CHAPTER 6

FOREIGN POLICY REFORMS

Foreign policy is one of the most important components of the state policy as foreign policy choices profoundly impact the overall socio-economic conditions of a country. While economics has virtually obliterated the dividing line between national and international policies of a nation in the post-cold war era, economic consideration has always been a major determinant of external relations of a nation. Pursuing an internal economic agenda also involves the external policy. The external policy of a nation substantially serves as a tool of the economic and even of the social polices of that nation in certain cases. On the other hand, the socio-economic policy of a nation has implications for its international standing. In other words, a country exists under certain international conditions and gets affected by such conditions and at the same time it tries for a favourable international environment. For Vietnam this interplay of national and international variables were extremely intense. Its national and international policies were badly intertwined that its choices both in external relations and domestic policies were severely constrained by each other. In this chapter an attempt has been made to study and analyse the reforms in foreign policy of Vietnam. In fact the success of Vietnam’s reforms was very much dependent on its ability to deal with mostly a hostile international environment but domestic reforms were put forth as preconditions for normalisation of international relations.

Since reunification, Vietnam’s international relations like its domestic affairs were not in the best interest of the nation. Both remained problematic and acted detrimentally to each other. The country’s top priorities were healing the wounds of war and building the country’s economy. It did achieve a certain degree of economic growth but its domestic policy since 1975 on the whole was a failure and the foreign policy was not different since 1976 to 1986.1

VIETNAM’S FOREIGN POLICY SINCE 1976 TO 1986

With the collapse of the Republic of Vietnam on the 30th April 1975, the leadership in Hanoi realized the decades-old dream of a unified Vietnam.2 They were euphoric about their victory. For them it represented not only the achievement of their cherished goals of liberating the South, unifying the nation, and establishing

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socialism, but more fundamentally they believed that they had helped alter the world strategic balance. They considered the Vietnamese revolution as an integral part of world revolution and the victory, to them, marked "a new change in the balance of forces tipping in favour of the revolution, a new development in the struggle of the world's people for peace, national independence, democracy and socialism." Le Duan viewed the international scenario marked with the ascending forces of socialism, national independence, democracy, and peace and Vietnam's victory as an important contribution in this revolutionary upsurge.³

In fact, after the conquest of Saigon and the unification of the country, Vietnam enjoyed great prestige among socialist and non-aligned countries, as well as among leftists and Social Democrats in Europe, Australia and America. Some Western countries intended to aid Vietnam in building an industrial economy. The United States was also considering the possibility of setting up diplomatic relations with Vietnam. The country's immediate neighbours, Laos and Cambodia, had friendly governments - at least so it seemed - and other South East Asian nations showed signs of willingness to establish normal relations.⁴ Le Duan asserted, "In the new stage our party, state and people should make the most of the favourable international conditions so as to rapidly heal the wounds of war, restore and develop economy, develop culture, science and technology, consolidate national defence, build the material and technical basis of socialism in our country, and at the same time continue to stand shoulders to shoulders with the fraternal socialist countries and all other peoples in the world in the struggle for peace, national independence, democracy and socialism against imperialism headed by U. S. imperialism".⁵

Le Duan delineated “the fundamental content” of Vietnam’s foreign policy which among others included consolidation and strengthening militant solidarity and relation of cooperation with all the fraternal socialist countries, preserving and developing the special relation between the Vietnamese people and the peoples of Laos and Kampuchea, actively contributing to the struggle of the non-aligned countries against imperialism, resolutely carrying on the joint struggle against the

³ Embassy of the SRV, Documents of the 4th Congress of the Vietnam Worker’s Party, New Delhi, pp. 113-119.
⁴ Duong Quoc Thanh, n. 1, p. 25.
⁵ Embassy of the SRV, n. 3, p. 119.
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policy of aggression and war provocation of US led imperialism and thus making an active contribution to the safeguarding and consolidation of the world peace.⁶

Notwithstanding the doctrinaire language of the stated foreign policy goals, the actual foreign policy course of Vietnam was fundamentally characterized by pragmatism on one hand and shaped by exigencies on the other. The objective of forming a united front against the USA was soon given up and Vietnam sought to normalize its relations with the USA initially on the basis of Paris Peace Agreement 1973⁷ and later unconditionally.⁸ In order to develop friendly relations with the USA it cooperated on issues of soldiers missing in action (MIA), children and wives of the US servicemen when and how it was asked for. With the Soviet Union, the relationship evolved to new heights but it was not only because of historical cooperation and ideological fraternity as was stated in Le Duan’s fundamental content of foreign policy but was more due to the Soviet opportunism and Vietnamese dependence.⁹ On the contrary its relation with another giant neighbourly fraternal country, namely the People’s Republic of China remained hostile throughout the period. The hostility heightened during the Chinese punitive campaign in February 1979 against Vietnam which the former launched after issuing clear-cut warning for Vietnam’s offending postures.¹⁰ It also sought to diversify its relations with the Association of South East Asian Nations (ASEAN)¹¹ despite ideological differences and live memories of ASEAN states providing bases to the US in the Vietnam War.¹² Initially it succeeded in improving its relations with ASEAN but relations deteriorated sharply after the flight of refugees from Vietnam and Vietnam’s involvement in Cambodia.¹³ The latter development brought Vietnam at loggerheads with Thailand. In Indochina while Laos remained friendly with Vietnam, Cambodia during 1975-78 had clear-cut hostile designs against Vietnam. This Cambodian issue along with other factors such as Chinese interests in the region forced Vietnam to go for the third Indo-China war despite the daunting task of the economic reconstruction lying ahead.

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⁶ Ibid, pp. 120-21.
⁷ Keesing's Contemporary Archives, 1976, p. 27919.
¹¹ Keesing's Contemporary Archives, 1976, p. 27919.
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Such a course of foreign policy on the part of Vietnam appears to be anomalous. People of a country, who had never seen peace in their lives hoped to see a new era of peace and prosperity, found themselves again at war. They endeavored to get rid of their abject poverty and to secure friendly cooperation of all other nations in that pursuit but faced ostracism and aggressions. Vietnam supported the policy of non-alignment but also allowed the Soviet Union to have military base inside Vietnam. Similarly the objective of strengthening solidarity among fraternal socialist countries went haywire with Chinese aggression. All these developments were just opposite to what Vietnam had cherished.

At its Fourth Congress the Communist Party of Vietnam indeed committed itself to the ideology of Marxism and Leninism, to the pure revolutionary sentiments of Ho Chi Minh and to the spirit of national independence and socialism. These ideological commitments, which formed a combination of genuine patriotism with proletarian internationalism, formed the basis of Vietnam’s foreign policy goals, viz. militant solidarity with fraternal socialist countries, special relationship among Indochinese states, belief in non-aligned movement, support to the proletarian struggle and carrying on a joint struggle against the US led imperialism. The goal of militant solidarity with fraternal socialist countries was however doomed from the start in the wake of growing Sino-Soviet rift. Ignoring the acrimony and with some reasons Vietnam developed a comprehensive all round relationship with the Soviet Union. Apparently and off course to a considerable extent ideology formed the basis of this relationship. Since Ho Chi Minh’s contact with the Comintern in 1920 the Soviet Union had been playing the vital role of founding, organizing and sustaining the communist movement in Indochina. After the reunification Vietnam moved closer to the Soviet Union. On November 2, 1978, they signed the Treaty of Friendship and Cooperation. The treaty committed both parties to socialist solidarity and consolidation of the world socialist system. The ties developed “in an all round relationship” which meant a mutual interaction at all levels and in all sectors. A typical expression of the concept came from Hanoi theoretician Nguyen Khac Vien, who used a railroad train as metaphor. “The USSR is the locomotive, Vietnam one of the box cars, the entire train a single unit. No longer does the SRV solicit aid from the USSR. Now each side performs its respective share of duty in the international

14 Embassy of the SRV, n. 3, pp. 120-21.
15 Douglas Pike, n. 9, pp. 184-185.
division of socialist labour. Vietnam now is a member of the socialist community and we should now integrate ourselves with it.”

The special relationship in Indo-China was another strong manifestation of ideological solidarity. In 1975, all the victorious parties in Indochina were communists, this kind of relationship was natural to expect. Vietnam and Laos consolidated the war time cooperation between the Pathet Lao and Vietnamese communists into a treaty of friendship signed in 1977 affirming the special relationship. However, the special relationship with Cambodia could be realized only after the overthrow of the hostile regime of Pol Pot by the Vietnamese armed forces. The installation of the Heng Samrin regime actuated the special relationship in Indochina. Duncanson commented on the role of ideology in these special relationships, "Marxist ideology has provided credible pretexts for pursuit of the traditional strategy of Vietnam, Leninist tactics a sure method of pursuing it, and the Constitution of the USSR a subtler and more up-to-date framework for political control of the region than the Confucian world view of old.”

At the 4th Party Congress, Le Duan expressed Vietnam's gratitude to China along with other socialist countries for war time cooperation and sought for militant solidarity with them. In September 1976, the Vietnamese delegation in Peking signed important agreements providing Vietnam interest free loans, commodity exchanges, and arrangements for scientific and technical cooperation.

**Fractured Fraternity of Socialist Countries**

However, the doctrinaire foreign policy cannot be stretched beyond a limit. This is true that the ideology of Marxism-Leninism provided the base for the 'special relationship' among Indochinese states but the 'special relationship' could not be ensured without a regime change in Cambodia in early 1979 and a decade long military indulgence which cost Vietnam dearly. Almost immediately after the unification, Pol Pot’s Khmer Rouge government in Kampuchea began probing the Vietnamese border. The Vietnamese counterattack in 1978 resulted in Hanoi’s forces overrunning Cambodia, installing Heng Samrin led government in so christened as

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16 Ibid., p. 225.
19 Embassy of the SRV, n. 3, pp. 119-20.
20 Joseph J. Zasloff and Mac Allister Brown, n. 17, p. 82.
the People's Republic of Kampuchea and getting embroiled in a counterinsurgency which lasted till its involvement in that country. The other setback Vietnam received from its socialist fraternity was from China which tormented Vietnam even more. During early 1978, Vietnam began to refer to China as an international reactionary force that had joined hands with imperialism and beginning in June as its main enemy. Border skirmishes, which started even before the reunification of Vietnam, developed into a full-fledged invasion by China in 1979. Border clashes and diplomatic offenses did not cease even after Vietnam had been taught a lesson.

The Cambodian imbroglio

Vietnam's principal effort in external relations was directed at consolidating its hold over Indochina. Since 1979 Vietnam had been attempting to cement its relations with Laos and Cambodia from the grass-roots levels upward to pairing up provinces as "sisters." From January 1980 Indochinese foreign ministers' meetings have been held with regularity - at least twice a year-and with a good deal of publicity. The special relationship in Indochina has its historical roots (see the second chapter). Vietnam had traditionally viewed Indochina as its exclusive sphere of influence where it always tried to deter interventions from other powers. Its professed goal of 'special relationship' with Laos and Cambodia is said to be continuation of that tradition. China and Cambodia under Pol Pot regime alleged that Vietnam had tacit designs for forming an Indochinese federation dominated by it. For evidence, they cited statements of the Indochinese Communist Party of 1931 and 1941 on the federation issue. Vietnam however declared that the Indo-Chinese Federation was a question which had passed for ever into history. Vietnam claimed that its goal was to form this special relationship on the basis of equality and respect for each other's independence, sovereignty, territorial integrity. But Vietnam being the most powerful in Indochina was bound to be the dominant partner in this arrangement of 'special relationship'. In this way, the special relationship clause can be said somewhat a continuum of the past.

In relation to Laos, cordial and cooperative relations were not the result of any force or machinations but were facilitated by historical linkages between the Communist parties of the respective countries. The Vietnamese communists had

22 Masashi Nishihara, n. 10, p. 67.
played a decisive role in the creation of the Lao communist movement (the Pathet Lao) after the World War II and had since provided critical advice, assistance, and military force, which helped it to bring it to full power. The ruling communist party of Laos, the Lao People's Revolutionary Party grew out of a Committee on Laos, established in 1936 by the Indochinese Communist Party (ICP) under the leadership of Ho Chi Minh. The ICP with almost exclusive Vietnamese membership, directed the formative years of the Lao Communist movement in the first Indochina war (1946-1954). The ICP authorized a separate Lao party in 1951, but it was not until March 1955 that the Lao People's Party was actually founded. The Lao People's Party followed the model of Vietnam's Lao Dong Party and continued to receive guidance and assistance from Vietnamese advisers. The close relationship continued after the communist victories in Indochina. In July 1977, the Vietnamese and Lao signed a series of sweeping military and economic agreements, including a twenty-five year friendship treaty and the joint communiqué affirmed the special relationship between Vietnam and Laos.

Unlike Laos, the SRV's relations with Cambodia started in hostility. Border clashes between these two countries had been frequent since 1975. These clashes developed into serious fighting by 1977. On December 13 Cambodia broke off diplomatic relations with Vietnam and it remained adamant on hostilities despite repeated Vietnamese proposals for peace negotiations. By early 1978, party leaders in Hanoi had evidently lost faith in the possibility of a peaceful solution to the crisis and decided to resolve the issue by force. In late December, Vietnamese troops, joined by Khmer guerrillas recruited among the thousands of refugees who had fled to Vietnam to escape the cruel treatment of the brutal Pol Pot regime, launched an invasion directly across the border. After a series of short but bitter battles, the Pol Pot regime was forced to abandon the capital and sought refuge in the Cardamom Mountains, where it attempted to continue national resistance. In Phnom Penh, a pro-Vietnamese regime under Heng Samrin announced the overthrow of the Pol Pot regime. The day after the government was proclaimed in Phnom Penh, it was granted diplomatic recognition by Vietnam with an exchange of ambassadors on 12 June 1979. In February, a Vietnamese delegation headed by Pham Van Dong visited

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26 Ibid., p. 24.
Phnom Penh and a twenty-five year treaty of peace, friendship and cooperation between the two countries was signed. The treaty emphasized the traditional friendship among Cambodian, Laotian and Vietnamese peoples. The treaty thus finally cemented Hanoi’s objective of a special relationship between Vietnam and Cambodia, paralleling the relationship between Vietnam and Laos.²⁹

The initial hostilities between Vietnam and Cambodia have also historical roots. Vietnam expanded its present boundaries at the expense of the Khmer Empire, which included the bulk of Cochin China (South Vietnam). Consequently Cambodians have historically regarded the Vietnamese as imperialists who seized Khmer territory. Furthermore the French employed Vietnamese as colonial administrators in Cambodia (and Laos) at the echelon below the French, relegating the Cambodians to inferior positions. Vietnamese also came to Cambodia during the colonial period as merchants, sharing commercial activities with the Chinese in Phnom Penh and in the provincial towns, inspiring further resentment from an overwhelming agricultural people, who in characteristic fashion, were suspicious of foreign merchants. The ferocity of the anti-Vietnamese pogroms by the Khmer populace in 1970, under the Lon Nol regime is an indication of the hostility that many Cambodians harboured for the Vietnamese. The border issues, both in regard to the mainland, where the French drew frontiers of the 19th century were in dispute, and to a number of offshore islands in the Gulf of Siam, had provided a source of contention out of which the frontier war erupted.³⁰

Moreover, the independent growth of the Khmer Rouge weakened the hold of Vietnam over Cambodia. Like its counterpart in Laos, the Cambodian Party grew out of the Indochina Communist Party founded by Ho Chi Minh in 1930. In 1951, when the ICP decided to establish separate parties, the Pracheachon or the People’s Party, was founded along with the VWP in Vietnam in 1951 and the LPP in Laos in 1955. The Pracheachon’s status was modelled on those of the VWP, and the Secretary General Sien Heng had worked closely with the Viet Minh. But in contrast to the situation in Laos, the Vietnamese did not nurture a Cambodian Communist Party that came to power dependent upon Vietnamese efforts. The Vietnamese communists did provide critical assistance to the Cambodian Communist Movement from the outbreak of war in Cambodia in 1970 till 1972. When Vietnamese assistance diminished, the

Khmer communists operated independently with Chinese supplies and with relatively little Vietnamese advice and support. By the time the Cambodian communists, or Khmer Rouge as they were popularly called seized Phnom Penh in April 1975, they were clearly an independent revolutionary force whose relations with Vietnam were at best formally correct. Due to these historical developments along with traditional fears Cambodia harboured, it became hostile to Vietnam, particularly when the Pol Pot regime sought to undo past injustices meted to Cambodia. In this pursuit, the regime was cleverly utilized by China against Vietnam, which reacted by taking military action throwing the regime.

