CHAPTER 4

GEOPOLITICS OF EXTERNAL INVOLVEMENT IN NATION-BUILDING OF VIETNAM

The foreign policy of reunified Vietnam is quite different from its earlier version of divided Vietnams. The Vietnamese Communist Party considered the issues of national liberation and reunification more important than other matters. During the early years of its reunification, Vietnam was in a condition of 'isolation and economic debilitation' (Frost 1993: 1). These conditions were the outcomes of the newly won war and deteriorated relations of Vietnam with its neighbours (the Cambodian conflict, China's attitude towards Vietnam, and US embargoes mainly) and other western countries. Since its reunification, Vietnam gave required attention towards the foreign policy matters. It was of much importance to Vietnam to maintain good cordial relations with its neighbours, regional powers, the members of the Association of Southeast Asian Nations (ASEAN) and the West (Report of the ASEAN-Vietnamese Study Group 1993: 1-2; MOFA 2006).

From an ideological standpoint, the Vietnamese saw themselves as fulfilling their international socialist duty by defeating a major 'imperialist' enemy and by carrying out a revolution that could be a model for the Third World. Communist ideology has helped Vietnam in pursuing its goals of nationalism. As the case when Vietnam had created an alliance of all three Indochinese states for the purpose of struggle against imperialist powers, was a good example.

SarDesai (1988: 160) argued that in the early years of reunification, Vietnam's 'principal problems regarding its external relations lay ironically with its communist neighbours'. The distorted and mismanaged nature of foreign relations brought many obstacles in the initial nation-building processes. The role of neighbourhood in the nation-building of any country could not be ignored. The neighbours played a crucial role in nation-building as they were situated close to the country dealing with the tasks of nation-building (Dobbins 2007), therefore, they could provide aid and assistance to the dealing country with no
delay. On the contrary, if the relations among the neighbouring countries were not cordial, then there would be a situation of suspicious relations with uncertain future of construction. In the case of Vietnam it is argued that the Indochinese neighbours shares a binding factor due to the communist ideology. According to SarDesai (1988) non communists also believed that the rapid succession of victory in all three neighbours was a phenomenon, which was suitable for the Indochinese peninsula because of their common ideology and history of foreign rule.

The decision of over throwing the Pol Pot regime in 1978 by Vietnam was highly supported by its ideology, that it was necessary for Indochina to create an effective alliance against imperialism. The ‘dramatic victory of Communists’ in south Vietnam and Cambodia of 1975 is was considered by communist political observers as the outcome of the “liberation movements” in the Indochinese peninsula, which further drove them towards national construction (SarDesai 1988: 160-61). The events of the recent history of Vietnam shaped the scenario of the political developments in Indochina.

Along with the above mentioned reasons, the foreign policy of Vietnam was trying to fulfil national interests. ‘It was the feelings of nationalism, national interest and security, which were dominant in the post war foreign policy concerns of Vietnam’ (Duiker, 1995: 198). After realizing the desperate need of foreign aid and support for the nation-building of Vietnam, it began to reduce its global isolation by normalizing its foreign relations with the world and expanding its rage of choices in relation to the international associations and organizations (Freeman and Nestor 2004: 180-82). It was finally stimulated by the profound changes in the politics of Eastern Europe and erstwhile Soviet Union, which resulted in the breakthrough in the transformation of economic relation of Vietnam with rest of the world. By the time Vietnam needed the foreign aid and support in the field of trade, management, science and technology, for the fulfilment of the needs, it was forced to focus on the foreign policy issues, in order to establish new bilateral and multilateral relations and to maintain the pre existing relations also. Since its reunification, Vietnam developed its foreign relations with a number of countries (see appendix 1).
VIETNAMESE DIPLOMACY IN RELATION TO ITS NATION-BUILDING

Vietnam is a country of a thousand year history and glorious diplomacy, ranging through the dynasties of the Hung Kings, An Duong Vuong, Ngo, Dinh, former Le, Ly, Tran, latter Le and Nguyen, to the Ho Chi Minh era at present. The new styled Vietnamese diplomacy came into being at the same time with the founding of the Democratic Republic of Vietnam on 2nd September 1945 under the leadership of President Ho Chi Minh. The history of Vietnam’s diplomacy could be divided into four major periods.

The Period of 1945-54

The period of 1945-54 was an extremely hard time for Vietnam in general and its diplomacy in particular. The newly-born independent state faced countless challenges: the administration was newly established, the economy was broken down, the country had not been recognized by the world and its people faced repeatedly with natural calamities and had to cope with over 300,000 opposition troops from inside and outside the country. Under the leadership of the Indo-Chinese Communist Party of Vietnam, and its leader Ho Chi Minh, the Vietnamese diplomacy successfully implemented righteous, flexible and unwavering policies to defend the newly born independent state. Those were illustrated in the détente with Chinese Kuomintang in order to muster strength to fight the French invaders in Southern Vietnam and then a détente with France by signing the Preliminary Agreement on 6th March 1946 in order to drive out the Chinese Kuomintang forces.

Diplomacy contributed to the success of the protracted war of resistance against the French colonialists. Diplomatic activities were combined with activities on the frontline. Diplomacy carried out political activities in the international arena to gain sympathy and support from the world people, especially through establishing allies with the people of Laos and Cambodia in the fight against their common enemy; setting up good relations with Thailand, Burma, Indonesia and India. Taking advantage of the victory of the Border Campaign in 1951, the diplomatic front successfully helped Vietnam win
recognition by other countries. In the early 1950s, Vietnam established diplomatic relations with China, the Soviet Union and other People’s Republic states in Asia and Eastern Europe. The socialist countries then became a very important source of assistance for their resistance war against the French colonialists. In parallel with the military front, Vietnamese diplomats actively took part in the 1954 Geneva Conference on Indo-China, Indochinese people, making remarkable contribution to liberating the north of Vietnam and bringing the Vietnamese revolution into a new stage.

The Period of 1954-75

Vietnam’s Diplomacy contributed in undertaking two strategic tasks: carrying out simultaneously the struggle against the US for national salvation and the socialist construction in Northern Vietnam. Diplomatic activities became a very important front, fighting right inside the United States, promoting international support for Vietnam, forming a large international people’s front in which the erstwhile Soviet Union, China, and pro Vietnam countries in Indochinese Peninsula were corner stones. At the same time, the Vietnamese diplomacy kept pace with victories on the battle fields to launch political movements, commence negotiations with the US that led to the signing of the Paris Agreement on “Ending the war and restoring peace” in Vietnam (27th January, 1973) (Chetty 1997). The Paris Agreement was a great victory of the Vietnamese diplomatic front which forced the US army and its allies to withdraw from Vietnam, putting an end to all military activities against country and recognizing fundamental national rights of the Vietnamese people. This helped to create very favourable conditions for the Great Spring Victory in 1975, completely liberating the south of Vietnam and bringing about national reunification.

During 1975-86

In this period of time, diplomacy contributed to post war economic reconstruction and national defence. In the early years after the war ended, Vietnam established diplomatic relations with a number of countries, especially with the capitalist countries, drawing
supports from many countries and international organizations for the post war economic reconstruction and national development. Vietnam joined the United Nation in November 1978. Nevertheless, peace did not last long. Vietnam was forced into sending volunteer troops to support the Cambodian people in their fight against the Khmer Rouge regime. The militant solidarity among the three Indochinese countries was restored (Alagappa 2001). Acharya (2001) also considers it as the reason directly leading to the border war with China in February 1979 and the political isolation and economic blockade by China, Western countries, and ASEAN countries Vietnam afterward.

POST REUNIFICATION

As the Vietnam Communist Party’s Sixth National Congress held in December 1986, Vietnam began its all round reforms including those in diplomatic policies, strategies and activities. The Thirteenth Resolution adopted by the Vietnam Communist Party’s Political Bureau produced a breakthrough for the Vietnamese diplomatic strategies and policies. In the later Party Congresses, diplomatic strategies and policies were step by step revised and completed. That was the diplomatic strategy of ‘self reliance, independence, peace, cooperation and development’ and the policies of openness, multilateralization and diversification of international relations (MOFA 2008). Vietnam aimed at proactive economic integration and at the same time, wanted to intensify international cooperation in all other fields. Vietnam is a friend and a reliable partner with all countries in the international community, actively participating in the regional and international cooperation. The implementation of the above mentioned diplomatic strategies and policies has brought about tremendous achievements.

With the total withdrawal of voluntary troops from Cambodia, the Cambodian issue was settled. Vietnam successfully got out of isolation and blockade. The country continuously expanded its international relations on the path of multilateralization and diversification. Vietnam normalized with and gradually established a framework for sustainable relations with major powers, developed countries, including all major powers, entertaining economic relations with 220 foreign markets, and adhering to a number of international
organizations and forums such as the UN (1977), the Non-Aligned Movement (1976), the Francophone (1986), ASEAN (1995), ASEM (1996), and APEC (1998). Vietnam successfully solved several border and territorial disputes, maintaining a peaceful environment for the country. Vietnam had been proactively speeding up its international and regional integration by drawing a growing amount of ODA and FDI assistances, expanding foreign markets, and carrying out multilateral diplomatic activities. The goal adopted by APEC economic leaders in 1994 was nothing less than the creation of a common market for trade and investment in the Asia-Pacific region by 2010 for developed member economies and 2020 for developing economies. This project is vast in scope, given that APEC included twenty one members around the Pacific Rim, including all the AFTA countries, many of the Latin American countries on the Pacific, Australia, New Zealand, Japan, China, Vietnam, and South Korea (Slaughter, Anne-Marie 2004: 141). Yet the institutional framework for achieving this goal remained almost entirely within networks of national ministers.

The major cause for these diplomatic achievements was that Vietnam had been carrying out a self-reliant and independent diplomatic strategy and a foreign policy of peace, cooperation and development through its open-mindedness, multilateral and diversified relations. Vietnam had proactively integrated into the world community by actively participating in regional and international cooperation process. Renovation in Vietnam is in progress. The country’s objective was that by the year 2020, Vietnam would become an industrial modernized country of wealthy people, powerful nation and an equal, democratic and civilized society.

CHARACTERISTICS OF VIETNAMESE DIPLOMACY

National independence remained closely combined with socialism. That was a cornerstone for the Vietnamese Revolution and the only correct path for national liberation. The characteristic was corresponding with the current stage of social development in Vietnam and the trend of the time. The combination of national independence and socialism was
the lofty ideal which had been guiding Vietnamese diplomatic strategies, policies, and activities.

Independence and self-reliance go in parallel with international solidarity and cooperation. Independence and self-reliance were acknowledged and found in the formulation and implementation of Vietnam’s foreign policy. Safeguarding the legitimate national interest was a principle and primary task of Vietnamese diplomacy. International assistance was important. Independence and self-reliance did not mean isolation. Thus, the policy is to enhance international solidarity and cooperation, satisfactorily addressed issues concerning relationship between a nation and the time as well as that of Vietnam and the world.

The October Revolution (Russia) opened up a new era of transition from capitalism to socialism. Ho Chi Minh was the first Vietnamese patriot to place Vietnam’s revolution in the world context. After the Second World War, the situation in the world was favourable for various nations to uphold their strength and combine it with international assistances.

In the two struggles against French Colonialism and American Imperialism, Vietnam combined successfully its national strength with the need of the time. That was a very important element for the success of Vietnam’s struggle for national independence. For the cause of renovation, it was also necessary for Vietnam to make a combination of national strength and decision making.

Neighbouring countries were part of the security and development of Vietnam. That was why Vietnamese foreign policies had always given priority to relations with close neighbouring countries on the basis of equality, mutual benefit, cooperation, mutual respect for independence, sovereignty, and territorial integrity, and non-interference into each other’s internal affairs. Disputes were settled through negotiations.

