A New Era in U.S.-Vietnam Relations

Deepening Ties Two Decades after Normalization

AUTHORS
Murray Hiebert
Phuong Nguyen
Gregory B. Poling

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Executive Summary

In the words of Secretary of State John Kerry, no two countries “have worked harder, done more, and done better to try to bring themselves together and change history and change the future” than the United States and Vietnam. Since the normalization of diplomatic ties in 1995, U.S.-Vietnam relations have taken giant steps forward in nearly every area, from political and economic cooperation to expanding military and cultural ties.

Former president Bill Clinton’s historic visit to Vietnam in 2000 was one such giant step. Undertaken to promote further healing between the two countries, the trip helped the United States and Vietnam turn a new page in their relations. In July 2013, presidents Barack Obama and Truong Tan Sang announced the launch of a bilateral comprehensive partnership, signaling the growing strategic ties between the two countries.

Policymakers in Washington today view Vietnam as a promising partner in the Asia Pacific, and leaders in both the United States and Vietnam are more optimistic than ever about the direction of their relationship. In a quickly changing and dynamic region, the two countries share increasingly common geopolitical, security, and economic interests.

Both Washington and Hanoi have an interest in upholding the freedom of navigation and commerce in the South China Sea, preventing the use of force in territorial disputes, and ensuring the peaceful resolution of maritime conflicts. Together with 10 other countries, Vietnam and the United States are negotiating the Trans-Pacific Partnership (TPP), a trade agreement that when completed will underwrite the region’s trade and investment framework for decades to come.

Bilateral trade and investment ties have blossomed since 1994, when Washington lifted its economic embargo against Vietnam, and have grown stronger in ensuing years. Both governments recognized the need to accelerate international economic integration and improve the quality and competitiveness of their workforces. And the list goes on. It is this convergence of interests that has and will continue to act as the major catalyst of their relationship.

U.S.-Vietnam relations have taken on added importance in the context of the U.S. rebalance to the Asia Pacific. Located at a geographical midpoint connecting Northeast and Southeast Asia, Vietnam has a 2,000-mile coastline facing the South China Sea. It is home to over 90 million people and has an increasingly vibrant economy. Within the Association of Southeast Asian Nations (ASEAN), Vietnam has steadily assumed a greater role in
important regional issues. As policymakers in Washington work to sustain U.S. influence and staying power in the region, remaining strategically engaged with a partner like Vietnam will be crucial to shaping the strategic interests of the United States in Southeast Asia.

Bilateral relations are promising, but they also are young and not devoid of challenges. Whether U.S. and Vietnamese policymakers can use their comprehensive partnership to take bilateral ties to the next level will depend on how they address major areas of difference and disagreement, whether in the spheres of political and security cooperation or economic relations.

In an effort to support the development of the next phase in U.S.-Vietnam relations, the CSIS Sumitro Chair for Southeast Asia Studies is assessing the current state of the relationship and identifying ways to boost cooperation and mutual understanding within and beyond the structure of the comprehensive partnership. The result is this report, which was informed by research and interviews conducted in Vietnam and the United States.

The report focuses on the three key pillars of the relationship: (1) political and security cooperation; (2) trade and investment relations; and (3) people-to-people ties, including education, health, and environmental cooperation. The ability to forge closer ties will no doubt rest on both shared strategic interests and the development of binding, long-term linkages between the countries.

The strength of bilateral economic relations has been both the foundation and the engine of the U.S.-Vietnam partnership. Twelve years after the two countries signed a bilateral trade agreement, two-way trade reached $25 billion in 2013. The United States is Vietnam’s largest export market and currently ranks as its seventh largest foreign investor.

In recent years, the U.S. private sector has been leading the way to expand the manufacturing sector and build up the high-tech industry in Vietnam. By remaining engaged in Vietnam, U.S. companies helped to raise the standards of transparency and the rule of law, facilitate the integration of Vietnam’s economy into the global supply chain, and significantly boost the quality of the country’s workforce.

Trade and economic ties are expected to grow further with the conclusion of the TPP, but major hurdles remain. On the U.S. side, these include the classification of Vietnam as a nonmarket economy and the pursuit of protectionist measures targeting Vietnamese seafood exports to the United States.

On the Vietnamese side, these include the ability to comply with future TPP provisions and labor rights standards, improve transparency in the economic decisionmaking process, and ensure that the country’s infrastructure can keep pace with the influx of foreign direct investment (FDI). The economic component of the partnership will not flourish unless these issues are addressed.
Political, security, and defense cooperation have emerged as another successful area of cooperation. Since the early 2000s, bilateral security and defense ties have been characterized by frequent high-level visits between the two countries' officials and regular policy-level discussions on bilateral and regional issues.

The United States and Vietnam currently hold two annual dialogues at the vice-ministerial level to find ways to boost cooperation in defense and security. U.S. and Vietnamese officials meet regularly to discuss human rights issues, the thorniest topic in U.S.-Vietnam relations, in order to ensure that Hanoi understands U.S. values and continues to show improvement in specific areas. In addition, the U.S. secretary of state and Vietnamese foreign minister will meet once a year as part of the comprehensive partnership to monitor progress in all areas of cooperation.

Together, these efforts have established trust and understanding between the U.S. and Vietnamese governments, allowing both countries to look beyond the past and toward what the future might hold. The United States and Vietnam have begun working together in the areas of maritime security and law enforcement, military medicine, disaster response and search and rescue, nonproliferation, and defense capacity building in Vietnam.

Yet differences abound over the pace at which to advance and deepen ties, the role of military cooperation in broader U.S.-Vietnam relations, and the issue of human rights. Recent successes can only be sustained in the long run if U.S. and Vietnamese policymakers address these differences squarely, utilizing courage and pragmatic thinking tempered with compromise when necessary.

People-to-people ties constitute another area with enormous potential in the U.S.-Vietnam relationship. The majority of Vietnamese have a favorable view of the United States and hold U.S. businesses, education, and science and technology in high regard. Education has emerged as the most crucial link between the two peoples. Vietnam is currently the largest source country in Southeast Asia for sending students to the United States, and the fifth largest in the Asia-Pacific region as a whole.

At the same time, the two countries have been working together to address legacies of the Vietnam War—the most daunting of which are the impacts of Agent Orange and the removal of unexploded ordnance left in Vietnamese soil—as well as other pressing health and environmental issues facing Vietnam. Added to this is a growing focus on cultural and sports diplomacy that aims to forge a lasting affinity between the peoples of Vietnam and the United States. These people-to-people efforts help ensure that the growing partnership has a solid foundation at the grassroots level, while simultaneously boosting U.S. soft power in a country that is increasingly important to Washington's foreign policy.

Some of this report’s most important recommendations to enhance relations in all three areas are listed below:
Key recommendations to advance political and security ties

• *Make a commitment for President Barack Obama to visit Vietnam in 2015* on the occasion of the 20th anniversary of normalization of ties.

• *Send a U.S. joint congressional delegation to visit Vietnam*, following in the footsteps of Senator Patrick Leahy’s April 2014 trip. Reciprocate by inviting a National Assembly delegation to visit the United States.

• *Make clear what the U.S. government expects in order to relax and eventually remove the ban on lethal weapons sales to Vietnam.* It is critical to lay out explicit steps that Washington, and especially Congress, expect from Hanoi in the near to medium term.

• *Launch a regular dialogue between relevant U.S. government agencies and Vietnam’s Ministry of Public Security on human rights issues.* The Vietnamese government should allow additional visits by international human rights groups and easier access for those groups to officials and facilities in Vietnam.

• *Set up an English-language training and exchange program for junior officers in Vietnam’s National Defense Academy with a U.S. institution* such as the National Defense University, and establish research fellowships for U.S. officers at one of Vietnam’s defense think tanks.

• *Expand the scope of activities during the annual U.S.-Vietnam naval engagement activity* to include joint humanitarian assistance and disaster relief, or search and rescue exercises. In the near term, U.S. military ships should be allowed more frequent visits and stops at the port at Cam Ranh Bay.

Key recommendations to advance trade, economic, and investment relations

• *Conclude and implement a high-standard TPP agreement.* The United States and Vietnam should support continued efforts to successfully complete the TPP negotiations as quickly as possible.

• *Strengthen government-to-government dialogues on trade and investment issues,* including through the existing Trade and Investment Framework Agreement. One session of these meetings should include private-sector participants to focus the discussion on the biggest issues faced by each country’s companies in the other’s market.

• *Establish an annual, high-level, bilateral business-to-business dialogue* that can create new channels and networks to boost trade and investment between the two
countries. The dialogue could promote opportunities for more U.S. investment in the service sector and financial services in Vietnam and identify opportunities for Vietnamese investment in the United States.

- **Ease trade restrictions and protectionist measures in the run-up to the implementation of the TPP.** Vietnam should avoid introducing new nontariff barriers (such as the proposed new excise tax on carbonated drinks) ahead of completion of the TPP. Likewise, the U.S. administration ought to work with Congress to remove the highly protectionist inspection regime aimed at catfish from Vietnam.

- **Work to lift Vietnam’s designation as a nonmarket economy.** In the spirit of the comprehensive partnership announced by the two countries’ presidents in July 2013 and pending the completion and implementation of the TPP, the United States should launch good faith discussions with Vietnam on the specific steps it needs to take to achieve market economy status.

### Recommendations to enhance people-to-people ties

- **Ensure that Fulbright University is funded and has a fully independent board.** The two governments should work together to raise enough public and private funding support for the new university, and the Ministry of Education must allow the institution a fully independent board of trustees.

- **Make dioxin cleanup and support for affected victims of Agent Orange one of the priorities of the relationship.** The United States must stick to its plan to complete the cleanup of dioxin contamination at Danang by 2016, and commit to a reasonable timetable to do the same at Bien Hoa Air Base. Because of the health issues faced by villagers around these facilities, the United States should consider providing health care opportunities in the area.

- **Combine the efforts of the Lower Mekong Initiative and the Japan-Mekong Summit Meetings.** As two of the most capable donors in the region, Washington and Tokyo should merge efforts to help promote climate resilience, sustainable infrastructure, and water resource management along the Mekong.

- **Reimagine the Ho Chi Minh City American Center along the lines of Jakarta’s @america center.** The American Center in Ho Chi Minh City should be upgraded to better showcase U.S. technology, arts, culture, and businesses for a broader audience. It should be moved to a more convenient public space such as a shopping mall.

- **Launch a 2015 tour of U.S. cities to promote Vietnam, its culture, and its importance to the United States.** The U.S. Embassy in Hanoi will hold a yearlong series of events to commemorate the 20th anniversary of normalization of relations between the United States and Vietnam. Vietnam should do the same, with monthly events in 12 diverse U.S. cities.
Boosting the Political and Security Relationship

Since the normalization of diplomatic ties in 1995, the United States and Vietnam have made great strides in advancing political and defense relations. In the words of Secretary of State John Kerry, no other two countries “have worked harder, done more, and done better to try to bring themselves together and change history and change the future.”\(^1\) Political and security ties saw their first thaw in the late 1980s, with joint efforts in the search for the remains of U.S. service members missing since the Vietnam War. Bilateral relations today are broad based and characterized by frequent, high-level visits and exchanges between senior leaders.

The United States and Vietnam want to engage each other for strategic and geopolitical reasons. Located at a geographical midpoint connecting Northeast and Southeast Asia, Vietnam is bordered by China to the north and has a 2,000-mile coastline facing the South China Sea to the east.\(^2\) Vietnam also sits at the nexus of mainland and maritime Southeast Asia, sharing land or sea borders with Cambodia, Laos, Indonesia, Malaysia, Thailand, and arguably Brunei and the Philippines. Since the country opened up and embarked on market-oriented reforms, called \textit{doi moi}, in the late 1980s, it has become a vibrant, fast-growing economy and an increasingly important partner for the United States.

As the United States and Vietnam continue to jointly address legacies of the Vietnam War and work to fully normalize military-to-military relations, Vietnam is emerging as an important U.S. security partner in the region, both bilaterally and in multilateral forums. The two countries now cooperate closely in the areas of maritime security and domain awareness, peacekeeping, environmental security, search and rescue, disaster response, and military medicine. Senior U.S. and Vietnamese officials meet at least once a year to discuss issues of common concern and find ways to advance bilateral military ties. Both Vietnam and the United States share national interests in freedom of commerce and navigation in the waters of the Asia Pacific, especially in the South China Sea.

\(^{1}\) John Kerry, “Remarks to Ho Chi Minh City Business Community and Fulbright Economic Teaching Program Participants” (speech, American Center, Ho Chi Minh City, Vietnam, December 14, 2013), \texttt{http://www.state.gov/secretary/remarks/2013/12/218721.htm}.
Overall, the United States and Vietnam have many opportunities to improve political and security relations in the coming years.

**Key Recommendations**

The United States and Vietnam should:

- *Make a commitment for President Barack Obama to visit Vietnam in 2015 on the occasion of the 20th anniversary of normalization of ties.*

- *Send a U.S. joint congressional delegation to visit Vietnam, following in the footsteps of Senator Patrick Leahy’s April 2014 trip. Reciprocate by inviting a National Assembly delegation to visit the United States.*

- *Make clear what the U.S. government expects in order to relax and eventually remove the ban on lethal weapons sales to Vietnam. It is critical to lay out explicit steps that Washington, and especially Congress, expect from Hanoi in the near to medium term.*

- *Launch a regular dialogue between relevant U.S. government agencies and Vietnam’s Ministry of Public Security on human rights issues. The Vietnamese government should allow additional visits by international human rights groups and easier access for those groups to public officials and facilities in Vietnam.*

- *Set up an English-language training and exchange program for junior officers in Vietnam’s National Defense Academy with a U.S. institution such as the National Defense University, and establish research fellowships for U.S. officers at one of Vietnam’s defense think tanks.*

- *Expand the scope of activities during the annual U.S.-Vietnam naval engagement activity to include joint humanitarian assistance and disaster relief, or search and rescue exercises. In the near term, U.S. military ships should be allowed more frequent visits and stops at the port in Cam Ranh Bay.*

**Background**

For Vietnam, engaging and improving ties with the United States allows it to establish an independent foreign policy and better integrate into the global economy. Vietnamese leaders who place a premium on good relations with all major powers recognize and welcome the role of the United States in maintaining the stability and international security of the western Pacific. Additionally, Vietnam can gain both diplomatic and military leverage through its closer ties with the United States—namely, in its fraught relationship with China (a neighbor with whom it shares a complicated, millennia-long history and ongoing territorial and maritime disputes in the South China Sea) as well as in training and modernization opportunities for Vietnam's military.
Since the mid-1990s, U.S.-Vietnam relations have been both reconciliatory and forward-looking. However, hurdles remain, and if left unresolved, they could prevent the two countries from steering the relationship along the right course in the long run.