Vietnam did install a pro-Vietnamese regime led by Heng Samrin but it had to maintain large troops there in order to fight Khmer Rouge and other non-socialist resistance groups backed by Thailand and China. It was a heavy burden on Vietnam.

The Chinese Offensive

The greater threat was however from China. Vietnam had historical reasons to be wary of this threat notwithstanding the wartime cooperation between these two countries. Historically Sino-Vietnamese relations were managed through the tributary system. While acknowledging Chinese preeminence, Vietnam sought to maintain its independence of action. In the twentieth century it became possible to counterbalance Chinese influence and pressures by the maintenance of an “over the horizon” alliance with the Soviet Union. Masashi Nishihara maintained, "... the underlying nature of the rift lies in the historical animosity between the two peoples, or China's anger at the challenge of a historically weaker nation to its own traditional sphere of influence. Perhaps this has been a good illustration of China's great wall mentality. Put in historical perspective, such tension marks the norm, not the exception – the cooperative relations maintained during the thirty year war against "western imperialism" was rather an abnormal interlude.

As a great Asian power that customarily received tribute from the lesser powers to the south, China expected respect, or, perhaps, deference. The proud nationalist Vietnamese who still celebrate their historic struggle against Chinese control were extremely sensitive about their independence. This contradiction in approaches inevitably caused friction in the relationship between these two countries.

31 Ibid., p. 51.
33 Masashi Nishihara, n 10, p. 77.
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No sooner the war ended resulting in reunification of Vietnam, relations between these two countries started to deteriorate. It began with border clashes and situation deteriorated to the extent of the launching of an invasion on Vietnam in February 1979 to teach the latter a lesson. The apparent reasons were Vietnam's inclination to the Soviet Union, an arch-rival of China since the late 50's and after reunification even closer Hanoi-Moscow ties, Hanoi's territorial claims on borders, dispute over Spratly's and Paracel island groups, its treatment of the ethnic Chinese residents in Vietnam and as the last straw, the overthrow of the China protégé Khmer Rouge from Cambodia, which led to the Chinese invasion and its persistence on enmity with Vietnam by continuing hostilities on borders, by arming the Khmer Rouge resistance within Cambodia and by diplomatically isolating Vietnam.

Since the early 1960s China had been competing with the Soviet Union for the leadership of the communist bloc. A second position in the hierarchy of the communist powers was not acceptable to it, which resulted in the shattering of their relationship. Each claimed the leadership of the revolutionary bloc, and in the wake of Vietnamese war of national liberation, neither wanted its competitor to be seen more devoted to the Vietnamese cause. After its unification in the 1970s, Vietnam's growing dependence on the Soviet Union became the central issue in the breakdown of Sino-Vietnamese relations. Both ideological factors and national interests were involved. Ideologically, Vietnam based its foreign policy on the "three revolutionary currents" framework, a formulation that stressed the Soviet Union's leadership role. China, in contrast, subscribed to "Mao's Theory of the Three Worlds" which called for Vietnam to unite with China to oppose Soviet-U.S. collusion for the world hegemony. Vietnam's attempt to forge "special relationship" with Cambodia and Laos brought matters to head. China opposed Vietnamese action on grounds of both ideology and national interest. It did not wish to see a bloc of three states emerging under Vietnamese tutelage that was ideologically inclined toward Moscow and from which Chinese power and influence were excluded.

China's ambition was to establish itself as the dominant power in Southeast Asia as the American influence waned, and saw the U.S.S.R. as its main rival. As the war was closing to its end, China started to deal with Vietnam with a new assertiveness. In 1974 it captured Paracels Islands from the South Vietnamese

36 Carlyle A. Thayer, n. 32, pp. 513-514.
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possession and claimed another group of islands - Spratlys. With the end of the war in 1975, border clashes along Vietnam's northern border clearly reflected China's assertiveness, which confirmed the long-harboured suspicion of the Vietnamese leadership of the hegemonic designs of China in the region. China's drive to open diplomatic and trade relations with Southeast Asian nations met with considerable success, more so than the parallel efforts by the Soviet Union. But it was communist Vietnam, to which as an ally Peking had given substantial support and which was naturally expected to submit to Chinese hegemony, put maximum resistance to Chinese ambitions.

In order to counter Chinese domination, Hanoi moved in favour of the Soviet Union, which could provide it better technology and resources for development and being a distant power, did not inspire the same anxieties. Peking, unable to compete with Moscow's blandishment resorted to crude coercive measures - threatening Hanoi, cutting off aid, and stepping up the military pressure on the Sino-Vietnamese border. At each step, Peking's influence in Hanoi shrank and by 1978, the CPV leadership declared China to be the main enemy of the Vietnamese revolution. Vietnam reacted by joining the Soviet dominated Council of Mutual Economic Assistance in June 1978, the offer of joining which it had turned down earlier, and in November following the increased Chinese threat Hanoi signed the treaty of friendship and cooperation with Moscow. For Chinese leaders, the Soviet-Vietnamese agreement was a final confirmation that Hanoi had become Moscow's puppet, 'a small hegemonist' or an Asian Cuba that would serve the objectives of the Soviet Union in Southeast Asia. Hanoi's preference to Moscow, its territorial claims against China, and its crackdown on the ethnic Chinese who dominated the Vietnamese economy and feared to be utilized by Peking to its foreign policy objectives, while led to the fast deterioration of relations between Hanoi and Peking, the Cambodian issue led them to the disaster point.

The deteriorating Hanoi-Peking relations and closer Soviet-Hanoi relationships unleashed a bitter rivalry between Hanoi and Peking for influence in Indochina. Vietnam began pressurizing Laos and Cambodia for a special relationship that would in effect, exclude Chinese influence from the region. Laos went along with

37 Grant Evans and Kelvin Rowley, n. 29, pp. 289-290.
38 V. Suryanarayan, "Developments in Cambodia, Evolving Relationships in Southeast Asia and India's Role in the Region", Strategic Analysis, New Delhi, Vol. 12, No. 8, November 1989, p. 856.
39 William J. Duiker, n. 28, p. 149.
this, but in Cambodia it only inflamed the antagonism of Pol Pot's regime towards Vietnam. China's ties in non-communist Southeast Asia had already become considerable and no one wished to jeopardize them by siding with Vietnam. Hanoi's sudden enthusiasm for excluding the influence of the great power from the region was inevitably viewed with skepticism, given its growing relationship with Moscow. In Indochina, Pol Pot's group provided China with its diplomatic triumph. From 1975 Peking became the main foreign patron of the Pol Pot regime and used it to step up pressure on Hanoi. As the Vietnam-Cambodia war unfolded, Peking openly threw its weight behind Phnom Penh and after the overthrow of the Pol Pot regime; it invaded Vietnam "to teach it a lesson". But the invasion proved unsuccessful as Vietnam not only rebuffed the invasion but also refused to withdraw from Cambodia. However China continued to exert pressure on Vietnam by keeping the situation tense on the Sino-Vietnamese border and by backing anti-Vietnamese guerrillas operating in Cambodia. Diplomatically too, China concentrated on maximum pressure to bear on Vietnam. In this it had the backing of the USA and achieved considerable success. The Vietnamese intervention was almost universally condemned by countries outside the Soviet bloc. Whatever Western aid had been flowing into Vietnam was cut off adding to the economic disruption and the demoralization within the country.41 For over a decade from 1979, China made the resolution of the Cambodian conflict the major precondition for the normalization of its relations with Vietnam. China pursued a protracted policy of "bleeding Vietnam white," keeping the northern border area tense and providing arms and other assistance to anti-Vietnamese resistance forces, the Khmer Rouge in particular. The aim of this policy was to make Vietnam's Cambodia venture so costly that it would be forced to withdraw, end its special relationship with the government in Phnom Penh, and give due recognition to China's regional pre-eminence.42 Vietnam however did not submit to their pressure and further consolidated its position in Indochina, developed its ties with the Soviet Union in an all-round relationship and by its internal sources and Soviet assistance it rebuffed the economic pressure to which China and the U.S. had expected it to capitulate.

It was to a great extent China's strong anti-Soviet policy in the late 1970's which drove Vietnam into the arms of the Soviet Union. Given Vietnam's economic situation at that time, Hanoi had little option but to accept generous Soviet aid when

41 Grant Evans and Kelvin Rowley, n. 29, pp. 290-92.
42 Carlyle A. Thayer, n. 32, p. 514.
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offered it. It was not inevitable that Beijing should have interpreted this as a change in Vietnam’s international political allegiance, but China’s anti-Soviet policy at that time pushed it to react in that way. Beijing was clearly concerned about a Soviet threat on two fronts, involving Vietnam as an ally and a Soviet military presence in Vietnam. But China’s opposition to Soviet aid to Vietnam was not only product of its anti-Soviet policy at that time; it also reflected an assessment that without Soviet aid, Vietnam could support neither the economy nor the strong armed forces necessary to develop into a regional power.43

Anatomy of all-round relationship with the Soviet Union

Vietnam’s close relation with the USSR was not solely the result of its ideological commitment. It was more due to its extraordinary dependence on the latter. North Vietnam could sustain and accomplish its mission of national reunification only because of the all-round military, monetary, material, and manpower support of the Soviet Union and PRC. The critical importance of foreign aid can be realized from the share of foreign economic aid in total budgetary revenues, which ranged from 21.5 per cent to 26.5 per cent during the 1960-64 period, between 42.3 per cent and 68.9 per cent during the war years 1965-72 and between 54.9 per cent to 60.6 per cent in the second reconstruction period (1974-75).44

Reunification did not bring any major change in Vietnam’s economic dependence on the external assistance except for the worse as Chinese assistance to Vietnam ceased. After the termination of Chinese aid and the US refusal to help in Vietnam’s rehabilitation, Vietnam’s ties with the Council for Mutual Economic Assistance (CMEA) particularly with the USSR grew rapidly. On 28th June 1978, Vietnam formally joined the CMEA. Along with the Friendship and Cooperation Treaty of 1978 with the USSR with twenty-five year validity period, six documents were also signed promoting economic, scientific, and technological cooperation between two countries. Since then, Vietnam’s inclination towards the USSR was definite.45

Besides The USSR, Vietnam also received economic aid from other CMEA countries and even from a number of these Western Industrialised countries and the World which all ceased after Vietnam’s military involvement in Kampuchea. Despite

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a certain loss of Western aid, the share of foreign economic aid (grants as well as loans) in the total budgetary revenue remained significant. They made up 44.8, 34.5, 32.0, 40.8, and 40.6 of the total budgetary revenues respectively in 1976, 1977, 1978, 1979, and 1980.46

Vietnam’s co-operation with Soviet Union was the mainstay of its foreign policy. Both the countries had also signed a long-term programme for economic, scientific and technological cooperation in Hanoi on 31 October 1983. According to one Vietnamese source, the amount of Soviet economic aid given to Vietnam amounted to 3.223 billion rubles, equivalent to approximately U S$ 4.866 billion. During the Third Five Year Plan, the Soviet Union helped Vietnam to design, build and upgrade about 150 construction projects. The Soviet Union also paid much attention to scientific and technological assistance.47

The greatest part of Vietnam’s exports, reckoned “in rubles-US dollars” was, as usual, oriented towards the CMEA countries, particularly the Soviet Union: 71.6 per cent of the total in 1985, compared with 64.3 per cent in 1981. As for exports destined for the western industrialized and Third World countries, they represented 9 per cent and 18.6 per cent respectively in 1985, compared with 13.4 per cent and 18.7 per cent in the 1981.48

Vietnam’s imports, also reckoned in “rubles-US dollars”, were reported in 1985 to consist of 81.1 percent from the CMEA countries, 12.1 per cent from western industrialized countries, 4.1 per cent from Third World countries, and 2.7 per cent from international organizations, compared with 71.4 per cent; 2.2 per cent; and 6 per cent respectively in 1981.49

The USSR along with other CMEA countries aided Vietnam’s reconstruction and strategic needs and compensated its deficits on various accounts; it on the other side received a tremendous boost in its cold war efforts when it found Vietnam in its firm grip. The fall of South Vietnam and the U.S. disengagement from Southeast Asia created a new situation which provided the Soviet Union a strategic access in the region. While on the one hand, its main adversary left the region; on the other it found a reliable ally in Vietnam with whom it signed a treaty of friendship in 1978. While this was a major gain for it in its worldwide competition with the U.S.A. for influence

47 Ibid., pp.152-155
48 Ibid.
49 Ibid., pp. 159-160.
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and power, this was also helpful in containing China militarily and psychologically diminishing its influence in the region by way of formal treaties. After the 1979 Chinese punitive campaign, the Soviet Union was allowed to use the port facilities and air-fields of Vietnam. This greatly advanced the Soviet Union's strategic position in the South China Sea, the Indian Ocean and the water of Pacific beyond, which provided it a claim of legitimacy for involvement in regional affairs and be consulted or have a voice in regional decision making. Though, close ties with Hanoi caused problems for the USSR especially in dealing with the ASEAN countries, besides the Vietnamese dependence being a burden to the Soviet economy, Vietnam's friendship with its dominant position in Indochina provided the USSR greater leverage in the region. Vietnam, on its part, received a sense of security and economic assistance from the Soviet Union.

The policy of Non-alignment

The abovementioned description reveals that Vietnam's foreign policy was not strictly doctrinaire as it is made out to be. Militant solidarity stood punctured in the wake of the Chinese belligerence and Cambodian hostilities. The close ties with the Soviet Union were more strategic than ideological. Notwithstanding the stated foreign policy goals at the Fourth Congress, it was the policy of nonalignment, stated therein too, represented the real nature of Vietnam's foreign policy. Its actual foreign policy choices were in fact forced upon it and it became an unwilling participant in the cold-war. Its approach to foreign policy was highly pragmatic and given the choice it would have followed the path of non-alignment, which was the logical foreign policy option of newly emerged states from the clutches of colonial and imperialist forces, based on twin objectives of independence and development. Vietnam shared these concerns more vehemently than any other. While Hanoi passionately committed itself to diversify its relations in order to maximize its independence, it also emphasized the Bandung principles of respect for each other's independence, sovereignty and territorial integrity, non-aggression, non-interference in each other's internal affairs, equality, mutual benefits and peaceful co-existence, as the basis of bilateral relations. Vietnam in this way endorsed the world view of Nehru, Nasser and Tito conceptualized concretely at the Bandung Conference of 1955. V. Suryanarayan aptly explains Vietnam's endeavour in this regard.

50 Douglas Pike, n. 9, pp. 180-81.
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From the point of view of Vietnam, it must be pointed out that after 1975, Hanoi was keen to preserve and maintain its independence from both China and the Soviet Union and at the same time welcome aid from all quarters for the economic rehabilitation of the country....political developments in Indochina, and the hostile policies adopted by the U.S., China and Japan pushed Hanoi closer to Moscow. The prolonged war in Cambodia and the requirement of the economic development made Hanoi rely more and more on the Soviet Union .... But this does not mean that Moscow has a decisive voice in Hanoi's decision-making. A country as intensely nationalist as Vietnam and a people as proud as the Vietnamese will never be subservient to any other country. 52

In the same way, Ganganath Jha, a keen observer of the Vietnamese affairs testifies Vietnam's commitment to the principle of non-alignment:

Vietnam under the leadership of Pham Van Dong is a supporter of the non-aligned movement. It has forged close links with other Indochinese states and pursued its policy for the achievement of the goals of the non-aligned movement. Though a victim of years of war against the U.S. it is not antagonistic to accepting the co-operation of the latter to accelerate developmental work. 53

In fact it was the policy of non-alignment which reflected Vietnam’s national aspirations and duly formed the basis of its foreign policy. This can be explained by the real foreign policy concerns of Vietnam, viz. development and security.  

