From ‘Rebalance to Asia’ to ‘Free and Open Indo-Pacific’: The Development of the U.S.-Vietnam Comprehensive Partnership

BICH T. TRAN

SUMMARY  Under the Obama administration’s Rebalance to Asia, Vietnam gradually gained importance in U.S. foreign policy as the two countries formed a “comprehensive partnership” in 2013. Despite the Trump administration’s America First policy, the United States prioritizes its partnerships with Vietnam and other Southeast Asian countries in its Free and Open Indo-Pacific Strategy. While a common concern about China’s behavior in the South China Sea has facilitated the growth of U.S.-Vietnam relations, the foundation of the relationship is cooperation on Vietnam War legacy issues. The two countries have made remarkable progress in advancing diplomatic, economic, and defense ties regardless of remaining challenges. The year 2020 would be ideal for the United States and Vietnam to upgrade the relationship to a “strategic partnership”: it marks the 25th anniversary of the normalization of bilateral relations, Hanoi’s ASEAN chairmanship, and the start of Vietnam’s term as a non-permanent member of the United Nations Security Council.
Despite significant differences in political ideologies and systems, the U.S. and Vietnam have vowed to deepen their relationship.

The relationship between the United States and Vietnam has transformed from former enemies to partners. In 1994, Washington lifted the trade sanctions it had imposed against Hanoi since the end of the war in Vietnam. The gesture paved the way for the two nations’ normalization of diplomatic relations in 1995 and establishment of military-to-military ties in 1996. Despite significant differences in political ideologies and systems, the U.S. and Vietnam have vowed to deepen their relationship.

Under the Obama administration’s Rebalance to Asia strategy, Vietnam gradually gained importance in U.S. foreign policy. The 2012 National Defense Strategy emphasized the “necessity of a rebalance toward the Asia-Pacific region.” However, there was no mention of Vietnam or Southeast Asia in the 16-page guidance. After three years of implementing and advancing the Rebalance to Asia strategy, the United States had deepened partnerships with Asian countries. The 2015 National Security Strategy highlighted U.S. partnerships with Vietnam, Indonesia, and Malaysia. Over the past few years, cooperation between the United States and Vietnam has expanded across the board.

However, changes in U.S. foreign policy under the Trump administration have raised questions about the trajectory of U.S.-Vietnamese relations. The first major change is Trump’s America First policy, in which the president has repeatedly called for deep cuts to foreign assistance since he took office. For example, Trump sought to reduce funds for the U.S. Agency for International Development (USAID) by nearly a third in 2017 and 2018. Meanwhile, USAID has been involved in dioxin remediation and mine clearing in Vietnam for the past two decades. President Trump also emphasizes fair and reciprocal trade, while Vietnam has a significant trade surplus with the United States. Soon after he took office in January 2017, the president withdrew the United States from the Trans-Pacific Partnership (TPP), of which Vietnam was a member.

The second change in U.S. foreign policy under the Trump administration was the introduction of the Indo-Pacific Strategy, which emphasizes free and open values and highlights the relationship with three like-minded democracies: Australia, Japan, and India (with the United States, the four are known as the Quad). Meanwhile, Vietnam is a socialist country ruled by a communist party. Given these changes, has Vietnam’s significance in U.S. foreign policy decreased? What are the prospects for a U.S.-Vietnam “strategic partnership”?

### U.S.-Vietnam Relations Under the Trump Administration

Close ties with Australia, Japan, and India are central to the U.S. Indo-Pacific Strategy, and Vietnam’s significance to U.S. foreign policy can be evaluated not only in terms of the bilateral U.S.-Vietnam relationship, but also through Vietnam’s relationship with the other Quad members. Hanoi has established and strengthened strategic partnerships with Tokyo, New Delhi, and Canberra. Therefore, a closer relationship with Hanoi is part of Washington’s strategy and expectations.

The Trump administration has made several moves to strengthen ties with Hanoi. The two sides promised to enhance their “comprehensive partnership” in a joint statement issued in 2017. The U.S. 2017 National Security Strategy saw Vietnam, Indonesia, Malaysia, and Singapore as growing security and economic partners and pledged to strengthen U.S. partnerships with the Southeast Asian countries. The U.S. 2018 National Defense Strategy further stressed U.S. commitment for greater defense cooperation and military investment with its allies and partners, including Vietnam. In its 2019 Indo-Pacific Strategy Report, the United States reaffirmed its commitment to deepen security relationships with its partners and prioritized new relationships with Vietnam, Indonesia, and Malaysia (in this order). Interestingly, the sequence in which the three countries are listed is not based on alphabetical order or on the years in which the partnerships were signed (the United States signed comprehensive partnerships with Indonesia in 2010, Vietnam in 2013, and Malaysia in 2014).