Concerns about Vietnam’s human rights record, especially among members of the U.S. Congress, represent the thorniest issue in the bilateral relationship and have the potential to derail efforts at deepening bilateral ties. Without clear improvements by the Vietnamese government in specific areas—the treatment of peaceful activists and prisoners of conscience, freedom of religion, and freedom of the press, among others—any U.S. administration will have a hard time successfully pursuing closer diplomatic and security ties with Vietnam.

Nonetheless, Americans who visit Vietnam today recognize that it is a fast-changing, dynamic, and much more open society than it was at the end of the Vietnam War four decades ago. U.S. officials involved in bilateral human rights talks describe the two-way discussion as being more straightforward and productive than in the past. Meanwhile, Vietnamese officials, pointing to progress being made on human rights, call on the U.S. side to show more patience.

The human rights issue has a spillover effect in the area of military-to-military cooperation. The U.S. government maintains a ban on the sale of lethal weapons to Vietnam because of human rights concerns; this ban, according to the Vietnamese government, is the single largest barrier to advancing closer bilateral defense ties between the two nations. Both sides concede that the ban is more symbolic than substantive, given the increasingly cooperative nature of the bilateral defense relationship, but no agreement on a common solution has been reached to date. In the current political climate in Washington, removal of the ban will face opposition in Congress and require tremendous political capital on the part of the Obama administration.

Another area of concern, although not insurmountable, involves legacies of the Vietnam War, including the use of the Agent Orange defoliant. Hanoi has expressed appreciation for ongoing U.S. assistance in environmental remediation and health-related support for people in areas of Vietnam suffering high levels of dioxin contamination due to the use of Agent Orange during the war. But Vietnam also believes the United States should do more to care for affected victims and to remove unexploded ordnance (UXO) left over from the conflict.

Vietnamese leaders are also concerned that moving too close to the United States too fast would irritate China, a country with which Vietnam has a shared ideology and heritage and on which it depends economically. Vietnam prides itself on having an independent and strategic foreign policy, and under normal circumstances seeks to avoid actions that would be seen as disrupting the regional balance of power. For this reason, while Hanoi recognizes the benefits of advancing closer political and security ties with Washington, it prefers to do so at its own speed and based on its own strategic calculus, especially on issues that affect China’s interests. This tendency among Vietnamese policymakers has caused some frustration among U.S. leaders, who point to the lack of substantive progress in military-to-military ties.
Recent History of U.S.-Vietnam Diplomatic Ties

THE 1990S

In the early 1990s, the George H. W. Bush administration began paving the way for normalized relations with Vietnam with a “roadmap” to normalization, which included steps that Washington and Hanoi needed to take to resume official ties. The two sides agreed to first embark on resolving issues related to service members missing in action (MIAs) dating back to the Vietnam War. The U.S. Office for Prisoners of War/MIA Affairs opened in Hanoi in 1991, establishing the first U.S. government presence in the country since 1975.3

In 1991, following Vietnam’s withdrawal of troops from Cambodia, the U.S. government began to speed up the process of normalization with Hanoi. In January 1995, the United States and Vietnam set up liaison offices in Hanoi and Washington, respectively.4

On July 11, 1995, then president Bill Clinton announced the normalization of diplomatic relations with Vietnam. Shortly thereafter, then secretary of state Warren Christopher visited Vietnam and oversaw the opening of the U.S. Embassy in Hanoi. Formal military-to-military relations were established in November 1996.5

Douglas Peterson, a Vietnam War veteran and former prisoner of war, was confirmed in 1997 as the first postwar U.S. ambassador to Vietnam. Le Van Bang was appointed the first ambassador of unified Vietnam to the United States later in the same year. The U.S. Consulate General in Ho Chi Minh City officially opened in 1999.6

THE 2000S

Starting in the early 2000s, the United States and Vietnam began to exchange high-level visits and conduct a series of security and defense dialogues on a regular basis. In 2000, Clinton became the first postwar U.S. president to visit Vietnam.7 During the visit, Clinton stressed the importance of joint cooperation on MIA issues with Vietnamese leaders, discussed human rights, and considered ways to expand business and economic ties between nations.

Then secretary of state Colin Powell paid a visit to Vietnam in 2001 to attend the ASEAN Regional Forum,8 and then minister of defense Pham Van Tra visited the United States in 2003 to discuss security cooperation at both the bilateral and regional levels.9 From 2002 to 2003, the security relationship expanded to include bilateral defense talks at the working

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5. Ibid.
6. Ibid.
7. Ibid.
8. ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The ASEAN Regional Forum brings together these 10 nations plus 16 other Asia Pacific states and the European Union.
level, focusing on wartime legacy issues, military medicine, environmental security and demining, and search and rescue.¹⁰

Then prime minister Phan Van Khai visited Washington and met with former president George W. Bush in 2005, becoming the first Vietnamese head of government to come to the United States following the war. During the visit, the two leaders signed a number of intelligence and military cooperation agreements. Khai also met with them secretary of defense Donald Rumsfeld. The United States moved to establish an International Military Education and Training (IMET) agreement with Vietnam that same year.¹¹

In 2006, Rumsfeld visited Vietnam, and the Bush administration authorized the U.S. government and various companies to provide limited defense articles to Vietnam.¹² However, the U.S. ban on the sale of lethal weapons to Vietnam remains in place.

In November 2006, Bush paid a visit to Vietnam, where he attended the Asia-Pacific Economic Cooperation Leaders’ Meeting. In Hanoi, he met with Prime Minister Nguyen Tan Dung, who expressed his appreciation for Washington’s support of Vietnam’s admission to the World Trade Organization (WTO) and the decision to remove Vietnam from the list of countries of particular concern on religious freedom. Bush attended a church service in Hanoi to show support for religious freedom in Vietnam.¹³

In 2008, Dung paid a visit to the United States and met with the secretaries of defense and treasury, as well as congressional leaders. In October 2008, the United States and Vietnam conducted their first-ever bilateral Political, Security, and Defense Dialogue (PSDD) at the vice-ministerial level in Hanoi, led by the U.S. Department of State and Vietnam’s Ministry of Foreign Affairs.¹⁴

In the years that followed, high-level meetings and visits by top officials became a defining trait of the fast-growing bilateral relationship. As part of President Barack Obama’s “rebalance” to the Asia Pacific, then secretary of state Hillary Clinton traveled to Vietnam in 2010 for the ASEAN Regional Forum and East Asia Summit,¹⁵ and visited again in 2012. During her visits, Clinton emphasized the potential of comprehensive U.S.-Vietnam relations while stressing the importance of outstanding human rights issues.¹⁶ Clinton also broached the idea of a bilateral strategic partnership with the Vietnamese government.

In 2010, the United States and Vietnam initiated an annual Defense Policy Dialogue (DPD) in Washington at the vice-ministerial level between the U.S. Department of Defense

¹⁰. Ibid.
¹¹. Ibid.
¹². Ibid.
¹⁵. The East Asia Summit brings together the 10 members of ASEAN and Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States.
and Vietnam’s Ministry of Defense. A year later, during the second DPD, the two sides signed a Memorandum of Understanding on Advancing Bilateral Defense Cooperation, which lays out five areas of defense cooperation: (1) regular high-level dialogues, (2) maritime security, (3) search and rescue, (4) humanitarian assistance and disaster relief (HA/DR), and (5) peacekeeping. In addition, the two countries agreed to exchange visits by their defense ministers every three years.

In June 2012, then secretary of defense Leon Panetta paid a visit to Vietnam, becoming the first high-ranking postwar U.S. official to return to Cam Ranh Bay, a deep-water port that overlooks the South China Sea and served as a logistics hub during the Vietnam War. While touring Cam Ranh Bay, Panetta said access to the facility would be a key component of the bilateral defense relationship going forward. In Hanoi, Panetta exchanged wartime records with his Vietnamese counterpart Phung Quang Thanh, who repeated calls for the U.S. government to lift the ban on lethal weapons sales.

During the fourth DPD in October 2013, U.S. and Vietnamese defense officials witnessed the signing of an agreement on cooperation between the two countries’ coast guards. This effectively paved the way for the United States to provide formal training and curriculum development assistance to the Vietnamese Coast Guard, especially in the context of rising maritime tensions in the region. Prior to the signing of the agreement, U.S. Coast Guard commandant Robert Papp paid an official visit to Vietnam to show support for bilateral coast guard cooperation.

Two months later, in December 2013, Secretary of State John Kerry paid a three-day visit to Ho Chi Minh City and Hanoi in a trip that highlighted expanding security, economic, and people-to-people ties between the United States and Vietnam. Most notably, Kerry announced an $18 million assistance package aimed at boosting Vietnam’s maritime security, along with future efforts to bolster cooperation between the two countries’ coast guards. In a symbol of support for religious freedom, Kerry also attended a Catholic mass in Ho Chi Minh City. Secretary of Defense Chuck Hagel is expected to visit Vietnam in late 2014.

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Security cooperation in multilateral forums between the United States and Vietnam has also emerged as an area with great potential. During Vietnam’s turn to chair ASEAN in 2010, the ASEAN Defense Ministers’ Meeting Plus was inaugurated with strong support from the United States, and has since become the premier high-level defense forum for leaders in the Asia-Pacific region. It brings together the defense chiefs of the 10 ASEAN states along with Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States. Common geostrategic interests and greater mutual understanding will continue to facilitate the sharing of ideas and cooperation between the United States and Vietnam on the most important regional issues.

The U.S.-Vietnam Comprehensive Partnership

On July 2, 2013, presidents Barack Obama and Truong Tan Sang began a new phase in bilateral relations by launching the U.S.-Vietnam Comprehensive Partnership during Sang’s visit to the United States. The comprehensive partnership spells out nine areas of cooperation: 1) political and diplomatic cooperation; 2) trade and economic ties; 3) science and technology cooperation; 4) education; 5) environment and health; 6) war legacy issues; 7) defense and security; 8) promotion and protection of human rights; and 9) culture, tourism, and sports.24

The agenda and mechanisms set out in the joint statement by Obama and Sang announcing the partnership serve as guidelines for Hanoi and Washington to move the relationship forward. They affirmed that economic cooperation will continue to be the “foundation and engine” for U.S.-Vietnam relations. The statement said the United States and Vietnam will respect “each other’s political systems, independence, sovereignty, and territorial integrity.”25 This is unprecedented for at least two reasons: First, it means Vietnam’s Communist Party–led political system should not be seen as a major obstacle to advancing future ties. And second, it signals U.S. readiness to engage Vietnam more strategically, particularly in the context of the Obama administration’s rebalance to Asia.

In the near and medium term, the chief goal of the comprehensive partnership is the fostering of mutual trust at all levels between Hanoi and Washington. Among the most important mechanisms of the partnership is the annual meeting between the U.S. secretary of state and Vietnamese minister of foreign affairs to review progress being made in all nine areas of cooperation.

In the security arena, U.S. and Vietnamese officials continue to meet annually under the auspices of the DPD and PSDD to review existing security cooperation and discuss a range of common concerns. In the PSDD, major topics of discussion have included law

25. Ibid.
enforcement issues, counterterrorism, maritime security, disaster response and search and rescue, civil nuclear energy cooperation and nonproliferation measures, war legacies, and U.S.-ASEAN cooperation at the ASEAN Regional Forum and East Asia Summit. The breadth of topics discussed at the PSDD signals a maturation of bilateral ties and ensures an honest and robust exchange of ideas relevant to the two governments and to the region at large. With the establishment of the comprehensive partnership, the PSDD will take on the role of monitoring progress across the nine areas of cooperation laid out by presidents Obama and Sang.

Under the comprehensive partnership, three areas are of particular importance in the efforts of the two governments to achieve closer cooperation. First, human rights will receive some added impetus in the context of Vietnam's participation in the negotiations for a TPP trade deal. The Vietnamese government is aware that concerns in the U.S. Congress about its human rights record and ability to meet labor and human rights standards under the TPP could potentially derail future approval of its participation in the trade pact. As a result, U.S. and Vietnamese diplomats have been coordinating closely to ensure Vietnam shows concrete improvements in areas of particular concern.

Second, the two governments are expected to cooperate more closely on maritime security in the South China Sea. This means, among other things, stepped-up coast guard cooperation and U.S. training for and assistance to the Vietnamese Coast Guard. The goal of coast guard cooperation is to help Vietnam bolster its maritime domain awareness and patrol capabilities, especially in the context of rising tensions with China, ultimately transforming the Vietnamese Coast Guard into a more effective player in the maritime governance of Southeast Asia and as a regional partner for the United States.

Hanoi and Washington's strategic interests in the South China Sea align. Both believe that freedom of navigation and commerce should be preserved and call for a peaceful, rules-based approach to address long-standing territorial disputes; yet both want to avoid using military aggressiveness or other forms of escalation if possible. A major claimant in the South China Sea disputes, Vietnam welcomes a greater U.S. security presence in the area to balance China's increasingly aggressive stance. Vietnam has not questioned the intent or ability of the United States to intervene militarily should conflicts arise.

Third, the comprehensive partnership is expected to facilitate closer U.S.-Vietnam military-to-military ties. In their joint statement, presidents Obama and Sang affirmed a commitment to fully implement the 2011 Memorandum of Understanding on Advancing Bilateral Defense Cooperation. This means the two militaries will further expand their bilateral cooperation in search and rescue, HA/DR, peacekeeping operations, and military education and training, with the eventual goal of launching formal bilateral joint exercise activities once mutual trust and understanding have been firmly established.

26. Ibid.
While the Vietnamese welcome U.S. engagement efforts and accord high importance to the bilateral relationship, they often highlight the need for the two countries to understand each other’s strengths and limits, particularly in defense cooperation. Some in the Vietnamese government are taken aback by perceived U.S. pressure to advance the relationship too quickly, and call instead for a more sustainable, long-term approach. The majority of Vietnamese leaders want the relationship to proceed step-by-step as their country acquires greater economic and defense capabilities to adequately partner with the United States in various areas.

**Human Rights Issues**

The United States and Vietnam have conducted a total of 17 rounds of bilateral human rights talks.²⁷ This platform was created to allow U.S. officials the opportunity to press the Vietnamese government on specific issues of human rights they believe should be addressed. It has gradually become a venue for an open and frank dialogue between the two countries’ officials on some of the thorniest topics in the bilateral relationship.

In the past, there were topics on which the Vietnamese side refused to engage, but the conversation has shifted to explaining and understanding each other’s views and finding a common ground. These dialogues will take on more importance with the establishment of the comprehensive partnership, and as the U.S. and Vietnamese governments work together to address rights issues related to Vietnam’s participation in the TPP.

While Washington’s concerns over human rights have not trumped the economic and strategic considerations of either side in recent years, they have created tension between the two governments, hindering attempts to foster closer diplomatic and security ties. Human rights in today’s Vietnam are not a black-and-white picture; for the past 25 years, the country has been moving along a rather positive trajectory. Economic growth, rising standards of living, and greater exposure to the world have led to expanding individual liberties—including greater freedom of expression for ordinary citizens and a more open debate on previously taboo political and social issues—and to the emergence of a genuine civil society, with widespread public demand for information and transparency.

