011/11/25, Nguyen Tan Dung officially held a discussion session about Vietnam's sovereignty of Spratly Islands and Parcel Islands in the National Assembly meeting and stressed his determination to protect the islands (Hoang Thang & Huu Tung, 2011). In 2009, Vietnam

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<sup>8</sup> BBCVietnamese.com | Việt Nam | Trung Quốc xác nhận đã ép Exxon. (2008, December 22).

ordered from Russia 6 improved Kilo Class fast attack submarines, 12 SU-30MK2 fighters, 2 Gepard Class ASW frigates, 2 Gepard/Dinh Tien Hoang Class surface warfare frigates<sup>9</sup>.

The economic ties and the conflicts over South China Sea put the Vietnamese leaders in a difficult position in the relationship with China.

#### 2011 - Now

General Secretary: Nguyen Phu Trong (2011/01/19 – Now)

President: Truong Tan Sang (2011/07/25 – Now)

Prime Minister: Nguyen Tan Dung (2011/07/26 – Now)

Although Nguyen Tan Dung was strongly criticized for his poor performance in improving the economy, he still survived and was re-elected as the Prime Minister in the 11<sup>th</sup> National Congress in 2011. Nguyen Phu Trong, one of the conservatives and pro-China was elected as the new General Secretary. Truong Tan Sang was elected as President although many observers predicted that he could win the position of head of the government.

Nguyen Tan Dung started his 2<sup>nd</sup> premiership and he has to face with three major issues: the economic growth slowed down in Vietnam with alarming level of corruption; relationship with China was tenser; two stronger rivals within the party.

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<sup>9</sup> Vietnam's Russian Restocking. (n.d.). *Defense Industry Daily*. Retrieved July 19, 2013, from <http://www.defenseindustrydaily.com/vietnam-reportedly-set-to-buy-russian-kilo-class-subs-05396/>

The economic growth has declined from 6.3% in 2008 to 5.3% in 2009, 6.0% in 2011 and 5.0% in 2012<sup>10</sup>. Inflation rate was changing drastically from 23.1% in 2008 to 7.1% in 2009, 8.9% in 2010, 18.7% in 2011 and 9.1% in 2012<sup>11</sup>. There were more than 79,000 companies dissolved in 2011, and 54,000 dissolved in 2012. Millions of workers lost their jobs. Vietnam's Corruption Perceptions Index was downgraded from 116 in 2010 to 123 in 2012. Dispute over land property between farmers and authority has increased and got more serious. Farmers protested and resisted against eviction in Haiphong, Hai Duong, Hung Yen and other provinces.

The relations with China get more complicated with tensions over the disputed islands while the nationalist sentiment in Vietnam runs stronger. The nationalism is mostly related to anti-China sentiment, which is linked to the collective memories of the relations between the two countries, and the disputes over South China Sea. The protest went on in Hanoi and Ho Chi Minh City for weeks and the government had to intervene when China expressed their displeasure about the situation in Vietnam (Nguyen, 2013).

Nguyen Tan Dung was criticized in front of the National Assembly on 2012/10/16, few months after he was re-elected. Some of his powers have been removed. The anti-corruption body vested in the government was resolved. A new agent was established under the supervision of Nguyen Phu Trong. Nguyen Phu Trong is known as a conservative voting for remaining the public ownership in the party congress on 2011/01/18. In early 2012, Nguyen

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<sup>10</sup> Source: The World Bank Group 2013.

Retrieved from <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

<sup>11</sup> Source: The World Bank Group 2013.

Retrieved from <http://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>

Phu Trong publicly criticized the reformers about the request to remove article 4 in the Constitution<sup>12</sup>. On the other hand, while Truong Tan Sang is considered to be the direct rival of Nguyen Tan Dung, they are seen to be alike: “pragmatic, market-oriented, and in favor of steady, incremental advances in Vietnam’s relationship with the United States” (“US embassy cables,” 2011). On 2013/05/31, Nguyen Tan Dung stated the importance of the United States in South China Sea issue in Shangri La Dialogue. In the meantime, in a meeting with Deputy U.S. Trade Representative Demetrios Marantis, Truong Tan Sang affirmed Vietnam to join TPP, the Trans-Pacific Economic Partnership led by the US, which will be discussed in the later part of this paper.

#### [Economic ties with China after normalization](#)

*Vietnam – China trade.* Bilateral trade between China and Vietnam has been growing rapidly from 1992 to 2010 (see Figure 1). After almost 20 years after the normalization, the trade volume between these two countries has increased more than 200 times, from 179 million USD in 1992 to 36,5 billion USD in 2010. However, the trade deficit against China is becoming a more and more serious problem for Vietnam. The trade deficit against China has increased from 33 million USD in 1992 to more than 13 billion USD in 2010, which is about 10% of Vietnamese GDP in 2011 (Doan, 2013). The trade deficit with China was greater than the

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<sup>12</sup> Article 4: The Communist Party of Vietnam, the vanguard of the Vietnamese working class and loyal representative of the interests of the working class, the working people and the whole nation, who adheres to Marxism- Leninism and Ho Chi Minh's thought, is the force assuming leadership of the State and society.