In terms of U.S. assistance to Vietnam, despite President Trump’s desire to cut U.S. foreign assistance, the U.S. Congress has consistently provided funding for post-war demining and dioxin decontamination in Vietnam. The 2017–2019 Congress authorized the Secretary of Defense to contribute an additional $15 million to USAID funding for dioxin cleanup in Vietnam. The Maritime Security Initiative, which aims to help Southeast Asian coun-
tries—including Vietnam—strengthen their maritime domain awareness capabilities, remains intact.

**Partnerships**

Strategic partnerships can be understood as a security practice although such partnerships do not always lead to alignments. The main purposes of strategic partnerships are to address common challenges and seize joint opportunities, rather than countering a specific country or group. Strategic partnerships are flexible, non-binding, and multidimensional in nature. Therefore, participating countries can gain benefits, such as economic or security assistance, without risk of entrapment or loss of autonomy. These features make strategic partnerships more attractive than alliances, and as a result, they have proliferated in recent years.

The practice is not new for Vietnam. The country entered its first strategic partnership with Russia in 2001, and since then has established 16 strategic partnerships and 12 comprehensive partnerships. Without providing any official definition, the Vietnamese government has articulated that a comprehensive partnership is generally at a lower level than a strategic partnership, although comprehensive partnerships with some countries may be at a higher level than strategic partnerships with others. Meanwhile, U.S. government officials say that there is no difference between the two terms. The United States appears to view strategic partnerships and their variations as defense-security agreements, while Vietnam views strategic partnerships more broadly.

The U.S.-Vietnam Comprehensive Partnership was established in July 2013 by President Truong Tan Sang and President Barack Obama at the White House. There are nine areas of cooperation: political and diplomatic relations; trade and economic ties; science and technology; education and training; environment and health; war legacy issues; defense and security; protection and promotion of human rights; and culture, sports, and tourism. While some of these areas are similar to those found in other U.S. partnerships, human rights and war legacy issues are unique to U.S.-Vietnam relations. Unlike the principles of U.S. partnerships with other countries, which are founded on the shared values of freedom, pluralism, tolerance, democracy, and respect for human rights, the underpinning principles of the U.S.-Vietnam Comprehensive Partnership highlight respect for each other’s political systems, independence, sovereignty, and territorial integrity. This means that Vietnam’s political system should not be seen as a major hindrance to advancing future ties. It also indicates U.S. willingness to engage Vietnam more strategically, particularly in the context of the Obama administration’s Rebalance to Asia strategy. Hanoi’s preference for a “comprehensive partnership” rather than a “strategic partnership” with Washington indicates that there is room for the U.S.-Vietnam Comprehensive Partnership to grow.

Close ties between the United States and Vietnam are beneficial to both sides. Given China’s growing assertiveness in the South China Sea and Vietnam’s dependence on the Chinese economy, a strong relationship with Washington is a significant component of Hanoi’s hedging strategy in dealing with Beijing and managing its relations with other major powers. In terms of security, stronger defense ties with the United States can help Vietnam better defend its sovereignty. Economically, the United States is the biggest market for Vietnamese goods. Furthermore, a strong relationship with Washington can help Hanoi enhance its position in international affairs. For the United States, China’s actions in the South China Sea challenge freedom of navigation—on which the economies of the United States and its Indo-Pacific allies largely depend. Helping Vietnam to strengthen its maritime enforcement capability is in the strategic and economic interests of the United States. Therefore, the two sides have come together at a quick pace.

**Foundation of the U.S.-Vietnam Relationship**

Although a common concern about China’s behavior in the South China Sea has facilitated the growth of U.S.-Vietnam relations, the foundation of the relationship comprises more than strategic considerations. It is the cooperation on war legacy issues that played an important role in the reestablishment of diplomatic relations and led to the development of a comprehensive partnership between the two nations.

During and after the war, the Vietnamese government—systematically located, recovered, and stored remains of U.S. soldiers. Since 1983, Vietnam has unilaterally returned the remains of hundreds of
Americans, which is most welcomed and encouraged by the United States. With the establishment of the comprehensive partnership, Hanoi has increased U.S. access to archives related to U.S. personnel missing in action (MIA). Washington has reciprocated by giving Vietnamese authorities access to U.S. records to help with their search for Vietnamese MIA. Although the number of U.S. remains repatriated has not met U.S. expectations, Vietnam’s voluntary effort to locate and return U.S. remains was a considerable factor in rebuilding diplomatic relations.