In general, Vietnam’s government allows most forms of personal and religious expression but does not tolerate acts it considers subversive to the state or threatening to the Communist Party’s hold on power. Concerns remain in specific areas, including freedom of expression and the arrests of peaceful activists and dissidents, freedom of religion, ethnic

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minority rights, and labor rights. At the end of 2013, the State Department estimated that there were around 120 political detainees in the country.

In February 2014, the Vietnamese government invited a delegation from Amnesty International (Amnesty) to visit Hanoi for the first time in 24 years. The group met with nongovernmental organizations (NGOs), religious leaders, and foreign diplomats. It held discussions with Vietnamese lawmakers in the National Assembly, and with senior government and Communist Party officials on topics including the right to freedom of expression, the death penalty, ethnic minority and women’s rights, and human trafficking. Amnesty representatives submitted to Vietnamese authorities a list of 73 prisoners of conscience whom they believed were jailed simply for peacefully expressing their views and called for their release. A prominent environmental activist, Dinh Dang Dinh, was released during the group’s trip, but died soon after of cancer.

Hanoi’s interest in engaging with a global rights organization was largely prompted by its desire to change the often-tainted human rights picture of Vietnam. Leaders in Hanoi understand that by avoiding the international spotlight and refusing human rights groups access to the country, they have prompted most recent reports on Vietnam’s rights record to focus almost entirely on the issue of political prisoners and jailed bloggers. This has hurt Vietnam’s status as a rising middle-income country in Southeast Asia, its drive for global integration, and relations with the United States.

Vietnam has invited Amnesty to make follow-up visits to meet with more civil society representatives and launch human rights education initiatives in the future. In reality, there are some areas of human rights in which Vietnam is ahead of many of its neighbors, including women’s rights and attitudes toward the lesbian, gay, bisexual, and transgender communities. But showcasing progress in these areas would require granting more access to international rights groups.

U.S. officials frequently make the case to their Vietnamese counterparts that showing concrete improvements on human rights will be necessary to shore up congressional support for Vietnam’s participation in the TPP. This is true particularly for some members of Congress elected from constituencies with sizable Vietnamese American populations, some of which see the current government in Hanoi as illegitimate and disapprove of U.S. engagement with Vietnam.

31. Ibid.
The Vietnamese government, which sees the TPP as an important component of its economic reform plans, continues to take steps to improve aspects of its rights record. It acceded to the United Nations Convention against Torture in 2013, and is expected to release more political activists and allow more church registrations in the country. Four high-profile political dissidents, including Dinh, were released in early 2014, one of whom was allowed travel to the United States.\(^\text{32}\)

In 2013, the Vietnamese government allowed more than 100 new places of worship to register, but unregistered religious organizations still cannot gather or worship without restrictions or harassment by local police.\(^\text{33}\)

Another major concern among U.S. lawmakers centers on Vietnam’s ability to comply with the TPP’s labor rights standards. The areas of focus often cited are a lack of the rights to free association and collective bargaining, the continued use of forced and child labor, and a failure to ensure worker protection in accordance with International Labour Organization (ILO) standards.

Vietnamese officials recognize the need to show improvements on labor rights and practices, but they often complain that the U.S. side needs to inject some perspective into its discussion of the labor situation in Vietnam. They point out that some developed countries, such as Singapore, have just one large state-sanctioned labor union, and that the ILO reports that child labor remains a problem in the farming sector in some developed countries, including the United States.

In the past 15 years, Vietnam has worked closely with the ILO and the United Nations to gradually bring its labor code up to international standards. It has ratified ILO Convention 182 on the Worst Forms of Child Labour and is expected to ratify Convention 138 on Child Labour and those on forced labor in the near future.\(^\text{34}\)

U.S. Trade Representative Michael Froman made clear in an April 2013 hearing with the House Ways and Means Committee that the Obama administration has been working with the Vietnamese government to develop mechanisms and technical assistance programs to ensure it can live up to its labor obligations under the TPP.\(^\text{35}\)

Finding an effective approach to human rights in Vietnam will require pragmatic thinking from the whole of the U.S. government. Veteran U.S. diplomats realize that Vietnam’s political system is not going to change overnight, and they acknowledge that there is considerable room for improvement and compromise as Vietnamese leaders navigate the country’s integration into the global economy and respond to the population’s growing


aspirations. An ongoing debate has been taking place inside Vietnam, both among the ruling elites and various quarters of society, over the course of the country’s next phase of development. Vietnamese leaders have recognized both publicly and privately that things need to change—the recent debate on the country’s revised constitution and the National Assembly’s unprecedented step in 2013 of holding votes of confidence on national leaders are just two examples of this trend.

In contrast, legislative efforts spearheaded by some congressional members aimed exclusively at shaming or punishing Hanoi for its human rights shortcomings will not necessarily produce the desired results for either side. Vietnamese officials see this approach as unfriendly, ignorant of significant progress the government has made over the years, and myopic given that the anti-Hanoi attitude common among older Vietnamese Americans is largely generational and quickly fading. Instead, clear and concrete benchmarks that are grounded in the reality inside Vietnam and achievable to Hanoi in the near and medium terms have proved to deliver results, and should continue to drive future negotiations on human rights.

The Future of U.S.-Vietnam Military-to-Military Ties

The scope of U.S.-Vietnam defense cooperation has expanded significantly since 2000, but differences remain in several areas, chief of which are the pace at which to move military-to-military ties forward and the role of defense cooperation within the framework of comprehensive U.S.-Vietnam relations.

While U.S. and Vietnamese defense officials share similar strategic viewpoints on many regional security issues, Vietnam’s leadership collectively has said time and again that military-to-military cooperation should not be the focus of U.S.-Vietnam relations, at least for the foreseeable future. The current consensus among Vietnam’s leaders is that trade and economic cooperation should continue to anchor U.S.-Vietnam relations.

Vietnam sees the fostering of mutual trust and understanding as the key objective in U.S.-Vietnam bilateral defense cooperation in the next 10 years or so. U.S. defense officials, for their part, have at times expressed frustration with what they see as a standoff from the Vietnamese side on a number of existing areas of defense cooperation. As a result, identifying mutually acceptable expectations and rules of engagement for the future will be crucial in determining how the bilateral security relationship evolves and matures.

Vietnamese analysts and government officials speak frequently of the need for Washington and Hanoi to understand each other’s strengths and limits; the United States is, in their analogy, a global giant whose single step takes Vietnam many steps to match. For Vietnamese leaders, the answer to Vietnam’s security challenges, particularly in the context of China’s growing assertiveness in the South China Sea disputes, is not to simply move
closer to the United States militarily; instead, they argue first for the improvement of Vietnam’s own military and self-defense capabilities.

Due to Vietnam’s long history of entanglement in great power competition and its geographical proximity to China, leaders in Hanoi believe that military engagement with the United States should focus on strengthening Vietnam’s defense posture. They want U.S. efforts in the region to advance regional stability rather than worsen existing regional tensions. Hanoi therefore recognizes the value and added leverage that working more closely with Washington offers, especially with regard to Beijing, in areas such as maritime security and domain awareness, military training and education, search and rescue, and HA/DR.

From the U.S. perspective, assisting Vietnam to upgrade its military capacity is a mutually beneficial policy: Vietnam can better respond to and defend itself against regional security threats, and the security presence and influence of the United States in the area is strengthened. But U.S. officials and diplomats often receive a guarded or lukewarm response from their Vietnamese counterparts when they suggest new initiatives that would augment the depth of security cooperation, including the possibility of joint search and rescue exercises.

U.S. officials are also aware that there is a ceiling to the relationship. Vietnam prefers to remain independent and does not wish to establish any type of formal military alliance or arrangement with a foreign power under current circumstances. In addition, adding more depth to military relations with the United States would require renegotiating the consensus among leaders about how far U.S.-Vietnam relations should go at any given point in time.

For example, even as the two countries have been stepping up high-level defense exchanges since signing their 2011 agreement, U.S. officials say that Hanoi has not always responded positively to requests for visits to Vietnam by senior U.S. defense officials. The Vietnamese Ministry of Defense has either rejected or been reluctant to approve visits or meetings that might, in its opinion, imply exchanges or cooperation at the service level, particularly between the U.S. and Vietnamese navies.

In the near to medium term, cooperation among the two countries’ coast guards will be the hallmark of U.S.-Vietnam defense relations. There is strong support for this among Vietnamese leaders, and the country’s defense establishment has been proactive in reaching out to counterparts in the United States. For the past three years, working with the U.S. Coast Guard has accelerated the professionalization and capacity of the Vietnamese Coast Guard. Previously known as the Marine Police, the newly restructured Coast Guard is now under the supervision of the Ministry of Defense, a change that signals the growing importance of maritime security in Vietnam’s overall security strategy.

Vietnam is due to receive five to six new patrol vessels each year from the United States for the next several years. In addition, the construction of a training facility in the northern city of Haiphong with a focus on maritime law enforcement is in the works, with
support from both the U.S. Coast Guard and the Department of State. U.S. officials say the Vietnamese Coast Guard will likely receive a number of used coast guard cutters from the United States in the near future, separate from the maritime security assistance package announced by Secretary Kerry in 2013.

Maritime security cooperation is a good example of successful confidence building between the two governments. Before the 2013 agreement between their coast guards, the United States and Vietnam had signed a bilateral search and rescue agreement in 2002, a counternarcotics letter of agreement in 2006, a bilateral maritime agreement in 2007, and an agreement in 2010 to boost Vietnamese ports’ ability to detect radioactive materials. All of those prior accords laid the groundwork for joint efforts to strengthen maritime law enforcement and search and rescue operations.

For the United States, helping train Vietnam’s Coast Guard is in line with its broader policy of strengthening the defense posture of Southeast Asian states and is an effective mechanism to build trust with the Vietnamese government. In the long run, a successful partnership with the Vietnamese Coast Guard will not only affirm the U.S. security role on the eastern flank of the South China Sea but will also go a long way toward proving that the United States remains the security partner of choice for non-treaty ally countries in the Asia Pacific.

English-language training for Vietnamese military personnel is another area of cooperation that carries great potential. Vietnamese military planners have come to recognize that limited English fluency has hampered the military’s modernization drive and ability to expand cooperation with regional militaries. More broadly, they recognize the need to train a new cadre of Vietnamese officers to be fluent in English and comfortable with modern military language and technology in order to replace the aging Chinese- and Soviet-trained generation.

The United States, in turn, sees the value of helping to boost English communication skills among Vietnam’s military. Without this skill, joint efforts to modernize the Vietnamese Coast Guard would not necessarily prove effective in the case of an emergency or regional crisis. The United States currently supports English training for Vietnamese military personnel through two channels: a Vietnam-based international peacekeeping training center based in Vietnam and the IMET program.

The Vietnamese government attaches great importance to Vietnam’s participation in United Nations peacekeeping operations around the world and sees it as an example of the country’s growing role in regional and global issues. Vietnam’s first international peacekeeping deployment is expected to take place in 2014.

Collaboration on international peacekeeping operations, conducted under the auspices of the Global Peace Operations Initiative led by the U.S departments of State and Defense,
receives attention from the highest levels of both governments. A U.S.-supported peacekeeping center is due to formally break ground outside Hanoi in 2016, where several hundred Vietnamese officers will attend English training courses to prepare for future deployments. Working together on English-language training and international peacekeeping is an effective way for U.S. government agencies to deepen trust with their Vietnamese counterparts.

Vietnam currently has a small presence within IMET; several Vietnamese officers are attending courses at the U.S. Army War College, the U.S. Army General Commandant and Staff College, and the Naval War College. The first Vietnamese officer arrived at the U.S. War College in 2011. However, these slots are reserved for more senior military personnel; in Vietnam, few senior members of the military already speak good English. The future prospect for expanding the IMET program for Vietnam, and thereby boosting personal connections at the grassroots level between future U.S. and Vietnamese defense leaders, will depend on ensuring English proficiency among younger Vietnamese officers.

**Issues in the Military-to-Military Relationship**

**THE U.S. BAN ON LEthal WEAPONS SALES**

Geopolitical considerations and pragmatism will likely steer the course of future U.S.-Vietnam defense relations, but there are a number of concerns that, if left unaddressed, could potentially stand in the way of more meaningful cooperation.
First, from the Vietnamese perspective, is the U.S. ban on the sale of lethal weapons to Vietnam because of human rights concerns. For senior Vietnamese officials, retaining the U.S. ban while military-to-military ties have been normalized and are quickly expanding implies a lack of trust from the U.S. side, and goes against the spirit of the comprehensive partnership.

Vietnamese leaders have repeatedly said they do not regard military ties with the United States as fully normalized as long as the lethal weapons ban remains in place, and Vietnamese defense officials raise the issue at nearly every high-level defense meeting with U.S. counterparts. In Hanoi’s view, its military has been a constructive actor for regional peace and stability since the 1990s, and has not perpetrated human rights violations like its counterpart in Myanmar, which is subject to the same ban.

Meanwhile, U.S. officials describe Hanoi’s request for the lifting of the ban as a largely symbolic gesture and an effort that will require tremendous political capital in Washington. Congress will likely continue to link any discussion on the ban’s removal to progress on human rights, making the issue very difficult for any U.S. administration. Moreover, the need to boost support within Congress for Vietnam’s participation in the TPP has for the time being taken priority over addressing the lethal weapons ban.

As part of its policies to engage more on security with foreign countries and internationalize the South China Sea dispute, Vietnam’s military has been actively pursuing strategic cooperation through training, capacity building, and arms purchases with a number of foreign militaries, including those of India, Israel, Japan, Sweden, the United Kingdom, and especially Russia.

The U.S. ban on the sale of lethal weapons is an issue that will need to be resolved sooner or later. Maintaining the ban for too long could limit the depth of bilateral U.S.-Vietnam security cooperation, leaving the United States at a disadvantage vis-à-vis other countries in areas such as military engineering and technology transfer toward a country as increasingly important as Vietnam.

THE CHINA FACTOR IN ADVANCING CLOSER U.S.-VIETNAM DEFENSE TIES

Some U.S. officials say that Hanoi’s concerns about China, rather than the lethal weapons ban, presents the largest obstacle to closer U.S.-Vietnam defense relations. Vietnam shares direct land and maritime borders with China and has a complicated history with it dating back millennia. Today, China is its largest trading partner and the main supplier for Vietnam’s expanding manufacturing sector.