In the era of globalization, Vietnam paid more attention in enhancing international and regional economic linkage, maintaining and developing stable friendship with its
neighbours. Vietnam has promoted cooperation with ASEAN members, and member countries of various development triangles and quadrangles in the region (Amoroso and Gallina 2002: 15-17). Foreign policy of Vietnam gave priority in establishing good relations with China, the United States, Japan, the Russian Federation, India and the EU. Attaching great importance to the close coordination in matters of external affairs, national defence, security, economy and culture, to form synergy for development, is the rule that Vietnam constantly abides by in its struggles for national defence and construction.

VIETNAM AND CAMBODIA

Vietnam and Cambodia established diplomatic relations on 24 June 1967. The relationship between the two countries was unceasingly consolidated and developed in all fields. The two countries had exchanged many high level delegations. Contemporary Vietnam’s attitudes reflected the conviction of cultural and political superiority that had prevailed during the nineteenth century when weaker monarchs in Laos and Cambodia had paid tribute to the Vietnamese court in a system modeled on Vietnam’s own relationship to China (Winter and Ollier 2006: 16-19). In the 1980s, the relations of Laos and Cambodia with Vietnam were not much different than the earlier times. Laos also had a communist party regime and maintained cordial relations with, as it had always supported and entertained friendly by Vietnam. However, Cambodia was ruled by an anti Vietnamese dictatorship which resisted its name being drawn into the Vietnamese good books (Chanda 1988). Due to the reason their interrelationship was tightly stretched, which led them to a war soon after the reunification (Duiker: 1995). In 1978, Vietnam launched an invasion which resulted into the change of Pol Pot regime of Cambodia. In 1987, Cambodia remained a state governed precariously by a regime installed by Hanoi, its activities were constrained by the presence of a substantial Vietnamese occupation force and a tenacious insurgency in the countryside (MOFA: 2009). At that time Vietnam’s promise of withdrawal of its forces from Cambodia belonged to a nonserious state of mind.
The year 1975 marked with the political successes of communist ideology in all three Indochinese countries which aroused the tension and political pressure of insecurity among the other political regimes of the world. It was also clear to them that the Indochinese governments would maintain the cordial relations with each other and they would also try to remain out of any political umbrella. But on the other hand, the mutual differences between Laos, Cambodia and Vietnam, which were nurtured by their historical and cultural legacy (Freeman 2004; Hughes 2003: 1-8), had not overlapped by their political ideologies.

Unfortunately, the reunification of Vietnam and the victory of Khmer Rouge in Cambodia could not help them to maintain order in their foreign relations, which deteriorated since the Indochina war. The Geneva Agreements also failed to bring security and peace in Cambodia (SarDesai 1988). Many Khmer Communist leaders went to Vietnam and the other ones who stayed in Cambodia, took control over the regime (Pol Pot) and turned their back against Vietnam. Hughes (2003: 4-15) explains that the rule of Pol Pot and its policies were completely belonged to noncooperation and anti Vietnamese type of nature.

In the year 1978, Vietnam ushered in a war with Cambodia at its border, with the motive of taking control over Phnom Penh and several other parts of the country. Wars with Cambodia added the ‘miseries’ of the Vietnam (Taylor: 1999: 128). At that time, Cambodia was also demanding Vietnam to return the territory, which was conquered by Vietnam a long time ago. It resurfaced the tensions between the two neighbouring countries and hindered them to bring peace in their respective countries and to maintain cordial relationship between them (Frost 1993: 1-2). The western World boycotted trade relations with Vietnam when it violated the United Nation Charter by attacking on its neighbours (Taylor, 128-129). During the years of their stretched relations, Vietnam offered to discuss the territorial issues but it was not welcomed by Cambodia and brought the countries at war (Kahin 2003). The lack of economic efficiency, poor management of resource, and heavy costs of its efforts resulted in bringing more sufferings to Vietnam.
All the above mentioned incidents and measures of Vietnam proved fatal for its nation-building after reunification. It resulted in creating distance between Vietnam and the rest of the world. Many western countries along with UN were not in a mood to support Vietnam and to develop political and economic relations with it. The economy and the nation-building processes in Vietnam suffered badly partly due to the continuing geopolitical traditions and partly from the newly developed ones. Vietnam was keen to get foreign aid and support to build up its war damaged economy. The UN refusal to give recognition to the Vietnam supported regime in Cambodia and demand of free elections was a great setback to Vietnam’s image in the world. ASEAN was also unified on the terms of opposing Vietnam’s policy and the organization’s members were ready to support Cambodia against Vietnam. Following these events Vietnam entered into a hostile border war with China, which slackened its own political understanding of the emerging geopolitical conditions of the region. Even Washington also refused to intervene in any of the serious conflicts that took place in Southeast Asia (Elliott, 1996: 178).

The dream of Vietnam to work together with Laos and Cambodia like brothers was dismantled. In the conflict against Vietnam, Cambodia was backed by China and other ASEAN members against Vietnam, to compel it to withdraw its force. The People’s Republic of Kampuchea (PRK) was not recognized by UN because; the radical and extremist rule of Khmer Rouge was responsible for more than 2 million deaths (SarDesai 1988: 161-63; Philips 2006: 44-45).

On June 27, 1982, a tripartite Coalition Government of Democratic Kampuchea (CGDK) was formed, which consisted of the members of the Khmer Rouge, The Khmer People’s National Liberation front (KPNLF) and the Armee Nationale Sihanoukiste (ANS). China was reluctant to withdraw its support from Cambodia (Khmer Rouge), as it considered it as the most effective anti Vietnamese force. So, they pursued their policy, which was driven by the regional geopolitical actors and began supplying arms and ammunitions to Son Sann and Sihanouk and Pol Pot (Philips 2006: 44).
The coalition government of Cambodia provided the international community with an acceptable alternative to the Vietnamese supported Heng Samrin regime in Phnom Penh (MOFA: 2009). The coalition government had faced the Vietnam led campaigns at the Cambodian border during the period of 1982-87. But, when Vietnam started long term operations in 1986, the operational capacity of Cambodian army began to get affected. The motive of Vietnam had always remained the same; it was keen to build an indigenous regime responsible to the general Vietnamese directions and become part of an Indochinese community under Vietnamese hegemony (SarDesai 1988: 170). The year of 1989, when it withdrew the forces from Cambodia along with the beginning of the reform processes had brought a number of radical changes in Vietnam’s economy and FDI patterns. The remains of the centrally command economy were also removed from the scenario (Haughton 2001: 253). After that Vietnam has witnessed substantial changes in its trade relations and increasing prospects of foreign investment.

Cooperation in the fields of economics, science, technology, culture and security and national defence had been increasingly consolidated and developed. The Governments of the two countries had made a sound decision to sign the complementary agreement on the 1985 Treaty to settle the longstanding border issues in order to build a peaceful borderline, forming a significant foundation for the future of the two countries. In this spirit, the inauguration of the border marker at the Moc Bai-Ba vet international border gate was held on 27 September, 2006, which was witnessed by the two Prime Ministers.

Trade and economic ties between Vietnam and Cambodia were continuing to flourish matching the two countries’ political relations and potentials. The two way trade turnover grew by about 40 percent annually, reaching US$ 950 million in 2006 (GSO 2007). US$ 1.181 billion in 2007, US$ 1.7 billion in 2008 and was expected to reach US$ 2 billion by 2010 (GSO 2009). Vietnam ranked third among Cambodia’s trading partners among the Association of Southeast Asian Nations (ASEAN) and sixth among countries establishing economic ties with Cambodia (Giang and Thanh 2007). The two countries organized the 11th meeting of the Vietnam-Cambodia joint Commission for Economic, Cultural, Scientific and Technological Cooperation in December 2009.
In addition to the bilateral relationship, as members of ASEAN, the two countries had enhanced cooperation and mutual assistance within the framework of ASEAN and other international and regional cooperation mechanisms such as the United Nations, the Non-Aligned Movement, the Francophone, the Greater Mekong Sub-region (GMS), the Cambodia-Vietnam-Laos Development Triangle, the East West Economic Corridor (EWEC), the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), and the Cambodia-Laos-Myanmar-Vietnam cooperation (CLMV).

VIETNAM AND LAOS

Vietnam and Laos had a thousand year history of national construction and defence. In the struggle against colonial rule, the two countries set up the Viet-Lao alliance to fight against their common enemy. On September 5, 1962, Vietnam and Laos officially established diplomatic relations. The establishment of the Lao People’s Democratic Republic brought Vietnam and Laos relations to a new stage of special relations of friendship, solidarity and comprehensive cooperation between the two Parties and States. Since then, the special relations between the two countries had been constantly consolidated and developed.

Vietnam’s relation with Laos was of totally contrast nature in comparison to Cambodia. The ethno-historical legacy might be considered as a reasonable explanation behind the scene (Osborne 2002: 185-86). Vietnam signed the Geneva Agreement of 1962, that upheld the neutrality of Laos but it failed to observe the agreement in practice. Laos always remained helpful towards Vietnam from the second Indochina war. Laos provided full cooperation to North Vietnam in construction and maintenance of Ho Chi Minh Trail, a road communication network that passed through Laos. As Elliott (1996: 175), described the importance of the road network, which ran through the Laos ‘obstinately free flowing’ despite the several attempts to sever the highway. Vietnamese troops and workers stayed in Laos for the maintenance and security of the road network. Vietnam helped Pathet Lao to overthrow the Laos’ neutralist government (Philips 2006: 43). After the reunification of Vietnam, agreement was signed between the two countries on cooperation in socio-economic, cultural and technical fields. In 1977, a 25 year Treaty of
Friendship and cooperation was also signed, which was intended to strengthen ties as well as to sanction Vietnamese presence in Laos (Zasloff 1988: 280-82). After Vietnamese attack in Cambodia, Laos established relations with Vietnam supported PRK in Phnom Penh.

In 1985, the all three countries of Indochinese peninsula discussed to coordinate their 1986-90 five year plans. Vietnam assumed a greater involvement in developing the natural resources of Laos. This type of nature of cooperation and dependence of Laos on Vietnam has initiated some debates in the region. But it was clear that all these political equations have enhanced the Vietnam’s geopolitical significance in the South East Asian region and in the western world also (Thai, 1992: 109).

Political Relations

The bilateral political ties saw continuous development on an intensive and increasingly firm foundation. The two countries implemented the agreements for economic, cultural, science and technology cooperation annually, that laid out the cooperation framework between the two governments.

High level visits and meetings between leaders from the two parties, states, parliaments, governments and localities were regularly conducted while the inter-governmental committees maintained their operations. In recent years, the two countries exchanged important visits that paved the way to a new era for bilateral cooperation after their successful Party Congresses such as, the official visit to Vietnam by Mr. Choumaly Sayasone, Secretary General of the Central Committee of the Lao People’s Revolutionary Party and President of LPDR on June, 2006 and April, 2009, the official visit to Laos by Mr. Nong Duc Manh, General Secretary of the Communist Party of Vietnam (MOFA 2008).

The special relations of friendship, solidarity and comprehensive cooperation between the two countries had been continuously consolidated through important agreements, for
instance Friendship and Cooperation Treaty signed in 1977 (Zasloff 1988), Agreement on Cooperation for the period of 2006-2010 and Strategy on Economic, Cultural and Science and Technology Cooperation signed in 2001. A joint statement, which provided the guidelines for the bilateral special relations, was signed in July 2001, on the occasion of the visit of Nong Duc Manh, Secretary General of the Communist Party of Vietnam to Laos. Since then, the two countries has enjoyed close coordination and cooperation in various regional and international organizations, such as the United Nations, the Association of Southeast Asian Nations (ASEAN), the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), the Greater Mekong Sub-region (GMS), the Cambodia-Laos-Myanmar-Vietnam Sub-regional Cooperation and the Vietnam-Laos-Cambodia Development Triangle (MOFA 2008). This contributed to raise each country’s status and prestige in the region and the world.