The second war legacy is unexploded ordnance (UXO) left in Vietnam after the war. Since 1993, the United States has provided UXO assistance to Vietnam through various channels, including the Centers for Disease Control and Prevention, the Department of Defense, the Department of State, and USAID. In December 2013, the two countries signed a memorandum of understanding on cooperation to overcome the effects of UXO in Vietnam. As of 2017, the United States had provided $119 million for mine clearance, capacity building programs, and medical assistance and vocational training for Vietnamese victims. The United States is currently the largest mine action donor to Vietnam. It is believed that U.S. UXO assistance most likely has been a factor in building trust between the two governments.

The last war legacy issue is the use of dioxin, commonly known as Agent Orange, by U.S. troops in Vietnam. Even though the U.S. government has never officially admitted liability, the U.S. Congress appropriated a total of $255 million for dioxin remediation and health and disability programs from 2007 to 2019, usually with more funds for the former than for the latter. Regarding dioxin decontamination efforts, from 2012 to 2018, the U.S. government spent about $116 million to clean Da Nang International Airport. In April 2019, the United States launched a $183 million project to clean Bien Hoa Air Base, which is the “largest remaining hotspot of dioxin contamination” in Vietnam. U.S. assistance for dioxin decontamination likely contributed to the two nations’ move to a comprehensive partnership.

**Priorities in the Relationship**

Among the nine areas of cooperation, political and diplomatic ties, economic ties, and defense and security cooperation are particularly significant. The United States and Vietnam have affirmed and reaffirmed their commitment to enhance political and diplomatic relations. President Truong Tan Sang visited the White House in July 2013, when he and President Obama signed the U.S.-Vietnam Comprehensive Partnership. In 2015, coinciding with the 20th anniversary of the establishment of diplomatic relations between the United States and Vietnam, General Secretary Nguyen Phu Trong paid a historic visit to the United States, the first visit by a leader of the Vietnamese Communist Party. In May 2016, President Obama paid an official visit to Vietnam right before the G7 summit in Japan. President Donald Trump hosted Prime Minister Nguyen Xuan Phuc at the White House in May 2017, and the two leaders issued a joint statement for enhancing the comprehensive partnership. In November 2017, President Trump paid a state visit to Hanoi after attending the APEC summit in Da Nang. When he came to Hanoi for the second North Korea-U.S. summit in February 2019, the U.S. president invited General Secretary and President Trong for an official visit. Trade and economic ties are the engine for U.S.-Vietnam relations. The trade sanctions imposed by the United States against Vietnam were lifted in 1994, and the two countries agreed on a bilateral trade agreement in 2001. Since then, bilateral trade grew from $1.5 billion in 2000 to $59 billion in 2018. The United States is now Vietnam’s third largest trading partner (after China and South Korea), and the United States is Vietnam’s biggest export market.

**Fastest-Growing Area of Cooperation**

The first bilateral Political, Security, and Defense Dialogue between the U.S. Department of State and Vietnam’s Ministry of Foreign Affairs, at vice-ministerial level, took place in 2008. Two years later, the two countries introduced an annual Defense Policy Dialogue between the U.S. Department of Defense and Vietnam’s Ministry of Defense, also at vice-ministerial level. In 2011, Washington and Hanoi signed a memorandum of understanding (MOU) on defense cooperation that includes security assistance and educational exchange between the U.S. and Vietnamese militaries. The two countries’ coast guards signed an agreement in 2013 that paved the way for the U.S. Coast Guard to
provide formal training and curriculum development assistance to the Vietnamese Coast Guard. The focus of defense and security cooperation during this period was on search and rescue, disaster response, and non-traditional security matters. Since 2014, U.S.-Vietnam defense ties have grown dramatically. During his visit to Hanoi in 2016, President Obama lifted the ban on lethal weapons sales to Vietnam. Earlier, Vietnamese leaders had repeatedly said they did not regard military ties with the United States as fully normalized as long as the lethal weapons ban remained in place. In March 2018, the USS Carl Vinson arrived in Da Nang, marking the first U.S. aircraft carrier visit to Vietnam since the end of the Vietnam War in 1975. U.S. Defense Secretary Jim Mattis visited Vietnam in January and October 2018, making Vietnam the first country in the region to be visited twice in one year by a U.S. defense chief.