Development - the primary concern

The main concern of the SRV was not military adventures abroad but the rebuilding of its war ravaged economy at the time of reunification. The need was overwhelming. Forty years of war had left Vietnam with a per capita income that was about a quarter of that of Thailand and about a thirtieth of that of the developed capitalist countries. Furthermore, the cutting of American aid to the South precipitated an immediate crisis. Colonial Vietnam had been an important exporter of rice. Years of war had destroyed this capacity, and the rapidly growing population had become increasingly dependent on outside supplies of food from the West in the south and

52 V. Suryanarayan, n. 38, pp. 856-57.
from China in the north. The country's economy was clearly fragile and would have to be handled with care if it was to be nursed back to health. Accordingly, Le Duan's Report made it clear that the VCP leadership assigned first priority to national reconstruction and not to the international objectives. "The party, people and government of Vietnam should," he said, "make the most of the favourable international conditions so as to rapidly heal the wounds of war, restore and develop the economy, develop culture, science and technology, consolidate national defence, build the material and technical basis of socialism in our country."55

The second five year plan, adopted at the 4th National Congress, 1976, was intended to make the country self-sufficient in food once more by the end of 1980, besides the launching of the process of industrialization. Overall, the planners expected a growth rate of 15% per annum in Vietnam's gross national product in order to make the country recover from the ravages of war. But since as Le Duan put it in announcing the plan, accumulation from internal sources was non-existent, the whole strategy depended on an influx of foreign aid to finance investments.56

Normalisation efforts with ASEAN

In this endeavour, the new government first of all concentrated its attention on the members of the Association of Southeast Asian Nations (ASEAN comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand). It took quick action to consolidate its relationship with ASEAN. In July the Vietnamese foreign minister, Nguyen Duy Trinh, said that his government was prepared to establish and develop relations of friendship and cooperation with other Southeast Asian countries on the basis of the following principles -

1. Respect for each other's independence, sovereignty and territorial integrity, non-interference in each other's internal affairs and peaceful coexistence.

2. Not allowing any foreign country to use one's territory as a base for direct or indirect aggression and intervention against other countries in the region.

3. Establishment of friendly and good neighbourly relations, economic cooperation and cultural exchanges on the basis of equality and mutual benefit, together with settlement of disputes through negotiations in a spirit of mutual understanding and respect.

54 Grant Evans and Kelvin Rowley, n. 29, p. 36.
55 Ibid., p. 38.
4. Development of cooperation among the countries in the region for the building of prosperity in keeping with each country's specific conditions and for the sake of independence, peace and genuine neutrality in Southeast Asia.\footnote{Keesing's Contemporary Archives, 1976, p. 27919.}

The normalization bid by Vietnam affirmed its pragmatic approach to foreign policy. This was remarkable particularly in the context of the animus relations with ASEAN in the past. In 1967, ASEAN was seen by the Hanoi leaders as an organization founded and supported by the United States as part of its containment policy. It was denounced as another "imperialist" institution, like SEATO to be used to check on "progressive" revolutions in Southeast Asia. This perception of ASEAN was probably moulded by the fact that of the five members which formed ASEAN, two were very actively involved in the United States war efforts. Thailand and the Philippines both had troops stationed in South Vietnam and many of the planes that bombed North Vietnam took off from bases in those two countries. Another member, Malaysia, helped in the counter-insurgency training of the South Vietnamese police force. Only Indonesia had diplomatic links with Hanoi. For their part, the ASEAN leaders viewed North Vietnam as an aggressive communist power bent on expanding its influence in the region. The infiltration and subversion of the South had already gone on for a long time. Backed by both the communist giants, China and the Soviet Union, North Vietnam was a very potent force in the international communist conspiracy. Despite the eruption of the Sino-Soviet dispute, Cold War perceptions died hard. North Vietnam was perceived as an enemy that had to be confronted.\footnote{Prof. Dr. Khong Kim Hoong, "The Politics of ASEAN – Vietnamese Relations; A Brief History," \textit{The Political and Economic Co-operation between ASEAN, its Member States and the S. R. of Vietnam: Bi- and Multilateral Perspectives}, ed. Norbert von Hofmann, Kuala Lumpur: Friedrich Ebert Stiftung, 1992, p.2.}

However the other side was not enthused by the Vietnamese bid for reconciliation. Although communist victory in Indochina was ultimately expected, the rapid collapse of the Saigon government in the spring of 1975 came as a shock to the ASEAN states. Furthermore, the final victory crystallized anxieties among the Southeast Asian leaders about what posture the new Indochinese communist regimes, especially the Vietnamese, would take towards them. They saw communist Vietnam as the foremost military power on the Southeast Asian mainland, made even more powerful by the possession of weapons, vehicles and supplies provided by the U.S. to
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former South Vietnamese regime. Even more serious concern of the ASEAN leaders was the impact of the communist victory in Indochina upon insurgencies in Southeast Asia. Many feared that communist Vietnam flushed with victory and being a self-proclaimed leader of national liberation movements would not ignore calls for assistance from local communist groups which were quite active in Thailand, Malaysia and the Philippines. Besides, Indonesia and Singapore also feared communist insurgencies.59

However, these fears of the ASEAN leaders were belied by the moderate SRV postures. Propelled by their pragmatic interest in increasing trade, attracting foreign capital and importing technology, the Vietnamese were sure that normalized relations with their Southeast Asian neighbours as well as with the industrialized West served their interest in rapid modernization and would reduce their heavy reliance upon their socialist allies. One early signal of the Vietnamese interest accommodation came in the spring of 1976, when the new communist Governor of the National Bank of Vietnam attended a meeting of the Asian Development Bank, called for cooperation in the region and invited foreign assistance to Vietnam. Even more encouraging was the new friendly tone towards relations with Southeast Asian countries by SRV Foreign Minister Nguyen Duy Trinh after the official reunification of Vietnam in July 1976. He called for the establishment of relations of friendship and cooperation with the countries of the region and a lasting peace. This was followed a goodwill tour of Malaysia, Philippines, Indonesia, Singapore and Burma by Deputy Foreign Minister Phan Hien, during which Vietnamese friendly intensions were expressed. The ASEAN leaders responded favourably and almost all Southeast Asian states began negotiations for establishing or improving relations with Hanoi.60 The SRV's bilateral relations with its Southeast Asian neighbours since then had been developing positively until they were torpedoed by the twin crises over Cambodia and the boat people in 1978-79.61

The action in Cambodia proved to be Vietnam's undoing. The move was frightening to the ASEAN member states. It revived their latent suspicions concerning Vietnamese imperialistic expansionism. Despite their common distaste for the then deposed Pol Pot regime, the ASEAN states continued to recognize it as the legitimate

59 Joseph J. Zasloff and Mac Allister Brown, n. 17, pp. 72-74.
60 Ibid., pp. 74-76.
61 Grant Evans and Kelvin Rowley, n.29, p. 60.
government of Cambodia and pushed resolutions condemning Hanoi's behaviour in the United Nations. Most hostile in its response was Thailand. The military government in Bangkok viewed the Vietnamese action as confirmation that Hanoi was determined to dominate both Cambodia and Laos, thus destroying the historic buffer between Thailand and Vietnam. In response Bangkok led the ASEAN chorus of condemnation and provided fairly overt support for the anti-Phnom Penh activities of rebel groups along the frontier. Besides, periodic meetings of the ASEAN foreign ministers resulted in joint calls for the withdrawal of Vietnamese occupation forces from Cambodia and the holding of national elections under international supervision. The ASEAN's hysterical response was more a reflection of the cold war mentality and Thailand's perceived challenge to its security. Vietnamese action was morally justified in the sense that it merely took action against a regime which was probing its borders and the world community should have welcomed the intervention in the context of the genocide the regime had carried out in the country. Owing to Vietnam's continued presence in Cambodia and its close relationship with the Soviet Union, a majority in United Nations interpreted the intervention as an expansionist move. This was the main factor behind the establishment of a united front against Vietnam. In this front the ASEAN countries played the leading role joined by China and most Western countries. The ASEAN countries claimed that they were defending the principle of non-intervention but reality was the traditional Thai interest in countering Vietnamese influence in Cambodia. Since the 18th century the Vietnamese and the Thai had competed for influence in Cambodia and from 1941 to 1946, the western parts of Cambodia were occupied by Thailand. A pro-Vietnamese government in Phnom Penh ran counter to Thai interests, and the Thai government therefore tried by all means to change the situation. Once Thailand realized that Vietnam might concede some of its influence in Cambodia it started to soften its policy towards Vietnam. Among the ASEAN countries, Thailand was the one most directly concerned by the Vietnamese intervention in Cambodia. For ASEAN as a whole, the Cambodian question came to serve as glue keeping the member states together despite their many political and economic differences. Because of the Cambodian problem, ASEAN came to play more prominent role in international affairs than ever before.\footnote{Duong Quoc Thanh, n. 1, pp. 25-26.}

Hanoi reacted to ASEAN behaviour with a combination of belligerence and conciliation. It offered to withdraw its forces from Cambodia but only on the
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condition that hostile forces supported by world imperialism stop supporting rebel activities led by Pol Pot and that the ASEAN states recognize the legitimacy of the Hanoi supported regime in Phnom Penh. It offered to withdraw its forces from the border and to sign a mutual non-aggression pact with Thailand on condition that the latter refrain from assisting the guerrilla units in Cambodia. Bangkok however would not budge from its demands for complete Vietnamese withdrawal and supervised elections in Cambodia. Hanoi asserted that the survival of the current government was non-negotiable, claiming that national elections were the affair of Phnom Penh regime. To emphasize its demands, Hanoi launched punitive raids into Thai territory to clean out the Pol Pot guerrilla sanctuaries and threatened by implication Thailand for its support to insurgency activities within its territory. It attempted to isolate Bangkok by taking a relatively conciliatory position in discussion with Thailand's more reluctant allies, Malaysia and Indonesia.

As the 1980s began, the situation had temporarily reached a stalemate. The ASEAN states, led by Thailand and supported to varying degrees by China, the United States and other foreign powers, continued to refuse to recognize the fait accompli in Cambodia and reiterated their demand for Vietnamese withdrawal and national elections. To maintain pressure on Hanoi, they provided low level assistance to rebel activities in Cambodia while they attempted to promote the formation of a united front of various political groups opposed to Vietnamese domination of the country. Hanoi, on its part consolidated its position in Indochina through treaties of friendship and mutual cooperation and maintained troops on a massive scale both in Laos and Cambodia. Vietnamese troops maintained order and launched operations against rebel groups operating along the Western border, while the regime of President Heng Samrin successfully attempted to legitimize his rule and win popular support from the local population and by 1983 the regime had built up a stable administrative structure with effective control of most of the territory and population of Cambodia.63 Vietnam at this stage, now and then, partially withdrew its troops from Cambodia in order to win international support for its position. But for the final withdrawal of its troops from Cambodia, it demanded the end of the Chinese threat and stopping the use of Thai territory against the Cambodian regime. However, these conditions remained unaccepted and the stalemate continued.

63 William J. Duiker, n. 28, pp. 144-146.
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It was not only the Cambodian question which wrecked Vietnam's developing relations with the ASEAN, but even more disastrous was the boat people crisis. Following the crackdown on the southern Chinese ethnic groups there started a large scale flight of people from Vietnam often using boats through the sea. The exodus of these boat people probably damaged Vietnam's international image more than its invasion of Cambodia. Even in 1978 the outflow had already seriously jeopardised Vietnam's developing relations with the ASEAN states who had to bear the main burden. All of these countries had their own overseas Chinese problem and by 1979 many people in ASEAN saw Vietnam's actions as an attempt to de-stabilize the rest of Southeast Asia. Characteristically, this sentiment was given its most forceful exposition by Singapore's foreign minister, Rajaratnam, in July 1979, "... once you go to the causes of (the exodus) you enter the secret world of wild Vietnamese ambitions and their even wilder dreams .... It is a military exercise to further the ambitions which the Vietnamese have concealed from us but not from their own people or their allies.... Their ambitions are hegemony in Southeast Asia. In other words, each junk load of men, women and citizen sent to our shores is a bomb to destabilize, disrupt, and cause turmoil and dissension in ASEAN states. This is a preliminary invasion to pave the final invasion ......” One of the most important effects of the refugee crisis was that it drove the ASEAN states to coordinate their policies towards Vietnam and Indochina and thus undermined Vietnamese diplomacy in the region which had taken full advantage of differences between the ASEAN countries. However in 1979 Vietnam restrained the exodus.64

The ASEAN remained united and steadfast in their policy even after the refugee problem considerably mitigated, though Indonesia and Malaysia showed limited enthusiasm for this posture which expanded Chinese influence in the region. However, differences existed only in perception and not in action.

Overall the tragic irony of the situation was that by adopting a stance of unremitting hostility to Hanoi and by attempting to compel it to withdraw from Cambodia, Washington, Peking and the ASEAN states were in effect driving Hanoi further into the arms of Soviet Union, a condition that all parties fervently wished to avoid. In adopting a hard-line policy towards the SRV, the Reagan administration appeared to believe that only constant pressure would compel Hanoi to withdraw from Cambodia and abandon its aggressive behaviour in the region. For its part, Peking had

64 Grant Evans and Kelvin Rowley, n.29, pp. 54-57.
evidently concluded that Hanoi could not be brought to reason until the current leadership under Le Duan had been replaced by a new faction more amenable to rapprochement with China.\textsuperscript{65} However, such policies proved to be only counterproductive. Thus, threatened by China, abandoned by the USA, and suspected by ASEAN it chose to strengthen its ties with the Soviet Union and the communist bloc without abandoning its non-aligned stance.\textsuperscript{66}

Following three years of the reunification Vietnam's economic conditions moved from bad to worse. Insufficient aid from East to West meant that the country's industrialization plans had to be drastically scaled down. China had halted its wartime gift of 500,000 tons of rice per year and cut its supply of consumer goods. Meanwhile, agriculture suffered a series of setbacks. Lack of fertilizer and market incentive while lowered production, natural calamities created havoc to agricultural production. Hanoi's first response was to intensify diplomatic attempts for breakthroughs with the West. Pham Van toured Europe early in 1977 soliciting aid and technology, while offering a liberal and flexible foreign investment code to foreign capitalists. He gained only a small aid package from France while other European countries indicated that they were reluctant to deal with Vietnam until the USA had normalized relations with Hanoi.\textsuperscript{67}

In the midst of this domestic crisis the Khmer Rouge launched their first full-scale attack on Vietnamese border villages causing disruption to the New Economic Zones. This Khmer hostilities coincided by hoardings by the southern capitalists, aggravating the food shortages and inflation which was 80\% in 1977. Most of the southern capitalists were ethnic Chinese or Hoas. Activities of Hoas combined with the serious dislocation of the southern economy as a result of the conflict imposed by Cambodia made Vietnamese leaders fearful of Chinese inspired disruption of the country from within. And following Phnom Penh's refusal to respond to a substantial peace proposal from Hanoi on 5 January, 1978, Vietnam took two strategically intertwined decisions, the first was to find a way of toppling Pol Pot and the second was to break the back of the Chinese dominated oligarchy in the South.\textsuperscript{68}

These two campaigns, crackdown on the ethnic Chinese and the intervention in Cambodia, were diplomatic disasters. They received world wide condemnation.

\textsuperscript{65} William J. Duiker, n. 28, p. 152.
\textsuperscript{66} Roeslan Abdulgani, n. 12, p. 85.
\textsuperscript{67} Grant Evans and Kelvin Rowley, n.29, p. 49.
\textsuperscript{68} Ibid., p. 53.
barring the Soviet bloc, destroyed the favourably evolving relations with the ASEAN, invited the U.S. trade embargo and worst of all, the Chinese invasion. Though Vietnam succeeded in thwarting the Chinese aggression, it found itself under worse seize than at any time. Economy was at ruins with western aid completely cut off. Vietnam responded to these pressures by moving further into the Soviet orbit. It had entered into a treaty of friendship and mutual cooperation with the Soviet Union in November 1978. Threatened by China and isolated by the USA and the ASEAN it had no option but to join the COMECON one month later. Following the sanctions after 1979, the economic ties between Vietnam and the Soviet bloc were further strengthened and the Soviets were granted access to Cam Ranh Bay - to the great annoyance of Peking and Washington. Economic conditions and exports picked up after the 6th Plenum's decision to restrict collectivization and to liberalize the economy and conditions improved further after the launch of the Third Five Year Plan in 1981 and by 1983 it was clear that Sino-American attempts to bleed Vietnam into submission had failed. However the inevitable result of the economic pressure applied to Vietnam had been to drive it more firmly into the Soviet camp. The Soviet Union became Vietnam's main trading partner. Nguyen Lan said that by mid 1981, more than two-thirds of Vietnam's imports of fuel, raw materials, food, consumer goods and machinery came from the Soviet Union and from other COMECON countries notably East Germany.69 Vietnam's economic dependence on the Soviet bloc was political, and their large scale assistance in Vietnam's industrial and electricity generation was vital.

Thus, the war ravaged economy of Vietnam required foreign assistance for its reconstruction but the refugee crisis and the Cambodian imbroglio blocked all the way of foreign assistance to Vietnam. Finding no option it moved deeper and deeper in the Soviet orbit. This was due to extraordinary dependence on the USSR, as Vietnam needed the USSR for 10 to 15 per cent of its staple food without which there would have been serious shortages. It relied on the USSR for all its petroleum, chemicals, fertilizers and such raw materials as its limited industrial power could use.