Trade Relations

Beside the fine political ties, Vietnam and Laos enjoyed fruitful economic cooperation in recent years. It was only though appropriate policy and decision making that the two way trade had recorded steady growth. The total import-export volume between Vietnam and Laos reached about US$ 687.8 million in the 2001-2005 periods, an average amount of US$ 137.56 million per year. In 2008, the two way trade was estimated at US$ 423 million (GSO 2009).

Investment

Great progress was also made in recent years. Vietnam so far has 190 direct investment projects in Laos with a total capital of nearly US$ 2.167 million. Vietnam’s projects focused on hydro-electricity, mining, transportation, and industrial sector. Cooperation in other fields such as health, agriculture and rural development were also expanded and both countries were giving priority to cooperation in education and training, leading to higher quantity and quality. Border localities of Vietnam and Laos paid much attention to
establish economic and commercial exchange zones. In addition, cooperation in security and national defense had been well maintained.

VIETNAM AND JAPAN

In 1975, Japan set up its Embassy in Hanoi and in 1976, Vietnam established an embassy in Tokyo. The two sides signed an agreement on payment of war compensation of JPY 13.5 billion as non-refundable aid from the Japanese Government to Vietnam. The economic, political, cultural relations were continuously extended; mutual understanding and trust between two countries was also significantly improved (Soeya 1997: 177-78).

Diplomatic Relations

In 2002, leaders of the two countries agreed to promote Vietnam-Japan relations in accordance with guideline ‘ensuring partnership, long stable’, during the visit to Vietnam of the Japanese Minister of Foreign Affairs in July 2004, two sides signed the Joint statement ‘Toward a Higher Sphere of Enduring Partnership’ (VNA 2008). The two sides set up a multi level dialogue regime. Apart from the regular political dialogues between the then Foreign Minister and Deputy Foreign Minister the two sides also agreed to hold annual dialogues on economy, security and defence. Diplomatic and defence dialogues at the department level started from January 2001. The two sides exchanged military cooperation and opened General Consulates in Ho Chi Minh City and Osaka (March 1997). In May 2007, the two sides established the Vietnam-Japan Cooperation Committee (MOFA 2008) and its co-chair comprises the two Ministers of Foreign Affairs from both countries.

The Japanese Government conferred Japanese highest decoration for foreigners such as the “Grand cordon of the Order of the Rising Sun” on former Prime Minister Phan Van Khai and former Deputy Prime Minister Vu Khoan. Japan supported Vietnam’s renovation policy and its integration into the region and the world by providing assistance (helped Vietnam join APEC, WTO, ASEM, and ARF). The two sides supported each
other at important international forums, including the United Nations (MOFA-Japan 2008).

**Trade**

Each of the two countries had applied the most favoured nation status to each other since 1999. The main export products of Vietnam to Japan are seafood, textile, crude oil, electric cables and furniture. The major Japanese exports to Vietnam are machinery, steel, electronics, motorbikes, textile material and leather. The two sides aimed to raise the total bilateral trade volume to US$ 15 billion in 2010 (GSO 2008). By January 2007, both Vietnam and Japan began official negotiations on the Economic Partnership Agreement (EPA).

**Foreign Direct Investment**

By March 2007, there had been 767 Japanese investment projects in effect in Vietnam with the total registered capital up to US$ 7.8 billion, and Japan was the fourth largest investor in Vietnam. In 2006 alone, investors put 1.34 billion US$ into Vietnam through 137 new projects and the expansion of the existing 85 projects (EIU 2007; GSO 2007). Both the countries actively implemented the second stage of the Vietnam-Japan Joint Initiative in order to improve the investment environment in Vietnam.

**Official Development Aids (ODA)**

Japan was the largest donor to Vietnam. From 1992 to 2005, the total Japanese ODA for Vietnam reached about US$ 11 billion, accounting for over 30 percent of the total committed ODA from the international community to Vietnam; the said amount includes US$ 1.4 billion of non-refundable aids (GSO 2007).
Cooperation


Vietnam-Japan cooperation in culture-information field had been intensified and improved. Japan regularly delegated its experts to Vietnam to assist the implementation of projects on the research, preservation and improvement of Vietnamese traditional house all over the country. The two sides established the Vietnam-Japan Expert Committee for preserving Thang Long Imperial Citadel and the Committee's first meeting was held on March 19, 2007 (Luong 2009: 115).

The two sides also exchanged working delegation to perform artistic shows, organize exhibitions, and participate in film and cultural festivals in each other's country. On May 22, the Vietnamese Government appointed Mr. Sugi Ryotaro as the Japan-Vietnam Goodwill Ambassador to be a Vietnam-Japan Special Friendship Ambassador (MOFA-Japan 2008). The two sides prepared for the Vietnam-Japan Culture Exchange Forum in Hanoi, Hue and Ho Chi Minh City in July-August 2007.

The cooperation between the two countries on training and education developed at various levels, national and local levels; among schools, organizations and people. Japan was one of the largest donors providing non refundable education training aids to Vietnam (Luong 2009: 115). With the support from the Japanese Government, Vietnam had implemented pilot education of the Japanese language in some junior high schools in Hanoi and Ho Chi Minh City.

Japan was one of the top five tourist markets for Vietnam. Its visitors account for 10 percent of the total foreign tourists in Vietnam. The number of Japanese tourists visiting
Vietnam in 2004 was 267,210, an increase of 27.4 percent as against 2003. The Vietnam-Japan Joint Agreement on tourism cooperation attracted more Japanese tourists to Vietnam. In 2005, the number of Japanese tourists increased. It reached a total of 320,605, which was a 20 percent increase in comparison with 2004 (VNA 2005). In 2006, the number was 383,896 and Japan became the third largest tourist market for Vietnam.

From January 1, 2004, Vietnam officially exempted Japanese tourists and businessperson from an entry visa for a 15 day trip, and from July 1, 2004 it exempted the short-term visa to Vietnam for all Japanese passport holders. In March 2005, both sides decided to exempt all diplomatic and official passport holders from entry visas for a 90 day trip; the exemption entered into effect from May 1, 2005 (Luong 2009: 120-21; MOFA-Japan 2005).

VIETNAM AND CHINA

By 1982, the Sino-Vietnamese relations began to deteriorate with the visit of Richard M. Nixon to China. Until 1977, the Vietnam-Cambodia dispute, which appeared to the outside world to be purely bilateral and China’s strategic considerations seemed only distantly connected to the skirmishes taking place on the Vietnamese-Cambodian border. China was preoccupied with its domestic affairs in 1976-77, including the deaths of Mao Zedong and Zhou Enlai, the arrest of Mao’s widow, and the return to power of Deng Xiaoping (McGregor 1990:267-68). As the situation between Vietnam and Cambodia got worse, signs of a potential Sino-Vietnamese rift became clearer. The Cambodia’s strategic importance for both China and Vietnam appeared at risk. Other than risking the return of the Khmer Rouge, Vietnam viewed the disengagement from Cambodia as paramount in inviting China to create a two-front threat by establishing a foothold on a second Vietnamese frontier (Buszynski 1980). In China’s view, presence of Vietnam in Cambodia not only precluded such an accomplishment, but conferred territory, once administered by an acknowledged Chinese ally, to the authority of a historic Asian
adversary that was closely allied with a contemporary superpower rival, the Soviet Union.

Duiker (1995) demonstrated the decisive role of history and national interests, which were more significant in regional politics of Southeast Asia in postwar period rather than the political ideology. Vietnam and China has shared some common experiences like, exploitation by colonial powers and adaptations to communist ideology, which were not enough to bring change in Vietnam’s view towards China, it had its legacy in Chinese conquests for long periods (Buszynski 1980). During the Second Indochina War, China helped North Vietnam a lot but according to later Vietnamese statements, the Chinese always tried to dominate the relationship. Vietnam’s desperate need for Chinese assistance forced it to maintain good relations with Beijing during war, despite Vietnamese understanding of Chinese ambitions to get political mileage in the regional politics (Dosch and Vuving 2008: 18-19; Boyd and Comenetz 2007: 188). The strategic location and other geopolitical factors modified the relationships of the countries of that region.

There were so many dormant problems between the countries, for example; the territorial disputes, Cambodian crisis and the ill treatment of the Hoa people of Chinese origin by Vietnam (Lim and Gosling 1983). In 1978, all these problems resurfaced altogether and converged to bring the relationship to the breaking point (SarDesai 1988: 162-63). The long history of conflicts between the two countries has hampered the growth of Vietnam to a great extent.

The territorial dispute lies in the primary delineation of territorial waters in the Gulf of Tonkin and sovereignty over two archipelagos in the South China Sea, the Paracel and the Spratly Islands, as for both the countries these islands were of greater geopolitical importance and no one was ready to withdraw its claims (Kenny 2002: 55-58; Duiker 1995: 206-8) (Figure 13). A border dispute on land around sixty square kilometers was the main reason behind the continuous incidents of border clashes that involved cross-border violations and arm smuggling. In 1958, both the governments decided to postpone the matter of border disputes until the end of the Vietnam War.
The dispute over territorial waters in the Gulf of Tonkin rose from agreements reached between China and France in 1887, stipulating a territorial limit of not more than three
Figure 14 Paracel Islands

Source: Based on the map available at www.lib.utexas.edu/maps/vietnam.html?p=print
nautical miles. These agreements remained settled and peaceful until 1973, when Hanoi got an idea about Beijing's intention to sign contracts with foreign firms for the exploration of oil in the Gulf of Tonkin. The disputed islands in the South China Sea gained importance only after it was discovered that they are close to the substantial offshore oil deposits (Emmers 2003: 135). Soon after that, in January 1974, Chinese military units seized the islands in the Paracels (Figure 14) occupied by South Vietnamese armed forces, and Beijing claimed sovereignty over the Spratlys (Tan: 59-60). In 1975, following their victory in South Vietnam, the People’s Army of Vietnam (PAVN) nevertheless moved to occupy the Spratly Islands previously held by the Saigon regime.

Vietnam’s maltreatment of the Hoa people became an issue in 1978, when Hanoi instituted a crackdown on the Chinese community because of its pervasive role in domestic commerce in the South and its alleged subversive activities in the North (Duiker 1995: 141). Vietnam considered it as a serious problem to its ethnic composition and a potential threat to the development of a newly reunified country and its nation-building processes. In this program of resettlement, Vietnam achieved great success in relieving overcrowded cities and in combating against problems of unemployment, sanitation, health, poverty and education. Pelly (2002: 112-12) explained that ‘by investigating the problem we get a better understanding of the ethnic identities of Vietnam during 1950 to 1970’. The government action forced an unprecedented exodus of thousands of Hoa across the border into China prompted Beijing to accuse Vietnam of persecuting its Chinese community and of breaking an agreement signed in 1955, that called for the gradual and voluntary integration of the Hoa into Vietnamese society. Vietnam, according to Duiker (1995: 147) had ‘already decided to adopt serious measures to reduce the power of Chinese business interests in the country.’ The situation was aggravated when Vietnam denied landing privileges to three Chinese ships dispatched to evacuate Hoa seeking voluntary repatriation to China. Beijing threatened Hanoi with unspecified retaliation, and Chinese activities on the Sino-Vietnamese border escalated.