The United States has provided defense assistance to improve Vietnam’s law enforcement capability and maritime security. For example, the U.S. Coast Guard transferred the first major piece of defense equipment, a Hamilton-class cutter, to the Vietnam Coast Guard in May 2017. From 2017 to 2019, Washington provided 18 “Metal Shark” patrol boats to Hanoi. Maritime security cooperation has demonstrated the growth of U.S.-Vietnam defense relations.

**Evolution of the Partnership**

Political and diplomatic relations have remained the top priority in the bilateral relationship as the two countries agreed and reaffirmed their commitment to intensify high-level contacts and cooperation mechanisms. Trade and economic ties continue to be the engine for U.S.-Vietnam relations, but the agendas have changed considerably from the Obama administration to the Trump administration. The former committed to conclude the TPP, while the latter emphasized mutually beneficial economic ties, favorable conditions for foreign companies, and protecting and enforcing intellectual property.

Regarding the South China Sea disputes, the 2013 U.S.-Vietnam joint statement for establishing the comprehensive partnership merely endorsed the full observance of the Declaration of Conduct of Parties in the South China Sea and the importance of concluding a binding code of conduct. The 2017 statement for enhancing the comprehensive partnership stressed the importance of freedom of navigation and overflight and raises concern about unlawful restrictions to the freedom of the seas. The statement further criticized the militarization of disputed features and calls for “all parties concerned to implement their international legal obligations in good faith in any resolution to these disputes.” Although the statement did not mention any name, it clearly referred to China’s activities in the South China Sea and the 2016 tribunal ruling in the arbitration instituted by the Philippines against China. Especially, since the Vanguard Bank standoff, in which the Chinese survey ship Haiyang Dizhi 8 and its armed escorts entered Vietnam’s claimed exclusive economic zone (EEZ) in early July 2019, the United States has issued a series of strong statements criticizing China for its coercion and interference with Vietnam’s long-standing oil and gas activities. Under the 1982 Law of the Sea Convention, Vietnam has the right to undertake economic activities in its EEZ. However, Beijing has pressured Hanoi to cease its contracts with Russian energy firms and other international partners. The fastest-growing area of bilateral cooperation is defense and security. In the 2013 joint statement for establishing the comprehensive partnership, defense and security ranked number seven as an area of concern, focusing on search and rescue, disaster response, and non-traditional security matters. In the 2017 joint statement for enhancing the comprehensive partnership, defense and security cooperation moved up to number three in the list. Furthermore, the two former enemies for the first time stressed at the summit level their intention to strengthen cooperation in the fields of security and intelligence. The expansion of defense and security cooperation with the United States has demonstrated a new trend in Vietnamese foreign policy. Hanoi has been more proactive in relations with its former enemy, especially after Beijing deployed its state-owned oil rig into Vietnam’s EEZ in 2014.

**Challenges in Advancing Relations**

Despite remarkable progress, several challenges remain in the U.S.-Vietnam relationship. The first problem is the lack of trust between the two govern-
Although Hanoi welcomes support and assistance from external powers, the last thing it wants is interference in its internal affairs. Washington, however, has put pressure on Hanoi in the area of human rights in conjunction with helping the Southeast Asian country improve its maritime capability. Additionally, the Trump administration’s decision to withdraw from the TPP has removed a major focus of trade relations with Vietnam and negatively affected Vietnam’s trust in the United States.

Besides the TPP issue, the United States and Vietnam have other trade irritations. First, the U.S. trade deficit with Vietnam has grown steadily, reaching $39.5 billion in 2018. The U.S.-China trade war has further expanded the deficit as American businesses have turned to Vietnam and other countries for alternatives to Chinese products. In addition, many Chinese manufacturers ship goods to Vietnam, relabel them, and then export them to the United States. In late June 2019, Trump accused Vietnam of being “the single worst abuser of everybody” and hinted he might impose tariffs on Vietnam. Second, the U.S. determination that Vietnam is a “nonmarket economy” makes it easier for the United States to employ anti-dumping measures on Vietnamese shrimp and plastic bags. In addition, the 2008 Farm Bill, which transferred the inspection of catfish from the Food and Drug Administration to the U.S. Department of Agriculture, limited Vietnam’s sizeable catfish exports to the United States.