Attempts to normalise relations with the USA

Nothing testifies Vietnam's pragmatic approach to its foreign policy than its repudiation of hostile attitude towards the USA. The past experiences of invasions and annexations and the U.S. involvement out of which they had just come out have

69 Ibid., pp. 167-168
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made them extremely bitter to imperialism. Le Duan had stated, "... US led imperialism makes every effort to prepare for a new world war, ... crush the national liberation movement... and hamper the development of socialism....As regards former colonies and dependencies, imperialism, particularly U. S. imperialism, resorts to neo-colonialism through the use of both gross and sophisticated means...it is also the basic policy of US imperialism to carry out its scheme of world hegemony....In Viet Nam, US neo colonialism has proved to be most brutal and perfidious". In terms of foreign policy goals, negatively he sought to form a global anti-imperialist united front against 'the chieftain of the imperialists, namely the U.S. Positively, he was for actively contributing to the struggle of the non-aligned countries against imperialism, policy of aggression and domination with a view to safeguarding their independence and freedom. Vietnam, however, adopted a conciliatory approach to the U.S.A. The objective of forming a united front against the USA was soon given up and Vietnam sought to normalize its relations with the USA initially on the basis of Paris Peace Agreement 1973 and later unconditionally. In order to develop friendly relations with the USA it cooperated on issues of soldiers missing in action (MIA), children and wives of the US servicemen when and how it was asked for.

The U.S. debacle in Indochina brought a turn about in its attitude to the region. The U.S., Zasloff and Brown maintain, moved abruptly from obsession to amnesia with regard to this region. The U.S., which had so vigorously committed itself to the containment of communism in Indochina, showed clear signs of disinterest in the affairs of this region. Nevertheless, apprehensions of the communist expansion which implied an extension in the Soviet influence continued and so the concern for servicemen missing in action (MIA) in Indochina. The MIA issue, in fact, dominated the U.S. approach to Vietnam throughout the period. Soon after the war, when Vietnam sought to normalize relations with the U.S., on the basis of the Paris Peace Agreements drawn up in 1973 which entailed for Vietnam the fulfillment of promises of aid worth $3250 million for post-war reconstruction without any political conditions, in addition to other forms of aid to be agreed on between the two parties. The U.S. did not comply to its promise and Kissinger put the U.S. terms as being (i)

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70 Embassy of the SRV, n. 3, pp. 115-16.
71 Ibid., p. 119.
72 Ibid., p. 121.
73 Keesings Contemporary Archives, 1976, p. 27919.
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accounting for servicemen missing in action (MIAs), (ii) the need for assurances of Hanoi's peaceful intentions towards neighbouring countries in Southeast Asia.\(^{76}\) The MIA issue was used by the U.S.A. to avert normalization with Vietnam despite Vietnam's assurances of full cooperation. The U.S.A. vetoed Vietnam's application in November 1976 for the United Nations' membership because of its allegedly brutal and inhumane attitude to the question of the missing men. Similarly in September, the U.S. had been the only member to vote against Vietnam's application to take over the seat of the old southern regime at the World Bank; here the U.S. had no power of veto, though it did have the power to obstruct loans. However in January 1977, when the Carter administration took over the White House, it seemed at first to be offering a more conciliatory line. Although he had no previous involvement in foreign policy, Jimmy Carter himself had a reputation as a liberal. Accordingly the SRV was admitted to the U.N. on 20th September, 1977. On 24 March, 1978, Carter said that he would respond well to the suggestions of possible U.S. aid to Vietnam but that it would have to be viewed as normal assistance and not as reparations.\(^{77}\) Negotiations held in Paris for this purpose in December 1977 broke down because the U.S. refused to accept Vietnam's claim for reparations. But when the strained relationship with China reached a point of collision, it sought to normalize relations with the U.S. unconditionally. Mr. Phan Hien, the Vietnamese Deputy Foreign Minister said in Tokyo on July 10, 1978, during a visit to Japan that Vietnam was prepared to resume negotiations with the U.S. on the normalization of diplomatic relations between them without any condition attached. This statement was accompanied by a number of friendly gestures towards the U.S. in the summer of 1978. While visiting New York for the U.N. General Assembly session, Mr. Nguyen Co Thach had talks on September 22 and 27, 1978 with Richard Holbrooke, then the U.S. Secretary of States for East Asia and Pacific Affairs. After Nguyen Co Thach had made it clear that Vietnam had abandoned its claim for reparations, full agreement was reached on the normalization of relations, only details remaining to be worked out. The State Department, however, made no proposals for a final meeting to conclude and sign the agreement and after waiting for sometimes Mr. Nguyen Co Thack left New York. Following the signing on November 3, 1978 of a treaty of friendship and cooperation between Vietnam and Soviet Union, the U.S. government informed Vietnam that

\(^{76}\) Grant Evans and Kelvin Rowley, n. 29, p. 41.

\(^{77}\) Ibid., p. 42.
three problems prevented the normalization of relations - the presence of Vietnamese troops in Kampuchea, the refugee question, the Vietnamese - Soviet Treaty. Nguyen Duy Trinh, the Foreign Minister commented on December 19 that although the U.S. had insisted in the past that there should be no preconditions to establishing diplomatic relations, "now they are using the refugee situation and our border problem with Kampuchea as excuses".78

The real motive behind avoiding normalization of relations with Vietnam by the U.S.A. was to appease China. By the late 1970s American leadership was anxious to play the 'China card' against the Soviet Union.79 For this purpose they extended their tacit support to the Chinese hegemonic designs in Southeast Asia and hence ignored Vietnam's bid for normalization of relations. Further, ignoring the compulsions of Vietnam in taking action against the genocidal regime of Pol Pot in Cambodia and crackdown on haos, it condemned Vietnam's action and announced an embargo on trade with the SRV.80

The overthrow of the Chinese client regime of Pol Pot and the establishment of the pro-Vietnamese Heng Samrin regime at Phnom Penh was another failure on the U.S. part to restrict the spread of Soviet influence. It fully endorsed the Chinese punitive campaign against Vietnam. In fact China launched the attack only after being assured by the U.S.A. Deng had paid a visit to the U.S.A. in 1979 before the invasion took place.81 Since then, it had been backing the anti-Vietnamese insurgents on the Thai-Cambodian border along with ASEAN States and China. On the diplomatic front also, it put maximum possible pressure on Vietnam. It prevailed upon the Western bloc not to aid or assist Vietnam with the exception of France. The American directors of the World Bank were under instruction to actively oppose any loans to Vietnam until it had withdrawn its troops from Cambodia and Laos.

The U.S. actions were, thus guided by the cold war considerations which aimed at containing growing Soviet influence. For that purpose the U.S. played China against the Soviet Union taking the advantage of the Sino-Soviet rift. Under this strategy it backed the Chinese actions in Indo-China which, however, proved counter productive. Devoid of all options, Vietnam moved closer and closer to the Soviet Union to counter the Chinese threat and save its deteriorating economy.

79 Grant Evans and Kelvin Rowley, n.29, p. 290.
80 William J. Duiker, n. 28, p. 151.
81 Ibid., p. 291.
The Security Concern

Vietnam's socio-economic plight was also worsened on account of the security situation of the country. Having been repeatedly invaded in the past, the Vietnamese were very conscious of their security. Even after the victory in 1975 they were deprived of the much desired peace and prosperity. Threats loomed large over the northern and the western frontiers along with China and Cambodia respectively. Occurrences of border clashes had started even before the formal reunification of Vietnam. The biggest threat to Vietnam was from China. Latter with its immense power at land and sea wanted to establish its dominance in Southeast Asia and for that purpose it viewed the Soviet Union as its rival. China's drive to open diplomatic and trade relations with Southeast Asian countries met with considerable success - more so than by the parallel efforts of the Soviet Union. As an ally to which Peking had given substantial support, Vietnam was naturally expected to submit to Chinese hegemony. The pressure on Hanoi began even before the fall of Saigon with the occupation of the Paracels Islands in 1974. Further it claimed Spratly Islands which again threatened Vietnam's possessions. Huang Hua's statement made on July 10, 1977 made clear the designs of China. He said; "The issues in South China Sea are non-negotiable. The territory of China reaches as far as southward as the James Shoals, near Borneo of Malaysia. I remember that while I was a school boy I read about these islands in the geography books. At that time, I never had anyone say that those islands were not China's. The Vietnamese claim that the islands belong to them. Let them talk that way. They have repeatedly asked to negotiate with them on the Paracel's issue; we have always declined to do so. As to the ownership of these islands, there are historical records that can be verified. There is no need for negotiations since they originally belonged to China".82

Vietnam, a country of proud nationalists, was not ready to submit to the Chinese hegemony. In order to withstand the Chinese pressure it tried to normalize relations with the U.S.A. and to develop friendly relations with the ASEAN, however unsuccessfully. Devoid of all options it moved closer and closer to the Soviet Union. In fact, Hanoi's public explanation for entering into the USSR-SRV Treaty of Friendship and Cooperation signed on November 2, 1978 was the Chinese threat.83

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82 Ibid., p. 49.
83 Douglas Pike, n. 9, p. 185.
This further irritated China which held Vietnam as the Cuba of Southeast Asia.\textsuperscript{84} Hostility between them kept on mounting owing to the disputes over the South China Sea islands, territorial claims at the northern border area, the closer Hanoi-Moscow ties and Vietnam's treatment to the ethnic Chinese in the South. As the last straw, when Vietnam's forces overthrew the Pol Pot regime from Phnom Penh, a Chinese protégé, in 1978, China attacked Vietnam in 1979 to teach it a lesson. China continued the hostilities by arming the Khmer Rouge, keeping borders tense and through diplomatic channels even after Vietnam had been taught the lesson.

The ASEAN which had responded well to the Vietnamese efforts of good relations repeatedly demanded the withdrawal of Vietnamese troops during 1979-86 from Kampuchea and the holding of free elections there which would, they assured reduce Vietnam's diplomatic isolation and improve prospects for economic assistance. Vietnam which was eager to normalize relations with the ASEAN wanted guarantees against the Chinese threat. It wanted a Chinese pledge to respect for the independence of the countries of Indochina as a condition for the withdrawal of troops.

On the other side Vietnam's security concern led it to be more dependent on the Soviet Union. For the arms and armaments, war equipments and for means of transport, it wholly depended on the Soviet Union as Vietnam had no such factories\textsuperscript{85} and their requirements were massive as battles hardly ceased in Cambodia or on the northern frontiers. Even for the security of coasts and possessions in the Sea, its dependence on the Soviet Union was crucial. In fact, for the first time the Soviet war vessels were seen at the Cam Ranh Bay after the Chinese punitive campaign in 1979.\textsuperscript{86}

Thus, Vietnam's security concern prevailed upon the much pressing needs of economic reconstruction. The question of national security did not let the Vietnamese to see peace and they were compelled to enter a long protracted warfare which added to their miseries. They were also deprived of foreign aid which they needed badly. Thus, the security concern of Vietnam was very demanding. But, as Nayan Chanda maintained, "If Vietnam was ready to pay any price to gain its independence, it is

\textsuperscript{84} Masashi Nishihara, n.10, p. 71.
\textsuperscript{85} Douglas Pike, n. 9, pp. 195-96.
\textsuperscript{86} Grant Evans and Kelvin Rowley, n. 29, p. 268.
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ready to bear any burden to protect it. Security, in the Vietnamese view, has no price tag." 87

The impasse in the foreign policy course and the need for renovation

The post-reunification course of Vietnam’s foreign policy thus was not what had been intended by the Vietnamese leadership. On the eve of unification, its main goal was reconstruction of the war ravaged country. For this it needed peace and foreign assistance. It did follow a pragmatic path by reposing faith in the policy of nonalignment. However Vietnam’s threatened security compelled it to resort to the foreign policy course which only deepened the crises it faced. The unsolicited predicament gripped Vietnam in the following way.

- The counterattack and the military involvement and counterinsurgency operations in Cambodia were unsustainable burden on the Vietnamese economy.
- The Cambodian involvement made other non-Communist Southeast Asian nations belligerent to Vietnam. Thailand provided shelter and actively supported resistance in Cambodia.
- The involvement invited the Chinese wrath. Apart from launching the punitive campaign in 1979 it kept the borders hot and supported the rebel groups in Indochina acting with the backing of Thailand and others.
- It hardened the stance of the West towards Vietnam and the US led Western embargo was the biggest economic stumbling block to Vietnam’s reconstruction plans.
- Isolated by the West and shunned by ASEAN it depended critically on the Soviet Union and other CMEA countries.
- Moreover the mess Vietnam found itself in had ominous extra-regional portends. The growing Soviet involvement in the region raised its importance in the competition between Moscow and Washington as each pursued global strategies at the expense of the other. The Vietnamese factor was not only a catalyst for heightened tensions between the then two super-powers, but also caused fissures within the Communist camp. Chinese-Vietnamese relations remained strained and although the Sino-Soviet rivalry had roots that ran deep, Vietnam

87 Joseph J. Zasloff, n. 40, p. XV.
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came to represent one more problem in the relationship between Moscow and Beijing. The end of hostilities within Vietnam did not bring what many had hoped would be a period of relative tranquility and stability to the region, but rather raised the level of existing tensions in Southeast Asia to unprecedented heights. These tensions were not only between the major regional actors but between the superpowers as well. 88

- In particular a spectre of US-Chinese alliance perched against Vietnam was particularly distressing to the latter. 89
- Vietnam's conditions became more striking in contrast to the rapid growth in the non-communist countries of Southeast Asia, namely, Malaysia, Thailand, and Singapore. 90
- Apart from the highly taxing military campaigns, its dogmatic approach to development was not helping its economy any way. An ideological rethinking became imminent in the wake of deteriorating economic conditions. For this, shortcomings in the Party's ideological, organizational and cadre work were frankly recognized. 91 Along with corruption and decadence among party members - a problem that has plagued Vietnam particularly since reunification - another major concern was the apparent lack of enthusiasm about continued Vietnamese involvement in Cambodia and Vietnam's tough anti-Beijing stance. The Fourth Plenum resolution reminded party members that China had not abandoned its long-term goal of annexing Vietnam and, in fact, it has "become even more hostile towards us." 92

Notwithstanding the hardships, Vietnam, however, cannot be blamed for a dogmatic approach at least in its foreign policy. It was in fact an unwilling participant in the cold war. Though Vietnam was merely defending its national security but it was again compelled to revise its foreign policy course in order to come out of the predicament it found itself in the mid-eighties. The Sixth Congress thus linked national security with socio-economic development.

89 Ibid., p. 977.
90 Joseph J. Zasloff, n. 40, pp. XVI-XVII.
92 Nayan Chanda, n. 23, p. 32.
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At the Sixth Vietnamese Communist Party National Congress held in December 1986, the Party's Politburo responded to the growing crisis in the country by calling for a thorough renovation of the economic management mechanism. The first and prime emphasis of renovation was economy which implied a shift from the centralized command model of development to a model more in line with market forces and an economic environment conducive to foreign investment. However none of the reports or speakers at the Sixth Congress indicated that any radical shifts in Vietnam’s external policy were being formulated barring certain subtle indications. However the foreign policy had to be revised in accordance with the domestic economic requirements and changing international environment.

THE SIXTH NATIONAL CONGRESS OF THE COMMUNIST PARTY OF VIETNAM\(^3\)

The foreign policy enunciated at The Sixth Nation Congress was in the same doctrinaire language as was the task with regard to foreign policy was stated in the resolution of the congress, “We should enhance the unity of the international communist and working class movement on the basis of Marxism-Leninism and proletarian internationalism; promote the cooperation among fraternal parties in the struggle for peace, national independence, democracy and socialism. We should widen our relations with international organizations; strongly support the movement for national liberation and independence, against imperialism, colonialism and racism; widen our relations with all other countries on the principles of peaceful co-existence. We are ready, in the spirit of equality, guarantee for the independence, and sovereignty of each other and mutual respect to negotiate to settle problems related to the Sino-Vietnamese relations, to normalize the relations and restore the friendship between the two countries in the interests of the peoples of the two countries, and of peace in Southeast Asia and in the world.”

However there were changes, subtle yet significant in the document revealing the spirit of the Renovation. And following select observations from the part one of the document mentioning new international background speaks for the new approach by itself.

They appreciated the similar turnaround the foreign policy of the Soviet Union. “The 27th Congress of the Communist Party of the Soviet Union ushered in a

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\(^3\) Details under the subheading have been taken from 6th National Congress of the Communist Party of Vietnam Documents, ThO Gif Publisher – Hanoi, 1987, www.cpv.org.vn/index_en.html
new stage of a turning-point character, a stage of dynamic development in all areas of social life in the Soviet Union. With a strategy for accelerating the country's socioeconomic development, the Soviet economy is shifting energetically toward intensive development aimed at fulfilling the major objectives of the remaining years of the 20th century."