The deterioration in bilateral relations became evident when China cancelled its remaining aid projects in Vietnam in 1978. The official announcement followed only a
few days after Hanoi’s admission on June 29 to the Soviet dominated Council for Mutual Economic Assistance (Comecon) (Simon 1985: 937-8). Tarling and Cohen argued that it reduced its risk of dependence on China, by judicious relations with Russia (Cohen 2003: 263; Tarling 1998: 116). A few months later, in November 1978, a new era in Soviet-Vietnamese relations began with the signing of a Treaty of Friendship and Cooperation that called for ‘mutual assistance and consultation’ in the event of a security threat to either country (Duiker 1995). The document facilitated Soviet use of Vietnamese airports and port facilities, particularly the former United States military complex at Cam Ranh Bay (Cohen 2003: 263). In return, it assured Vietnam of economic and military aid for the anticipated invasion of Cambodia and established the Soviet Union as a deterrent to possible Chinese intervention in Cambodia.

Vietnam’s decision to align with the Soviets together with its invasion of Cambodia and mistreatment of the Hoa, provoked Beijing to ‘teach Hanoi a lesson’ (Zasloff 1988: 39). A “self-defense counter attack,” mounted by China along the Sino-Vietnamese border on February 17, 1979, ended less than a month later, on March 5, when Chinese leaders announced that their objectives had been met and proceeded to withdraw their forces (Pelly: 2002: 124). Despite the Chinese boast of having shattered the myth of Vietnam’s invincibility, the invasion effected little more than the diversion of some Vietnamese troops from Cambodia. The bulk of the resistance reportedly was offered by local Vietnamese border units and regional forces. They had exposed significant weaknesses in Chinese tactics, strategy, logistics, equipment, and communications. Peace negotiations were initiated following the disengagement of forces, but broke down several times before being discontinued in December 1979.

The Cambodian crisis too, remained stalemated, and Vietnamese dependence upon the Soviet Union continued. In 1987, tensions along the Sino-Vietnamese border resulted in sporadic fighting. China believed that the Cambodian conflict would serve Chinese interests by draining the Vietnamese economically and weakening Hanoi. China’s sustained pressure on Vietnam’s northern border also taxed Vietnam militarily, while satisfying ASEAN’s requests for Chinese assistance in the conflict and providing Chinese armed forces with invaluable combat experience (Simon 1985: 939). Consequently,
Vietnam’s dry season campaigns to eliminate CGDK resistance base camps along the Thai-Cambodian border were generally matched by corresponding Chinese acts along the Sino-Vietnamese border. China issued vague threats to Vietnam of a ‘second lesson’ in the mid 1980s but as of 1987, Vietnam had not acted on those threats.

China imposed the removal of Vietnamese troops from Cambodia as a precondition to improve Sino-Soviet relations, and diplomatic activity in late 1986. It indicated that Vietnam might mend its differences with China in the event the Soviets moved closer to the Chinese. Despite Hanoi’s desire to ease tensions with Beijing, the later was not willing to do so at the expense of its position in Cambodia.

Jiang Zemin, the President of China visited Vietnam in November 1994, to form a group of experts to resolve the issue of territorial disputes, mainly over Spratly Islands. Brunei, Malaysia, Taiwan, and Philippines were the other claimants apart from China and Vietnam. As a result of the conflict, China occupied the Paracel Islands from South Vietnam in 1974 (Kenny 2002: 61-64). In 1988, China inflicted significant damage to the Vietnamese naval base in Spratlys and seized a number of reefs. Since then the issue got controversial in Southeast Asian region (Jeffries 2001: 400). Though, the two countries had several discussions but the matter is still without solution.

VIETNAM AND PHILIPPINES

Vietnam and the Philippines established diplomatic relation on July 12, 1976. The relations between the two countries were good in the areas of politics, economics, trade-investment, security defence and agriculture.

Politics

The two countries signed “Framework on bilateral cooperation in the first quarter of the 21st century and beyond” during the President Arroyo’s official visit to Vietnam on November 2002. The Foreign ministers of the two countries also signed Plan of Actions
for the period 2007-2010 on the occasion of the official visit to Philippines by Prime Minister Nguyen Tan Dung, the visit to the Philippines by Deputy Prime Minister, Foreign Minister Pham Gia Khiem.

Trade
The two way trade recorded gradual increase over the years, from US$ 541 millions in 2000 to US$ 2.2 billion in 2008, ahead of schedule of US$ 2 billion for 2010. Due to impacts of global financial crisis, in the first nine months of 2009, the turnover had reached US$ 1.5 billion. Rice was the main exporting commodity of Vietnam to the Philippines in the past years followed by electronic equipments and agricultural products. Besides, Vietnam imported fertilizer, equipments, minerals, oil and gas, pharmaceuticals and building materials from Philippines (VAN 2009).

Investments from Philippines to Vietnam remained modest. As on 10/2009, Philippines possessed 43 investment projects with the total capital of more than US$ 300 million. It ranked the 26th among the countries doing business in Vietnam (MOFA 2009). In July 2008, Philippine Trade and Investment Centre were set up in Ho Chi Minh City to explore the business opportunities in Vietnam.

Agricultural Cooperation

Relations between Vietnam and International Rice Research Institute (IRRI) were established since 1968. Some Vietnamese agricultural experts were trained in the Philippines by the IRRI. This was a potential aspect of cooperation between the two countries. The number of Vietnamese students was increasing. There are currently 500 Vietnamese students studying in the Philippines, who are by various sources of scholarships.

VIETNAM AND RUSSIA

Since the earliest days of the VCP, when the party’s primary mentor was the Comintern, the Soviet Union has played a complex role in VCP affairs. Many of Vietnam’s leaders
were trained in the Soviet Union and had formed personal ties with their Soviet contemporaries. Historically, however, the relationship between the two nations has been characterized by strain, particularly on the Vietnamese side, and the record suggested several instances of Soviet neglect or betrayal of Vietnamese interests (Simon 1985: 930). These included Moscow’s indifference to the founding of the VCP in 1930, failure to support materially or otherwise the Vietnamese resistance war against the French in the 1930s and early 1940s, failure to recognize North Vietnam until five years after its founding, failure to support Vietnam’s application for membership in the UN in 1948 and in 1951, support for the partitioning of Vietnam at the Geneva Conference in 1954, and sponsorship of a proposal to admit both North and South Vietnam to the UN in 1956 (Zagoria 1988: 133). These examples of Soviet policy reminded the Vietnamese of the peril inherent in placing too much trust in a foreign ally.

The Sino-Soviet split in the late 1950s favorably altered the Soviet attitude toward Vietnam. Beginning in 1965, the Soviets initiated a program of military assistance to Hanoi that proved invaluable in carrying on the Second Indochina War (Simon 1985: 931-32). Hanoi, however, continued to suspect Soviet motives and perceived that Soviet aid was insufficient.

Vietnam finally realized that the cost of pursuing a policy of isolating the Soviet Bloc was ‘self-defeating’ (Hudson 2003: 175). Following the conquest of South Vietnam in 1975, Hanoi sought to retain the equilibrium of its wartime relations with both China and the Soviet Union, but mounting tensions with Beijing, culminated in the loss of Chinese aid in 1978, compelled Hanoi to look increasingly to Moscow for economic and military assistance (Duiker 1995). Subsequently, fresh tensions arose in connection with Moscow’s support for the Vietnamese military intervention in Cambodia in 1978 (Lo 2008: 27-28), the ensuing war between China and Vietnam, and the Soviet invasion of Afghanistan in December 1979.

The bilateral political relations were increasingly stronger with much more trust due to frequent exchanges of visits among high ranking leaders, ministerial officials and localities. In 2001, the two sides established strategic partnership relations during the
Russian President V. Putin’s official visit to Vietnam (Cohen 2003: 263). Most of the legal foundations for the bilateral relations were laid during that time. During the period from 1991 to 2006, about 50 bilateral agreements were inked. The two sides had reasonably resolved outstanding issues from the Soviet era such as Vietnam’s debt and Russia’s early withdrawal from the military port of Cam Ranh.

The two countries shared the same views on many international and regional issues supporting each other at many international forums such as the UN, APEC, ASEAN and ARF. Vietnam supported Russia’s participation in the ASEM forums and East Asia Summit.

Beginning in late 1975, a number of significant agreements were signed between the two countries. One coordinated the national economic development plans of the two countries, and another called for the Soviet Union to underwrite Vietnam’s first post-reunification Five-Year Plan. The first formal alliance was achieved in June 1978 when Vietnam joined Comecon. Comecon facilitated the economic integration of the Soviet Union (Singh 1992: 57-58), six East European countries, Cuba, and Mongolia, was able to offer economic assistance for some of the projects abandoned by China (World Bank 2000: 61). Vietnam, by that time, was also in need of financial aid from the former ally.

Vietnam’s decision to invade Cambodia, which the leadership apparently made shortly after joining Comecon, required more than economic assistance from the Soviets. The possibility of a formal alliance between Hanoi and Moscow had apparently been discussed since 1975, but the Vietnamese had rejected the idea in order to protect their relationship with China. In 1978 that relationship had deteriorated to the point where protecting it was no longer a consideration, and circumstances in Cambodia confirmed the need for Vietnamese-Soviet military cooperation (Cohen 2003: 263-64). In spite of Vietnam’s needs, it was likely that the Treaty of Friendship and Cooperation signed in November 1978, was imposed by the Soviets as a condition for military assistance. As a result of the treaty, the Vietnamese granted Soviets access to the facilities at Da Nang and Cam Ranh Bay (Simon 1985: 935). Use of the bases represented a substantial regional
strategic gain for Moscow, whose naval bases in the Pacific Ocean, until then, was limited to the Soviet Far East.

Soviet support sustained Vietnamese operations in Cambodia. Military aid in 1978 approached US$ 800 million annually, but after the Vietnamese invasion of Cambodia and the Chinese attack on Vietnam in February 1979, the figure rose to almost US$ 1.4 billion. The sharp increase, reflecting the Soviet effort to replace quickly Vietnamese equipment losses on the Sino-Vietnamese border, was subsequently reduced to between US$ 800 and 900 million in 1980 and between US$ 900 million and 1 billion in 1981. Military aid increased to 1.7 billion annually in the 1982-85 period, and decreased to an estimated US$ 1.5 billion in 1985. Reported Soviet dissatisfaction with Hanoi's handling of Cambodia, stemming from the stalemated battlefield situation and its high costs, did not appear to affect Moscow's decision to continue to provide assistance for the war. At the end of 1987, there was no indication that the Soviets were pressing Vietnam to resolve the conflict (MOFA 2006).

In addition to its role as Vietnam's exclusive donor of military aid, the Soviet Union in 1987 was also Vietnam's largest contributor of economic aid and its biggest trade partner. During the Third Five-Year Plan (1981-85), the Soviets provided some US$ 5.4 billion in balance-of-payments aid, project assistance, and oil price subsidies. Total economic aid for 1986 was an estimated US$1.8 billion. Russia was also a major supplier of food and commodity aid on a mostly grant-aid or soft currency basis. By 1983, Russia supplied 90 percent of Vietnam's petroleum, iron and steel, fertilizer, and cotton imports and 70 percent of its grain imports (Duiker 1995). Thousands of Vietnamese students were sent to USSR for education and training in the Soviet factories to increase their technical abilities.

Soviet-Vietnamese ties in the mid-1980s were sound, but the relations got disturbed further. The Vietnamese distrusted Soviet intentions and resented Hanoi's dependent role. The Soviets in turn distrusted the Vietnamese for not confiding in them (Zagoria 1988: 135-7). Reportedly, on a number of occasions Moscow learned of major Vietnamese policy plans and changes only after war with Cambodia. Cohen (2003) believed that the
Soviets were not entirely prepared for the sudden deterioration in Sino-Vietnamese relations in 1978, and they might not have been aware of the full extent of Vietnamese plans in Cambodia. Others believed that former Soviet Union was aware of the deterioration and was allowing Vietnam to play the role of proxy in Moscow’s own dispute with Beijing.