All organizations of the Party shall operate within the framework of the Constitution and the law.

trade deficit with the world of Vietnam in 2011. This implies that Vietnam's trade-driven economic growth is depending heavily on the Chinese suppliers, which is a big problem for Vietnamese economy. Another trade related issue is the trade structure between Vietnam and China. It is apparent that Vietnam is importing electrical, electric equipment, machinery, and chemicals from China (see Figure 3). On the other hand, what Vietnam is exporting to China are raw materials including mineral fuels, oils, wood and agricultural products (see Figure 4). This trade structure implies that Vietnam's economic tie with China is unhealthy and needs improving.

*Investment.* After relation normalization in 1991, the investment from China to Vietnam has increased significantly, including FDI and ODA. Chinese FDI in Vietnam has been increasing since 1998 to 2007 (see Table 6), in which Industries and Construction are the leading sectors (see Table 7). However, if we look at the table of FDI in Vietnam by Partner (see Table 8), China is not the largest investor in Vietnam. Until 2010, China's accumulated investment is about 3 billion USD, much smaller than that of Korea and Taiwan (approximately 23 billion USD) and Japan (20 billion USD).

According to the report "Overview of ODA Mobilization and Usage in Vietnam Period 1993 – 2007" by Ministry of Planning and Investment, there are 51 ODA donors including 28 bilateral and 23 multilateral are implementing regular ODA program in Vietnam (see Table 10). China is not a large ODA donor although it is providing regular assistance to Vietnam with both low-interest loans and non-payment assistance (see Table 9). Ha and Do stated that the impact of China's ODA on Vietnam's socioeconomic development are relatively small (Ha & Dao, n.d.).

The ODA flows from China are mostly invested for heavy industry, power sector, and infrastructure. However, due to the concessional conditionality of ODA, the Chinese contractors are normally granted the project contracts.

The rise of Chinese contractors in infrastructural projects has become a big issue for Vietnam recently (Le, 2013). According to the Finance and Budget Committee of the National Assembly, 90% of the EPC (Engineering/Procurement/Construction) contracts in oil exploitation, chemical production, and power sector in Vietnam is awarded to the Chinese contractors (Hoang, 2010). Currently, there are about 30 Chinese companies implementing important projects in Vietnam (see Table 5).

There are a number of serious problems produced by the increase of the selected Chinese bidders. Firstly, there are concerns about the low quality EPC contracts. There are reports that some technologies being used by Chinese contractors were prohibited in China since 2005 (Le, 2011). Secondly, the limited technical abilities of Chinese contractors are causing delays for the projects or require more maintenance cost for the project owners. Thirdly, the Chinese contractors often require to import equipment and machinery from China instead of using local sources, even the unskilled and illegal workers. There is a great concern among the Vietnamese scholars and experts about social and defense security when thousands of illegal Chinese workers are working in geopolitically important places in Vietnam such as the Central Highlands (Kenneth, 2009).

Although these problems are partly produced from the loopholes in Vietnamese laws and regulations on tendering and foreign workers, it implies that there would be political reasons behind these concessional contracts and loans (Le, 2013).

### TPP and Vietnam's balancing strategy with China

TPP, the Trans-Pacific Strategic Economic Partnership Agreement or TPSEP or P4, is initially a free trade agreement signed in 2005 among 4 countries: Brunei, Chile, New Zealand, and Singapore. Its aim is to enhance the trade liberalization of the economies in the Asia-Pacific region.

TPP becomes a hot trade topic after the United States decided to join the negotiation in 2008. Few months later, Australia, Vietnam, and Peru announced that they would join the trade bloc. Malaysia joined in 2010, followed by Canada and Mexico in 2012. On 2013/03/15, Prime Minister Shinzo Abe officially announced that Japan would join the TPP negotiation. From March 2010 till July 2013, 18 negotiation rounds have been held. Some other countries have also expressed interest in the membership, such as: Taiwan, the Philippines, Laos, Columbia, Costa Rica, Indonesia, and Thailand.

TPP is said to be the new standard for the trade agreement in the future. If enacted, around 11,000 tariff lines would be eliminated among the parties. Moreover, the issue of Intellectual Property Rights, state-owned enterprises, and government procurement will also be discussed and negotiated in the way that it would reduce barriers to trade.



TPP is said to purposely exclude China from its membership although China also expressed its interest in TPP (Holliday, 2013).

Many observers were optimistic that Vietnam is on the right track to balance with China by joining the trade blocs like TPP, RCEP as well as signing trade agreements with Japan, Korea, Chile, Russia and EU.

TPP consists of many Vietnam's major markets and suppliers, such as: the United States, Japan, Singapore, and Malaysia (See Table 11 & 12). Vietnam's exports to TPP countries in 2011 were USD37 Billion, account for 30% of its exports to the world. By 2011, Vietnam's trade surplus with TPP countries was USD8.7 Billion. The biggest market for Vietnam's exports is the US, which brought to Vietnam USD12.4 billion in 2011 (see Table 11). Joining TPP, the elimination of 90% tariff lines could enhance the trade links between Vietnam and TPP countries. Therefore, its trade balance would be improved. This could be seen as an external balancing for Vietnam in the relationship with China. This strategy toward China has been practiced since the premiership of Vo Van Kiet.