Vietnam’s human rights record is said to be the thorniest issue in the U.S.-Vietnam relationship. Although the country has been moving along a rather positive trajectory, concerns remain in specific areas, including freedom of expression, freedom of religion, ethnic minority rights, and labor rights. Members of the U.S. Congress, especially those whose constituencies include sizable Vietnamese-American populations, have put pressure on the U.S. government to censure Vietnam’s human rights record. Despite improvements, human rights issues have hindered efforts to advance closer diplomatic and security ties. However, the Trump administration appears to be downplaying the promotion of human rights in its relations with Vietnam. Despite mentioning its concern about Vietnam’s human rights record, along with that of other countries, in the Asia Reassurance Initiative Act of 2018, the United States has not imposed sanctions on Vietnam as it has done on Cambodia and Myanmar.

Defense and security cooperation—despite noticeable improvements—has not grown as fast as U.S. expectations, but at a pace comfortable to Vietnam. Although the two sides have increased high-level defense exchanges since the signing of the 2011 MOU, the Vietnamese Ministry of Defense has not always responded positively to requests for visits to Vietnam by senior U.S. defense officials. One of the main reasons for Hanoi’s caution is that it does not want to alienate China, with which it shares a long border, complicated history, and similar political ideology. Another challenge in U.S.-Vietnam defense relations is Vietnam’s status under the 2017 Countering America’s Adversaries Through Sanctions Act, through which the United States imposes sanctions on countries that buy arms and military equipment from Russia. Although Vietnam has obtained more than 80 percent of its weapons and military equipment from Russia, former U.S. Defense Secretary Jim Mattis sought a waiver from Congress for Vietnam. However, Hanoi must demonstrate its efforts to reduce its dependence on Russian weapons systems in order to obtain the official waiver. Another issue is Vietnam’s abrupt cancellation of 15 defense engagement activities with the United States planned for 2019 without any explanation. Lastly, Vietnam does not have enough personnel who speak English to conduct joint exercises and training with their American counterparts, and this has hindered enhancement of bilateral defense cooperation.

Opportunities Ahead

The United States and Vietnam might enter a strategic partnership if the two sides can address the problems described above. For example, Washington has indicated that it respects Hanoi’s political system, and this should be reaffirmed. Despite the call from other countries, the United States, due to domestic political constraints, is unlikely to rejoin the TPP (now called the Comprehensive Progressive Trans-Pacific Partnership) in the near future. Therefore, increasing American investment in Vietnam should be the focus of bilateral economic ties. Vietnam might benefit from the U.S.-China trade war as some U.S. as well as Chinese businesses are considering relocating to...
Vietnam. However, one of the main U.S. concerns is Vietnam’s cyber law, which requires the stationing of internet servers on Vietnamese soil. Thus, Vietnam should consider changing the law to attract foreign investment. To deepen defense ties, Vietnam should allow more U.S. military ships to visit and participate in joint exercises. The United States also should offer more training to Vietnamese military personnel.

Despite changes in U.S. foreign policy, U.S. officials appreciate Vietnam’s outward-looking attitude and have strongly supported enhancing U.S.-Vietnam relations. If the two countries wish to upgrade their comprehensive partnership to a strategic partnership, doing so in 2020 would be good timing. On a bilateral level, 2020 will be the 25th anniversary of the normalization of U.S.-Vietnam relations. On a regional level, Hanoi will be ASEAN’s chair. At a global level, Vietnam will serve as a non-permanent member of the UN Security Council during the 2020–2021 term. Hanoi’s enhanced position in international affairs will facilitate U.S.-Vietnam cooperation at all three levels. Although U.S. and Vietnamese officials have said that the name is not as important as the content of the partnership, a strategic partnership will provide a better framework for deeper U.S.-Vietnam cooperation.

Notes


10 Interviews with U.S. government officials during the fellowship.


15 Ibid.


17 Ibid.


33 Interviews with U.S. officials.


37 Interviews with U.S. officials.


41 Interviews with U.S. officials.


About this Publication
The AsiaPacific Issues series reports on topics of regional concern.
Series Editors: Elisa W. Johnston, Sarah Wang

The contents of this paper may be downloaded and reproduced from the Center’s website. For information about the series, please see the Center’s website or contact:
East-West Center
1601 East-West Road
Honolulu, Hawai’i 96848-1601
Tel: 808.944.7197
EWCBooks@EastWestCenter.org
EastWestCenter.org/AsiaPacificIssues
ISSN: 1522-0966
© 2019 East-West Center

This paper was printed on 100% recycled material.

Recent AsiaPacific Issues

About the East-West Center
The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the U.S. Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options. The Center is an independent, public, nonprofit organization with funding from the U.S. government, and additional support provided by private agencies, individuals, foundations, corporations, and governments in the region.

EastWestCenter.org