"A single world market is taking shape, in which the two opposing economic systems are engaged in a ruthless struggle against each other, while economic cooperation is an inevitable requirement for the development of both systems."

"The struggle in the economic field is of every greater political importance to the outcome of the struggle between the two world systems. The socialist countries, bringing into play the superiority of the new system with" an increasingly effective use of the achievements of the scientific and technological revolution, are changing their production structures and their management, mechanism, conducting a large-scale reform of profound revolutionary significance, and will surely bring about greater changes in a not too distant future."

"For countries with different social systems the only correct choice is the competition in the economic field and in their way of life. All sides should cooperate in solving such global problems, faced by all nations and the human community as a whole, as the population explosion, the food problem, the use of natural resources; environmental protection, etc. The socialist countries have affirmed that they definitely opt for the part of competition in economic field and in the way of life, and this competition can only take place in conditions of a firmly secured peace."

Another notable shift was the combining of national defence with national economy. Thus the shift in the foreign policy was subtle yet clear enough to be noticed. The international tasks and foreign policy enunciated in the same document further indicated to the changed perspective.

The document reiterated among others the following policy goals of international relations.

- Strengthening the solidarity and all-round cooperation with the Soviet Union (regarded as the keystone of the foreign policy).
- Strengthening relations of friendship and cooperation with the CMEA member countries.
- Special relationship amongst the Indochinese states.
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- Support to the Non-Aligned Movement, full approval of the noble objectives of peace, disarmament and national independence.

And at the same time the document showed an overwhelming concern for peace and cooperation in its foreign policy goals while supporting the Soviet Union's reforms and peace initiatives. The Party and State

- extended full support for the domestic and foreign policies adopted by the 27th Congress of the Communist Party of the Soviet Union, for the (revised) Programme of the CPSU, considering it a model of creative application of the Marxist-Leninist doctrine;

- supported the policy of the Soviet Union and the European socialist countries with a view to building a lasting peace and security in Europe on the basis of respect for the territorial political status quo that had taken shape since the end of the Second World War and the tireless efforts made by the Soviet Union with a view to eliminating nuclear weapons, establishing a comprehensive international security system in the military, political, economic and social domains;

- would practice with perseverance a foreign policy of peace and friendship and stand for and support the policy of peaceful co-existence among countries with different political and social systems, the elimination of wars of aggression and all forms of terrorism, especially state terrorism regarded by US imperialism as its national policy;

- extended support the comprehensive plan for peace in Asia and the Pacific set forth by General Secretary of the CPSU Central Committee Mikhail Gorbachev in Vladivostok;

- supported the Soviet Union's policy of normalizing relations with China;

- emphasized the traditional close ties with China;

- welcome the fair and reasonable decision of the Lao People's Democratic Republic aimed at normalizing relations with the People's Republic of China on the basis of mutual respect for independence, sovereignty and territorial integrity; non-aggression, non-interference in each other's internal affairs and peaceful co-existence;

- agreed with the Lao Government's readiness to do all it can to create favourable conditions for the strengthening of mutual understanding and trust between Laos and the Kingdom of Thailand; first of all for the
resumption of negotiations with the latter so as to normalize the relations between the two countries;

- supported the People's Republic of Kampuchea's readiness to negotiate with opposition individuals and groups to realize national concord on the basis of excluding the criminal genocidal Pol Pot gang;

- stood for the continued withdrawal of Vietnamese army volunteers from Kampuchea and at the same time showed readiness to cooperate with all parties concerned so as to proceed toward a correct political solution on Kampuchea;

- would make sustained efforts to develop friendly relations and cooperation with Indonesia and other Southeast Asian countries;

- expressed the desire to hold negotiations with countries in the region with a view to solving problems in Southeast Asia, establishing relations of peaceful co-existence, and building Southeast Asia into a zone of peace, stability and cooperation;

- would stand for the strengthening and widening of relations with Sweden, Finland, France and other Western countries and Australia and Japan on the basis of equality and mutual benefit; and

- would continue to hold talks with the United States to solve the humanitarian problems left by the war and was ready to improve relations with the United States in the interests of peace and stability in Southeast Asia.

The Party and State committed themselves to the following tasks:

- to strive to combine the strength of the nation with that of the epoch,

- firmly maintain peace in Indochina,

- contribute actively to the firm maintenance of peace in Southeast Asia and the world,

- strengthen the special relationship between the three Indochinese countries,

- strengthen the relations of friendship and all-round cooperation with the Soviet Union and other countries in the socialist community,

- secure favourable international conditions for the cause of building socialism and defending the Homeland, and at the same time, and
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- make an active contribution to the common struggle of the people of the world for peace, national independence, democracy and socialism.

It was also stated that the international activities of the Party and State must

- serve the struggle to defend the Homeland;
- maintain political security;
- defeat the multi-faceted war of sabotage waged by the enemy;
- continue to fulfil their internationalist duty toward Kampuchea and Laos;
- should secure new favourable conditions in economic and scientific technological cooperation; and
- participate ever more widely in the division of labour and cooperation within the Council for Mutual Economic Assistance, and at the same time widen our relations with other countries.

On the whole the Party reiterated the following positions:

- Close and all-round relationship with the Soviet Union as the mainstay of foreign policy. Close relations with COMCON countries.
- Concern about security in Indo-china
- Opposition to the outside interventionists in Indochina
- Special relationship among Indochinese states.

And it recognized the new realities:

- The changed international scenario marked with the shift from political to economic and arms race to political struggle.
- Appreciation of the process of reforms in the Soviet Union.
- Overriding concern for peace and economic cooperation in international relations.

VIETNAM'S EXTERNAL POLICY SINCE RENOVATION

Notwithstanding the doctrinaire language of the Sixth Congress document, the economic reforms and the international conditions necessitated phenomenal changes in the perspective and practices of the Vietnamese foreign policy. The success of the renovation programme was much dependent on peaceful international conditions, relaxations of the US led Western sanctions, friendly relations with neighbours, foreign investments and diversified trade relations. The international conditions favoured the change and in some ways that even compelled the Vietnamese leadership to change its foreign policy course in this direction.
Vietnam's renovation programme coincided with global changes leading to favourable conditions for Vietnam in the region. The collapse of socialism and the East-West rapprochement led to the end of the cold war. The two-camp mentality in the region soon got replaced by realization of the benefits of interdependence. Though the Soviet withdrawal from the region left Vietnam hard-pressed but it also prepared ground for the normalization of relations with the ASEAN and China. Now earlier conflicting parties could think in pure economic sense as the political issues were pushed to the background. As Vietnam offered good business opportunities, the capitalist world started to look to it with favour. It could also counterbalance the Chinese pressure by diversification of relations.

In fact the reforms within and reforms in foreign policy were also out of compulsion. The relations with the Soviet Union and CMEA countries had been the mainstay of Vietnam's foreign policy. These countries were on reformist course and in many cases that was in disarray. Vietnam had no option but to continuously revise the relationship with them and one thing was sure that Vietnam could no longer consider them as the main source of assistance and cooperation. Vietnam definitely needed the support of the West.94 The crumbling of the satellite Communist regimes in Eastern Europe was a major blow to the Vietnamese. As the Soviet Union began to crumble, its economic relationship with Vietnam deteriorated and its support slowly faded. For Vietnam, the changes, which took place in the Soviet Union and Eastern Europe, meant the loss not only of political allies and economic aid but also its largest market. In addition, the already large ranks of the unemployed swelled further with the return of tens of thousands of contract workers from the Soviet Union and Eastern Europe. Visits to Moscow by senior Vietnamese leaders in May 1991 convinced them that Vietnam could no longer count on political, let alone economic, support from the Soviet Union and that the rigorous pursuit of economic reform was the best survival course for the Communist Party of Vietnam. 95

New World View

Crucial to the foreign policy changes was the change in the world view of Vietnam's leaders from an ideologically dominated perspective, emphasizing both Vietnam's independence and the division of the world into communist and noncommunist camps, to a non-ideological view, stressing the world's complex

94 Duong Quoc Thanh, n. 1, p. 28.
economic interdependence and Vietnam's need to play a role. As is true of the high priority given to economic considerations in domestic policy changes, the need of undertaking change for the sake of economic salvation was abundantly evident in the dramatic shifts that occurred in Vietnam's foreign policy in 1988 and 1989. Hanoi carried out a wide ranging assessment of global economics and politics culminating in the acceptance by the Politburo in 1988 of a new world view emphasizing interdependence among nation-states revising its two camp theory of global politics which saw world politics as a mortal struggle between the imperialist and the revolutionary forces. According to this world view the most important reality for Vietnam was to find a niche in the world economy. The then foreign minister Nguyen Co Thach observed that the world presented a great opportunity for quick development to Vietnam but the development would require putting "an end to the policy of autarchy and closing our door to the outside world." This view was supported by Pham Doan Nam, a research fellow at the Foreign Ministry's think tank and former close aide to Thach, who wrote in the party theoretical journal, Tap Chi Cong San, in November 1988 that "only by renovating thinking about the way of assessing the relationship between our country and the world ... can we satisfactorily solve the question of national construction and defence. It would be shortsighted if we used only the class character of a nation's ruling circle to determine whether it is friend or foe."

The shift in Vietnam's foreign policy from political and strategic orientation to that of economic was final by 1991. In the Seventh Congress and in the National Assembly debate in the summer of 1991, most of the attention on foreign affairs concentrated on foreign economic policy. The sense of the advice from these two meets was that Vietnam must engage in more "multilateral diplomacy," i.e., have more and better relations with all countries, and in particular, it must improve regional relations, above all with China. On the other hand, it must, because it was forced to do so, distance itself somewhat from the USSR, "reorganizing" relations with Moscow so as to cope with whatever developed in the apparent breakup of the Soviet Union. Further, Hanoi's diplomats must seek new sources of military aid since Vietnam was dependent on the outside world for most of its military hardware. This advice came in discussions on defense spending in which it was stressed that Vietnam must reduce its

97 Cited in ibid., p. 796.
defense budget, including demobilization as the labour market permitted. The Foreign Ministry was advised to intensify efforts to promote economic aid from, and trade with all countries, and most importantly, it must seek to end the US sponsored economic embargo.98

The sense of the emerging world view did percolate down to the people in Vietnam. A young student of Hanoi University said that her family like thousands of others was dealing with the scars and devastation of war at a very personal level. She was anxious however to communicate that many people had overcome their feelings of hostility to the Americans. "We should like to do business with them as we would with the rest of the world" she said, "we do not have much of a choice do we, especially if we want to be a part of the quickly developing world."99

New Concept of Security

Corresponding to this revised world view, a new concept of security was formulated by the Politburo which stated that security must be comprehensive. According to this, economic development and relations with other countries were considered more important than military security. This concept was put forward at a meeting of the Vietnamese Communist Party’s politburo in September 1988.100 Diversified relations, multilateralism and an open door policy in order to attract capital, technology and experiences in economic management from foreign countries and participation in the world economy were features of this new concept. For the accomplishment of these objectives it was decided to resolve the Cambodian crisis and to break international isolation on the priority basis. This concept of security further consolidated later. Vo Van Kiet later in his capacity as Prime Minister used to remind government officials that they were living in a region surrounded by tigers and a dragon; the continued backwardness of the country was the biggest security threat to the nation.101

This was indeed a phenomenal shift in the perception of security concerns. Earlier like the Soviets, it was obsessed with ideological dogmatism and physical security. Its involvement in Cambodia was guided by such perception of security. The objective was to keep China out of Laos and Cambodia and thus reducing the Chinese

100 Duong Quoc Thanh, n.l, p. 27.
threat to the Vietnam heartland and ensuring a compatible political environment on its frontier. This was, what William Turley characterized, a “Viet-centric” views of strategic security and regional order. From such a perspective Vietnam saw "solidarity" with the three Indochinese countries as the sine qua non of its security, and "special relationships" between Hanoi on the one hand and communist Laos and Kampuchea on the other as being the key element of regional order in Southeast Asia. As stipulated in the Treaty of Friendship and Cooperation with the former in July 1977 and with the latter (under the new Heng Samrin regime) in February 1979, this solidarity was to be maintained by the interlocking of the three countries' economic and security systems. As Vietnam's invasion of Kampuchea and continued troop presence there and in Laos suggested, this solidarity was enforceable by Hanoi's military power, and for the two countries the applicable principle was that of limited sovereignty. While Vietnam seemed to be flexible as to the kind of framework for conducting relations with ASEAN, Indochinese solidarity was non-negotiable, to be maintained at any cost, be it military (on the Sino-Vietnamese border and in Kampuchea), political-diplomatic (dependence on the Soviet alliance), or economic (limited access to Western market, technology and capital). Furthermore, acceptance of both the form and the substance of the prevailing "special relationships" was the precondition of any future dialogue with ASEAN aimed at reducing or managing the conflict and promoting co-operation between the two sides.

Foreign policy and relations under renovation: The turnaround

The foreign policy under renovation was to be guided by the new world view. The renovation demanded the foreign policy to serve different purposes. These changed orientation and concerns led to revisions in most of the earlier foreign policy courses. The changes in the foreign policy and relations were, however, not because of the sudden discovery of a new world view. Crucial to the changes was the Vietnam's relations to the Soviet Union as indicated above, in which Vietnam had literally no choice as it was being subjected to the changes in the Soviet Union. This is a factor which explains much of the changes in Vietnam's foreign policy. However while Vietnam was being compelled to stand on its own, it did so on the basis of its own very pragmatic and sensible world view. In the initial years the efforts yielded

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varying degrees of successes. The unfolding trends have been detailed below. However it is pertinent to discuss the way Vietnam was affected by changed foreign policy objective of the Soviet Union.

_Adjusting to the changes in Soviet Union's foreign policy objectives_

At the height of the war against the Americans, Vietnam leaned on the side of the Soviet Union, which had been one of its main suppliers of aid and military hardware. The close relationship between the two countries continued after 1975 and the Soviet Union again became the main provider of aid to Vietnam. Under the Fourth Plan (1986-1990), Moscow's aid commitment was $12-13 billion and Soviet military aid was crucial for the Vietnamese occupation of Kampuchea. In return, Vietnam allowed the Soviets to have access to Cam Ranh and Danang bases and supported Soviet foreign policy in the region. All was well, given the commonality of foreign policy objectives and the ability of both countries to bear the costs that went with the cooperation. However, by the mid-1980s, there were signs that the costs were too high, particularly from the point of view of the Soviet Union. Faced with the problems of economic stagnation, outmoded technology and even shortages of food at home, the Soviet leadership realized that some fundamental changes would have to be made. It would have to focus more on internal economic development and less on ideology. The effects of "glasnost " and "perestroika" soon began to be felt in the foreign relations of the Soviet Union.104

With its reoriented foreign policy, Soviet Union was interested in improving its relation with China. As the reality of Sino-Soviet reconciliation approached it became increasingly clear that Soviet strategic interests did not always serve Vietnam. For example, Moscow kept a low profile during the Spratly Islands incident (mentioned later), limiting Soviet aid to providing satellite and signal intelligence. The obstacle to Sino-Soviet reconciliation represented by the presence of Vietnamese troops in Cambodia also illustrated diverging interests. One of the most significant developments in Soviet-Vietnamese relations to occur in 1988 was the application of increased Soviet pressure on Vietnam to resolve the Cambodian situation, and this pressure undoubtedly helped prompt the Vietnamese announcement on troop withdrawals. However, in looking for a solution, Moscow favoured imitating the example of Afghanistan, where the withdrawal of Soviet troops was to be carried out

104 Prof. Dr. Khong Kim Hoong, n. 58, pp. 8-9.
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before the signing of a peace agreement and indirect peace talks were carried on under U.N. mediation. Hanoi disagreed with this view, citing differences between the two situations that included the absence of a genocide issue in Afghanistan, and the small amount of territory controlled by Soviet allies in Afghanistan compared to the majority of the countryside under the control of Hanoi's allies in Cambodia. Hanoi reacted warily to talks between the USSR and China, devoted specifically to a discussion of Cambodia, fearing that a deal would be made at Vietnam's expense. The two powers convened bilateral discussions in Beijing in August 1988, at the U.N. in September 1988, and resumed talks in Moscow in November 1988. Gorbachev suggested as part of a new Soviet diplomatic initiative toward Asia launched in mid-September that Vietnam hold direct talks with China on resolving the Cambodia issue, but Hanoi rejected the idea as it did any Soviet suggestion that China and Vietnam improve relations.105