Moreover TPP would be a force for Vietnam leaders to accelerate the reformation of its economy, which is the internal balancing (Vuving, 2006). Among 26 provisions of the draft agreement, provision about state-owned enterprise is one of the biggest concerns of Vietnam. Vietnam's bulky state-owned conglomerates were reported to be inefficient although they have preferential access to financial credits. Restructuring these loss-making firms in order to benefit from TPP will help Vietnam to build up a healthier economy. There would be more weight put on developing the private firms. Thus, Vietnam will distance from the socialist economic

ideology, which has been used by China to control over Vietnam since the Nguyen Van Linh's stewardship, then Do Muoi's, Le Kha Phieu's, and recently Nguyen Phu Trong's. Moreover, the provisions on government procurement with strict requirement on transparency of bidding process will also be an opportunity for the foreign firms as well as private companies in Vietnam to win the bid. On the other hand, it will have a great impact on the Chinese firms who recently won many big projects in Vietnam through the political agreements between the party leaders.

## Conclusion

Vuving pointed out four paradigms in Vietnam's strategy toward China during different periods of Vietnamese history: deference, solidarity, enmeshment, and balancing (Vuving, 2006). Through out the history, there is an evolution of Vietnam's China policy from deference in the prehistoric times and solidarity during the Vietnam War and Cold War to enmeshment and balancing after the relations normalization. Although the top party leaders like Do Muoi, Le Kha Phieu, Nong Duc Manh attempted for deference or solidarity in relations with China, they were not successful. The reasons for this, according to Vuving, consist of the China's new policy toward Vietnam and the rise of integrationists within VCP. In a meeting with Le Kha Phieu in 2002, Jiang Zemin jettisoned the idea of brotherhood when proposing that China and Vietnam should be "good neighbors, good friends, good comrades, and good partners" (Vuving, 2006). In addition, the rise of integrationists as Vo Van Kiet, Phan Van Khai, Nguyen Tan Dung, and recently Truong Tan Sang has caused the decline of solidarity and deference toward China. This

has been proved by the recent official visits and partnership agreements between Vietnam and ASEAN, Japan, India, Russia and the warmer relationship with the US.

TPP is one of the important policies of Vietnam in its balancing strategy toward its northern neighbor in the era of rising China. Vietnam had suffered a tough time during 1980s for being isolated from the international community. Integration has been seen as the only solution for the country to get out of poverty. In fact, Vietnam has benefited a lot from the foreign investment and trade links with the world. A wealthier economy and economic relations with diverse partners will help Vietnam be more independent from the Chinese influence.