The Vietnamese have long believed, with good reason, that they possess the most intimate understanding of Chinese strategic thinking and culture among Southeast Asian countries. Modern Vietnamese foreign policy places an emphasis on finding a balance between appeasing and hedging against Beijing, depending on specific circumstances. For this reason, there are, according to U.S. officials, perceived red lines that Hanoi does not
want to cross for fear of upsetting Beijing or further stoking the latter’s concerns about U.S. attempts to contain it. Like most Southeast Asian countries, Vietnam does not want to be placed in a scenario where it has to choose sides between the United States and China.

The long-standing ties between the Communist parties in China and Vietnam continue to inform the relationship between the two countries. Vietnamese officials often describe these ties as unique—both countries are among the few remaining Communist governments in the world, after all—and have maneuvered to use them to their advantage in dealing with China. Party-to-party ties have acted as a key stabilizer in Sino-Vietnamese relations in recent years, even as Hanoi alternates between accommodating and standing up to Chinese maritime aggression in the South China Sea.

Vietnam’s independent-minded foreign policy, manifest in its “three-no’s” of defense policy38 and its ongoing concerns about China are behind Hanoi’s hesitation to accelerate defense cooperation with Washington. For instance, the annual U.S.-Vietnam Naval Engagement Activity, during which U.S. warships dock at the port of Danang for week-long exchange activities and workshops, has not taken off beyond noncombat exercises, despite a recognized need for both sides to increase joint cooperation on maritime security.

The U.S. side continues to make the case to the Vietnamese that similar to coast guard training, increased cooperation between the two countries’ navies will be beneficial to both U.S. and Vietnamese strategic interests and regional security. However, the Vietnamese government has yet to warm up to the idea. The depth of U.S.-Vietnam naval engagement in the coming years will be determined largely by Hanoi’s comfort level as it continues to seek a balance between Beijing and Washington in a rapidly evolving region.

On the other hand, Vietnamese leaders insist that while they do take into account the ways in which Beijing could interpret certain regional developments, concerns about China will not stop Vietnam from enhancing its security ties with the United States when doing so is in its strategic interests.

Differences in perceptions between the U.S. and Vietnamese defense establishments have led to an expectations gap between the two sides that most likely will not disappear anytime soon. Addressing this gap will be difficult (especially for the Vietnamese side) but crucial if both countries want to take bilateral defense relations to the next level.

Two factors, however, may act as game changers in Hanoi’s strategic thinking and in shaping long-term U.S.-Vietnam defense relations.

First, if the trend of increasing Chinese assertiveness in the South China Sea continues, Vietnamese leaders will become more attuned to the urgency of working closely with the

38. The “three-no’s” are (1) no military alliances, (2) no foreign bases on Vietnamese territory, and (3) no use of relations with one country to oppose another.
United States; a U.S.-Vietnamese alliance will help to preserve their strategic interests and calm nationalist concerns among the public that the leadership in Hanoi is not doing enough to protect Vietnamese sovereignty.

Second, Vietnamese leaders, though welcoming a larger U.S. presence in Southeast Asia, continue to gauge the depth and seriousness of the United States’ rebalance to the Asia Pacific. Vietnamese analysts privately say they believe it might take the United States at least a decade or two to lay a proper foundation for the rebalance—and even longer for the policy to plant deeper roots across the region, especially given financial constraints in the United States and rapidly shifting geopolitics in Asia. For this reason, Hanoi believes it should not get too close militarily to Washington too quickly, but would likely be more comfortable once U.S. staying power in Southeast Asia has been more firmly established.

WAR LEGACY ISSUES

In the early 1990s, bilateral defense contacts began with cooperation on the issue of MIAs. Hanoi has increased the access to Vietnamese sites granted to U.S. personnel retrieving MIA-related archives and records, and Washington has reciprocated by giving Vietnamese authorities access to U.S. records and maps to help with their search for Vietnamese personnel missing in action.

Joint efforts to address consequences of the Vietnam War have played an enormous role in establishing mutual trust between the two former enemies and continue to act as a special glue in U.S.-Vietnam diplomatic and defense ties. The U.S. Congress has always shown great interest in the issue of legacies of war, consistently supporting funding that goes toward demining in Vietnam, environmental remediation, and health-related assistance for victims of the Vietnam War.

While the U.S.-Vietnam relationship is more forward-looking than ever, continuing to work together to address postwar issues remains one of the focuses of the U.S.-Vietnam comprehensive partnership. In April 2014, Senator Patrick Leahy led a high-profile congressional delegation to Hanoi, where he reiterated that the U.S. government attaches great importance to helping Vietnam overcome consequences of war and will continue to offer support for all victims regardless of causes.

Currently, joint efforts to address legacies of war focus on dioxin cleanup at Vietnamese sites contaminated by the defoliant Agent Orange and stepping up the removal of UXO, mostly in the central provinces of Vietnam. The United States’ responsibility for and efforts to clean up Agent Orange contamination and UXO are covered in more detail in Chapter 3.

U.S.-Vietnam cooperation on UXO removal remains nascent, with a nonbinding agreement having been reached in 2013. Through this agreement, the U.S. government af-

firmed its commitment to find, remove, and destroy UXO, and to help build Vietnam’s national capacity for working with international donors in dealing with residual threats from UXO.

The Vietnamese government has over the years allocated a great deal of its own resources to address UXO left over from years of conflict, but unexploded bombs still claim about seven lives per day in rural areas of the country, and it could be decades before the problem can be fully resolved.

Recognizing that Vietnam has yet to receive adequate demining assistance from international donors given the scope of problems it faces, especially when compared to many other postconflict countries, the State Department has continued to advocate for more U.S. UXO remediation funding for Vietnam. Nonetheless, U.S. personnel are still denied access to clearance sites under the supervision of the Vietnamese Ministry of Defense. Instead, Vietnam prefers that the United States assists UXO victims and gives funding for clearance directly to the Vietnamese government—an unaccountable alternative at which the U.S. Congress will continue to balk.

Vietnam was formally accepted into the U.S. Humanitarian Demining Program in 2000, and the United States is currently the largest mine action donor to Vietnam. Between 1993 and 2012, the U.S. government allocated over $65 million to the Department of State, Centers for Disease Control and Prevention, Department of Defense, and USAID through the Patrick J. Leahy War Victims Fund to clean up UXO in Vietnam.40 This funding has allowed the State Department to collaborate with NGOs, both foreign and Vietnamese, in providing medical assistance to UXO victims in the central provinces of Quang Tri, Quang Binh, and Quang Nam. Since 1991, the Leahy Fund has provided at least $16 million to Vietnam through NGOs and private voluntary organizations.41 The Defense Department has also been involved in offering training on underwater disposal and workshops on mine awareness.

State Department officials say they continue to advocate for more funding for Vietnam. Despite the scope of postwar problems Vietnam faces, international demining assistance there fails to match the assistance provided to other postconflict countries. The State Department has touted the success of its work in Quang Tri, particularly the effectiveness of a U.S.-supported comprehensive local database of UXO, and believes the two governments should work to extend this model to other areas of the country.

With the establishment of the new Mine Action Partnership Group and National Mine Action Center in Vietnam, U.S. government agencies will play a significant role in helping Vietnam attract more assistance by bringing its UXO remediation regime up to

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international standards. In the coming years, a productive partnership on the UXO issue will go a long way toward deepening trust between the U.S. and Vietnamese governments, particularly Vietnam’s Ministry of Defense.

Public Opinion toward the United States

The majority of Vietnamese hold favorable views of the United States. In terms of demographics, 60 percent of the population was born after 1975 and therefore has no living memory of the Vietnam War or U.S. involvement in the country prior to normalization. Following decades of conflict and economic mismanagement, Vietnamese society has, since the late 1980s with the first waves of economic reforms, channeled its energy toward rebuilding and integrating the economy into the regional supply chain rather than agonizing over the past.

Several factors explain the popularity the United States currently enjoys in Vietnam. The United States is home to over 1.5 million ethnic Vietnamese, many of whom fled their home country as refugees following the war; a significant number of those in Vietnam, especially in the southern part of the country, have family in the United States. Even today, Vietnamese continue to resettle in the United States as a result of these ties. Remittances from the United States have been fueling small- and medium-sized business expansion in many parts of Vietnam. An increasing number of Vietnamese Americans have been returning to work and invest in Vietnam, further solidifying ties between the two countries.

The United States is also looked upon as a source of excellence in technology, business, and education in Vietnam. There were around 16,000 people from Vietnam studying in the United States in 2013, making Vietnam the fourth-largest country in the East and Southeast Asia to send students to the United States after China, Japan, and South Korea. This number is expected to grow as bilateral economic ties continue to flourish in the coming years.

More important, Vietnam, which regards China as its historical and foremost security threat regardless of ties between the Chinese and Vietnamese Communist parties, rightly views the United States as the only power that can balance China effectively and keep in check Chinese aggression in the maritime domain. When presidents Clinton and Bush visited Vietnam in 2000 and 2006, respectively, they were both received warmly; thousands of Vietnamese citizens lined the streets to greet their motorcades, dispelling the notion of any significant remaining hostility toward Americans. While Hanoi has been careful not to portray its engagement with Washington as directed at another country, strategic concerns regarding China remain one of the main drivers of the U.S.-Vietnam relationship and Vietnamese attitude toward Americans.

Overall, the United States and Vietnam have made great strides in the political and security realms since normalization. But there is still much to do.
Recommendations

The United States and Vietnam should:

1. **Make a commitment for President Barack Obama to visit Vietnam in 2015 on the occasion of the 20th anniversary of normalization of ties.**

2. **Send a U.S. joint congressional delegation to visit Vietnam,** following in the footsteps of Senator Patrick Leahy’s April 2014 trip. Reciprocate by inviting a National Assembly delegation to visit the United States.

3. **Make clear what the U.S. government expects in order to relax and eventually remove the ban on lethal weapons sales to Vietnam.** It is critical to lay out explicit steps that Washington, and especially the Congress, expect from Hanoi in the near to medium term.

4. **Establish a U.S.-Vietnam Eminent Persons Group** tasked with drafting ideas and suggestions ahead of the annual meeting of the U.S. secretary of state and Vietnamese foreign minister as the comprehensive partnership takes shape.

5. **Launch a regular dialogue between relevant U.S. government agencies and Vietnam’s Ministry of Public Security on human rights issues.** The Vietnamese government should allow additional visits by international human rights groups and easier access for those groups to public officials and facilities in Vietnam.

6. **Elevate the exchange of visits by defense ministers,** now occurring every three years, to a biannual ministerial-level meeting.

7. **Set up an English-language training and exchange program for junior officers in Vietnam’s National Defense Academy with a U.S. institution** such as the National Defense University, and establish research fellowships for U.S. officers at one of Vietnam’s defense think tanks.

8. **Allow U.S. and other international agencies and NGOs to engage in UXO training and observation of cleanup operations.** This will allow the State Department to convince Congress to boost support for UXO cleanup funding in Vietnam, much as it has in Laos in recent years, by allowing it to ensure some form of accountability.

9. **Expand the scope of activities during the annual U.S.-Vietnam naval engagement activity** to include joint humanitarian assistance and disaster relief, or search and rescue exercises. In the near term, U.S. military ships should be allowed more frequent visits and stops at the port in Cam Ranh Bay.
Strengthening Relations through Trade and Investment

Vietnam sits in the middle of one of the most vibrant economic regions of the world and is strategically located along the South China Sea, one of the busiest shipping lanes in the Asia Pacific. The country’s gross domestic product reached $170.6 billion in 2013 and has averaged more than 6 percent growth each year since 2000, despite a slowdown in recent years.¹

Vietnam’s population stands at over 90 million,² making it the third most populous country in Southeast Asia. It has a growing middle class interested in global technology and services, with more than 40 percent of the population under the age of 25.

Both the United States and Vietnam have made strengthening trade and investment ties a central plank of their relationship. The United States sees Vietnam as a promising trade partner and seeks to use regional economic integration as a key driver of its rebalance toward the Asia Pacific.

Deepening commercial ties is vital to lifting U.S.-Vietnam relations to the next level. Vietnam in late 2010 joined the TPP trade negotiations, which include the United States and 10 other countries. Completing the TPP will provide a more favorable environment for companies from both countries to enter into and grow within each other’s markets.

Vietnam and the United States are at very different levels of economic development. Vietnam is interested in engaging the United States in mutually beneficial areas of cooperation, attracting more U.S. investments, and obtaining greater access for its goods to the U.S. market. It welcomes economic capacity building by the United States as it joins the TPP and strives to become a developed country.

Key Recommendations

The United States and Vietnam should:

- **Conclude and implement a high-standard TPP agreement.** The United States and Vietnam should support continued efforts to successfully conclude the TPP as quickly as possible.

- **Strengthen government-to-government dialogues on trade and investment issues,** including through the existing Trade and Investment Framework Agreement. One session of these meetings should include private-sector participants to focus the discussion on the biggest issues faced by each country’s companies in the other’s market.

- **Establish an annual high-level business-to-business dialogue** that can create new channels and networks to boost trade and investment between the two countries. The dialogue could be used to promote opportunities for more U.S. investment in the service sector and financial services in Vietnam and identify opportunities for Vietnamese investment in the United States.

- **Ease trade restrictions and protectionist measures** in the run-up to the implementation of the TPP. Vietnam should avoid introducing new nontariff barriers (such as the proposed new excise tax on carbonated drinks) ahead of completion of the TPP. Likewise, the U.S. administration ought to work with Congress to remove the highly protectionist inspection regime aimed at catfish from Vietnam.

- **Work to lift Vietnam’s designation as a nonmarket economy.** In the spirit of the comprehensive partnership announced by the two countries’ presidents in July 2013, and pending the completion and implementation of the TPP, the United States should launch good faith discussions on the specific steps Vietnam needs to take to achieve market economy status.

U.S.-Vietnam Trade Ties

There are few countries in the world with which U.S. trade and investment relations have grown as quickly as Vietnam. In 1994, the United States lifted the trade sanctions it had imposed against Vietnam at the end of the war two decades earlier. Then, in 2001, the two countries signed a bilateral trade agreement that dramatically transformed economic ties. Bilateral trade and investment relations received another boost in 2007, when Vietnam joined the WTO with strong support from Washington.

The United States today is the single largest importer of Vietnam’s products. In 2013, Vietnam’s exports to the U.S. market reached $24.6 billion, 22 percent higher than the previous year and nearly 10 times higher than in 2002, when the bilateral trade agreement
went into effect and the country’s exports stood at only $2.9 billion. For the past decade, around one-fifth of Vietnam’s exports have gone to the United States.

Vietnam’s top exports to the United States are apparel and garments (about one-third of the total), furniture (11 percent), sporting shoes and sports apparel (8 percent), and seafood (5 percent). Electronics and mobile phones are two sectors from which exports to the United States are expected to increase rapidly following hefty investments by Intel Corp., Samsung, and others into Vietnam in recent years. Vietnam’s global electronics exports surged almost 68 percent in 2012 and another 35 percent the following year. Phone exports jumped 85 percent and 67 percent in 2012 and 2013, respectively.