In fact, with the Soviet Union's endeavour to improve relations with China and with the lowering of tensions with western countries, the strategic value of Vietnam decreased considerably from the Soviet Union's perspective. As the costs of keeping its ally became too high, the Soviet Union had to come up with alternative arrangements. A cutback in foreign aid was inevitable and the Soviet leadership simply told its counterpart in Vietnam that the same level of aid commitment could not be maintained. In addition, the Soviets began to exert pressure on Vietnam to make concessions in its international relations, particularly with regards to Kampuchea and China, so that its defence expenditure, bank-rolled by the Soviets to a large extent, could be cut. Vietnam's withdrawal from Kampuchea was reported to be a result of this new orientation in Soviet-Vietnamese relations.106

In addition, Moscow was keen to see a resolution of the Kampuchean conflict through a reconciliation of the warring groups, particularly between the regime at Phnom Penh and the Khmer Rouge. Although the Kampuchean problem had yet to be solved, it was quite clear that the Vietnamese government would have to take this new direction of Soviet-Vietnamese relations very seriously. More so when the Soviet adopted a "hands-off" attitude when Vietnam and Chinese forces clashed over the Spratlys. Given the cut in Soviet aid, it would have to look for new sources of help and supplies for many of its

106 Ibid., p.9.
imports. With the American embargo, which included Japan and other international agencies like the IMF and the World Bank, Vietnam had no choice but to have to reorient its foreign policy.\footnote{Ibid.}

In the Sixth Congress, the close and all-round relationship with the Soviet Union was regarded as the mainstay of Vietnam's foreign policy. The relations remained crucial throughout the years under the present study. Though Vietnam was readying itself for the eventual collapse of the "mainstay" of its foreign policy, but the Revolution of 1989 had almost overnight cut the ground beneath Vietnam's diplomatic corps operating in the USSR and Eastern Europe. Hanoi's foreign policy had rested on an assumption of continued intimate ties with the socialist world at the expense of its relations with the rest of the world. Suddenly the socialist world no longer existed. The Vietnam had no way but to engage in more "multilateral diplomacy," i.e., have more and better relations with all countries, and in particular, it must improve regional relations, above all with China. On the other hand, it must, because it was forced to do so, distance itself somewhat from the USSR, "reorganizing" relations with Moscow so as to cope with whatever development took place in the apparent breakup of the Soviet Union. Further, Hanoi's diplomats must seek new sources of military aid since Vietnam was dependent on the outside world for most of its military hardware. This advice came in discussions on defense spending in which it was stressed that Vietnam must reduce its defense budget, including demobilization as the labour market permitted. The Foreign Ministry was advised to intensify efforts to promote economic aid from, and trade with all countries, and most importantly, it must seek to end the US sponsored economic embargo.\footnote{Douglas Pike, n. 98, p. 81.}

The changes in the embryonic stage can be gauzed from a statement of External Economic Relations Minister Doan Duy Thanh made in February 1990. In his statement he praised the Soviet Union as Vietnam's greatest aid benefactor and leading trading partner. He said the Soviet Union accounted for 65% of all of Vietnam's international trade. It supplied nearly 100% of Vietnam's needs for cotton fibre, gasoline and diesel fuel. It also provided 82% of Vietnam's steel plates and 68% of its fertilizers.\footnote{"Vietnam-Russia economic ties need changing," \textit{Bangkok Post}, February 3, 1990.}

The Minister further said that for its part, Vietnam always strove to give priority to the export of its goods to the Soviet Union. He said the total value of exports
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to the Soviet Union reached more than 600 million roubles last year and was expected
to rise. The Minister also said that they were aware that the economic relations between
the two countries had not achieved desirable results nor developed in a way that suited
the policies of restructuring of both. Both Vietnam and the Soviet Union had tried to
reduce the rigid socialist bureaucracy that had hampered economic development. He said
it was necessary to put their economic relationship on a more business-like basis,
rather than what he called "one-sided assistance."\textsuperscript{110}

Thanh's statement appeared connected to fears in Vietnam that the Soviet Union
would no longer be willing or able to continue its estimated $2 billion per year in
economic help for Vietnam. At the same time, Vietnam had been trying to improve its
economic relations with countries outside the crumbling socialist bloc.\textsuperscript{111} The sudden
changes of fundamental implications confronting Vietnam were extraordinary challenges and
coping with that established Vietnamese leadership's pragmatism and resilience.

\textit{Noninterventionist approach in Indochina}

Vietnam treated Cambodia and Laos as its backyard and was apprehensive of
any outside intervention or influence in this zone, which it regarded as direct threat to
its security. As mentioned earlier, such an approach was prohibitively costly and
irritant to China, ASEAN countries and to the US led western bloc. In this direction
the most important and immediate need was the resolution of the Cambodian crisis.

\textit{Resolution of the Cambodian Crisis}

As a first step in this direction, Vietnam withdrew its troops from Cambodia in
September 1989 without being sure that pro-Vietnamese government in Phnom Penh
would survive. It was a calculated risk to get rid of massive economic burden on its
account and to break the economic isolation as the withdrawal of Vietnamese troops
from Cambodia was the precondition for normalization of relations with China, the
ASEAN and other countries.\textsuperscript{112} By disengaging its troops, it hoped to convince China,
its non-communist neighbours, and the West that it was ending its occupation of
Cambodia, thereby ending its diplomatic isolation and expanding its economic links,
with the capitalist world.\textsuperscript{113}

The decision to withdraw the last of Vietnam's military forces in Cambodia by
the end of September 1989, a year earlier than the planned 1990 deadline, was a

\textsuperscript{110} ibid.
\textsuperscript{111} ibid.
\textsuperscript{112} Duong Quoc Thanh, n.1, p. 27.
\textsuperscript{113} Ronald J. Cima, n. 96, p. 795.
difficult one for Vietnam's party leaders. Conservative forces within the Politburo argued that withdrawal jeopardized Vietnam's security by easing the way for a hostile Cambodian regime to come to power. The survivability of the Hun Sen government in Phnom Penh and the strength of its commitment to Vietnam's strategic needs were questionable. Even if Hun Sen were to survive a civil war, there remained the uncertainty of his continued loyalty to Vietnam. Arguments emphasizing Cambodia's importance to Vietnam's security considerations, however, were strongly resisted by Politburo liberals who protested that such dangers were remote compared to the imminent peril of Vietnam's economic collapse should the heightened international trade and aid that withdrawal was expected to encourage fail to materialize. The liberals argued that the withdrawal could end the country's international isolation by leading to the normalization of ties with Washington, halting the multilateral trade embargo enforced against Vietnam, and inviting Western aid. 114

In the end, it was only the restive mood of the armed forces - demoralized by the military stalemate that had cost some 55,000 Vietnamese lives - and the intervention in favour of withdrawal by Defense Minister and Politburo member Le Duc Anh that reportedly tipped the balance. 115

As might be expected, however, the reaction of the world community to the withdrawal fell short of Vietnamese expectations. Vietnam's Asian neighbors and many Western nations were initially reluctant to accept the troop withdrawal as genuine and remained skeptical of its contribution to the resolution of the conflict. The Association of Southeast Asian Nations (ASEAN) was concerned that the situation would be reduced to a civil war among Cambodian factions and that Vietnam's absence from the conflict would deprive the organization of its justification for maintaining a decisive role. An ASEAN resolution, therefore, faulted the withdrawal for not being within the framework of a comprehensive political settlement. China labeled the exercise a sham and charged that 30,000 Vietnamese troops had simply changed uniforms to join Cambodian forces. Vietnam had hoped that the withdrawal might actually improve relations, but Beijing chose to ignore the gesture, vowing instead to continue supplying arms to the Khmer Rouge. The United States responded by modifying its previous position, i.e., supporting the normalization of relations once troops were withdrawn, to infer that nothing short of a comprehensive

115 Ibid.
political settlement would suffice for that to take place. The Bush administration made no moves to initiate an end to the trade embargo.\textsuperscript{116}

An international conference on Cambodia, convened in Paris in August 1989, collapsed and participants placed the blame on Vietnam. The failure of the conference was attributed to the Hanoi-supported Phnom Penh regime's uncompromising resistance to Khmer Rouge's participation in an interim government that would administer Cambodia until internationally supervised elections could be held. The conference's inability to arrive at a political solution made the planned withdrawal seem precipitous and many of the conferees appeared unwilling to rush into acknowledging its validity without first reaching some kind of agreement on interim power sharing. Both China and the West continued to support a role for the Khmer Rouge in any Cambodian solution, and the strength of this support surprised Vietnam's leaders. The decision to withdraw unilaterally might have derived in part from the leadership's belief that the world's abhorrence for the Khmer Rouge would preclude serious international support for their participation in a political solution. They were quite unprepared for the disappointing level of international enthusiasm generated by the troop withdrawal, once it was complete. In fact, the failure of the withdrawal to incite little more than international skepticism or to end the trade embargo threatened the position of its advocates and temporarily undermined the Politburo's impetus to continue the reform process.\textsuperscript{117}

Following the comprehensive settlement of the problem at Paris Peace Conference in October 1991, Vietnam's good intentions got confirmed and the Paris Agreement became the starting point of favourable relations between Vietnam and China on the one hand and with the ASEAN on the other. And more concretely the peace dividend from the withdrawals of troops from Cambodia and Laos was considerable contributing to the objectives of renovation. The armed forces were streamlined to a substantial extent with a reduction of more than 600,000 to the standing army. Defence enterprises and the army's economic organizations took initial steps in switching over to the new management system, made efforts to fulfil the annual plan, thus contributing to ensuring national defence and participating in national construction. Results obtained in the military and national defence sphere had

\textsuperscript{116} Ibid., pp. 89-90.
\textsuperscript{117} Ibid., p. 90.
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a positive impact on the carrying out of strategic tasks in national construction and national defence, and created favourable new conditions for economic construction.118

Long March to Normalization of relations with China

Vietnam desperately needed peaceful environment for economic development and this could not be achieved with a hostile China. The history of Sino-Vietnamese relations suggested even more strongly that Vietnam's economic well-being depended upon China's good will. The absence of a threat from the north in the past had coincided with periods of relative prosperity for Vietnam. The reconciliation with Beijing would fundamentally free Hanoi of a major strategic distraction and permitted Vietnamese to pursue economic goals with greater focus. This was not possible without making concessions to China's bid for influence in Indochina. The Chinese leaders had also announced that relations with Vietnam would improve once the Cambodian issue was settled.119 Initially despite Vietnam's conciliatory gestures and moderation of position in Cambodia, its relations with China hardly improved. In an incident, possibly related to Cambodia because it potentially strengthened China's position at a future bargaining table, the dispute between the two countries over the Spratly Islands erupted into an exchange of hostilities in March 1988. In a single encounter Vietnam might have lost as many as two ships and suffered damage to another. Threats were traded since early in the year when Vietnam accused China of sending a strong naval force into the region to interfere with Vietnamese shipping and occupy two coral reefs. China, with at least a dozen armed ships patrolling the Spratly to Vietnam's 30 or so smaller vessels, responded that their purpose was simply patrolling and information gathering. Following the armed encounter, the situation reduced to an exchange of accusations. Vietnam's repeated calls for China to settle the dispute diplomatically elicited little response from Beijing, but won rare support for Vietnam from the international community.120

A conciliatory mood developed on both sides of the border in 1989, partially because Vietnam's proposal to undertake a complete military withdrawal from Cambodia responded to a basic Chinese condition for improved relations. Formal talks at the deputy foreign minister level were initiated. The flourishing cross-border trade in Chinese and Vietnamese goods, centered on the Vietnamese border town of

119 Ronald J. Cima, n. 96, p. 795.
120 Ronald J. Cima, n. 105, p. 69.
Lang Son, appeared to confirm that the relationship was in the process of mending and that economic mechanisms were easing the way. In fact the normalization of relations was facilitated by many factors which included the improvement of relations between China and the Soviet Union, Vietnam’s desperate need to break out of international economic isolation and the stabilization of the military situation in Cambodia. The process of rapprochement began with Vietnam’s withdrawal of troops from the border and stopping of anti-Chinese propaganda. Starting from November 1987, the Vietnamese leadership began to encourage informal border trade. Despite sharp naval conflicts over the Spratly Islands in March 1988, such trade flourished and there evolved considerable cooperation among border officials in place of military confrontations. The border trade went beyond confidence building measures to become major part of the economies of Vietnam and of southern China. Though the convenience and price of Chinese goods could not be matched by Vietnam’s other trading partners. Chinese products started to flood the Vietnamese markets even bankrupting some Vietnamese factories but it helped in satisfying the commodity starved market. Vietnam sold primarily agricultural, sea food and mineral products to China. For a Vietnamese producer who could compete with Chinese products it opened a virtually unlimited market. On the Chinese side twenty out of thirty provinces were involved but the greatest beneficiaries were the two border provinces, Yunnan and Guangxi. Vietnam emerged as the largest external trading partner of Guangxi after Hong Kong and Yunnan’s trade with Vietnam equaled its trade with the United States.

It was not only the mutually beneficial trade relations, which were crucial for the prosperity for South China and North Vietnam, both distant in terms of the reach of other foreign countries, but there was ideological meeting ground between these two countries. Indeed there was little confidence left in the correctness of Marxism-Leninism in either of the countries but it was clear that Vietnam’s position was closest to China in terms of both general situation and direct political influence. No country at that time was more similar to China in its general political and societal situation than Vietnam and none more similar to Vietnam than China. Common between them was also the rural revolutionary heritage which made them different from European Communism. Revolutionary success in both countries was achieved in a protracted

121 Ronald J. Cima, n. 96, p. 795.
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struggle in which the main resource of the party was the cooperation of the vast majority of the rural population. Both party states were established with a level of popular credibility and political institutionalization unimaginable in Europe. The problems of society were not those of the state’s domination of a self-conscious and preexisting society, but of a fundamental lack of distinction between party and state, between party-state and a society structured by the party, and between society and the individual. Such a party-state is much stronger than its externally imposed counterparts in Europe and its values were shaped more by popular revolutionary roots. At one level the conservatives of both regimes made them natural partners in defending communism. Vietnam became by default the second largest communist country and ceasing hostility with China became key to resolving the deadlock over Cambodia and ending economic isolation. However important the consolidation of Vietnam’s ideological company might be to China, the obeisance implied in Vietnam’s shift from Soviet to Chinese formulations would have been gratifying to China.123

Along with the opening of the border trade, hectic parleys started between Vietnam and China for normalization of relations. When Mikhail Gorbachev came to power as secretary-general of the CPSU, he launched a series of policy initiatives designed to normalize relations with China. Beijing responded by setting the precondition that "three obstacles," including ending of the conflict in Cambodia, be removed first. The process of Sino-Soviet normalization caused anxiety in Hanoi and put Vietnam under pressure to repair its relations with Beijing by solving the Cambodian problem. In 1988 the pace negotiations on the Cambodian question speeded up and created an international environment conducive to a settlement. Two rounds of Sino-Vietnamese informal talks were held in January and May 1989, the first since 1980. Although little progress on the Cambodian question appears to have been made, other interlocutors were achieving more success. In August 1989 France and Indonesia were able to convene the first international conference on Cambodia in Paris, a meeting that quickly became deadlocked over two major issues: the nature of an interim government in Cambodia pending elections, and the role of the United Nations in overseeing the withdrawal of Vietnamese forces. An unprecedented meeting between Chinese Vice Foreign Minister Liu Shuqing and Vietnamese

Foreign Minister Nguyen Co Thach was held on August 7 at the Chinese embassy in Paris to discuss this issue. Thach refused to compromise over the nature of the interim government and sought to play on China's weakness — its diplomatic isolation following Tiananmen. In light of events in Poland where the Solidarity movement was fast becoming the government, he was also adamantly that it would be a mistake to weaken the regime in power in Phnom Penh. The meeting ended in failure.\textsuperscript{124}