## Appendices

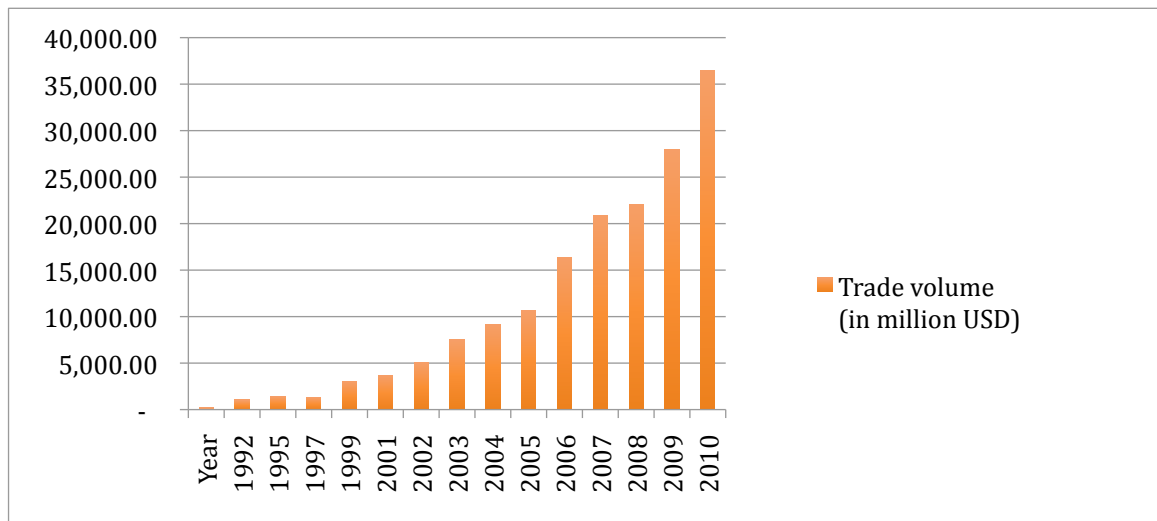


Figure 1 - Bilateral volume between China and Vietnam<sup>13</sup>

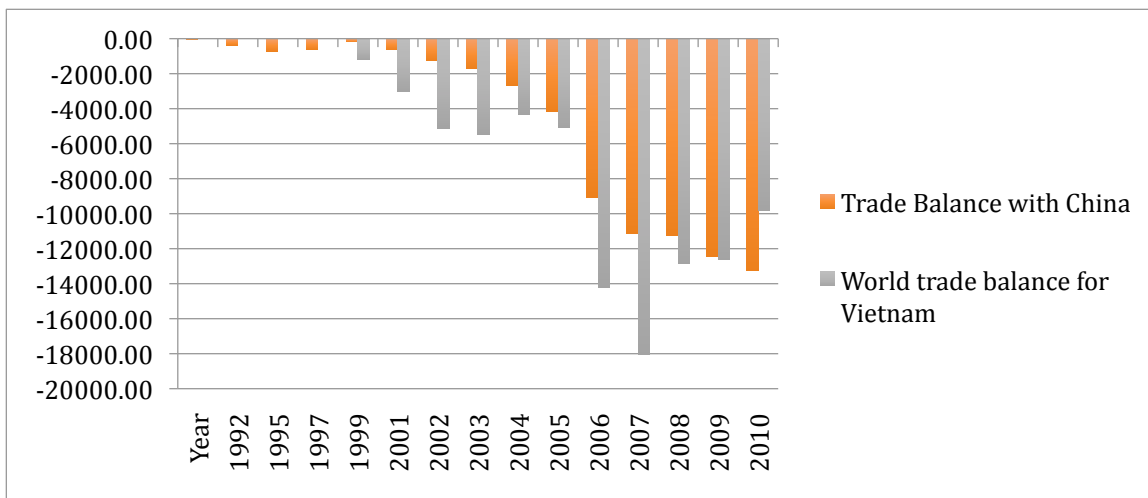


Figure 2 - Vietnam's Trade Balance against China<sup>14</sup>

<sup>13</sup> Data source for trade in 1992 – 1999: Consolidated from World Integrated Trade Solution website (<http://wits.worldbank.org/wits/>). Accessed July 16, 2013. Data for trade in 2001 – 2010: Downloaded from International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013.

<sup>14</sup> Data source for trade in 1992 – 1999: Consolidated from World Integrated Trade Solution website (<http://wits.worldbank.org/wits/>). Accessed July 16, 2013. Data for trade in

Year	Trade volume with China (Million USD)	Trade Balance with China (Million USD)	World trade balance for Vietnam (Million USD)
1992	179.03	-33.62	N/A
1995	1,052.32	-388.21	N/A
1997	1,436.81	-722.63	N/A
1999	1,318.11	-609.56	N/A
2001	3,023.64	-188.81	-1188.739
2002	3,677.17	-640.51	-3039.501
2003	5,021.67	-1255.44	-5106.454
2004	7,494.25	-1695.98	-5483.785
2005	9,146.05	-2653.29	-4313.987
2006	10,634.14	-4148.46	-5064.893
2007	16,356.08	-9063.83	-14203.345
2008	20,823.66	-11123.44	-18028.699
2009	22,076.25	-11270.30	-12852.536
2010	27,946.59	-12460.69	-12601.888
2011	36,479.72	-13253.07	-9844.18

Table 1 - Vietnam's Trade with the world<sup>15</sup>

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2001 – 2010: Downloaded from International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013.

<sup>15</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013.

Product label	Viet Nam's imports from China				
	Value in 2007	Value in 2008	Value in 2009	Value in 2010	Value in 2011
All products	12709953	15973552	16673276	20203643	24866392
Electrical, electronic equipment	1798476	2414920	3487441	3925966	5440977
Machinery, nuclear reactors, boilers,	1802910	2753020	3261152	3663629	4415498
Mineral fuels, oils, distillation products	795953	982435	1772307	1740815	2045581
Iron and steel	2408479	2474287	844677	1561683	1546384
Fertilizers	589184	720704	596644	603942	879035
Manmade staple fibers	566605	596942	470743	645682	870643
Cotton	400542	496672	482943	636236	813442
Plastics and articles thereof	294955	374309	391022	608755	809577
Knitted or crocheted fabric	184902	223406	353989	573444	690651
Articles of iron or steel	322842	386872	412655	555000	610359
Organic chemicals	158911	212333	273731	345283	456413
Miscellaneous chemical products	245517	298558	315963	382272	430871
Manmade filaments	157436	184667	190117	296167	387158
Vehicles other than railway, tramway	386050	541430	394728	376786	385845
Inorganic chemicals, precious metal compound, isotopes	231468	332125	233414	293741	370186
Optical, photo, technical, medical, apparatus	124958	217038	247700	302845	297336
Commodities not elsewhere specified	202596	324801	235254	196045	289862
Aluminum and articles thereof	120596	159720	109731	190235	283731
Impregnated, coated or laminated textile fabric	105681	129765	146784	204262	268711

Table 2 - Vietnam's Import from China (2007-2011)<sup>16</sup>

<sup>16</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013.