U.S. goods exported to Vietnam reached $5 billion in 2013, up more than 8 percent from the previous year, making Vietnam the 44th largest export market for U.S. goods. Vietnam in 2013 had a trade surplus of more than $19 billion with the United States. China is the largest source of Vietnamese imports, followed by South Korea and Japan.

About 40 percent of U.S. exports to Vietnam are agricultural and food products. Vietnam also imports sizeable quantities of computer and electronic products, chemicals, and machinery to support its growing industrial sector.

U.S.-Vietnam Investment Ties

Registered FDI in Vietnam saw a 12 percent jump in 2012, after a 38 percent drop the previous year, when the country suffered from double-digit inflation. The sectors that attracted the lion’s share of new foreign capital were manufacturing (particularly in electronics), real estate, tourism, and construction. Utilities projects, including electricity and gas production and distribution, have also attracted increasing interest from investors.


Table 2.1. Top Vietnamese Exports to the United States, 2011–2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Product</th>
<th>Percent of Total</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apparel and household goods-cotton</td>
<td>21%</td>
<td>Apparel and household goods-cotton</td>
<td>18%</td>
<td>Apparel and household goods-cotton</td>
</tr>
<tr>
<td>2</td>
<td>Apparel and household goods-other textiles</td>
<td>16%</td>
<td>Apparel and household goods-other textiles</td>
<td>17%</td>
<td>Apparel and household goods-other textiles</td>
</tr>
<tr>
<td>3</td>
<td>Furniture, household items, baskets</td>
<td>11%</td>
<td>Furniture, household items, baskets</td>
<td>11%</td>
<td>Furniture, household items, baskets</td>
</tr>
<tr>
<td>4</td>
<td>Sporting and camping apparel, footwear and gear</td>
<td>7%</td>
<td>Sporting and camping apparel, footwear and gear</td>
<td>8%</td>
<td>Sporting and camping apparel, footwear and gear</td>
</tr>
<tr>
<td>5</td>
<td>Fish and shellfish</td>
<td>6%</td>
<td>Fish and shellfish</td>
<td>6%</td>
<td>Fish and shellfish</td>
</tr>
<tr>
<td>6</td>
<td>Footwear of leather, rubber, or other materials</td>
<td>6%</td>
<td>Footwear of leather, rubber, or other materials</td>
<td>5%</td>
<td>Footwear of leather, rubber, or other materials</td>
</tr>
<tr>
<td>7</td>
<td>Green coffee</td>
<td>3%</td>
<td>Computer accessories, peripherals and parts</td>
<td>3%</td>
<td>Computer accessories, peripherals and parts</td>
</tr>
<tr>
<td>8</td>
<td>Computer accessories, peripherals and parts</td>
<td>3%</td>
<td>Green coffee</td>
<td>3%</td>
<td>Other (clocks, port typewriters, other household goods)</td>
</tr>
<tr>
<td>9</td>
<td>Crude Oil</td>
<td>2%</td>
<td>Other parts &amp; accessories</td>
<td>3%</td>
<td>Computer accessories, peripherals and parts</td>
</tr>
<tr>
<td>10</td>
<td>Nuts &amp; Preparations</td>
<td>2%</td>
<td>Other (clocks, port typewriters, other household goods)</td>
<td>2%</td>
<td>Other parts &amp; accessories</td>
</tr>
</tbody>
</table>

Total U.S. FDI reached $1.1 billion in 2012, up from $964 million in 2011. In some years, U.S. companies have been among the biggest investors in Vietnam. In 2010, the United States ranked fifth, with investment of almost $2 billion. Countries that usually rank higher than the United States are Japan, Singapore, South Korea, Hong Kong, and Taiwan.

11. USTR, 2014 National Trade Estimate.

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Table 2.2. Top U.S. Exports to Vietnam, 2011–2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Product</th>
<th>Percent of Total</th>
<th>Product</th>
<th>Percent of Total</th>
<th>Product</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food Manufactures</td>
<td>18.2%</td>
<td>Computer and Electronic Products</td>
<td>19.6%</td>
<td>Agricultural Products</td>
<td>23.2%</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural Products</td>
<td>16.2%</td>
<td>Agricultural Products</td>
<td>18.2%</td>
<td>Food Manufactures</td>
<td>16.3%</td>
</tr>
<tr>
<td>3</td>
<td>Computer and Electronic Products</td>
<td>11%</td>
<td>Food Manufactures</td>
<td>14.5%</td>
<td>Computer and Electronic Products</td>
<td>14.3%</td>
</tr>
<tr>
<td>4</td>
<td>Chemicals</td>
<td>10.1%</td>
<td>Chemicals</td>
<td>9.7%</td>
<td>Chemicals</td>
<td>10.5%</td>
</tr>
<tr>
<td>5</td>
<td>Machinery (Except Electrical)</td>
<td>9.9%</td>
<td>Machinery (Except Electrical)</td>
<td>7.5%</td>
<td>Machinery (Except Electrical)</td>
<td>6.2%</td>
</tr>
<tr>
<td>6</td>
<td>Transportation Equipment</td>
<td>7.1%</td>
<td>Waste and Scrap</td>
<td>5.2%</td>
<td>Waste and Scrap</td>
<td>4.2%</td>
</tr>
<tr>
<td>7</td>
<td>Waste and Scrap</td>
<td>5.2%</td>
<td>Transportation Equipment</td>
<td>4.2%</td>
<td>Wood Products</td>
<td>3.4%</td>
</tr>
<tr>
<td>8</td>
<td>Beverages and Tobacco Products</td>
<td>4.1%</td>
<td>Beverages and Tobacco Products</td>
<td>3.4%</td>
<td>Beverages and Tobacco Products</td>
<td>3.1%</td>
</tr>
<tr>
<td>9</td>
<td>Wood Products</td>
<td>2.6%</td>
<td>Wood Products</td>
<td>3.1%</td>
<td>Leather and Allied Products</td>
<td>2.7%</td>
</tr>
<tr>
<td>10</td>
<td>Leather and Allied Products</td>
<td>2.5%</td>
<td>Leather and Allied Products</td>
<td>2%</td>
<td>Transportation Equipment</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

### Table 2.3. Top Seven Sources of Foreign Direct Investment in Vietnam, 2008–2012, in billions of U.S. dollars

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Malaysia</td>
<td>$14.93 billion</td>
<td>United States</td>
<td>$9.8 billion</td>
<td>Singapore</td>
<td>$4.4 billion</td>
<td>Hong Kong</td>
<td>$3.09 billion</td>
<td>Japan</td>
<td>$5.14 billion</td>
<td>United States</td>
<td>$9.8 billion</td>
</tr>
<tr>
<td>2</td>
<td>Taiwan</td>
<td>$8.86 billion</td>
<td>Cayman Islands</td>
<td>$2.18 billion</td>
<td>Korea</td>
<td>$2.36 billion</td>
<td>Japan</td>
<td>$2.44 billion</td>
<td>Singapore</td>
<td>$2.21 billion</td>
<td>Singapore</td>
<td>$2.18 billion</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>$7.28 billion</td>
<td>Samoa</td>
<td>$1.7 billion</td>
<td>Netherlands</td>
<td>$2.3 billion</td>
<td>Singapore</td>
<td>$2.21 billion</td>
<td>South Korea</td>
<td>$1.18 billion</td>
<td>Samoa</td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>4</td>
<td>Singapore</td>
<td>$4.466 billion</td>
<td>South Korea</td>
<td>$1.66 billion</td>
<td>Japan</td>
<td>$2.21 billion</td>
<td>Korea</td>
<td>$1.47 billion</td>
<td>Samoa</td>
<td>$0.91 billion</td>
<td>British Virgin Islands</td>
<td>$0.79 billion</td>
</tr>
<tr>
<td>5</td>
<td>Brunei</td>
<td>$4.4 billion</td>
<td>Taiwan</td>
<td>$1.4 billion</td>
<td>United States</td>
<td>$1.97 billion</td>
<td>China</td>
<td>$0.75 billion</td>
<td>British Virgin Islands</td>
<td>$0.79 billion</td>
<td>Samoa</td>
<td>$0.91 billion</td>
</tr>
<tr>
<td>6</td>
<td>Canada</td>
<td>$4.23 billion</td>
<td>British Virgin Islands</td>
<td>$1.1 billion</td>
<td>Taiwan</td>
<td>$1.28 billion</td>
<td>Taiwan</td>
<td>$0.57 billion</td>
<td>Hong Kong</td>
<td>$0.66 billion</td>
<td>British Virgin Islands</td>
<td>$0.45 billion</td>
</tr>
<tr>
<td>7</td>
<td>Thailand</td>
<td>$3.99 billion</td>
<td>Hong Kong</td>
<td>$0.89 billion</td>
<td>British Virgin Islands</td>
<td>$0.76 billion</td>
<td>British Virgin Islands</td>
<td>$0.48 billion</td>
<td>Taiwan</td>
<td>$0.45 billion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

U.S. investors say they put their money in Vietnam because of its location near global supply chains, its political stability, a large talent pool and motivated workforce, relatively low labor and production costs, and its overall stable economic environment. Difficulties they cite include corruption, a relatively weak legal infrastructure, a fragile financial system, an inadequate training system, and cumbersome bureaucratic decisionmaking.\textsuperscript{13}

U.S. investment in Vietnam still lags far behind its investment in other Southeast Asian economies, particularly those of Singapore, Malaysia, Thailand, and Indonesia.\textsuperscript{14}

In recent years, more Vietnamese firms have been looking to invest in the United States. In late 2013, Vinh Long, one of Vietnam’s largest furniture manufacturing companies, announced plans to invest $5 million to establish a plant in Arkansas that will produce storage furniture and kitchen cabinets for retailers in North America.\textsuperscript{15} At the end of April 2012, total Vietnamese FDI in the United States amounted to $30.6 million.\textsuperscript{16}

**Vietnam’s Regulatory and Business Environment**

Vietnam’s macro-economy stabilized in 2013 after a period of double-digit inflation, thanks to the government’s policy of reducing credit growth and easing food price increases. Still, the World Bank warns that Vietnam’s sustained recovery could be hampered by the government’s cautious moves to launch deep structural reforms. Domestic demand remains relatively weak due at least in part to the lack of confidence in the private sector and the highly overleveraged state-owned industrial and banking sector.

Progress on restructuring Vietnam’s state-owned enterprises (SOEs) and cleaning up the high percentage of nonperforming loans in the banking system remains painfully slow.\textsuperscript{17} The decentralization of the political system in recent years has created more local interest groups that often hold up badly needed reforms and press for continued support for inefficient SOEs or infrastructure projects. According to analysts, senior Communist Party leaders appear reluctant to rock the boat ahead of the next party congress scheduled for 2016.

In the World Bank’s *Doing Business 2014* report, Vietnam ranks 99th out of 189 countries, falling far behind neighboring Malaysia (6th) and Thailand (18th) but ahead of the

\textsuperscript{13} Department of State, “2013 Investment Climate Statement.”
Philippines (108th) and Indonesia (120th).\textsuperscript{18} Vietnam ranks 109th in the category of ease of starting a business, 156th in getting electricity, 157th in protecting investors, and 149th in paying taxes.\textsuperscript{19}

Foreign companies operating in Vietnam face a number of significant challenges. One problem is the country’s overextended transportation infrastructure. In many parts of the country, including in the dynamic economic hub around Ho Chi Minh City, the transportation infrastructure is hobbled by overstretched road networks to major ports and high transport costs. Despite recent investments, road construction and electricity supply cannot keep up with demand.\textsuperscript{20}

Because the demand for electricity around Ho Chi Minh City is outstripping supply, some districts are facing rolling brownouts, which hamper production even in foreign-invested factories. The area around Ho Chi Minh City is home to major industrial parks and a quickly emerging high-tech sector, along with Intel’s largest test and assembly plant in the world. Yet foreign investors have not shown strong interest in building roads and power plants because of government-imposed ceilings on the prices that can be charged for utilities and other sectoral investment restrictions.

Corruption is another major problem that hampers both foreign and domestic companies. Vietnam ranks 116th out of 177 countries in Transparency International’s 2013 Corruption Perceptions Index, despite regular high-profile arrests and the government’s frequent anticorruption campaigns. In comparison, neighboring Philippines rank 94th, Thailand 102nd, and Indonesia 114th.\textsuperscript{21} Corruption has created inefficiencies in the economy that hold back growth and block reforms and investment in areas where they are most needed.

Somewhat surprisingly, a 2012 survey of 1,058 firms in 10 of Vietnam’s provinces found that companies with a history of paying bribes were not doing as well as companies that had not engaged in graft. It also found that most of the reported bribes were not requested by officials but initiated by firms in an attempt to expedite efforts to overcome problems.\textsuperscript{22}

A third problem challenging foreign investors is a lack of skilled workers in Vietnam, especially in the high-tech sector. Foreign companies looking for workers often find university graduates who are highly intelligent and dedicated but have trouble solving real-life problems encountered on the job. Some investors say they are surprised by the technical gap among the employees they hire.

\textsuperscript{20} World Bank, Taking Stock, 9.
\textsuperscript{22} World Bank, Taking Stock, 9.
To address this problem, a number of European and U.S. companies, led by Intel, have developed a program to train engineers and skilled manufacturing technicians for their operations in Vietnam. These companies, in a public-private partnership with U.S. and Vietnamese universities and government agencies, established the Higher Engineering Education Alliance Program (HEEAP) in 2010. The partners are investing $40 million to operate the program from 2013 to 2017. In addition to training students, HEEAP aims to bring Vietnam’s engineering curriculum up to an international level and provide Vietnamese professors with the expertise to teach their students stronger problem-solving skills.

In 2013, General Electric launched its Vietnam Engineering Center—its second engineering training facility in Asia—with an eye toward boosting local human resources to support the company’s operations in the oil and gas sector in Vietnam and the surrounding region.

U.S. firms in particular cite the lack of transparency and accountability, along with an inefficient bureaucracy and overlapping jurisdictions among government ministries, as the most serious problems facing their operations. U.S. company representatives say that although the Vietnamese government has often asked for input from companies on new draft decrees or regulations, their suggestions were more often than not ignored by officials.

Some of these new decrees impose nontariff barriers on imports. For example, Decree 94 (on wine production and trading) limits the number of enterprises that can import liquor and establishes tight quotas on the quantities that can be imported. Earlier regulations imposed quotas on the importation of salt, eggs, and sugar.

In September 2013, the Ministry of Finance issued a new circular on customs procedures and the administration of import and export duties, which went into effect on April 1, 2014. Foreign companies complained that the implementation was too rushed and the new supporting decrees have increased the time periods for duties, taxes, administrative fines, and penalties. The new system has increased the required import data fields to a whopping 133 from the previous 38.