Friction was particularly evident in economic relations. The Soviets resented the enormous burden of their aid program to Vietnam and felt that much of it was wasted because of Vietnamese inefficiency. In turn, the Vietnamese were offended by Moscow’s 1980 decision to reduce aid in the face of severe economic hardships in Vietnam. In the mid-1980s, aid continued at a reduced rate although Vietnam’s economic situation had worsened.

The prospect of an improvement in the state of Sino-Soviet relations in the mid 1980s did not appear to threaten the Soviet Union’s ties with Vietnam. Although China demanded that Moscow ensured Vietnam’s withdrawal from Cambodia as a condition to normalize the Sino-Soviet relationship, Vietnamese leaders proceeded as if they were sure their existing policy in Cambodia would not be threatened. The Soviets even went so far as to promote improved relations between Hanoi and Beijing. At Vietnam’s Sixth Party Congress in December 1986, the senior member of the Soviet delegation suggested that the normalization of relations between Vietnam and China would improve the situation in Asia and the world as a whole. The Vietnamese agreed with this premise but were unwilling to seek improved ties at the expense of weakening their position in Cambodia.

The period of 1989-91 was a traumatic phase for Russia and it laid greater impact on Vietnam also. Holmes (2007: 11-13) explained the condition with Vietnam that it had been a member of the Council for Mutual Economic Assistance (CMEA or Comecon) since the year 1978. It was a substantial market for the Vietnamese products, which began with the slow paced economic integration into the ‘Soviet-dominated economic bloc’ but reached to the higher level. The fall of Comecon was a setback to Vietnam also, as it had to focus on its trade patterns once again. Holmes (2006) said that with the course of time the Russia was concentrating on the new political ambitions and equation in Asia,
as it made clear with the attack on Afghanistan in 1979. Vietnam was not an ally of a super power any more and this factor led it to modify its foreign policy and trade relations in order to deal with the nation-building processes. Monetary aid was the most important concern for Vietnam, as it was the essential attribute and was needed the most.

**Trade relations**

Annual turnover of Vietnam was about 350-400 million US$ by the mid-1990s while it was 1 billion US$ in 2005. However, since 2006, Vietnam’s trade deficit has significantly decreased. Vietnam’s main exports to Russia include agricultural and aquatic products, light industrial goods with agricultural products growing steadily (vegetables, cashew nuts, coffee, frozen and dried aquatic products, textiles and shoes). Aquatic products are growing at a fast rate. In 2005, the trade turnover was only 60 million US$ and in 2006, it was 160 million US$ (MOF A 2009). Imported goods from Russia, which included mainly metal, fertilizer, petroleum, oil and machines, decreased since 2006 due to competition from China and neighbouring markets.

Petroleum, natural gas and energy were traditional and effective field of cooperation, generating large revenues for both countries (29 percent Vietnam’s 2006 budget) and are given priority in the bilateral economic and trade relations. During the most recent visit to Russia by Prime Minister Nguyen Tan Dzung, the two countries signed a supplementary protocol on the “Vietsopetro” joint venture contract for terms of its operations beyond 2010. Russia continues to take part in upgrading and constructing hydro and thermal power plants, notably the Son La Hydropower plant. The Russian side expressed the wish to help Vietnam to construct nuclear power plants, to train specialists and to set up a new nuclear research centre (MOFA 2009).

**Investment**

As on 31 January 2007, the Russian had 48 projects in effect with a total pledged capital of 301 million mainly concentrated on petroleum and oil industries, heavy and light
industries, transportation, post, aquatic culture and fishing. Russia encouraged Vietnam to construct subway networks in Hanoi and Ho Chi Minh City.

Vietnam currently has 11 investment projects in Russia with a total pledged capital of 38 million US$ (11 percent of total Vietnam's abroad investment projects). These are mostly small scale projects, mainly in trade, food processing, textiles and one project in the construction material field.

**Education**

Russia was one of the nations providing personnel training opportunities for Vietnam. Vietnam annually received more than 250 scholarships for bachelor and post bachelor training opportunities at Russian training institutions. The number of Vietnamese self-supported students in Russia surpasses the number 5,000. Cultural exchange activities between the two countries maintained through the organization of Culture Days helped to enhance mutual understanding between the two countries.

**Cooperation**

The cooperation among localities of the two countries had been re-established through the exchange of activities and signing of cooperation documents. Due to the historical and friendly ties between the two countries, the Vietnamese community in Russia had resided and worked in Russia for nearly two decades. Although the issue of their legal status remained unclear, the Vietnamese in Russia were not discriminated generally. A few had become successful entrepreneurs with investment projects in Russia and Vietnam.

**VIETNAM AND UNITED STATES**

The Communist victory in South Vietnam in 1975 abruptly concluded three decades of United States intervention in Vietnam and brought to a close a painful and bitter era for both countries. The war generated considerable social and political discord in the United
States, massive disruption in Vietnam and was enormously costly to both sides. The United States escaped physical devastation, but it suffered the loss of 58,000 lives (Elliott, 1996) and more than US$ 150 billion in direct expenses to sustain the war. The war also divided the American society and administration.

To the Vietnamese communists, the war against the United States simply extended the war for independence initiated against the French. In Hanoi’s view, when the United States displaced the French in Indochina, it assumed the French role as a major power obstacle to Vietnam’s eventual reunification (Frost 1993).

For the United States, intervention was derived from considerations that largely transcended Vietnam. In the closing months of World War II, the United States had supported the idea of an international trusteeship for Indochina. Subsequently, in spite of misgivings in Washington about French intentions to re-impose colonial rule in Indochina, the United States eventually tilted in support of the French war effort in the embattled region. Anti-colonial sentiment in the United States after World War II had failed to outweigh policy priorities in Europe, such as the evolving North Atlantic Treaty Organization (NATO) relationship (ibid). The formal creation of NATO and the communist victory in China both of which, occurred in 1949, led the United States to support materially the French war effort in Indochina (Brown 1997: 212).

Thai (1992) discussed that earlier Hanoi believed that US involvement in South Vietnam was to strengthen themselves in the Southeast Asia against their major rival Russia. But later it became clear that it was not only US, which was trying to gain importance in this particular region, while there were others also. The perception that communism was global and monolithic, led the administration of President Dwight D. Eisenhower to support the idea of a non-communist state in southern Vietnam (Demarest 1998:119-20), after the French withdrawal under the Geneva Agreements of 1954.

Elliott (1996: 25-27), said that the fall of South Vietnam would be detrimental to West and it could be possible only with the help of South Vietnam that the communist ideology would be checked in Southeast Asian region. Although this goal arguably ran counter to
two key features of the Geneva Agreements (the stipulation that the line separating North and South Vietnam be neither a political nor territorial boundary and the call for reunification elections), it was based on the United States assessment that the Viet Minh which, contrary to the agreements, had left several thousand cadres south of the demarcation line was already in violation. The first United States advisers arrived in the South within a year after Geneva to help President Ngo Dinh Diem establish a government that would be strong enough to stand up to the communist regime in the North.

Although Washington's advisory role was essentially political, United States policy makers determined that the effort to erect a non-communist state in Vietnam was vital to the security of the region and would be buttressed by military means, if necessary, to inhibit any would be aggressor. Defending Vietnam's security against aggression from the North and from southern based communist insurgency was a mission Washington initially perceived as requiring only combat support elements and advisers to South Vietnamese military units. The situation, however, rapidly deteriorated when increasing numbers of North Vietnamese trained soldiers were moving in South Vietnam to check the possible attempt of North Vietnam to attack on South Vietnam. At that time America started a programme of 'Vietnamisation', (Elliott, 1996: 172-74), which was a plan to provide the American Warfare technology to the South Vietnam. The first increment of United States combat forces was introduced into the South and sustained bombing of military targets in North Vietnam was undertaken. Nearly eight more years of conflict occurred before the intense involvement of the United States ended in 1973.

An "Agreement Ending the War and Restoring Peace in Vietnam" was signed in Paris on January 27, 1973, by Washington, Hanoi, Saigon, and the Provisional Revolutionary Government, representing the Vietnamese communist organization in the South, the Viet Cong (contraction of Vietnam Cong San). The settlement called for a ceasefire, withdrawal of all United States troops, continuance in place of North Vietnamese troops in the South, and the eventual reunification of the country 'through peaceful means'. In reality, once United States Forces were disengaged in early 1973 there was no effective way to prevent the North from overwhelming the South's defenses and the settlement
proved unenforceable (Frost 1993: 41-43). Following the fragile ceasefire established by the agreement, PAVN units remained in the South Vietnamese countryside, while Army of the Republic of Vietnam (ARVN) units fought to dislodge them and expand the areas under Saigon’s control (MOFA 2006). As a result, the two sides battled from 1973 to 1975, but the ARVN, having to fight without the close United States air, artillery and logistical support to which it had become accustomed, acquitted itself badly, losing more and more ground to the community.

The swift manner in which the South Vietnamese government finally collapsed in 1975 appeared to confirm that the Paris agreement had accomplished little more than to delay an inevitable defeat for the United States ally, South Vietnam and that Washington had been impotent to avert this outcome.

Following the war, Hanoi pursued the establishment of diplomatic relations with the United States, initially in order to obtain US$ 3.3 billion in reconstruction aid, which President Richard M. Nixon had secretly promised after the Paris Agreement was signed in 1973. Barely two months after Hanoi’s victory in 1975, Premier Pham Van Dong, speaking to the National Assembly, invited the United States to normalize relations with Vietnam and to honor its commitment to provide reconstruction funds (Frost 1993). Representatives of two American banks were invited to discuss trade possibilities and American oil companies were informed that they were welcome to apply for concessions to search for oil in offshore Vietnamese waters.

Washington neglected Dong’s call for normal relations, because it was predicated on reparations, and the Washington political climate in the wake of the war precluded the pursuit of such an outcome. In response, the administration of President Gerald R. Ford imposed its own precondition for normal relations by announcing that a full accounting of Americans missing in action (MIA), including the return of any remains, would be required before normalization could be effected (MOFA 2008). No concessions were made on either side until President Jimmy Carter softened the United States demand from a full accounting of MIAs to the fullest possible accounting and dispatched a mission to Hanoi in 1977 to initiate normalization discussions.
Although the Vietnamese at first were adamant about United States economic assistance, their first postwar economic plan counted on the amount promised by President Nixon, the condition was dropped in mid 1978 when Hanoi made additional gestures toward normal relations. At that time, Vietnamese Foreign Minister Nguyen Co Thach and the United States government reached an agreement in principle on normalization, but the date was left vague. Thach urged for a date in November 1978, because he was due in Moscow to sign the Treaty of Friendship and Cooperation with the Soviet Union but Washington was noncommittal (Zasloff 1998).

During this period, United States officials were preoccupied with the question of the Indochinese refugees, and they were in the process of normalizing relations with China. This was an action that could have been jeopardized had Washington concurrently sought a rapprochement with Vietnam, a nation whose relationship with Beijing was growing increasingly strained. Policy makers in Hanoi correctly reasoned that the United States had opted to strengthen its ties with China rather than with Vietnam, and they moved to formalize their ties with the Soviets in response. Their original hopes were to gain both diplomatic recognition from the United States and a friendship treaty with Moscow, as a double guarantee against future Chinese interference.

In the United States, the issue of normalizing relations with Vietnam was complicated by Vietnam's invasion of Cambodia in December 1978, the continuing plight of Vietnamese refugees, and the unresolved MIA issue. In 1987, under President Ronald Reagan, the United States continued to enforce the trade embargo imposed on Hanoi in 1975 and barred normal ties as long as Vietnamese troops occupied Cambodia. Any efforts to improve relations remained closely tied to United States willingness to honor its 1973 aid commitment to Vietnam and to Hanoi's failure to account for the whereabouts of more than 2,400 MIAs in Indochina.