Product label	Viet Nam's exports to China (thousand USD)				
	Value in 2007	Value in 2008	Value in 2009	Value in 2010	Value in 2011
All products	3646128	4850110	5402978	7742950	11613324
Mineral fuels, oils, distillation products	978549	1372409	1567015	1728921	2855909
Rubber and articles thereof	869118	1091028	892360	1472361	2032195
Electrical, electronic equipment	115751	201842	301680	638487	1011694
Wood and articles of wood, wood charcoal	156076	136508	183372	378838	596062
Edible fruit, nuts, peel of citrus fruit, melons	190107	273771	309306	303134	478762
Cotton	14224	85679	190168	330735	467014
Machinery, nuclear reactors, boilers	104655	225593	162517	362765	456871
Milling products, malt, starches, inulin, wheat gluten	143292	148077	213210	318921	455035
Commodities not elsewhere specified	176381	233870	365690	377035	424916
Edible vegetables and certain roots and tubers	177991	125548	295368	200285	407683
Footwear, gaiters and the like, parts thereof	71182	111950	101559	159103	257646
Fish, crustaceans, molluscs, aquatic invertebrates	85013	89859	124557	162055	246518
Sugars and sugar confectionery	9374	10439	17158	37944	208927
Cereals	16935	1530	8297	55569	160721
Ores, slag and ash	133679	134092	109713	108765	131514
Plastics and articles thereof	25603	30774	45733	89930	104183
Articles of apparel, accessories, not knit or crochet	13187	12917	14414	29340	99739
Manmade filaments	16213	23433	29827	32385	93804
Raw hides and skins (other than fur skins) and leather	52788	96714	49341	79935	82180

Table 3 - Vietnam's Exports to China (2007-2011)<sup>17</sup>

<sup>17</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013



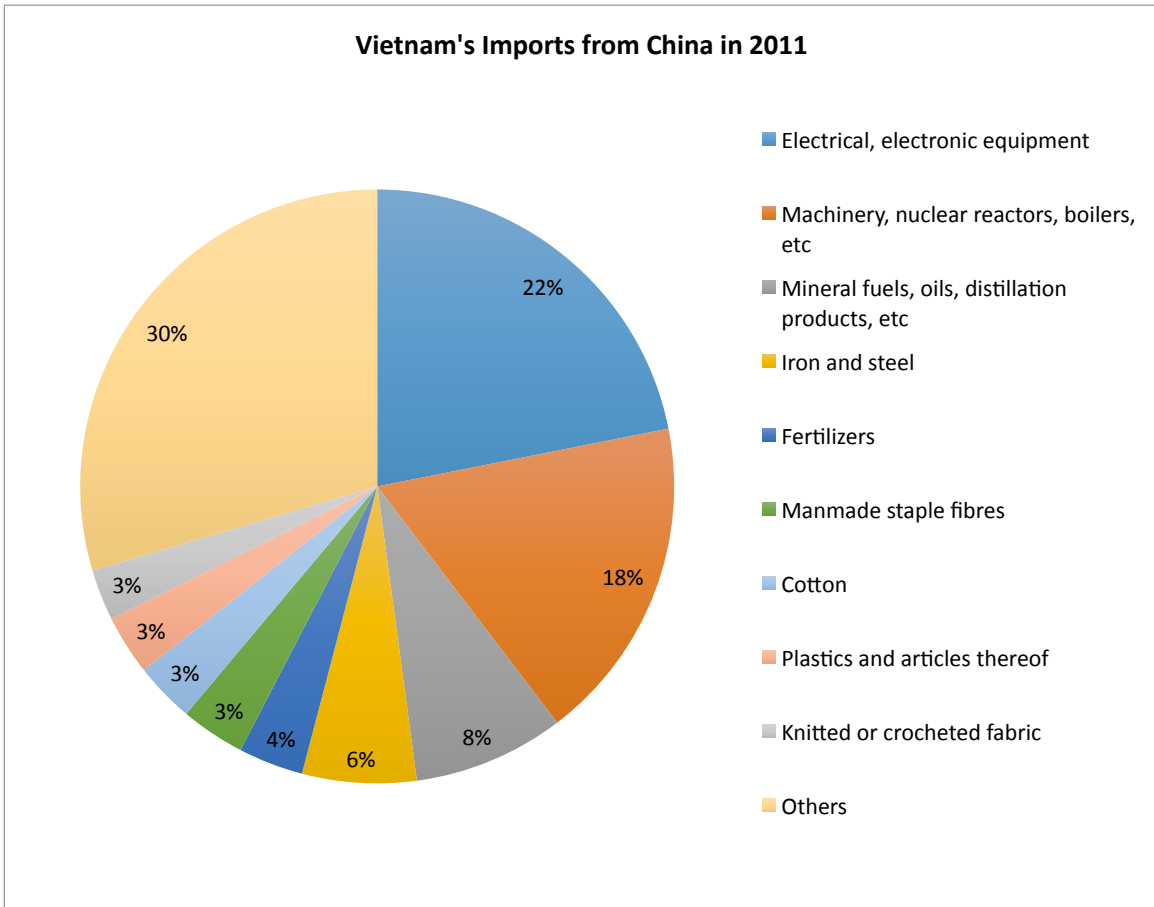


Figure 3 - Vietnam's Imports from China in 2011<sup>18</sup>

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<sup>18</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013