In another move, Vietnam’s National Assembly is considering an amendment to the existing excise tax law that would impose a 10 percent tax on carbonated drinks but exempt noncarbonated drinks. Because carbonated drinks are primarily produced by two major U.S. soft drink companies, while noncarbonated drinks are manufactured mainly by

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domestic companies, this measure appears to be a discriminatory tax to protect local manufacturers.

The National Assembly is expected to pass the amended law in an apparent effort to generate more government revenue and tackle the government’s health objectives in late 2014, and it is slated to go into effect on July 1, 2015. If implemented, Vietnam would become the first country in the world to apply an excise tax on carbonated drinks.

U.S. investors also complain about specific provisions in Vietnam’s labor laws that make it difficult to extend work permits for expatriates beyond six years, even in areas of high-tech research and development. Some of these regulations were introduced several years ago to target Chinese workers who were entering the country on visas for skilled, technical, or managerial jobs but then worked as laborers on large Chinese-funded infrastructure projects. The government is reportedly in talks with some Western embassies about ways to revise these regulations, but the process has been slow.

Vietnam’s Trade Irritants with the United States

Vietnam has a few trade irritations of its own with the United States. One is Washington’s continuing determination that Vietnam’s is a “nonmarket economy,” despite its moves away from hard-line communist economic principles since it launched the first waves of economic reforms, called *doi moi*, in the late 1980s. Under U.S. laws, a nonmarket economy is one that does not rely on market principles to determine cost or pricing structures, resulting in goods sold by the country not reflecting fair market value. A senior Vietnamese trade official says the designation is “a relic of the Cold War,” and that “to say Vietnam is less market driven than the Gulf [states] is a joke.”

When Vietnam joined the WTO in 2007, its accession agreement stipulated that it would remain a nonmarket economy until 2018. This classification has made it easier for the United States to charge Vietnamese exporters’ penalties for dumping products into the U.S. market at less than fair market value and causing harm to U.S. industries. To determine the fair market value, the United States can use costs in a third “proxy” market such as Bangladesh, which does not necessarily have similar economic conditions, to determine if Vietnam is dumping goods at prices below the real cost of production.

Shrimp exports are one item on which Vietnam has been hit several times with antidumping measures by the United States. In February 2013, the WTO’s Dispute Settlement Body agreed to establish a panel to review a case brought by Vietnam against U.S. antidumping duties on frozen warm-water shrimp. Vietnam said it tried for a year to reach a resolution with the United States, but the two sides had failed to come to an agreement.

After a previous ruling by the WTO in 2011, the United States had rescinded the anti-dumping duties imposed against Vietnamese shrimp, but Washington later reinstated the duties at the request of the U.S. shrimp industry. Several other Asian countries, including China, India, Indonesia, Malaysia, and Thailand, were also hit by countervailing duties to offset alleged subsidies to their domestic shrimping industries.

Senior Vietnamese officials regularly ask their U.S. counterparts to remove the country’s nonmarket economy status. But under U.S. laws, the decision to graduate a country to market economy status cannot be made politically. Instead, there are six specific issues that the U.S. government must take into account, including whether a country’s currency is convertible, if its wages are determined by free bargaining between labor and management, and the extent of government control over the means of production.

Another irritant in U.S.-Vietnam relations is the recent protectionist nontariff barrier introduced by Congress to limit Vietnam’s sizeable catfish exports to the United States. In the farm bill passed in 2013, a new catfish inspection program to be run by the Department of Agriculture would replace the existing program operated by the Food and Drug Administration (FDA).

The U.S. Government Accountability Office determined in 2012 that catfish is a low-risk food product and said the Agriculture Department’s stepped-up inspection program would “not enhance the safety of catfish.” The FDA’s inspection regime cost about $700,000 a year, while the Agriculture Department has already spent $2 million, even though the inspection office is not yet up and running.28

Catfish rearing in Vietnam is a sizeable industry and in 2012 accounted for $340 million of the country’s $1.3 billion seafood exports to the United States. Vietnamese officials estimate it will take the country at least five to seven years to meet the new processing standards required by the United States.29 They see the new requirements as little more than a thinly veiled attempt to keep Vietnam’s catfish out of the United States and protect U.S. catfish farmers in southern states like Louisiana and Mississippi.

Opportunities and Challenges of the TPP

In 2010, Vietnam announced its decision to join the United States and what eventually became 10 other countries in negotiating the TPP, a comprehensive, high-standard regional agreement to liberalize trade and investment. Vietnamese officials hope the TPP will open


new markets, boost trade, attract more foreign investment, help increase economic growth, and burnish the country’s economic image much like its joining of the WTO in 2007.

Vietnam would be one of the biggest beneficiaries of the completion of the TPP. Its GDP could rise by 35.7 percent over baseline estimates in the next decade, according to a study on the impact of the TPP on participating economies by Brandeis University’s Peter Petri and two other economists. This economic boost is particularly important for Vietnam at a time when its high growth levels of several years ago appear to have slowed.

The TPP would increase Vietnam’s exports by 28.4 percent to $307 billion by 2025, up from a projected $239 billion without the trade agreement, according to Petri. Apparel and footwear exports would increase by 45.9 percent to $165 billion under the TPP, much higher than the $113 billion expected if the trade pact is not completed. The U.S. market, the largest buyer of Vietnamese apparel and footwear, would snare a major share of these increased exports. In addition, Vietnam’s membership in a completed TPP would raise its imports by some 27 percent and FDI by 2 percent, strengthen the country’s links to the global supply chain, and provide more impetus for domestic economic reforms.

Vietnamese officials complain that the current U.S. market access offer in the TPP for its garment and footwear exports still limits these products by maintaining different levels of tariffs that average around 17–18 percent. They are also concerned about the U.S. insistence on “yarn forward” provisions, which require that textiles and other inputs in garments exported to the United States are sourced in the United States or another TPP country. Vietnam currently sources most of its textiles and other inputs for its garment industry from neighboring China, which is not a TPP member country.

In anticipation of a surge in exports in response to reduced tariffs in TPP countries, more than $1 billion of new foreign investment for Vietnam has been announced by companies from Australia, China, Hong Kong, South Korea, and Taiwan to develop the country’s textile, apparel, and footwear industries. Some of these companies are apparently looking for opportunities to diversify out of China, where labor costs are rising and apparel exports to TPP countries face high tariffs. On top of that, Vietnam's Bank of

31. Ibid.
32. Ibid.
Investment and Development announced that it will loan domestic companies $600 million to boost local content inputs for the garment industry to 70 percent by 2020.\textsuperscript{34}

Completing the TPP poses a number of challenges for Vietnam. For example, the current draft competition chapter being negotiated calls for leveling the playing field between SOEs and the private sector. The state sector plays a major role in Vietnam’s economy, making up roughly 35 percent of GDP. But the government is in the process of trying to reform this sector and has pledged to privatize (called “equitization” in Vietnam) roughly 430 SOEs in the next two years, despite considerable resistance from their managers. Officials say they hope joining the TPP will jumpstart domestic reforms much like joining the WTO did in 2007.

Hanoi may also face some challenges in the labor chapter of the TPP, which in current drafts calls for freedom of association for workers. Vietnam has only one labor union: it is effectively state-sponsored and restricts the formation of new unions. However, a senior Vietnamese government adviser on international trade negotiations recently said that Vietnam would have to devolve power to labor unions at lower levels as a “compromise” to complete the TPP negotiations.\textsuperscript{35}

Officials also express concern that the high-standard environmental provisions of the agreement will raise business costs for domestic and foreign companies operating in Vietnam.

Vietnam’s membership in the TPP may be controversial among some members of Congress, which is responsible for ratifying U.S. participation in the trade agreement. Some have expressed concerns about Vietnam’s human rights record, particularly about the arrests of bloggers in recent years. Hanoi took steps to release some political prisoners in early 2014 and continues its regular dialogue with the United States on human rights, but it is not yet clear how members of Congress will treat Vietnam in their TPP deliberations.

U.S. firms are convinced their exports to Vietnam will increase in a number of sectors, including agricultural products and processed food, if Vietnam’s current tariffs are reduced under the TPP. Sectors that will offer U.S. companies the most opportunities include telecommunications and information technology, oil and gas exploration, power generation, transportation infrastructure construction, environmental project management and technology, aviation, and education.\textsuperscript{36}


The Prospect for U.S.-Vietnam Civil Nuclear Cooperation

The United States and Vietnam agreed in 2010 to work on a bilateral agreement for peaceful nuclear energy cooperation, commonly known as a 123 agreement. In late 2013, Secretary of State Kerry and Foreign Minister Pham Binh Minh initialed the pact, which will allow the transfer of nuclear energy-related equipment, materials, and expertise between the two countries. Vietnam is the second-largest market for nuclear power in the Asia Pacific after China, and the Washington-based Nuclear Energy Institute estimates that a concluded agreement would result in $10 billion to $20 billion in business for U.S. companies.37

The agreement has been hailed by both U.S. and Vietnamese officials as an example of success in bilateral security and economic cooperation. In addition, it will add another concrete plank to the U.S. rebalance to the Asia Pacific, while providing access for U.S. companies in what is likely to be the first Southeast Asian country to introduce nuclear energy use.

Yet some members of Congress have threatened to derail the agreement because of concerns about human rights in Vietnam and fears that the terms of the agreement are not strict enough.38 Other congressional leaders are demanding that agreement have a 30-year time limit, which the initialed agreement does not. These concerns are being raised despite two indisputable facts: (1) that U.S. laws do not require signatories of the 123 agreements to legally renounce uranium enrichment, and (2) that U.S. officials have consistently labeled Vietnam a low-risk proliferation country.

Furthermore, under the terms of its existing agreement with the United States, Vietnam has made a clear political commitment to refrain from enriching uranium or reprocessing plutonium and instead to rely on international markets for nuclear fuel. Hanoi has cooperated with the U.S. Nuclear Regulatory Commission to hammer out regulatory issues and acceded to the terms of the Treaty on the Non-Proliferation of Nuclear Weapons. It has also completed a safeguards agreement with the International Atomic Energy Agency.39

While delaying or even scrapping the 123 agreement will not likely affect Vietnam’s nuclear energy plans because other countries stand ready to provide the technology, it could dent bilateral diplomatic ties and undermine the administration’s engagement efforts in Southeast Asia. The U.S. Congress and administration will need to address this issue in the near term so that it does not unnecessarily morph into a more contentious issue and bar U.S. firms from competing for contracts to build nuclear reactors in Vietnam.

39. Ibid., 1–2.
Conclusion

Trade and investment ties between Vietnam and the United States have grown dramatically over the past two decades and are the most dynamic component of the two countries’ comprehensive partnership. These relations are expected to get another burst of energy with the completion of the TPP trade pact, which will help promote Vietnam to an even more important partner in the U.S. rebalance toward Asia. Even so, the two countries still have considerable work to do to remove the protectionist measures and nontariff barriers on both sides—barriers that continue to hobble their economic ties.

Doing business in Vietnam is not for the fainthearted, despite the country’s recent economic growth and widely touted potential. “U.S. companies preparing to enter the Vietnam market must plan strategically, and be persistent and consistent with face-to-face follow-ups,” the U.S. Department of Commerce says. “It can take up to one or two years to make a successful sale into this market.”

Recommendations

The United States and Vietnam should:

1. **Conclude and implement a high-standard TPP agreement.** The United States and Vietnam should support continued efforts to successfully conclude the TPP as quickly as possible.

2. **Strengthen government-to-government dialogues on trade and investment issues,** including through the existing Trade and Investment Framework Agreement. One session of these meetings should include private-sector participants to focus the discussion on the biggest issues faced by each country’s companies in the other’s market.

3. **Establish an annual high-level business-to-business dialogue** that can create new channels and networks to boost trade and investment between the two countries. The dialogue could be used to promote opportunities for more U.S. investment in the service sector and financial services in Vietnam and identify opportunities for Vietnamese investment in the United States.

4. **Ease trade restrictions and protectionist measures** in the run-up to the implementation of the TPP. Vietnam should avoid introducing new nontariff barriers (such as the proposed new excise tax on carbonated drinks) ahead of completion of the TPP. Likewise, the U.S. administration ought to work with Congress to remove the highly protectionist inspection regime aimed at catfish from Vietnam.

5. **Work to lift Vietnam’s designation as a nonmarket economy.** In the spirit of the comprehensive partnership announced by the two countries’ presidents in July 2013 and

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pending the completion and implementation of the TPP, the United States should launch good faith discussions on the steps Vietnam needs to take to achieve market economy status.

6. **Work to quickly approve the U.S.-Vietnam nuclear cooperation agreement**, so U.S. companies can compete for contracts as Vietnam develops its energy sector.

7. **Leverage the U.S-ASEAN Expanded Economic Engagement Initiative for members of ASEAN to build economic capacity** in Vietnam, particularly in the run-up to completion and implementation of the TPP.

8. **Promote capacity building for small- and medium-sized Vietnamese enterprises** to make it easier for them to export their products to the United States.

9. **Provide increased financing support from the Export-Import Bank of the United States (Ex-Im Bank) for exports of equipment to Vietnam** from U.S. companies so that they can compete with counterparts from China, Japan, Korea, and European countries, which receive financing from their countries’ equivalent banks. Congress should reauthorize the Ex-Im Bank’s charter before it expires on September 30, 2014.

10. **Provide more funding from the U.S. Trade and Development Agency** to bring Vietnamese business customers to the United States. Vietnam’s business leaders can then explore opportunities to buy technology and services from U.S. companies.
The burgeoning political, security, and economic relations between the United States and Vietnam over the past two decades are promising; they are not, however, the sum of bilateral ties. Shared national security and economic interests will always be critical to good relations between nations, but the most enduring relationships are based on shared values and strong people-to-people ties.

Washington has increasingly invested in these oft-overlooked but fundamental aspects of the relationship. These types of cooperation—in education, science and technology, health, the environment, and cultural exchanges—have an unquantifiable but very important role to play in sustainable engagement with Vietnam. They translate into goodwill and soft power for the United States, and improved livelihoods within Vietnam.

As Vietnam’s citizens have grown more engaged with the world, and especially with the United States, the gap between their values, interests, and expectations for life and those of their American counterparts has narrowed. Washington has sought to foster and capitalize on this change through engagement across a range of sectors. But the United States cannot grow complacent; there is always more work to be done.

Key Recommendations

The United States and Vietnam should:

- Allow Peace Corps volunteers to teach English in rural Vietnam. The Peace Corps is on the front lines of U.S. people-to-people engagement in much of Southeast Asia. In other neighboring countries, they are often the primary providers of English-language education in remote areas.

- Ensure that Fulbright University is funded and has a fully independent board. The two governments should work together to raise enough public and private funding support for the new university, and the Ministry of Education must allow the institution to form a fully independent board of trustees.