From the signing of the Paris agreements in 1973 until mid-1978, the Vietnamese had routinely stressed the linkage between the aid and MIA issues. Beginning in mid-1978, however, Hanoi dropped its insistence that the MIA and aid questions be resolved as a precondition for normalization and stopped linking the MIA question to other unresolved
matters between the two countries (Zagoria 1988: 136-39). Vietnamese leaders contrasted
their restraint on the MIA issue with its alleged political exploitation by the United States
as a condition for normal relations. As additional signs of goodwill, Hanoi permitted the
joint United States-Vietnamese excavation of a B-52 crash site in 1985 and returned the
remains of a number of United States servicemen between 1985 and 1987. Vietnamese
spokesperson also claimed during this period to have a two year plan to resolve the MIA
question but failed to reveal details.

Although Vietnam’s Sixth National Party Congress in December 1986 officially paid
little attention to relations with the United States, the report of the congress noted that
Vietnam was continuing to hold talks with Washington on humanitarian issues and
expressed a readiness to improve relations. Although ambivalent in tone, the message
was more positive than the 1982 Fifth National Party Congress report, which had
attributed the stalemated relationship to US’s ‘hostile policy’. The improved wording was
attributable to the influence of newly appointed Party General Secretary Nguyen Van
Linh, who was expected to attach high priority to expanding Vietnam’s links with the
West.

Within a few months of the Sixth National Party Congress, however, Hanoi began to send
conflicting signals to Washington. In mid 1987 the Vietnamese government, having
determined that cooperation had gained few concessions from the United States, reverted
to its pre 1978 position linking the aid and MIA issues. A meeting between Vietnamese
leaders and President Reagan’s special envoy on MIAs, General John W. Vessey, in
August 1987 yielded significant gains for both sides. In exchange for greater Vietnamese
cooperation on resolving the MIA issue, the United States agreed officially to encourage
charitable assistance for Vietnam (MOFA 2008). Although the agreement fell short of
Hanoi’s requests for economic aid or war reparations, but it marked for the first time that
the United States had offered anything in return for Vietnamese assistance in accounting
for the MIAs and it was an important step toward an eventual reconciliation between the
two countries (Sutter 2003).
Vietnam, according to Holmes (2007) was ‘treading a fine line and its willingness to join WTO shows the risk bearing capacity of Vietnam’, but it was America which was the most serious impediment in joining WTO by Vietnam, though it was the biggest market for the Vietnamese products. Vietnam and the US established diplomatic relations on July 12, 1995 exchanged their first Ambassador in July 1997 and opened the US Consulate General in Ho Chi Minh City and Vietnam Consulate General in San Francisco in November 1997.

Political Relations

The bilateral relations were increasingly strengthened in various fields. Particularly, during the official visit to the US by Prime Minister Phan Van Khai in June 2005, the two sides issued a joint Statement which highlighted their intention to develop a friendly, constructive, and multi-faceted cooperative, durable and stable partnership. President G.W. Bush reiterated the US government’s support for Vietnam’s security and territorial integrity. During US President Bush’s visit to Vietnam (November 2006), a Joint Statement was publicized, reaffirming the aforesaid commitment and opened new cooperation opportunities between the two countries in different areas (VNA 2007).

The most recent official visit is paid by Vietnam President Nguyen Minh Triet at the invitation of US President G.W. Bush (18-23 June, 2007). During this visit, the two sides agreed to further deepen and broaden their multi faceted relations on a stable and effective basis. The two sides signed the Trade and Investment Framework Agreement (TIFA) and many other important economic agreements.

Economic and trade relations

The two countries have reached a number of economic agreements in the fields like science and technology cooperation, textile sector, aviation industry, economic and agricultural cooperation. On May 31, 2006 a bilateral market access agreement was formally signed by US and Vietnam, which was required as a part of Vietnam’s
promotion for the WTO membership. Since BTA became effective, trade ties between the
two countries had improved. The two way trade volume reached US$ 7.8 billion in 2005,
a five-fold increase against 2001's US$ 1.5 billion, US-Vietnam trade volume reached
US$ 9.7 billion in 2006, of which Vietnam imported US$ 1.1 billion and exported US$ 8.6 billion (Vietnam always has trade surplus with the US) (Hari 2007; GSO 2006).

Table 14 US-Vietnam Merchandise Trade (millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>US Imports from Vietnam</th>
<th>US Exports to Vietnam</th>
<th>Total trade</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Volume</td>
<td>Change from previous yr.</td>
</tr>
<tr>
<td>1994</td>
<td>50.5</td>
<td>172.2</td>
<td>222.7</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>827.4</td>
<td>330.5</td>
<td>1157.9</td>
<td>-</td>
</tr>
<tr>
<td>2001</td>
<td>1026.4</td>
<td>393.8</td>
<td>1420.2</td>
<td>23%</td>
</tr>
<tr>
<td>2002</td>
<td>2391.7</td>
<td>551.9</td>
<td>2943.6</td>
<td>107%</td>
</tr>
<tr>
<td>2003</td>
<td>4472.0</td>
<td>1291.1</td>
<td>5763.1</td>
<td>96%</td>
</tr>
<tr>
<td>2004</td>
<td>5161.1</td>
<td>1121.9</td>
<td>6283.0</td>
<td>9%</td>
</tr>
<tr>
<td>2005</td>
<td>6522.3</td>
<td>1151.3</td>
<td>7673.6</td>
<td>22%</td>
</tr>
<tr>
<td>2006</td>
<td>8463.4</td>
<td>988.4</td>
<td>9451.8</td>
<td>23%</td>
</tr>
<tr>
<td>2007</td>
<td>10541.2</td>
<td>1823.3</td>
<td>12364.5</td>
<td>31%</td>
</tr>
<tr>
<td>Jan-Aug 2007</td>
<td>6686.2</td>
<td>993.1</td>
<td>7679.3</td>
<td>-</td>
</tr>
<tr>
<td>Jan-Aug 2008</td>
<td>8039.7</td>
<td>1954.6</td>
<td>9994.3</td>
<td>30%</td>
</tr>
</tbody>
</table>

Major Imports from Vietnam: Clothing, petroleum products, footwear, wooden furniture, frozen shrimp, coffee, electrical machinery

Major Exports to Vietnam: Passenger cars, machinery and office equipment, plastics, electrical machinery, wood, motor vehicles, raw cotton, concentrated milk

Source Manyin (2008)

US was the biggest export market for Vietnam. By September 2007, FDI from the US to Vietnam had reached US$ 2.6 billion and it ranked seventh among countries and territories investing in Vietnam. More than 1,000 US companies are now doing business in Vietnam (MOFA 2008). While economic and trade relations between the two countries were expanding, some trade disputes concerning catfish, shrimp and textile issues had also emerged.
Cooperation in the fields of science and technology, culture, healthcare, education and training

The two countries had signed a number of ministerial MOU, namely Joint communiqué on Healthcare cooperation between two Ministries of Health (December 1997), Agreement on Sports and Physical Training Cooperation (March 1999), MOU on Labour Cooperation (November 2000), MOU on Hydro-Meteorological Cooperation (January, 2001) and MOU on Human Resource Training in Agriculture (March, 2003). In 2003, Vietnam and the US signed a statement on Principles of Cooperation for the Implementation of Vietnam Education Fund (VEF) program, which had granted a number of scholarships for Vietnamese students to study science and technology in the US (MOFA 2008). In June 2004, the American president had announced the inclusion of Vietnam in the list of 15 partner countries in the Emergency plan for AIDS-HIV Relief. The US had also actively worked with Vietnam as well as provided financial assistance in the combat against the bird flu epidemic. The two sides also maintain dialogue on labour, human right and religious issues.

Cooperation on humanitarian issues related to war

Following humanitarian traditions and policy, Vietnam had closely cooperated with the US in dealing with the MIA issue. Vietnam had handed over to the US more than 800 sets of remains. The US side had also gradually cooperated with Vietnam to solve consequences of the war, for instance, providing information relating to the search of Vietnamese missing in action, co-organizing several conferences on the research of the effect of Agent Orange, and undertaking several programs such as landmine clearing, tree planting and victims’ assistance. Solving the consequences of the Agent Orange had also seen initial progress. In May 2007, the US Congress approved an appropriation of US$ 3 million for environment protection and healthcare in Vietnam. Vietnamese Agent orange victims had sued several US chemical companies for producing toxic chemicals during the war.
Security and military relations

The two sides had nominated military Attaches and exchanged a number of delegations, including the ministerial and deputy ministerial levels, in order to increase mutual understanding. US Secretary of Defense W. Cohen paid a visit to Vietnam in March 2000 and in return, Minister of Defense Pham Van Tra paid a visit to the US in November 2003. In June 2006, US Secretary of Defense D. Rumsfeld visited Vietnam. Since 2003, US naval ships have visited Vietnam’s ports annually under bilateral military cooperation framework. In December 2006, together with the announcement of granting PNTR status for Vietnam, US President G. Bush lifted the embargo on selling some non lethal military items to Vietnam. It had been working with the US in anti terrorism cooperation and other forms of law enforcement cooperation (MOFA 2007). Vietnam also requested the US Government to prevent organizations and individuals from and punish them for their terrorist activities against Vietnam, as well as punish them for such kind of activities.

Improvised Vietnam-US relations in recent years

Vietnam and the United States established their diplomatic relations on the 12th July 1995. Since then, the bilateral relations were improved while also it encouraged developments. The bilateral relations were expanded to politics, economic, education, health, science and technology and such other unprecedented fields in the history of the two countries as defence, anti terrorism, combat against drug trafficking and international crimes. The two sides had decided to bring the bilateral relations to a new development stage toward a cooperative, stable and long lasting relationship. In the bilateral relations, economic and trade cooperation constantly remain in focus, achieving the most positive developments.

They had signed a series of economic agreements such as Textiles and garment Agreement (2003), Civil Aviation Agreement (2003), Letter of Agreement on Vietnam Competitive Initiative, Agreement on Electronic Visa Issuance System for Textiles and Garment Export to the US. Currently, the two countries are negotiating to conclude the
Framework Agreement on Economic and Technical Cooperation, Marine Transports Agreement and the Memorandum on Agricultural cooperation. Notwithstanding certain developments in some fields, the bilateral relations are not commensurate with the potentials of the two countries (Hari 2007).

Deputy Prime Minister Vu Khoan stressed, 'much work remained to be done to further attract investment from the US in the coming time: For her part, Vietnam should intensify investment promotion in the US and at the same time continue improving favourable investment environment through speeding up the completion of the legal system in accordance with international standards and commitments, ensuring transparency and guaranteeing intellectual property rights’ (VNA 2003).

Policy makers of both countries should hold more discussion to work out measures to address issues arising in the implementation of running projects and put forth cooperation proposals in the fields of great potentials. The two sides should create more favourable conditions for their businesses to increase exchange and contact for further growth of the bilateral trade relations and direct investment.

**Vietnam export to the US**

Before 1994 the export value was modest. Following the US lifting of the embargo against Vietnam, the export value of Vietnam to the US reached US$ 94.9 million, making US the ninth largest importers of Vietnam, after Japan, Singapore, China, Taiwan, Hong Kong, France, Germany and Thailand. Following the establishment of diplomatic relations between the two countries in 1995, Vietnam’s export turnover to the US ranked the eighth reaching US$199 million and in 2000 ranked the sixth reached US$ 821.30 million surpassing Germany, Hong Kong and the ROK. From 2001, after the conclusion of the Vietnam-US bilateral trade agreement, the export value reached US$ 1.05 billion surpassing Australia, Singapore and Taiwan and in 2002 reached US$ 2.4 billion in 2004 valued at US$ 5.2 billion, which accounted for about 20 percent of the total export turnover of Vietnam. Currently, Vietnam is one of the more
than 30 largest exporters to the US and the US is one of Vietnam’s biggest importers in terms of footwear, textile and garments, seafood, crude oil, cashew nut, wooden products, handicrafts, coffee and pepper (GSO 2006 and 2007).