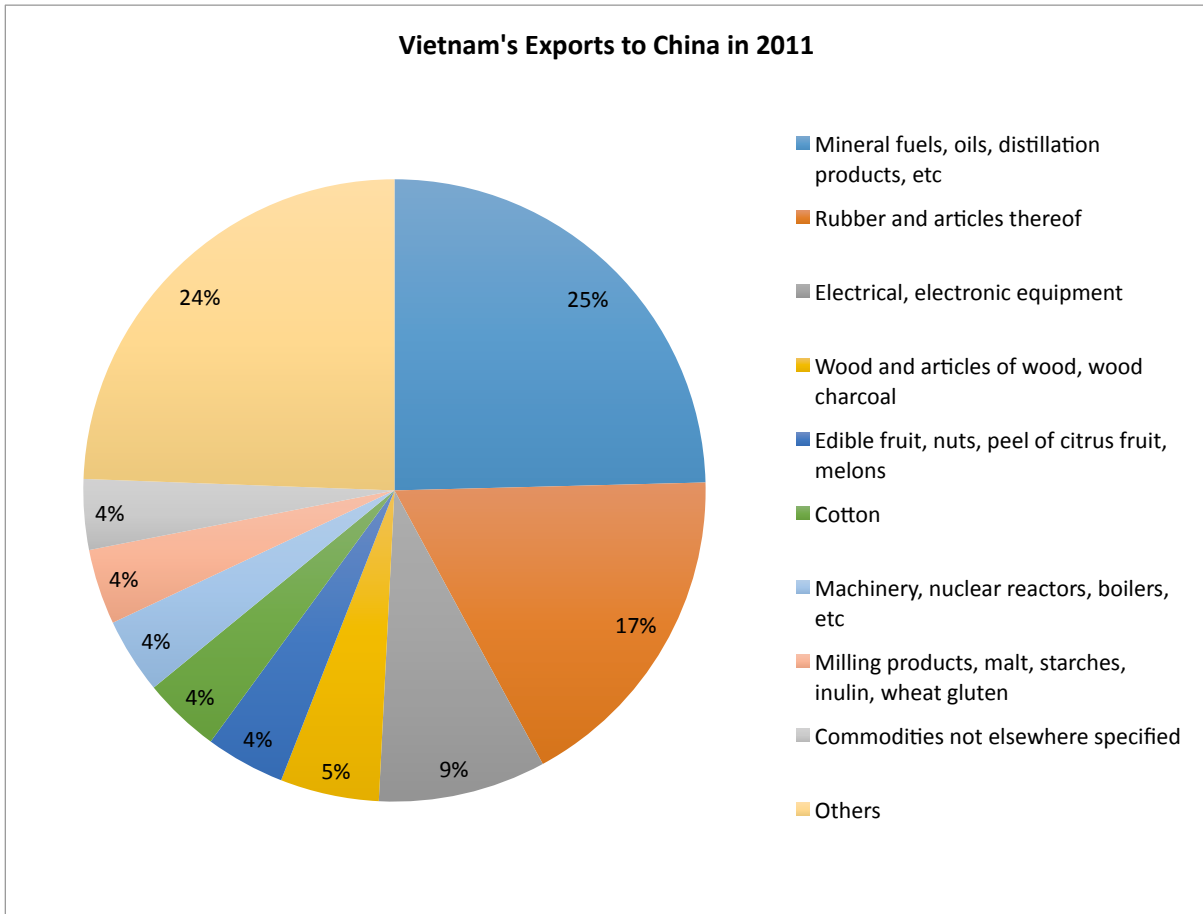


Figure 4 - Vietnam's Exports to China in 2011<sup>19</sup>

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<sup>19</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013

No.	Exporters	Imported value in 2007	Imported value in 2008	Imported value in 2009	Imported value in 2010	Imported value in 2011
1	China	12,709,953	15,973,552	16,673,276	20,203,643	24,866,392
	<b>Total Imports from TPP countries</b>	<b>19,602,727</b>	<b>24,997,894</b>	<b>19,229,083</b>	<b>22,915,729</b>	<b>28,821,718</b>
3	Japan	6,188,907	8,240,307	7,468,092	9,016,086	10,400,666
5	Singapore	7,613,746	9,377,975	4,248,356	4,101,145	6,390,575
7	United States of America	1,700,464	2,652,015	3,019,430	3,779,836	4,555,260
8	Malaysia	2,289,912	2,596,052	2,504,735	3,413,393	3,919,720
12	Australia	1,059,376	1,357,897	1,050,035	1,443,642	2,123,283
29	New Zealand	246,358	237,181	249,663	352,968	383,946
31	Canada	287,196	297,844	300,219	349,315	342,136
32	Chile	110,051	104,390	147,189	291,231	335,728
39	Brunei Darussalam	-	1,498	-	10,006	189,178
52	Mexico	58,732	61,616	163,585	89,148	91,346
53	Peru	47,985	71,119	77,779	68,959	89,880

Table 4 –Vietnam’s imports from China and TPP countries (Thousand USD)<sup>20</sup>

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<sup>20</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013