- Make dioxin cleanup and support for affected victims of Agent Orange one of the priorities of the relationship. The United States must stick to its plan to complete the cleanup
of dioxin contamination at Danang by 2016, and commit to a reasonable timetable to do the same at Bien Hoa Air Base. Because of the health issues faced by villagers around these facilities, the United States should consider providing health care opportunities in the area.

- **Establish a trilateral program with Thailand to combat drug-resistant malaria.** Vietnam and the United States have developed valuable experience identifying and containing influenza outbreaks, making them, along with Thailand, the logical partners to tackle the potential malaria epidemic under the auspices of the Lower Mekong Initiative (LMI) health pillar.

- **Combine the efforts of the LMI and the Japan-Mekong Summit Meetings.** As two of the most capable donors in the region, Washington and Tokyo should combine efforts to help promote climate resilience, sustainable infrastructure, and water resource management along the Mekong.

- **Use town halls, competitive grants, and other means to place civil society at the heart of sustainable development.** The U.S. Agency for International Development (USAID) and other donors should urge the government of Vietnam to gather valuable input through the use of town hall–style meetings and expert forums and to help spark innovative solutions to the nation’s development challenges by establishing competitive grant programs.

- **Reimagine the Ho Chi Minh City American Center along the lines of Jakarta’s @america center.** The American Center in Ho Chi Minh City should be upgraded to better showcase U.S. technology, arts, culture, and businesses for a broader audience. It should be moved to a more convenient public space such as a shopping mall.

- **Launch a 2015 tour of U.S. cities to promote Vietnam, its culture, and its importance to the United States.** The U.S. Embassy in Hanoi will hold a yearlong series of events to commemorate the 20th anniversary of normalization of relations between the United States and Vietnam. Vietnam should do the same, with monthly events in 12 diverse U.S. cities.

## Lower Mekong Initiative

In July 2009, then secretary of state Hillary Clinton announced the launch of the LMI following a meeting with her counterparts from Cambodia, Laos, Thailand, and Vietnam. The initiative, which Myanmar joined in July 2012, was conceived as a vehicle to help focus the United States’ far-flung efforts to engage with the Lower Mekong region in four sectors—environment, health, education, and infrastructure.¹ As such, it has become a central vehicle for U.S. engagement on people-to-people ties in the broadest sense. Since 2009, the LMI has added agriculture and food security, and in 2013, connectivity, to its

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focus. Vietnam serves as the cochair, along with the United States, of the LMI’s environment and water resources pillar.

Secretary of State John Kerry joined his counterparts from the Lower Mekong region for the sixth LMI Ministerial Meeting on July 1, 2013. For the first time, they were joined by Le Luong Minh, secretary-general of ASEAN. This was in keeping with the meeting’s decision that the LMI, which aims in part to narrow the development gap between mainland Southeast Asia and its neighbors, must be better aligned with ASEAN’s own goal of forming a more united community by 2015. The ministers also agreed to establish an LMI eminent persons group composed of two experts from each member country, chosen from almost any field, to help coordinate the organization’s strategic vision and present recommendations for discussion at future ministers’ meetings.

The LMI effort is complemented by that of the Friends of the Lower Mekong, which includes other outside players who are significant donors to the Mekong countries. The third Friends of the Lower Mekong Ministerial Meeting, also held on July 1, 2013, included representatives from the six members of the LMI as well as Australia, Japan, New Zealand, South Korea, the ASEAN Secretariat, the Asian Development Bank, and the European Union. They seconded the LMI’s determination to better align efforts with those of ASEAN, agreed to improve information sharing and donor mapping, and decided to focus on the environment and water resources—Vietnam’s LMI specialty.

The LMI’s vision continues to expand. It holds out the promise of a coordinated effort by the United States to comprehensively engage the region beyond the political, security, and economic spheres. As such it is crucial to U.S. people-to-people ties with Vietnam and its neighbors. The challenge will be sustaining funding and coordinating robust efforts across so many pillars.

The LMI also remains a somewhat undefined entity. This is understandable for a nascent program with such a broad scope, but its mission will have to be better defined if it is to be seen as an effective, reliable tool of U.S. engagement in the region. In some cases, it seems to be the originator of and hub for U.S. engagement programs; in others, the LMI is treated as a catchall for other, independent programs, many of which predate it. Both types of efforts, along with many entirely outside the LMI’s umbrella, are described in this chapter.

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Education

Since the normalization of Vietnam-U.S. relations, Vietnamese students have quickly made up for lost time, becoming the largest group of Southeast Asian students attending schools in the United States. There were more than 15,000 Vietnamese students in U.S. schools as of 2012. This is in part due to the relatively low access to and quality of higher education in Vietnam compared to more developed Southeast Asian nations. But U.S. efforts to facilitate study abroad by Vietnamese students has also played a significant role.

The hallmark of U.S. efforts to boost international education, including in Vietnam, is the Fulbright Program, which supports educational exchanges between U.S. students and scholars and their counterparts abroad. In mainland Southeast Asia, Fulbright and other programs support more than 500 such exchanges with the Lower Mekong countries—Cambodia, Laos, Myanmar, Thailand, and Vietnam—each year.

Vietnam's Fulbright program started in 1992, and its potential to enhance livelihoods in the country as well as lifelong ties between U.S. and Vietnamese citizens cannot be overstated. During the commemoration of Fulbright's 20th anniversary in Vietnam in July 2012, Secretary Clinton said:

[The Fulbright program] literally transformed the lives of over 8,000 American and Vietnamese students, scholars, educators, and business people. . . . Fulbright alumni are already major figures in Vietnamese policies—deputy prime ministers, a foreign minister—[Pham Binh] Minh . . . is a Fulbright alum. And others have gone on to make important contributions in science, in business, in the arts, and certainly in academia.

In Ho Chi Minh City, the United States established a permanent Fulbright Economics Teaching Program in 1994 as a partnership between the city's University of Economics and the Ash Center for Democratic Governance and Innovation at Harvard University. As of 2008, the program offered Vietnamese students a course of study leading to a two-year master's degree. The program's research focuses on governance, education, and sustainable development. It has 10 full-time faculty and admits about 50 to 60 students each year. Secretary of State Kerry visited the program's campus during his December 2013 trip to Vietnam and hailed the work done there. He also voiced strong support for plans to transform the program into an “American-style university,” offering a wider range of undergraduate and graduate degree programs.

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The university will be the first nonprofit research university with real academic independence in Vietnam. President Truong Tan Sang welcomed the planned establishment of this full-fledged Fulbright University during his July 2013 visit to Washington, signaling growing appreciation of U.S. educational initiatives at the highest levels of the Vietnamese government. The Fulbright University plan in particular has been welcomed by Vietnamese officials because a string of attempted educational reforms, including the introduction of private education, have been ineffective in modernizing Vietnam’s education system. Fulbright must still raise funds for the university, which it will seek to do from public and private sources; ensuring the school’s independence, including its board of trustees, will require tough negotiations with the government.

The Public Affairs Sections of the U.S. Embassy in Hanoi and the U.S. Consulate General in Ho Chi Minh City are heavily engaged in the day-to-day facilitation of Vietnamese students accessing education in the United States. They each run free events and offer access to professional advisers as part of the State Department’s EducationUSA network. These advising centers are incorporated into the American Centers, which are engaged in cultural outreach in Hanoi and Ho Chi Minh City.

U.S. Consulate officials note that interest among students in and around Ho Chi Minh City to study in the United States is off the charts. And unlike in maritime Southeast Asia, many do not even consider alternatives like Australia, Canada, or the United Kingdom.

The approval rate for student visas to the United States from Vietnam is relatively high and, unlike in other Southeast Asian countries like Indonesia and Malaysia, does not present a significant barrier to prospective students. But the number of students heading to the United States is not evenly distributed. The majority of Vietnamese student visa applications, by a wide margin, come from Ho Chi Minh City. In Hanoi, by contrast, the absolute number of applicants is considerably smaller, but most who do apply are graduate students and therefore are much more likely to have their applications approved.

The State Department also operates the International Visitors Leadership Program, which brings Vietnamese and other professionals in the fields of health, the environment, and education to the United States for training, networking, and conferences. In 2010, the program focused on experts in “watershed management, food security, women’s role in sustainable development, respiratory diseases, environmental monitoring, emergency preparedness, and regional economic cooperation for development.”

During his Washington visit, President Sang also expressed his appreciation for HEEAP, a public-private partnership in which USAID, Arizona State University, and U.S. private companies, including Intel, are working with Vietnamese academic institutions to boost

the quality of engineering education, with a special emphasis on improving access for women. Intel has agreed to provide several hundred scholarships to women interested in pursuing engineering degrees at vocational schools in Vietnam.14

As these efforts to support engineering education show, U.S. programs to advance scientific, technical, and research collaboration with Vietnam are increasingly important to bilateral ties. The two nations signed bilateral agreements on scientific and technical cooperation in 2000 and 2005. They have also established a Joint Committee for Scientific and Technological Cooperation; the eighth meeting of the committee took place in late 2013.15 And researchers in Vietnam are beneficiaries of the Partnerships for Enhanced Engagement in Research program, “a global USAID competitive grants program that supports research partnerships between developing country scientists and U.S. National Science Foundation–funded collaborators in the Lower Mekong Region.”16

The United States has also provided assistance to boost broadband connectivity in rural communities in Vietnam17—a step that will help improve access to education as well as wider economic and development opportunities. But access to education, particularly English-language education, remains constrained in rural Vietnam. The U.S. government has managed to place barely a dozen English teachers at institutions in the Mekong Delta, which stands in stark contrast to the availability of English teaching programs in major Vietnamese cities.

In much of Southeast Asia, Peace Corps volunteers act as the primary U.S. English-language teachers in rural areas. But the Vietnamese government has been reticent to allow Peace Corps instructors into the country, partly due to lingering suspicion that Peace Corps volunteers will act as agents of the U.S. government. It is also difficult for the private sector to fill this gap due to the relative difficulty of securing business or tourist visas for sufficiently long stays in Vietnam.

**Health**

For two decades, engagement in the health sector has been a highly visible and relatively successful aspect of U.S.-Vietnam relations. This cooperation reached new heights in recent years. The United States and Vietnam signed a five-year agreement on health and medical sciences cooperation in 2006.18 Two years later, the U.S. Department of Health and Human

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17. Department of State, “Lower Mekong Initiative FAQs.”
Services and Vietnam’s Ministry of Health agreed to cooperate to ensure the “safety of food and animal feed and the safety and effectiveness of medical products.”

In 2010, the United States and Vietnam cosponsored the first health conference under the auspices of the LMI, with the theme “Transnational Cooperation to Respond to Infectious Disease Threats.” The conference brought together representatives from around the region to discuss ways to promote better information-sharing, standardization of health regulations, and prevention of the spread of counterfeit and substandard medicine. Since its inception, the LMI health pillar has focused on these goals, along with the prevention of emerging infectious diseases, development of best practices, and progress toward a regional approach to prepare for public health responses to food safety events, chemical, radiation and/or nuclear incidents, and bio-terrorism. In 2010 alone, the United States contributed more than $147 million to the LMI’s health goals.

Then U.S. secretary of health and human services Kathleen Sebelius made an important visit to Vietnam in June 2013, during which she and Vietnamese health minister Nguyen Thi Kim Tien signed a new five-year agreement on health and medical sciences cooperation. Sebelius and Vietnamese officials also discussed Vietnam’s cooperation with USAID and the U.S. Centers for Disease Control and Prevention (CDC) on combating HIV/AIDS, pandemic influenzas, and tropical diseases. These three areas constitute the foundation of U.S. engagement on health in Vietnam.

**HIV/AIDS**

Less than 0.5 percent of Vietnam’s general population is infected with HIV/AIDS, but the country suffers an epidemic among three groups: intravenous drug users, prostitutes, and gay men. More than 40 percent of Vietnam’s intravenous drug users in high-prevalence provinces have HIV. Vietnam had 250,000 people infected with HIV in 2011 and witnessed 14,000 new infections each year from 2009 to 2011.
Vietnam’s government is actively engaged in attempting to prevent the disease’s spread to the wider population. USAID began supporting HIV/AIDS programs in Vietnam in the mid-1990s. Currently, the United States President’s Emergency Plan for AIDS Relief (PEPFAR) is the largest single bilateral donor in this effort, and also a major donor to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, which is the second largest donor in Vietnam. PEPFAR and the Global Fund enjoy “unprecedented collaboration” in their work in Vietnam.

During PEPFAR’s first year of operation in 2004, Vietnam was identified as one of the 15 “focus countries” for the program. It was one of just two, the other being Haiti, not located in sub-Saharan Africa. PEPFAR has been the leading funding source for HIV services in Vietnam since 2005. The United States and Vietnam reached a bilateral agreement on HIV/AIDS prevention, care, and treatment for 2006–2008. This first phase of PEPFAR’s engagement in Vietnam focused primarily on scaling up the direct delivery of services.

PEPFAR provided over $500 million to Vietnam between 2004 and 2011. Funding began at less than $17 million in 2004 and increased dramatically, peaking at nearly $98 million in 2010 before dropping below $85 million in 2011. That year, PEPFAR directly supported antiretroviral treatment for 36,200 patients; care and support for 113,300 HIV-positive individuals; support for 18,600 orphans and vulnerable children; and counseling and testing for 710,900 people. Thanks to these U.S. efforts, more than half of those in Vietnam in need of antiretroviral treatment receive it.

After PEPFAR’s early success, the U.S. Congress in 2008 mandated that the program develop more robust, five-year framework agreements with recipient countries. The framework with Vietnam was signed in July 2010, outlining a program of cooperation running from October 2010 to 2015. That framework represents “a joint commitment for the reduction of new HIV infections, improved HIV/AIDS prevention, care, and treatment services, and mitigation of the impact in Vietnam, while contributing substantially to fundamental health systems strengthening.” The U.S. Department of State and Vietnam’s Ministry of Health are the coordinating agencies for the framework.