Vietnam’s import from the US


Direct investment from the US to Vietnam

By the end of May 2005, the US has had 276 direct investment projects, with the total registered capital of US$ 1,861 million, ranking the ninth among the countries and territories investing in Vietnam (after Singapore, Taiwan, the ROK, Japan and the British Islands of Virgin, Hong Kong, France and the Netherlands) and ranks seventh in the five month of 2005 (MOFA 2008).

VIETNAM AND EUROPEAN UNION

Vietnam and EU established diplomatic relations in November 1990 and bilateral cooperation was given a boost with the July 17, 1995 after signing of a framework cooperation agreement, which laid out basic principles for economic and trade cooperation between the two sides. Since then, the EU had become an important partner of Vietnam in various domains ranged from politics and development cooperation between the two sides. Political ties between the two countries had strengthened with many high-level meetings the peak of which was the Vietnam-EU summit in October 2004, on the occasion of the Asia-Europe Meetings (ASEM) (Nguyen, Nguyen and Duong, eds, 2004).
Development and cooperation had been growing together with political relations. At present, the European Commission and EU member countries are largest provider of ‘non-refundable aid’ and the third largest donor of Official Development Assistance to Vietnam after Japan and the World Bank. Most EU-funded projects focused on areas of rural development, human resources development, health care, education, technical assistance, management capacity building, and administrative and judicial reforms. At the 2004 donor’s consultative meeting, EU committed a total of 722.53 million euros to Vietnam in 2005, 37 percent up from previous year (GSO 2006).

Trade and investment relations between Vietnam and EU member countries had been constantly expanded. The two sides had granted each other the Most Favoured Nation status and EU had also included Vietnam in its list of developing countries benefiting from its Generalized System of Preferences (GSP). Over the past 10 years, Vietnam-EU trade ties have grown an average of 15-20 percent per year. The EU is now one of Vietnam’s leading trading partners with bilateral trade value surpassing 6.2 billion Euros in 2004, 20 percent up compared to 2003 (GSO 2007).

Vietnam exports to the EU mainly included light industrial goods, farm and aquatic products, while importing machinery, equipment, chemicals, materials and accessories for textile and garment making, steel, fertilizers and medicines. Its major markets included Britain, France, Germany, Sweden and the Netherlands. EU actively supported Vietnam’s admission to the World Trade Organization. The conclusion of bilateral talks on this issue on the occasion of ASEM-5 in 2003 had generated positive effects on Vietnam’s talks with other partners (Nguyen, Nguyen and Duong, eds, 2004).

In relation to investment, EU countries were among the first investors to come into Vietnam after the country promulgated the Law on Foreign Investment in December of 1987. By the end of 2004, they had invested a total of US$ 6.9 billion in registered capital in 473 projects, accounting for 9 percent of foreign investment in Vietnam. In the first five months of this year, the EU poured more than US$ 293 million into Vietnam, representing 64.8 percent of the total FDI flow into the country in the period. Many major
European companies had represented in Vietnam, including BP of Britain, the Shell Group of the Netherlands, Total Elf Fina and France Telecom of France, and Siemens of Germany (MOFA 2008).

**WTO AND VIETNAM**

Fetching US$ 39 billion from exports over the past ten months of year 2006, Vietnam’s total export revenue was estimated to reach US$ 48 billion for 2007, a year-on-year increase of over 20 percent. Meanwhile, the attraction of FDI is estimated at US$ 13 billion this year following an influx of giant investors and projects. Together with an increase in FDI value, the growing participation of foreign investors in Vietnam’s securities market is also a key reason behind the rapid increase of foreign direct investment flow into the country. A new wave of investment entered Vietnam after the country was admitted to the WTO (World Bank 2008). International Monetary Fund (IMF) representative Head in Vietnam, Houng Lee also said that with its WTO commitments, Vietnam earned greater trust from foreign investors. Vietnam’s WTO membership made the country more attractive to foreign investors.

Vietnam’s WTO accession brought many advantages to the population, particularly farmers, whose products now have enjoyed equal treatment in member country markets, leading to increases in both quantity and price of export products. Opening the market in line with WTO regulations meant international markets would have positive and negative influence on Vietnam.

After Vietnam joined the WTO, a wider source of goods had brought more options for local consumers. However, for the local business sector, the country’s opening market poses challenges due to limitations in competitive competence and the need to compete in a ‘new situation.’ Vietnamese businesses now have to compete with foreign rivals in an environment where the world economic structure has undergone rapid change and there is a strong knowledge based economy which still remains unfamiliar to them. Additionally, as all member country opens their doors, the low competitive capacity of Vietnamese
businesses creates difficulties. Vietnamese businesses create difficulties. Vietnam’s commitment to open doors in the service sectors had fuelled strong competition in the domestic market. Together with finance and banking, the real estate and retail service sectors have become heated up as a result of the increased involvement by foreign investors.

Vietnamese business need to equip themselves with comprehensive knowledge, put themselves in the global context and set up coordination networks to improve their competitive capacity. In a report on the Asian countries, the Asian Development Bank (ADB 2008) forecasted that Vietnam was likely to reach a Gross Domestic Product growth rate of 8.3 percent in 2008 and the figure might had reached 8.5 percent in 2008 if the country continues with its global economic integration, encourages foreign investment and kept reforming. The country’s developing economy was healthy and would continue to develop rapidly.

VIETNAM AND THE UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)

Relations between Vietnam and UNCDF were established in 1978 as UNCDF started to help Vietnam in its rural infrastructure development. During Vietnam’s national reform process, UNCDF in coordination with UNDP, has been assisted Vietnam in the implementation of “the development course of the people, by the people and for the people”, UNCDF-UNDP development projects had substantially enhanced capacities at hamlet, communal, district and provincial levels. In 1990, UNCDF helped Vietnam in the implementation of the development cooperation programme for the period 1990-1995 for Quang Nam-Da Nang province (World Bank 1997). The programme consisted of 5 projects, totalling US$ 18.2 million in capital, of which US$ 17.5 million came from UNCDF and US$ 0.7 million from UNDP. The programme mainly covered the investment of capital in irrigation, transportation and electricity in selective rural areas based on their respective poverty levels, infrastructure difficulties and advantages in terms of geographical location and mineral reserves, the establishment of an
identification, assessment and implementation mechanism of infrastructure projects, and the enhancement of capacities of Da Nang Vietcombann branch in order to grant credits to local manufacture and construction enterprises. This programme was assessed by the Government, UNCDF and UNDP as highly efficient and had made great contribution to the course of hunger eradication and poverty reduction of Quang Nam-Da Nang province during the period (GSO 2007; UNCDF 2008).

From 1996 to 2001, UNCDF, in coordination with UNDP and Australian Agency for International Development, assisted the Government of Vietnam in carrying out a wide-scale assistance project in Quang Nam-Da Nang province, establishing the Rural Infrastructure Development Fund (RIDEF) with US$ 11.2 million in capital of which, US$ 7.9 million came from UNCDF. The project’s goal was to improve planning and infrastructure development capacities of the local authority and community groups by promoting decentralized administration and people’s participation. It was reducing poverty in the province’s most impoverished communes through small scale investments into local socio-economic infrastructure. The project succeeded in setting up rural infrastructure Development Fund model, an important initiative which allowed the experiment of a new approach in planning, investment and provided public goods and services in Vietnam (UNCDF 2008).

The RIDEF model was based on the concept of granting greater power to the local authority and community. With the aid of Quang Nam province, Da Nang city and AusAID, 122 communes and 15 districts were able to improve their capacity in administering local development functions, including the work of determining specific needs, planning, implementing and maintaining rural infrastructure. Not exactly a perfect model of rural development, RIDEF is yet considered an exemplary model based on which other projects with similar goals of enhancing planning and funding power of the local authority in Vietnam can be developed.
UNICEF’s cooperation with the Government of Vietnam had been based on the principles of the rights of children and the sound development. The Government of Vietnam showed great commitment to its children. Few countries in the world have seen such rapid and sustained results over the last twenty-five years. UNICEF had contributed to the development of the technical knowledge and experience in relation to the development of human resources. It ran a number of programmes in Vietnam since 1975. The various programmes and their objectives also have to be analyzed in order to understand the role and nature of reform programmes.

First Country Programme (1975-79): Cooperation centred primarily on instant assistance for post-war recovery, responding to immediate needs and the imperative of reconstruction. UNICEF support included significant food supplies, construction materials and equipment to support self-sufficiency in developing infrastructure and basic materials required to meet the various needs of children such as health and education infrastructure (UNICEF 2005: 44-45).

Second Country Programme (1980-83): This country programme focused on meeting the basic needs of children, while continuing to provide relief and emergency assistance. Activities included the provision of basic services for children in the areas of health, nutrition, rural water supply, early childhood care and primary education (UNICEF 2005: 52).

Third Country Programme (1983-87): During this period, work on the provision of basic social services was expanded, but with a narrower geographic focus. A more coordinated approach to provide services were applied in six provinces and a further shift in focus from emergency response to development planning was initiated (UNICEF 2005: 56).
Fourth Country Programme (1988-91): Cooperation still included the provision of basic social services from the previous cycle, but coverage was extended to 14 provinces. There was an increased cooperation to promote coherence and synergy among the various social services within those complementary services, such as improvements in nutrition through growth monitoring, household food production, early childhood care, rural water supply and primary health care (UNICEF 2005: 44-45). This promoted community participation through the provision of complementary services, such as improvements in nutrition through growth monitoring, household food production, early childhood care, rural water supply and primary health care. The latter reflected the Government’s commitment in reducing child mortality and morbidity and strengthening early childhood care in order to allow women with small children to fully participate in the economy as a necessity since many men had lost their lives in the war. Greater links were also established with United Nations sister agencies, in particular with the World Health Organization (WHO) and the World Food Programme (WFP) in strengthening primary health care infrastructure, and with United Nations Population Fund (UNFPA) in strengthening parental education and maternal health care (Knowles 2009).

Fifth Country Programme (1991-95): The fifth Country Programme began the move to a more rights based approach, with a focus on helping the Government and Vietnamese families adjust to and benefit from the reforms launched in 1986 under doi moi. Assistance was directed increasingly towards building the capacity and empowering those with responsibilities for children, including the Government at different levels as well as parents and other care givers. The situation analysis in 1994 also raised emerging problems (HIV/AIDS, children in especially difficult circumstances, and growing geographical and gender disparities), which later became more central to cooperation. (UNICEF 2005: 70).

Sixth Country Programme (1996-2000): During this period, the acceleration of reforms led to further rapid social and economic changes, including rising disparities. More strongly incorporating a rights perspective, the sixth Country Programme responded by addressing the new emerging issues of HIV/AIDS and increasing inequalities with
respect to gender, ethnicity, and geographical location (especially in rural, remote and mountainous regions and other disadvantageous areas). The country programme established direct linkages to the National Hunger Eradication Programme through the provision of basic social services for the poor. The Programme also supported implementation of the Convention on the Rights of the Child (CRC) and Vietnam's efforts to achieve the goals of the National Plan of Action for Children. It was during this time that UNICEF began to build a stronger relationship with UNDP in its work (MOFA 2007; UNICEF 2005).

Seventh Country Programme (2001-05): The Country Programme was founded very clearly on a rights based perspective to its programmes. It focused on reducing child mortality and maternal mortality, and enhancing the well being of the most disadvantaged children and women by furthering their rights as set forth in the Convention on the Rights of the Child (CRC) and the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) (MOFA 2008).