Projects	Contractors	Tender Price (Million USD)
1. Haiphong Thermal Plant 2. Quang Ninh Thermal Plant 3. Cam Pha Thermal Plant 4. Son Dong Thermal Plant 5. Vinh Tan 2 Thermal Plant	Shanghai Electric Group; Dong Phuong Group	2,800
6. Kien Luong Thermal Plant	Tan Tao Group	2,000
7. Lam Dong Bauxite Aluminum	Chalieco Group	466
8. Alumin Nhan Co - Dak Nong	Chalieco Group	499.2
9. Ca Mau Fertilizer Plant	China National Machinery Imports; Exports and Wuhuan Engineering	900

Table 5 – Important Projects Awarded to Chinese Contractors (2007-2010)<sup>21</sup>

Year	Number of Projects	Registered Capital (million USD)
1998	61	120
2001	110	221
2004	391	774.9
2005	40	65.8
2006	77	401.3
2007	550	1,792

Table 6 - Number of China's FDI Projects in Vietnam<sup>22</sup>

<sup>21</sup> Source: VEPR, downloaded from VnExpress <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/viet-nam-ngay-mot-thua-thiet-khi-buon-ban-voi-trung-quoc-2721760-p3.html>. Accessed on July 16, 2013.

<sup>22</sup> Ha, T. H. V., & Dao, T. S. (n.d.). *Vietnam-China Trade, FDI and ODA Relations (1998-2008) and the Impacts upon Vietnam*. Institute of Developing Economies, Japan External Trade Organization. Retrieved from [http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01\\_vietnamandchina.pdf](http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_vietnamandchina.pdf)

Industry	No. of Project	Total Investment Capital	Disbursements
Industries and Construction	319	861,234,569	154,365,481
Light Industry	85	165,197,052	46,271,545
Heavy Industry	183	602,196,026	80,899,692
Food Processing Industry	21	23,733,718	9,183,636
Construction	30	70,107,773	18,010,608
Agriculture- Forestry- Aquatic	61	113,317,157	38,439,307
Agriculture & Forestry	50	84,822,151	29,608,443
Aquatic	11	28,495,006	8,830,864
Services	54	206,835,869	51,164,546
Service	19	17,194,421	1,026,325
Transportation & Telecommunication	7	5,735,000	772,400
Hotel & Tourism	7	51,188,448	5,032,340
Finance-Banks	1	15,000,000	-
Culture, Health Care & Education	16	22,218,000	6,650,253
Office & House Rental	3	40,000,000	17,616,214
Industrial zones, Export Processing Zones	1	55,500,000	20,067,014
Total	434	1,181,387,595	243,969,334

Table 7 - China's FDI in Vietnam by Sector in 2007<sup>23</sup>

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<sup>23</sup> Ha, T. H. V., & Dao, T. S. (n.d.). *Vietnam-China Trade, FDI and ODA Relations (1998-2008) and the Impacts upon Vietnam*. Institute of Developing Economies, Japan External Trade Organization. Retrieved from:

NO.	Partner	Number of Projects	Registered Capital (USD)	Authorized Capital (USD)
1	Korea	2,605	22,905,303,342	7,788,624,581
2	Taiwan	2,132	22,785,716,983	9,227,306,474
3	Japan	1,262	20,528,621,982	5,655,176,624
4	Malaysia	361	18,340,479,000	3,942,600,908
5	Singapore	846	17,677,296,429	5,620,741,339
6	United States of America	546	16,447,988,140	3,290,909,306
7	British Virgin Islands	476	13,874,878,101	4,499,321,435
8	Hong Kong	599	7,758,052,633	2,759,363,424
9	Cayman Islands	48	7,242,982,851	1,413,247,618
10	Thailand	236	5,751,710,540	2,441,314,644
11	The Netherlands	136	5,236,653,491	2,273,283,084
12	Brunei	108	4,725,917,090	966,612,288
13	Canada	99	4,609,175,817	979,051,348
14	China	741	3,171,148,585	1,480,104,482
15	France	305	2,941,345,770	1,539,997,104

Table 8 - FDI in Vietnam by Partner (Until 2010/10/20)<sup>24</sup>

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[http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01\\_vietnamandchina.pdf](http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_vietnamandchina.pdf)

<sup>24</sup> Ha, T. H. V., & Dao, T. S. (n.d.). *Vietnam-China Trade, FDI and ODA Relations (1998-2008) and the Impacts upon Vietnam*. Institute of Developing Economies, Japan External Trade Organization. Retrieved from

[http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01\\_vietnamandchina.pdf](http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_vietnamandchina.pdf)

Year	Type of ODA	Value	Type of Expenditure
1997	Loan	200 million Yuan	Wood Manufacturing Technology
1998	Non-Payment Assistance	10 million Yuan	Construction of Ho Chi Minh Political Academy Hostel
2000	Non-Payment Assistance & Non-Interest Loan	55.2 billion US\$	Extension of Thai Nguyen Iron & Steel Corporation and Ha Bac Fertilizer & Chemical Factory
2000	Non-Payment Assistance & Non-Interest Loan	32.28 million US\$	Upgrade Bac Giang Fertilizer and Chemical Factory
2001		40.5 million US\$	Sinh Quyen Copper Mine Project
2001	Non-Payment Assistance	130 million Yuan	Construction of Vietnam-China Friendship Palace; Economic Co-operations <sup>1</sup>
2002	Low Interest Payment Loan	85.5 billion US\$	Cao Ngan, Thai Nguyen Thermo-Electric Factory
2003	Loan	600 million Yuan	Northern railway information system modernization
2005	Loan and Non-Payment Assistance	60 billion Yuan and 975 billion VND	Vinh-Saigon Railway Signal Information Modernization Project; Ho Chi Minh National Political Academy Student Hostel
2006	Loan and Non-Payment Assistance	225 million US\$ and 50 billion Yuan	Cam Pha 1 Thermo-electric Factory; Training Vietnamese Officials.
2007	Loan	2.6 billion US\$ and 2.000 trillion VND	Economic Contracts <sup>1</sup> ; Development Telecommunications.