Deadlock continued through several rounds of informal talks but deterioration in Sino-Vietnamese relations was averted by an unexpected change in U.S. policy. On July 18, 1990, Secretary of State James Baker announced the withdrawal of U.S. recognition of the anti-Vietnamese Cambodian coalition and the opening of talks with Vietnam on Cambodia. Until July 1990, China had repeatedly turned down Hanoi's requests for a high-level meeting. Now it was suddenly more accommodating, agreeing to a secret summit meeting of high ranking officials. The summit was held in early September in the Sichuan Province capital of Chengdu, attended by Premier Li Peng and Chinese Communist Party (CCP) Secretary-General Jiang Zemin and their Vietnamese counterparts, Do Muoi and Nguyen Van Linh. In the summit meeting, according to Linh, contacts were made between the two countries to settle their differences and to join efforts in resolving the Cambodian issue satisfactorily. On the whole, the Chengdu summit marked China's abandonment of its "bleed Vietnam white" policy and the start of Sino-Vietnamese normalization. China also reportedly offered to replace the entire Soviet aid program to Vietnam. China raised the prospect of mutually beneficial economic cooperation in general terms, and made such cooperation dependent on Hanoi's securing the acceptance of the peace package by the Phnom Penh government. Aid would only follow the normalization of relations. In the meantime, agreement was reached to regularize and step up cross-border trade. Do Muoi and Nguyen Van Linh were reportedly tempted by the Chinese offer of assistance in return for cooperation on the Cambodia issue. But on their return to Hanoi they faced strong opposition from other Politburo members, including the redoubtable Nguyen Co Thach. Gradually nonetheless the need to consolidate relations with China was sinking in and at the eleventh plenum in January 1991 the Vietnamese leadership appalled at developments in the Soviet Union and were inclined

\textsuperscript{124} Carlyle A. Thayer, n. 32, pp. 514-515.
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to "huddle together for one-party companionship" and accept the Chinese offer of economic cooperation.125

At the Seventh Party Congress June 24-26, 1991, Nguyen Co Thach delivered an extraordinary speech in which he went on the offensive and attacked Chinese foreign policy as being based on narrow national interest. This speech was suppressed and never published; it proved to be his swan song. In leadership changes announced at the congress, Thach was retired from the Politburo and Central Committee. Control over policy relating to Cambodia and relations with China were placed in the hands of National Defense Minister (General) Le Duc Anh, the second-ranking Politburo member. After the congress, in a reshuffle of ministerial portfolios, Thach was also dropped from all government posts. Vietnam's personnel changes pleased the Chinese leadership immensely, and Jiang Zemin sent a congratulatory message to "comrade" Do Muoi, the first such party-to-party communication in nearly a decade. The CCP also sent a confidential message inviting a member of the Politburo to come to China to brief its leaders on the outcome of the congress. At the end of July, Vietnam took up China's offer and dispatched Le Duc Anh accompanied by Hong Ha, chief of the Central Committee's foreign affair department. While in China, Anh met unnamed senior Chinese leaders and discussed the normalization of relations as well as the full range of outstanding issues: the Cambodian question, troop reductions along the China-Vietnam border, territorial disputes in the South China Sea, trade and commercial relations, and the resumption of rail and air links. Anh's visit served to reinforce Sino-Vietnamese support for a comprehensive political settlement of the Cambodian conflict. Reportedly, a four-point confidential understanding was reached that basically maintained the military and administrative status quo pending national elections. The intention was to push the Cambodian factions toward a settlement, preserve Chinese and Vietnamese interests in Cambodia, and not derail the United Nations peace plan.126

In 1991 Vietnam and China ended their long march toward normalization. In November, Sino-Vietnamese relations were formally normalized at both party and state levels at a summit meeting held in Beijing attended by the party chiefs and state premiers. An eleven point joint communiqué laid out the basis and principles of state and party relations. Both sides agreed "not to seek hegemony in any form" and that "no country should impose its ideology, values or mode of development upon other

125 Ibid., pp. 515-520.
126 Ibid., pp. 520-521.
FOREIGN POLICY REFORMS

countries.

Besides, several agreements were signed, including ones on trade and on restoration of rail service between the two countries.

Nonetheless, Vietnam was disappointed at the limited results. Its officials were also somewhat sobered by the deliberate way China handled the negotiations. The summit was essentially conducted on Chinese terms, and Vietnam had to await the results of further negotiations on various issues for relations to be completely normalized in practice. These issues included the status of ethnic Chinese who fled Vietnam for southern China in the late 1970s, unresolved land and maritime territorial disputes, and repayment of outstanding Vietnamese debts. Sino-Vietnamese relations took on a more rounded character after the summit. Each month brought a new development, such as a visit by a ministerial-level delegation or the signing of a new economic, commercial, or cooperation agreement. On the eve of Foreign Minister Qian Qichen’s visit to Hanoi in February, Foreign Minister Nguyen Manh Cam told a Western news agency that the period of confrontation between China and Vietnam was over. Notwithstanding the pious proclamations problems persisted between these two neighbors over various issues concerning land borders, sea borders in the Tonkin Gulf and, in particular, in the South China Sea. Tensions continued to flare up but they showed the willingness to resolve their problems amicably to expand economic relations. Vietnam hoped to counterbalance China by evolving closer links with the ASEAN and the West.

On the whole, the Paris peace and China’s gratifying observation that threatening Soviet-Vietnam alliance was a matter of past prepared the ground for normalization of relations between China and Vietnam combined with China’s own improved relations with the Soviet Union. Besides, both saw the benefits of trade with each other as their remote areas stood chances of development through their economic cooperation. After Tiananmen massacre in June 1989 China re-considered its regional policy. Given the fickleness of the United States and the West, it found Southeast Asia an important and more stable market. Vietnam on the other hand could hardly embark on its development plans without having peace with China besides the access to the latter’s market meant to it vast opportunity for business.

127 Ibid., pp. 522-523.
128 Douglas Pike, n. 98, p. 81.
129 Carlyle A. Thayer., n. 32, p. 523.
130 Brantly Womack, n. 122, p. 165.
Friendly gestures to the non-communist Asian neighbors and working for rapprochement with ASEAN

As noted above the Vietnam’s foreign choices in particular were in fact much limited. On the surface the beginning of the end of hostile relations with the non-communist Southeast Asian states began with the new outlook on foreign policy as a part of the renovation programme, which indeed received positive responses from its neighbours. However in this beginning of positive relations a number of factors played their role. The Soviet Union was pressurizing Vietnam to make concessions to China particularly in Kampuchea as it was not in a position to sustain the burden of Vietnamese military involvements in Kampuchea. On the other hand with Sino-Soviet rapprochement, the Chinese also changed their approach towards Vietnam. These external factors helped Vietnam in normalizing its relations with the ASEAN members also. From ASEAN’s standpoint, this marked a changed perception in terms of external security threat. The ASEAN countries saw the Soviet Union looming behind Vietnam, both in its drive for unification, and the subsequent expansion of its power into other parts of Indochina. The Soviet military presence that followed merely confirmed their worst fears - that Vietnam could become a proxy for the expansion of Soviet Communism. However, in the mid 80s this image began to dim. The ascent of Gorbachev, the emphasis on the need for internal development of the Soviet Union with “glasnost” and “perestroika,” and the foreign policies that were pursued after the Vladivostok speech in July 1988 – all these had an impact on the thinking of the ASEAN leaders in their reassessment of the Soviet threat. The perception of an aggressive communist power bent on expansionism gave way to an image of a big country beset with internal economic and political problems whose leadership was trying to rectify past mistakes. In the minds of the ASEAN leaders, Vietnam became a country which they could cope with, after a Soviet disengagement.131

The threat perception further eroded by the Vietnamese withdrawal from Kampuchea. It was an occupation which it could ill afford. Coupled with curtailed Soviet aid, Vietnam, like the Soviet Union, was also beset with economic problems and continued engagement in Cambodia meant further exacerbation of the economic crisis within the country. It was perhaps for this reason that the ASEAN countries had tried to negotiate a settlement in Kampuchea, rather than try to force

131 Prof. Dr. Khong Kim Hoong, n. 58, pp. 10-11.
Vietnam into a corner where it could not compromise. The political leaders in ASEAN were not the only ones who thought that they could get a deal with Vietnam. As economies of the ASEAN members boomed, their businessmen were already looking for new opportunities for investments and trade. Indochina was very attractive from this viewpoint as the region was rich in natural resources and had abundant cheap labour. The business lobby seemingly convinced the political leaders that a rapprochement was in the best interests of all. Thailand had already declared that it would like "to turn Indochina from a battlefield into a trading market". Thailand played the leading role. In fact, in its haste to get into the inside lane, Thailand broke ranks with its ASEAN colleagues by inviting the leader of the Phnom Penh regime Hun Sen, for a meeting in Bangkok in January 1989. Despite protestations that Hun Sen came in a private capacity and that the Thai government did not grant his regime any recognition, the well publicized meetings did give him some legitimacy. For Thai businessmen and their government, Indochina was no longer a potential threat, but, a potential goldmine. Perhaps increasingly this view was shared by their counterparts in ASEAN.\(^{132}\)

Apart from a peaceful neighbourhood Vietnam needed the assistance and expertise in market economy development from the ASEAN members. Vietnam also expected mutually beneficial trade relations and investments, besides cooperation in such fields as exploiting the Mekong river, extracting and processing oil and gas, seeking outlets for rice, coffee, rubber and agricultural, forest and aquatic products. From the Vietnamese perspective the differences in political systems had lost its significance and the new commonalities were given pre-eminence. A Vietnamese social scientist questioned whether the difference in political systems between Vietnam and ASEAN members constituted an obstacle to the expansion of economic cooperation? He said that it was true that there was an important difference in social systems, with Vietnam going the socialist road and ASEAN members the capitalist road but the renovation course in Vietnam had made it possible for Vietnam and ASEAN members to co-exist and enhance their cooperation; for Vietnam and ASEAN members having much in common. He cited instances and trends of commonality.

\(^{132}\) Ibid., p. 11.
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- The two sides advocated building a region of peace, stability, and prosperity, and considered their neighbours as friends.
- The two sides were developing market oriented economies.
- The two sides were pursuing a policy of widening social democracy, though to different extent and in different forms.
- The two sides advocated opening their economies and integrating them into regional and world markets.

Therefore, differences in political systems presented no insurmountable obstacle to the expansion of economic cooperation between Vietnam and ASEAN members.\(^\text{133}\)

Renewed attempts at cooperation between ASEAN represented by Indonesia and Vietnam to solve the Cambodian problem had started as early as 1987. This approach was accompanied by an unprecedented visit to Vietnam of Thai Foreign Minister Siddhi Savetsila and Thai businessmen early in 1989.\(^\text{134}\)

On other plane, Vietnam sought to improve its regional relations by extending a conciliatory gesture to its Asian neighbours. In response to a rise in the outflow of Vietnamese refugees generated by the country’s 1988 economic difficulties, Vietnam assured its neighbors that it would ease their burdens as countries of first asylum by reversing a policy that previously banned the return of refugees to Vietnam. Hanoi also proposed to open discussions with Southeast Asian officials on ending the refugee exodus.\(^\text{135}\) By next year Vietnam finally in order to promote goodwill with its Asian neighbours reversed the longstanding policy denying refugees the right to return home and began to repatriate them, starting with a group of boat people who voluntarily returned from Hong Kong in March 1989. In initiating this shift in policy, Vietnam acted to remove an obstacle to improved relations with its neighbours that had been a source of friction since the first wave of refugees was generated in 1975. As countries of first asylum for Vietnamese refugees, many of Vietnam’s neighbours — including Thailand, Malaysia, the Philippines, and Hong Kong — had been unduly


\(^{135}\) Ronald J. Cima, n.105, pp. 71-72.
burdened over the years by the responsibility of having to provide refuge for the enormous number of people fleeing Vietnam. Hanoi’s decision to accept refugees who were willing to return was viewed by the region as an important sign of Vietnam’s willingness to address regional issue.\textsuperscript{136}

Vietnam’s relationship with the ASEAN, particularly Thailand was considered by the leadership in Hanoi to be of critical importance to the future of Vietnam’s economy. An improvement in relation with Thailand, following a January 1989 official visit by Thai Foreign Minister Sitthi Savetsila, surpassed all expectations and led Thai Prime Minister Chatichai Chunhavan to encourage Thai businessmen to expand trade relations with the Indochinese countries through the transfer of technology and joint ventures. Prospects also improved for expanding economic relations with other ASEAN nations. With the prospect of the resolution of the decade long Cambodian conflict becoming a reality, the ASEAN nations started to reassess their relations with Vietnam and Thailand took the lead. The Thai goal mooted in a vaguely defined plan that Vietnam – with its keen interest in encouraging Thai trade ties – appeared to support the idea to turn the Southeast Asian peninsula into an economic “Golden Land” with Thailand as its centre. According to Chatichai, the cornerstone of the new policy would be the transformation of Indochina from a battlefield into a trading market.\textsuperscript{137}

Improving relations with the ASEAN countries was high on Vietnam’s priority. To achieve this, Vietnam had to prove that it had no ambition to obtain regional hegemony. The withdrawal of troops from Cambodia and the announcement that the Army would be cut by half in 1991 showed Vietnam’s determination to reduce the apprehensions of its neighbours. Vietnam also voiced support for the ASEAN concept of ZOPFAN (Zone of Peace, Freedom and Neutrality), and has declared that it would like to join ASEAN as a full member.\textsuperscript{138} In October 1991 Prime Minister Vo Van Kiet went on a fence-mending tour of the ASEAN states and repeatedly argued the mutual benefits of closer economic relations, which was well received by the host countries. The Japanese Foreign Minister Taro Nakayama said in Paris on October 25 that Japanese-Vietnamese relations had now entered a new stage

\textsuperscript{136} Ronald J. Cima, n.96, pp. 794-5.
\textsuperscript{137} Ibid., pp. 797-798.
\textsuperscript{138} Duong Quoc Thanh, n. 1, p. 28.
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and implied that Japan probably would resume economic aid to Vietnam in the near future.¹³⁹

The Soviet disengagement from the region and the Paris Peace paved the way for normalization of relations between the SRV and the ASEAN. Visits by government leaders, mutual opening of embassies in Singapore and Hanoi, the establishment of Vietnam–Brunei diplomatic relations in 1992, the accession of Vietnam and Laos to the Treaty of Amity and Cooperation in Southeast Asia in July 1992 and their status as observers to ASEAN annual Foreign Ministers meetings showed their fast improving relations. Meanwhile commercial and cultural and other transactions increased considerably. It is noteworthy that all these activities had been taking place while the USA maintained its trade embargo.¹⁴⁰

The most important and encouraging outcome of the event was the massive increase in total value of trade between ASEAN and Vietnam during the period under study. The trade turnover between and ASEAN countries rose to US$ 1056 million in 1991 as compared with US$ 126 million in 1986. Singapore became Vietnam’s largest trading partner, with trade volume between the two countries mounting to US$ 938 million in 1991, as compared with US$ 110 million in 1980, accounting to 33% of Vietnam’s total foreign trade volume. ASEAN’s investment in Vietnam up to the end of October 1992 is given in the table below.¹⁴¹

<table>
<thead>
<tr>
<th>Countries</th>
<th>Number of Projects</th>
<th>Total Capital (US$)</th>
<th>Rank in all countries investing in Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>25</td>
<td>105,946,983</td>
<td>11</td>
</tr>
<tr>
<td>Malaysia</td>
<td>13</td>
<td>90,471,152</td>
<td>12</td>
</tr>
<tr>
<td>Thailand</td>
<td>28</td>
<td>61,805,945</td>
<td>13</td>
</tr>
<tr>
<td>Philippines</td>
<td>6</td>
<td>41,929,359</td>
<td>15</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7</td>
<td>40,800,000</td>
<td>16</td>
</tr>
<tr>
<td>Brunei</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>8</td>
<td>1,958,061</td>
<td>29</td>
</tr>
<tr>
<td>(Taiwan)</td>
<td>63</td>
<td>789,341,914</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: The Report on Foreign Investment by Foreign Partners (Hanoi State Committee for Cooperation and Investment 26 October, 1992)

¹³⁹ Douglas Pike, n. 98, p. 91.
¹⁴⁰ Nguyen Vu Tung, n. 134, pp. 84-85
¹⁴¹ Ibid., p. 86.
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In July 1994 the ASEAN decided to accept Vietnam as the seventh member. In the same month (July 1994) Vietnam participated in the ASEAN Regional Forum on Security and shared regional concern for peaceful resolution of conflicts in the region, e.g., problems of conflicts with regard to South China Sea islands. Vietnam’s rapprochement with the ASEAN and its growing integration in the region would greatly contribute to its security and development. The basic imperative for their rapprochement of their relations was to promote an environment of peace, stability and cooperation throughout Southeast Asia as prerequisite for national development. Its strengthened relation with the ASEAN also helped it to balance its relations with China. Problems of South China Sea islands could be dealt more effectively multilaterally where the interests of other ASEAN countries were also involved. It was not a mere a coincidence that positive developments in Vietnam’s relations with the ASEAN occurred in 1991 when it relations with China had stiffened. Now both sides, namely Vietnam and the ASEAN view their relations in terms of balance of forces in the region and beneficial interdependence in the economic sphere.