Key issues over this period were included, addressing continually high malnutrition rates, increasing access to safe drinking water and adequate sanitation facilities in combination with behaviour change communication activities especially in rural areas, improving qualitative early child care and kindergarten, ensuring primary school completion, providing opportunities for adolescents up to 18 years of age to develop life skills for healthy living and HIV/AIDS prevention and protecting and caring for children in especially difficult circumstances (CEDC). These activities were implemented through a coordinated, area based approach in selected districts. At the national level, UNICEF provided advocacy and support to policy development and dialogue of selected national policies, while assisting Vietnam to mobilize resources from other partners (UNICEF 2005).

Eighth Country Programme (2006-2010): This programme responded to both an established and ongoing agenda and also to a new and agenda. Programmes in health and nutrition, education and water, environment and sanitation continue, but with greater
emphasis on technical support to laws and polices. Significantly, one quarter of the proposed budget for this country programme was proposed for a new provincial child-friendly programme, through which UNICEF provided support to a reduced number of selected provinces to maximize impact, demonstrated the benefits of convergent and integrated programmes and responded to the emerging issues and context of decentralization. The programme was again founded strongly within a rights framework, and has four priority theses of ethnic minorities, adolescents, HIV/AIDS and emergencies (MOFA 2007).

VIETNAM AND IAEA

Vietnam joined the International Atomic Energy Agency (IAEA) in 1978 and always maintained good relations with the organization. Vietnam was elected to the Board of Governors of IAEA for in 1991-1993, 1997-1999 and 2003-2005. IAEA had provided support and assistance to Vietnam in a several projects in the fields of technical cooperation, training, laboratory building and exchange of information. In the period from 2001 to 2005, IAEA assistance projects with the value of about US$ 4 million included the supply of equipment, support for the establishment of nuclear lab, the provision of short-term and long-term training in Vietnam or abroad (MOFA 2008). IAEA and Vietnam had signed agreements regarding the peaceful use of nuclear technology in the fields of industry, healthcare and hydropower production in Vietnam.

VIETNAM AND IFAD

The International Fund for Agriculture Development (IFAD) officially began to provide financial support to Vietnam in the year 1991. In 1992, the Government of Vietnam pledged to contribute US$ 200,000 to IFAD over a period of three years. In 1997, Vietnam officially joined IFAD and was a member of the ‘List C2’ assistance gaining countries. IFAD had provided the facility of low interest rate of 0.75 percent annually, with the repayment period of fifty ears. IFAD’s works in Vietnam had focused in the fields of providing support to farmers, fisherman and poor women and poor provinces.
with large population of ethnic minorities. These projects mainly focused on rural development in mountainous and remote areas, aimed at poverty reduction and hunger elimination (MOFA 2008). These projects were focused on rural and agriculture development, diversifying agriculture development, diversifying agricultural products, and poverty reduction and hunger elimination.

Since its joining, IFAD is targeting at improving farmer’s accession to the market after Vietnam joined WTO. On the long run, IFAD was also working with the Government of Vietnam in establishing the ‘2008-2012 strategic outlook for Vietnam-IFAD Cooperation’ (VNA 2008). In 2005, IFAD assigned an expert to work in Vietnam for five weeks to evaluate the implementation of existing projects and develop guidelines for IFAD’s future activities in Vietnam. The delegation unanimously acknowledged the positive results of these projects, namely the decrease of poverty rate in participating provinces, and the progress in other areas such as human resource management with citizen’s participation, infrastructure improvement, agriculture development and forestry (MOFA 2008). The cooperation between Vietnam and IFAD was developing meaningfully, which is of great significance for the nation-building of Vietnam.

VIETNAM AND THE UNITED NATIONS

Vietnam became an official member of the UN on September 20th, 1977. Since its accession, the relationship between Vietnam and the UN had been progressively improved and developed. After becoming a member, Vietnam with the support of the UN had successfully campaigned for the adoption of Resolution 32/2, calling on States and international organizations to aid and support Vietnam in post war reconstruction work. Vietnam also actively coordinated with NAM and developing countries in preserving the fundamental principles of the UN charter such as the sovereign equality of all nations and no interference in other nation’s internal affairs. Vietnam had an opportunity to take full advantage of UN financial, intellectual and technological assistance for our nation-building process (MOFA 2008). The UN became a platform for Vietnam to carry out its foreign policies. With time, the status and role of Vietnam at the UN improved.
The relations between Vietnam and UN were minimal in the cold war era. The political status and role of Vietnam in UN was not significant. Notwithstanding economic embargoes, Vietnam was able to mobilize non-refundable ODA from the UN Development Group with the total value of substantial role in assisting Vietnam to overcome socio-economic difficulties, post war consequences and natural disasters, and solve social problems, especially in the fields of public health, education on mother and children care and protection, and family planning, thereby, enabling and promoting scientific and technological breakthroughs, restoring and building production facilities, and enhancing development capacities.

**Since 1991 to the present times**

This period witnessed active participation of Vietnam in many fields such as peace and security, disarmament, socio-economic development, population and environment protection. Vietnam’s participation and status at the UN had been improved in all aspects, corresponding to the foreign policy of independence, openness and international relations diversification and multi lateralization. For the first time, Vietnam held important positions in several UN bodies such as Vice President of the UNGA in 1997, 2000 and 2003; member of ECOSOC (1997-2000).

**Security and disarmament**

Vietnam actively participated in the negotiation and became a member of Chemical Weapon Convention (CWC) in 1998. It signed the Comprehensive Nuclear Test Ban Treaty in 1996 and ratified this treaty in 2006. Vietnam had participated in and became a member of the Conference on Disarmament since June 17th, 1996, and is now in the process of signing the Additional Protocol to Safeguards Agreement with the International Atomic Energy Agency. Vietnam also participated in UN Register of Convention Arms as one of confidence building measures and to fulfil the responsibility of an UN member.
Cooperation

The priority in the cooperation between Vietnam and UN organizations is expressed through achieving three main goals of UNDAF: develop economic policies to support fair, integrated and sustainable growth; improve the quality of social services and social security and non-discrimination in attaining these services, national policies, laws and administrative framework effectively support the rights based development to implement the values and goals of Millennium Statement.

The UN highly evaluated Vietnam’s zealous activities at the UN High level meetings between Vietnam and the UN often took place. On the 50th anniversary of the UN, Vietnam presented the UN with a reproduction of Ngoc Lu Bronze Drum, which is now solemnly displayed at the Headquarter of the UN. Vietnam’s activities within NAM and ASEAN at the UN were progressively being strengthened. Vietnam now being a non-permanent member of the Security Council, the status and role of Vietnam at the UN have raised to an unprecedented height (MOFA 2009).

VIETNAM AND ASEAN

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 as a regional, economic, cultural, and social cooperative organization. The original five member nations, Indonesia, Malaysia, the Philippines, Singapore, and Thailand (the sixth member, Brunei, was admitted in January 1984) had little in common in their culture, history, or politics. Nevertheless, after a slow start the organization flourished. By 1987, it had the fastest growing GNP of all economic groups in the world and was a key force for regional stability. Since the collapse of Comecon, Vietnam needed to reorient its trade policy and by the time the decision of joining ASEAN was a wise step from the side of Vietnam (Hew 2007). According to Holmes (2007: 21) Vietnam had one more reason to join ASEAN that all the member states were having authoritarian political system and it was not a potential threat to the Vietnamese political system.
ASEAN’s charter declared that membership was open to all states in the region—a gesture toward Vietnam that Hanoi repeatedly rebuffed. Before Vietnam’s invasion and occupation of Cambodia in December 1978, integration of the three Indochinese states and ASEAN into a larger regional organization was discussed within the ASEAN community as a possible solution to regional problems. The proposal surfaced at an ASEAN summit meeting held in Bali in January 1976, following reunification, Vietnam requested observer status at ASEAN meetings (Hew 2007). It was understood at the time, however, that the inclusion of communist states within a grouping of free market countries was unprecedented, and the idea was interpreted to be more a goodwill gesture than a serious proposition.

From 1976 to 1978, ASEAN’s differences with Vietnam were both symbolic and real. ASEAN, for example, proposed establishing Southeast Asia as a zone of peace, freedom, and neutrality and invited Vietnam to support the proposal. Hanoi refused but countered with its own proposal, calling instead for a region of peace, independence, and neutrality. Apparently, the Vietnamese objected to the term freedom because of their vulnerability to criticism on human rights issues (MOFA 2008). The term independence on the other hand, was promoted by the Vietnamese as a concept opposing all foreign military bases in Southeast Asia, an idea that many of the ASEAN nations did not share.

During the Second Indochina War, each ASEAN state pursued its own Vietnam policy. Malaysia and Indonesia maintained strict neutrality, whereas Thailand and the Philippines contributed personnel and materiel to South Vietnam. Perceptions of Vietnam as a possible threat to the region also varied among member nations. Indonesia and Malaysia viewed Vietnam as a buffer against Chinese expansionism, whereas Thailand, wary of possible repetition of historic patterns of confrontation with Vietnam, turned to China for protection following the war’s end and the subsequent withdrawal of United States forces from Thailand.

Following the 1978 invasion of Cambodia, however, the ASEAN nations were united in their condemnation of Hanoi. They took the lead in mobilizing international opinion
against Vietnam, and, in the UN General Assembly, they annually sponsored resolutions calling for withdrawal of Vietnamese troops and for internationally supervised elections. The ASEAN nations also were instrumental in preventing the Vietnam sponsored Heng Samrin regime in Phnom Penh from taking over Cambodia’s UN seat. In June 1982, ASEAN was instrumental in persuading three disparate Cambodian resistance elements to merge into a coalition resistance government.

ASEAN’s position on Cambodia was important to Hanoi, because it was through ASEAN’s efforts at the UN that the world’s attention continued to focus on Cambodia in the late 1980s. The Vietnamese thus saw ASEAN as having the power to confer upon them or to deny them legitimacy in Cambodia. Vietnamese diplomats sought to convince the ASEAN countries that the invasion of Cambodia was intended to eliminate the threat posed by Pol Pot’s alignment with China. Rather than have its activity in Cambodia perceived as potentially damaging to ASEAN’s security, Vietnam wanted to assure ASEAN members that it was in the group’s interest to join with Vietnam in countering the Chinese threat to the region (ADB 2009). Cultivating goodwill with key ASEAN members was an important part of this strategy. Thus, in 1978 Vietnam and the Philippines agreed to negotiate but failed to settle their conflicting claims to the Spratly Islands. Foreign Minister Thach, during the 1982 visit to Indonesia, took a conciliatory position in discussing Vietnam’s and Indonesia’s competing claims to the Natuna Islands, and in 1984 Hanoi made a similar gesture to Malaysia in order to help resolve their conflicting claims over Amboyna Cay. In 1987, however, resolving the war in Cambodia remained the key to any further resolution of differences between Vietnam and ASEAN.

It was clear since its reunification that Vietnam was looking towards its neighbours in order to rebuild its economy and society. It had to achieve foreign aid and investment for its economic growth in order to develop the natural resources through technological advancements, to reduce poverty, unemployment and for the growth of its export oriented economy (Sidel 2008: 204-09). In case of Vietnam, the FDI played a major role in achieving the desired targets of nation-building. For this purpose Vietnam adapted its
first Foreign Investment Law in 1988, which was amended in the year 1993 and further established in a more seeking manner by the constitutional amendments of 2001.

The nation-building in Vietnam was highly affected by the foreign actors and their geopolitical considerations. The policies of assistance and cooperation of various partners of Vietnam were guided by the geopolitical settings. The policies of international organizations were also shaped and modified due to the hegemony in world system. Other contributing members also acted in tune of their allies, including their own interests in regional politics and economy.