Table 9 - Forms of China's ODA in Vietnam (1997-2007)<sup>25</sup>

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<sup>25</sup> Ha, T. H. V., & Dao, T. S. (n.d.). *Vietnam-China Trade, FDI and ODA Relations (1998-2008) and the Impacts upon Vietnam*. Institute of Developing Economies, Japan External Trade Organization. Retrieved from

Bilateral donors	Ireland, Britain, Austria, Poland, Belgium, Canada, Kuwait, Denmark, Germany, Netherlands, South Korea, Hungary, Italy, Luxembourg, the United States of America, Norway, Japan, New Zealand, Australia, Finland, France, the Czech Republic, Spain, Thailand, Sweden, Switzerland, China and Singapore and other international financing institutions and funds; international and inter-government organizations
International Financing Institutions and Funds:	The World Bank Group (WB), the International Monetary Fund (IMF), the Asian Development Bank (ADB), the Nordic Investment Bank (NIB), the Nordic Development Fund (NDF), the OPEC Fund for International Development (OFID or OPEC formerly), and the Kuwait Fund.
International and inter-governmental organizations:	The European Commission (EC), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Fund for Population Activities (UNFPA), the United Nations Industrial Development Organization (UNIDO), the United Nations Development Programme (UNDP), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Office on Drugs and Crime (UNODC), the United Nations Capital Development Fund (UNCDF), the Global Environment Facility (GEF), the United Nations Children's Fund (UNICEF), the International Fund for Agricultural Development (IFAD), the United Nations Education, Science and Culture Organization (UNESCO), the International Labour Organization (ILO), the United Nations Food and Agriculture Organization (FAO), and the World Health Organization (WHO).

Table 10 - List of Regular ODA Donors to Vietnam<sup>26</sup>

[http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01\\_vietnamandchina.pdf](http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_vietnamandchina.pdf)

<sup>26</sup> "Overview of ODA Mobilization and Usage in Vietnam Period 1993 – 2007". Ministry of Planning and Investment of Vietnam.



Year	Vietnam's Trade Balance with China	Vietnam's Trade Balance with the US	Vietnam's Trade Balance with Japan	Vietnam's Trade Balance with TPP	Vietnam's Trade Balance with the world
2001	-188,806	654,354	326,720	160,060	-1,188,739
2002	-640,506	1,994,595	-67,694	1,150,708	-3,039,501
2003	-1,255,438	2,795,444	-73,459	1,621,487	-5,106,454
2004	-1,695,975	3,889,224	-10,463	2,774,759	-5,483,785
2005	-2,653,285	5,062,185	266,155	4,983,960	-4,313,987
2006	-4,148,464	6,862,627	537,967	5,451,227	-5,064,893
2007	-9,063,825	8,410,964	-98,929	5,220,037	-14,203,345
2008	-11,123,442	9,250,819	227,443	5,747,045	-18,028,699
2009	-11,270,298	8,396,188	-1,132,490	5,970,915	-12,852,536
2010	-12,460,693	10,471,014	-1,288,426	7,541,419	-12,601,888
2011	-13,253,068	12,415,162	691,047	8,702,124	-9,844,180

Table 11 - Vietnam's Trade Balance by Partner (thousand USD)<sup>27</sup>

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<sup>27</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013

No.	Importers	Exported value in 2007	Exported value in 2008	Exported value in 2009	Exported value in 2010	Exported value in 2011
2	China	3646128	4850110	5402978	7742950	11613324
	<b>Total in TPP</b>	<b>24822764</b>	<b>30744939</b>	<b>25199998</b>	<b>30457148</b>	<b>37523842</b>
1	United States of America	10111428	11902834	11415618	14250850	16970422
3	Japan	6089978	8467750	6335602	7727660	11091713
6	Malaysia	1554974	2030402	1775157	2093118	2770808
7	Australia	3802213	4351580	2386092	2704004	2601965
12	Singapore	2234386	2713824	2075621	2121314	2149252
26	Canada	539178	656384	638506	802058	969409
30	Mexico	360381	436442	359090	488829	589749
47	New Zealand	67051	76642	70504	122645	151377
51	Chile	46704	68892	110520	94099	137535
62	Peru	16471	35697	25598	38336	76250
100	Brunei Darussalam	0	4492	7690	14235	15362

Table 12 - Vietnam's Export to China and TPP Countries (thousand USD)<sup>28</sup>

<sup>28</sup> Source: International Trade Centre website (<http://www.intracen.org>). Accessed on July 16, 2013

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