Working normalization with the United States of America

Normalization of relations with the USA was the most crucial prerequisite for the success of Vietnam’s renovation programme. Vietnam could not do any business with the West, Japan and Australia under the US imposed trade embargo. Nor could Vietnam get the foreign aid and investment, access to the world economy without normalizing relations with the USA. Vietnam made its imperative clear by complying with the US conditions for normalization. It withdrew troops from Cambodia, participated in a comprehensive peace settlement, and pledged further support on the POW/MIA problem and allowed discussion on the American children emigration issue. And it showed willingness to cooperate with the US and the international community. In addition, its economic reforms were clear indications of its efforts to integrate with the global community. The improved status of the cooperation with the United States on MIA and humanitarian issues, initially observed in the fall of 1987, was rooted in the belief that such overtures of goodwill would move Washington to stop blocking UN aid and World Bank loans to Vietnam as well as end US opposition to investment from Japan and Western Europe.

143 Ronal J. Cima, n. 122, p. 795.
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Even on the American side the prospect of good business the Vietnamese market offered was dawning upon. It was observed that the new foreign investment code was one of the most liberal in Asia and provided lucrative opportunities for trade and investments for nations not constrained by embargo.144 By the end of 1991 the picture started to look positive145 though it took longer for normalization of relations with the United States. But as the year ended, it appeared certain that U.S.-Vietnam relations would improve at a quickened pace and it seemed quite possible that the two countries would exchange ambassadors and begin formal diplomatic relations in early 1992. Early in the summer, U.S. Assistant Secretary of State Richard Solomon sought to fix a mutually advantageous approach by addressing the respective national interests of both sides - for the United States this meant the Cambodia peace process, the resolution of casualties issue, and various humanitarian interests; for Hanoi it meant an end to the U.S. economic embargo, private capital investment and technology transfer, and various humanitarian needs. This piecemeal approach was interrupted in midyear as both Hanoi and Washington paused to take measure of the astonishing spectacle of the apparent dissolution of the USSR, with its obvious meaning for U.S.-Vietnam bilateral relations. But with the signing of the Cambodia agreement, U.S. Secretary of State James Baker announced that discussions on establishing formal diplomatic relations would begin soon, and indeed the first of these was held November 21 in New York when Solomon met with SRV Deputy Foreign Minister Le Mai.146

Vietnam’s efforts to integrate itself to the world economy and its resolve to seek peaceful settlement providing stability in the region convinced the US of Vietnam’s sincerity of efforts. However, the US took time to overcome its ‘Vietnam syndrome’. With the cold war firmly confined in the past, the US started taking note of abundant business opportunities available in Vietnam. The latter offered one of the most lucrative investment code in Asia and the US business lobby did not want to be left behind. On 3rd February, 1994 President Bill Clinton announced the lifting of the US economic embargo against Vietnam and in the same month liaison office was opened at Hanoi. This steps towards normalization in fact followed the US lifting its

144 Kelly S Nelson, n. 142, p. 57.
146 Douglas Pike, n. 98, p. 81.
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veto on the World Bank and IMF lending to Vietnam in July 1994. And finally in 1995 relations were normalized. The reason provided for normalization by the USA was to sort out MIA/POW issue amicably as it would ensure better cooperation of Vietnam.

Diversifying trade relations

Vietnam undertook decisive measures to make the economy more outward-oriented. The open-door policy in trade relations with the world and regional markets were effected through trade liberalization and export promotion by abolishing most import and export quotas, reducing or even exempting taxes, and encouraging the import of raw materials and other inputs of production as well as basic necessities. Citizens were also exhorted to make remittances of earnings from abroad. The government allowed large economic units to negotiate directly with their trade partners in the international economy. These measures significantly contributed to a level of production greater than what could be absorbed by the domestic market. This situation of domestic supply exceeding demand checked further rises in commodity prices and the excess production was available for export.  

This change for the better was also seen in Vietnam's trade balance. It should be recalled here that in the years 1986-88, the deficit in trade balance was about US$1.3 billion to US$1.6 billion per annum. This figure had been gradually cut down through the years from 1989. It stood at US$160 million in 1991 and was annulled in 1992, made possible by that higher value of export. The change of trading partners was a big shock for Vietnam's economy, the consequences of which could not be overcome overnight. In former times Vietnam's trade with countries lying within the rouble area was greater than its trade with the remaining part of the world. In 1986 Vietnam's exports were valued at 439 million roubles and US$350 million. In 1990 the corresponding figures were 1,111.5 million roubles and US$1,292.5 million. The disintegration of the CMEA deprived Vietnam of an important export market, and in 1991 Vietnam exported only 80 million roubles worth of goods. The increased exports to the convertible area (reaching as much as US$1,890 million in 1991) could in no way compensate for the losses from the rouble area countries. The reverse process was also seen in Vietnam's imports from those two groups of trading partners. In 1986 Vietnam's imports from the rouble area countries and the convertible area

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totalled 1,660 million roubles and US$496 million, respectively. The corresponding figures in 1991 were only 290 million roubles and US$1,950 million.\textsuperscript{148}

This radical shift in the direction of Vietnam’s trade was confirmed by the increasing domination of Asian markets in Vietnam’s trade. In the year 1992, 79.4 per cent of Vietnam’s exports went to Asian countries and 77.5 per cent of its imports came from these same areas. At the same time, Western Europe was the market for 9.7 per cent of Vietnam’s exports and it supplied 14.9 per cent of Vietnam’s imports. The former rouble area bought 8.6 per cent of Vietnam’s exports and sold 4.9 per cent of its imports to Vietnam. Among the Asian countries, Singapore, Japan, and Hong Kong were Vietnam’s leading trade partners. The shares of these countries in the total export and import values of Vietnam were, respectively: Singapore - 26.7 and 33.7 per cent, Japan - 20.0 and 7.8 per cent, Hong Kong - 17.0 and 11.8 per cent.\textsuperscript{149}

Vietnam was also looking forward for extending its trade relations with the former Soviet Union and East European countries, because they were familiar markets for a substantial part of Vietnam’s exports, taking up more than US$1 billion of Vietnam’s industrial and agricultural production annually.\textsuperscript{150}

Soliciting Foreign Investment

The revisions in foreign policy were fundamentally linked to the Vietnam’s endeavour for economic gains. Earlier commercially isolated from most of the world, Vietnam’s precarious economy discouraged foreign investors despite the potentially profitable appeal of its low-cost, relatively high quality labour force.\textsuperscript{151} In accordance with the new worldview mentioned earlier and economic necessities the Politburo concluded that for attracting foreign investment the code approved for the same in 1987 needed to be refined and clarified and a proper foreign investment infrastructure was to be established. The lack of a proper infrastructure had caused a number of projects presented by foreign investors to be turned down. To remedy the situation it was decided that a foreign trade office should be established as well as a Central Office to Supervise Foreign Investment. The Ministry of Foreign Economic Relations convened a three-day conference in February 1989, attended by 500 delegates associated with foreign trade, which discussed modifying Vietnam’s existing foreign

\textsuperscript{148} ibid., pp. 39-40.
\textsuperscript{149} ibid, p. 40.
\textsuperscript{150} ibid.
\textsuperscript{151} Ronald J. Cima, n. 96, p. 786.
economic policies and mechanisms in order to more effectively project their reliability to foreign investors. The following month the State Council established a State Commission for Cooperation and Investment to draft investment policies, guide both Vietnamese and foreign partners in cooperation and investment ventures, monitor the implementation of contracts with foreigners, and assess the success of foreign-invested undertakings. Ho Chi Minh City went one step further in authorizing the establishment of a “Zone of Fabrication and Exportation” where foreign companies would be free to import commodities, assemble products, use low cost local labour and re-export final products. The 1987 investment law offered a two-year tax moratorium for joint ventures, tax exemptions for certain imports and exports, guarantees that investment capital would not be expropriated or joint ventures nationalized and preferential treatment for overseas Vietnamese.\(^{152}\)

The new investment regime enunciated in 1987 started to borne fruit soon afterwards. By the end of February 1989, the Ministry for External Economic Relations had issued some 35 licenses to foreign investors and authorized 26 foreign companies to open offices in Vietnam. Ho Chi Minh City, followed by Vung Tau-Con Dao Special Zone, led all other localities in the number of foreign investment projects and joint ventures initiated. A large proportion of the investors were overseas Vietnamese. In 1988 and 1989, the number of visiting foreign businessmen increased substantially and trade expanded with established noncommunist trading partners such as Japan, Singapore, Hong Kong, France, Indonesia and India.\(^{153}\)

Oil exploration contracts were signed with the Indian Oil and Natural Gas Commission, Belgium's Petrofina, Shell Oil of the Netherlands, and British Petroleum, although most of the oil produced in 1988 and 1989 came from Soviet-Vietnamese joint ventures. Silk production in the Central Highlands, an industry previously aided by Soviet bloc countries alone, attracted some foreign investment in 1989 from Thailand, Japan, India, and South Korea. Agreements were signed with the Soviet Union on cooperation in the cultivation and harvesting of sea products; production of rubber, coffee, tea, textiles, leather ware, and shoes; and for Soviet technical help to the coal industry. An agreement also was signed with Laos and Cambodia for the exploitation of forests and the production of plaster; and for the first time, multilateral agreements were signed with the CMEA countries on making

\(^{152}\) Ibid., p. 796.

\(^{153}\) Ronald J. Cima, n. 96, pp. 796-797.
and repairing ocean-going ships, and manufacturing machine tools, bicycles, and accessories.\footnote{154}  

In a report in early 1990 Vietnam said that efforts to attract foreign investment from capitalist countries were going on well. "The door of our house had been formerly closed. It was then half opened but still not too many guests came. This time, the door is definitely wide open and many guests have rushed in," said a Radio Hanoi report. Since the enactment of a liberal investment code three years ago, about 100 foreign investment projects had been approved involving a combined capital of about $750 million, the report said.\footnote{155}  

In March 1991, Vietnam held its first international investment forum, with over 600 participants from Japan, Europe, and Southeast Asia. During the week-long forum, negotiations on almost 200 joint ventures took place. Officials at the forum said 217 foreign investment projects had been approved at that time – primarily for oil and gas explorations contracts. These projects amounted to over one billion in US dollars, but only US$360 million had actually been spent.\footnote{156}  

On the whole since the promulgation of the foreign investment law up to the end of 1992, forty countries in the world had applied for 556 investment projects in Vietnam. Of these, eighty-six projects had been abandoned or had their licenses withdrawn, leaving 470 projects with a capital value of US$4.106 billion. More than US$1.8 billion had been released by this point of time. Three sectors - industry (35.5 per cent of capital), oil and gas (27.9 per cent), and hotels (16.3 per cent) accounted for 79.7 per cent of the total capital value and 70.9 per cent of the number of projects. The foreign investment received was not mean and its importance is much significant in the context of the existing trade and investment embargo imposed by the United States on Vietnam and the low standard of Vietnam's infrastructural facilities, the lack of proper legal documentation, and the bureaucracy.\footnote{157}  

\textit{Renewing relations with multilateral funding agencies}  

In consonance with other positive changes a policy shift occurred in Vietnam when in 1988 it displayed a renewed interest in the International Monetary Fund (IMF) after 10 years of virtually ignoring the organization. In its efforts to regain eligibility for additional loans, Hanoi instituted IMF recommendations for reforms in

\footnote{154} Ibid., p. 797.  
\footnote{155} "Vietnam-Russia economic ties need changing." \textit{Bangkok Post}, February 3, 1990.  
\footnote{156} Kelly S. Nelson, n. 142, p. 56.  
\footnote{157} Vu Tuan Anh, n. 147, pp. 41-44.  

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tax practices and money supply controls and discussed plans to settle outstanding loans.\footnote{158} Vietnam was keen to reestablish its relations with multilateral funding agencies. Once it was clear that Vietnam seriously intended to withdraw from Cambodia, some of international financial institutions indicated they were prepared to return. In April 1989 an Asian Development Bank (ADB) economic reconnaissance mission completed a study that focused on developing Vietnam's agriculture and transport. The ADB also drafted an assessment of Vietnam's economy based on previously unreleased figures provided by Vietnam. The IMF, which had stopped lending to Vietnam because of Hanoi's failure to pay its arrears, planned to return and open a resident mission in Hanoi. A World Bank mission visited Vietnam in late August 1989 and an intergovernmental group led by France and including Japan, Sweden, and the Netherlands was formed to help Vietnam repay its debts. France agreed to provide a loan for Vietnam to payoff the US$130 million it owed to the IMF, and the IMF agreed to provide a new loan to payoff the French. International organizations such as the United Nations Food and Agriculture Organization (FAO), the Economic and Social Commission for Asia and the Pacific (ESCAP), and the Agency for Agricultural and Technical Cooperation (ACCT) were solicited for assistance by Vietnam's Ministry of Agriculture.\footnote{159}

In February Vietnam began to act on proposals made by the IMF to clear its debts. The dong was devalued in March for the sixth time in four months from an official rate of D900 to the dollar to the free market rate of D4500, and the dozen or so existing exchange rates were reduced to one. As a result, the black market rate dropped and the price of gold fell. Interest rates were increased to encourage saving, the availability of credit was restricted, the state bank stopped printing new currency, and import-export subsidies as well as subsidies on a number of essential consumer goods were abolished. The tax system was refocused to raise taxes on luxury goods but reduce them on vital equipment; and an IMF proposal that Vietnam undertake a one-year Fund-monitored program designed to encourage growth, financial stability, and balance-of-payments viability was instituted.\footnote{160}

The Seventh Congress noted the achievements of the foreign policy under renovation as follows.

\footnote{158} Ronal J. Cima, n. 96, p. 788.  
\footnote{159} Ronal J. Cima, n. 114, pp. 91-92.  
\footnote{160} Ibid.
The 6th Congress Resolution and Resolutions of the Central Committee and Political Bureau have defined the objectives of our foreign relations as the maintenance of peace, taking advantage of favourable international conditions to push ahead with the building of socialism and safeguarding of the homeland, and active contribution to the common cause of the peoples of the world for peace, national independence, democracy and social progress.

In past years, we have gradually and successfully put that policy into practice. The relations between our country and the Soviet Union are being renewed in accordance with the interests of each people. The special friendship and solidarity between the Party and people of Vietnam and the Parties and peoples of Laos and Cambodia have constantly developed; their co-operation, solidarity and mutual assistance have become more effective. Our practical actions have constituted a very important part of the process of peacefully solving the Cambodia issue. The relations between our Party, State and people with Cuba and a number of other socialist countries have continued to strengthen. We have consistently worked towards normalization of relations with China.

We have strengthened our solidarity with communist and workers' parties, with national and international movements, and organizations struggling for the defence of national independence and sovereignty, for peace and progress.

The many-faceted co-operation, friendship and solidarity between our country and India as well as many other independent nations and the Non-Aligned Movement have continued to develop.

As regards South-East Asia, we stand for the expansion of relations in various fields on the principle of respect for independence and sovereignty, non-interference in each other's internal affairs, and mutual benefit. The past years have also witnessed great efforts made by our State towards the improvement of relations with many other countries in the Asia-Pacific region, in Western and northern Europe and elsewhere.
FOREIGN POLICY REFORMS

Our achievements in the area of foreign relations have created a more favourable international environment for the cause of renovation, national construction and defence, undermined the conspiracy to blockade and isolate our country, made more friends for us and enhanced our country's prestige in the international arena.

However, there have also been shortcomings and weaknesses in the area of external relations: as the world situation and international relations have changed, we have failed, in some cases, to make comprehensive and timely assessments so as to make judicious decisions; we have also, in a number of cases, failed to reach complete unanimity both in perception and action in a number of sectors of activity.\textsuperscript{161}

Broadly speaking Vietnam after its glorious victory in its war against imperialist intervention embarked on a path which could ensure development of the country. However in the wake of superpower politics and the Chinese rivalry combined with its own desire to establish hegemony in Southeast Asia, Vietnam was caught in a conflict which forced it to disembark from the path which reflected its true national aspirations. In order to fight the Cambodian guerrillas, to withstand the pressures of ASEAN led by Thailand, China and the USA and its armed forces enmeshed in Cambodia, Laos and on the northern frontier; it had no option but to rely on the Soviet Union substantially. Nevertheless it maintained its freedom of choice considerably. But the crisis engendered by a moribund socialist economy and international isolation compelled Vietnam to take stock of its ideological moorings and foreign policy options. The renovation programme launched in 1986 which resulted from such reappraisal of priorities, opened new opportunities for Vietnam. Making use of international changes and new ethos of economic internationalism, it secured its goals of diversification of relationships.

\textsuperscript{161} 7th National Congress Documents of Communist Party of Vietnam, n.118.