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29. PEPFAR, “Partnership Framework for HIV/AIDS.”
30. PEPFAR, Vietnam Operational Plan, 4.
32. Ibid., 1.
34. Ibid.
35. Ibid.
38. PEPFAR, “Partnership Framework for HIV/AIDS.”
The U.S.-Vietnam framework outlines three major goals. First, it seeks to improve the quality of and access to prevention and treatment services in Vietnam. As part of this goal, the two countries aim to provide antiretroviral treatment to 100,000 infected people and care services to 280,000 people living with or affected by HIV. They also pledged to support “evidence-based harm reduction interventions” for drug users, including methadone treatment for 80,000 addicts.40

Second, the framework supports the “provision of sustainable HIV/AIDS services through strengthening systems for people's health and related welfare.”41 This means assisting in the development and implementation of a national HIV/AIDS program in Vietnam, supporting Vietnamese research labs, and improving the country’s procurement and supply systems for medication. It also means better integrating HIV/AIDS services with programs on sexual and reproductive health, family planning, nutrition, and tuberculosis and drug treatment services provided by the World Health Organization and the United Nations Office on Drugs and Crime.42

And third, the framework agreement promotes broadening the national response to HIV/AIDS in Vietnam by “[strengthening] country ownership” through interministerial cooperation and the involvement of mass associations, NGOs, other civil society groups, and the private sector.43

At the heart of the framework agreement is a transition from direct service delivery by PEPFAR to a greater focus on technical assistance and boosting Vietnam’s own ability to tackle HIV/AIDS. This has been driven in part by significant decreases in PEPFAR’s funding since 2010.44 After the first phase of PEPFAR’s Vietnam program, the Vietnamese government has “considerable capacity to manage testing, care and treatment services, and has made advances in provision of quality prevention and support programs for key populations.”45

PEPFAR has seen some success in its push to improve drug treatment programs as part of efforts to combat the spread of HIV. PEPFAR has supported six methadone clinics in Vietnam, the success of which has led the government to establish similar facilities in 10 additional provinces.46 In 2012, the government of Vietnam tasked the Ministry of Labor, Invalids, and Social Affairs to develop a “renovation plan” to transition from the country’s oft-criticized network of mandatory drug detention centers to a system centered on community-based treatment.47

The government of Vietnam designated HIV/AIDS as a national targeted program in 2011 and allocated a record $12.2 million to combating the disease. Unfortunately, ongoing

40. Ibid.
41. Ibid.
42. Ibid.
43. Ibid.
44. PEPFAR, Vietnam Operational Plan, 2.
45. PEPFAR, “Partnership to Fight HIV/AIDS in Vietnam.”
46. USAID, “Vietnam: HIV/AIDS.”
47. Ibid., 5.
economic malaise in the country led to a $2.2 million drop in that allocation for 2013, despite an earlier plan to increase annual funding by 20 percent. This has been accompanied by a reduction in support from some donors. The World Bank and UK Department of International Development in December 2013 ended their support for “harm reduction efforts” to combat the spread of the disease.48

In a time of shrinking budgets, the United States’ continued involvement in HIV/AIDS prevention and treatment has become increasingly more important. U.S. ambassador to Vietnam David Shear has been especially active in promoting such engagement. He holds quarterly meetings of an Ambassador’s Informal Group on HIV/AIDS.49

PANDEMIC AND TROPICAL DISEASES

In addition to cooperation on HIV/AIDS, the United States has pursued robust engagement with Vietnam on pandemic and tropical diseases. Animal-borne influenza has been a particular focus. This is not surprising, since Vietnam was among the first countries affected by the region-wide spread of H5N1 avian influenza in 2003. Vietnam has been home to 120 human cases since then, half of which were fatal. This makes the country third in the world behind Indonesia and Egypt for the number of human cases and deaths from avian influenza. Vietnam is “considered to be a model in terms of its response to [H5N1],” especially compared to the sluggish and opaque responses by some of its neighbors, such as China.50

It should come as no surprise then that Washington has made pandemic diseases a focus of its engagement with Vietnam. USAID has been working to “strengthen national and regional preparedness, planning, and multi-sectoral coordination to prevent transmission of [H5N1] from animals to humans” in Vietnam since 2005, especially in the high-risk Red River and Mekong River deltas.51 The agency has provided approximately $48 million in support since then.52 Its assistance aims to promote early detection, improve Vietnam’s national surveillance systems, and develop community-based surveillance to enable quicker responses to outbreaks.53

USAID also helped the Vietnamese government craft a 2011–2015 National Program on Avian Influenza, Pandemic Preparedness, and Emerging Infectious Diseases, and ran a large, two-year research project in Vietnam to “identify best practices and policy guidance on safe, effective, and sustainable poultry vaccination to limit [avian influenza] transmission.”54

48. Ibid., 2.
49. Ibid., 5.
51. Ibid.
53. USAID, “Vietnam: Pandemic Influenza.”
54. USAID, “Avian and Pandemic Influenza.”
USAID is the primary agency engaged in health diplomacy regarding pandemics in Vietnam, but it is not the only one. The 2006 agreement on health and medical sciences cooperation signed by the U.S. secretary of health and human services and the Vietnamese health minister also made special mention of pandemic diseases. The two countries vowed to combat influenza and other emerging infectious diseases through exchanges of information, experts, and samples from outbreaks, training, joint scientific conferences, and coordinated research.\textsuperscript{55}

The United States has also committed to helping Vietnam combat pandemic diseases through the health pillar of the LMI. In 2010, the United States and its four LMI partners launched a joint program to better identify and respond to emerging pandemic threats. The United States contributed $14 million to that effort.\textsuperscript{56}

And while pandemic influenzas have taken up a large share of the United States’ engagement on infectious diseases in Vietnam, Washington remains committed to helping reduce the toll of other diseases like malaria through a variety of programs, including the LMI. Tropical diseases were a priority of the LMI health conference cohosted by the U.S. Embassy and Vietnamese government in Hanoi. Following that conference, the United States pledged to promote “cross-border partnerships to respond to infectious diseases” and to “establish a regional network to detect drug-resistant malaria.”\textsuperscript{57}

**Energy and the Environment**

Like most of its neighbors, Vietnam’s energy needs are growing rapidly alongside booming economic and industrial growth. The country is a net energy exporter, thanks mainly to its dwindling domestic coal reserves along with promising offshore oil and gas resources, but this is expected to change by 2020.\textsuperscript{58} The country is investing in traditional hydrocarbon potential, but recognizes that this will not only be insufficient to ensure long-term energy security, but also cause severe environment damage.

Hanoi has recognized this problem, and in 2009 introduced a Renewable Energy Master Plan to develop low-cost renewable energy sources, including small-scale hydropower, geothermal, wind, and various biofuels.\textsuperscript{59} The government’s efforts remain insufficient to its long-term needs, both for energy security and environmental preservation, but the United States has committed to helping Vietnam on both counts.


\textsuperscript{56} Department of State, “U.S. Collaboration with the Lower Mekong.”

\textsuperscript{57} Ibid.


Additionally, the United States provides Vietnam with technical support to help develop and implement a “long-term strategy for robust, low-carbon growth.”60 USAID runs a clean energy program that supports Hanoi’s efforts to boost energy efficiency and reduce emissions. And the U.S. Overseas Private Investment Corporation has provided $50 million in financing to the Mekong Renewables Resources Fund, a private equity fund that invests in renewables, energy efficiency, environmental services, and sustainable forestry and agriculture throughout the Lower Mekong region.61

These efforts are in keeping with commitments the United States has made to its LMI partners through the initiative’s energy security pillar. The LMI members in 2013 added that sixth pillar with a mandate to “focus on regional market development, power interconnection, energy efficiency and conservation, transparency and good governance and research and development . . .”.62

As Vietnam and its neighbors pursue energy independence, the environment is coming under increasing stress, particularly as nations turn to ecologically destructive hydropower along the Mekong River as an alternative to fossil fuels. This environmental damage is being compounded by rapid industrialization, population growth, and the effects of climate change, which the Mekong countries can only hope to mitigate.

China either operates or plans to build 19 major dams on the Mekong River, stretching southwest from its own Yunnan Province to Laos and Cambodia. In addition, Southeast Asian nations themselves are all guilty to one degree or another of financing, constructing, or housing ecologically destructive dams along the river or its tributaries.63 The Xayaburi Dam, currently under construction in Laos, has become the poster child for this threat. All of these dams slow the flow of the river and could be devastating to the downstream nations, especially Vietnam, which in many ways is most dependent on the Mekong.

Dams pose potential agricultural damage by reducing the flow of silt downstream and increasing salinity; this occurs as reduced water flows allow seawater to creep into the Mekong Delta. Dams also threaten migratory fish populations by making it more difficult if not impossible for them to swim upstream to spawn. The Mekong is crucial to the livelihood of nearly 70 million people, many of whom live in the delta in Vietnam.64

It is little surprise, then, that Vietnam’s government has grown increasingly critical of its neighbors’ hydropower plans, especially Laos’s. Cambodia, Laos, Thailand, and Vietnam agreed in 1995 to make construction of any dams on the mainstream of the Mekong conditional upon intergovernmental consultations via the Mekong River Commission. However, Vietnam’s objections, along with those of Cambodia, have not halted damming upstream.

60. Department of State, “U.S.-Vietnam Cooperation on the Environment.”
61. Ibid.
64. Department of State, “U.S.-Vietnam Comprehensive Partnership.”
Most recently, an April 2014 Mekong River Commission summit failed to convince Laos to suspend construction at Xayaburi.65

The United States has tried to bring its own influence to bear on the damming issue—both bilaterally and through the LMI—but with limited success. Secretary Clinton in 2012 extracted promises from the Lao government that work on the Xayaburi Dam would be suspended pending a new environmental assessment, but no internationally acceptable assessment has been completed.66 Secretary Kerry said during the 2013 LMI Ministerial Meeting that “decisions on infrastructure developments, such as dams that affect the Mekong, need to be made very carefully, very deliberately, very transparently, with all the input they can have from all countries.”67

The Mississippi River Commission has signed a “sister-river” agreement with the Mekong River Commission to partner on transboundary water management issues.68 Indeed, the Mississippi Delta, and its degradation over the decades, has important lessons for Vietnam and its neighbors. As part of the agreement, the two commissions will share best practices on “integrated floodplain management, climate change adaptation, and sustainable basin development,” including lessons learned from Hurricane Katrina and other natural disasters in the United States.69

During his December 2013 trip to Vietnam, Kerry visited the Mekong Delta to drive home the message that the United States is committed to environmental protection and sustainable development. He announced $17 million for USAID’s Vietnam Forests and Deltas Program, which is active in four provinces in the Mekong River and Red River deltas. The program was launched in September 2012 and seeks to help communities “reverse environmental degradation and adapt to climate change.”70 In addition, the United States has trained representatives from 350 small- and medium-sized Vietnamese businesses to better prepare for natural disasters, and has trained emergency managers to better predict the effects of disasters and communicate with affected communities.71

U.S. government agencies are involved in helping Vietnam develop renewable energy. With the Export-Import Bank’s support, General Electric launched a joint venture with a Vietnamese company in 2011 to build a $255 million wind farm in the Mekong Delta.72 The first phase of the project was completed and connected to the national grid in May 2013,

66. Ibid.
68. Department of State, “Lower Mekong Initiative.”
69. Department of State, “Lower Mekong Initiative FAQs.”
71. Ibid.
and the second phase was launched during Secretary Kerry’s December 2013 trip. The company also operates a wind-turbine manufacturing center in the city of Haiphong, helping create green energy jobs in Vietnam. 73 In addition, the U.S. Trade and Development Agency has begun to facilitate the study of renewable energy by Vietnamese experts in the United States. The Vietnamese government plans to expand this wind farm model along Vietnam’s coastline in the future.

USAID’s environmental engagement in Vietnam constitutes one of its broadest renewable energy and climate change adaptation programs in the world. The primary goals include promoting lower emissions growth, reducing the effects of rising sea levels in the Mekong Delta, and promoting the development of more resistant crops.

Vietnam takes advantage of USAID’s Lowering Emissions in Asia’s Forests program, which focuses on “strengthening capacity to manage forest resources, improving policies for sustainable management, demonstrating sustainable land management practices to reduce greenhouse gas emissions, and strengthening regional learning networks.” 74 And, as a hub for wildlife trafficking, Vietnam is a target for the USAID-supported Asia’s Regional Response to Endangered Species Trafficking program, which supports regional antitrafficking efforts, including the ASEAN Wildlife Enforcement Network. 75 In September 2013, the two countries established a conservation science working group to nurture scientific exchanges and create “new opportunities for collaboration in the field of conservation.” 76

Part of supporting resilient communities and sustainable growth is ensuring the social and economic inclusion of women, ethnic minorities, and vulnerable populations. To this end, USAID signed an agreement with the Vietnamese government in January 2014 to launch a new $42 million Governance for Inclusive Growth program, which will seek to increase these groups’ participation. 77 Similarly, the LMI ministers in 2013 launched a new program for “capacity building for women in forestry management.” 78

As part of the LMI’s goal of ensuring sustainable growth, the United States supports the Smart Infrastructure for the Mekong program, which does not provide direct cash transfers but does offer on-demand technical support to all the LMI countries. The program’s broad writ includes

engineering support to incorporate environmental impact mitigation measures into [infrastructure] activities; technical support for hydrological modeling, climate change vulnerability modeling, geospatial land-use analysis, clean energy planning

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75. Ibid.
76. Ibid.
77. Ibid.
and other technical assessments; [and] training for decision makers on environmental and social impact assessments and public participation processes.79

The U.S. Geological Service is also helping with climate change mitigation and sustainable development through its Forecast Mekong predictive modeling tool. This effort promotes data sharing among all LMI members and supports local climate research efforts. It is meant to inform the decisions of nontechnical audiences, including top decisionmakers in the region.80 The LMI member countries have welcomed the program and are now considering a proposal from Thailand for integrated weather forecasting across mainland Southeast Asia to aid natural disaster preparedness.81

DIOXIN CLEANUP

One area of environmental engagement in which the United States has a special responsibility, and is heavily committed, involves the ecological and health legacies of the Vietnam War. But U.S. officials believe this no longer constitutes a bottleneck with spillover into other areas of cooperation, as in the early days of normalization.

About 14 percent of Vietnam’s land was sprayed with the defoliant Agent Orange, and the carcinogenic chemical dioxin that contaminated it, during the Vietnam War in an attempt to block communist transport and supply routes. That land, and the communities that live on it, have suffered high rates of cancer, birth deformities, and other devastating health and environmental impacts ever since. One study estimates that between 2.1 million and 4.8 million Vietnamese were directly exposed to Agent Orange.82

Efforts to address the environmental impacts of Agent Orange enjoy strong support from Congress and across U.S. government agencies, and the United States remains financially committed to completing environmental remediation projects at major designated dioxin hot spots in Vietnam. Between 2007 and 2012, Congress allocated nearly $60 million for dioxin removal and related health assistance in Vietnam, but Washington’s refusal to acknowledge the health and genetic effects of Agent Orange, including its link to birth defects, has long been lurking in the background of U.S.-Vietnam relations.

In 2010, the U.S.-Vietnam Dialogue Group on Agent Orange/Dioxin estimated the costs of environmental remediation efforts at $97.7 million, and health assistance for people with disabilities related to the toxin at $202.3 million. Experts believe the U.S. government has avoided dealing with the issue head-on due to “concerns about potential liability issues and/or presumptions of responsibility.”83

80. Department of State, “Lower Mekong Initiative FAQs.”
82. Martin, Vietnamese Victims of Agent Orange, 23–26.
83. Ibid.
USAID, the U.S. Air Force, and the Environmental Protection Agency (EPA) are working to clean up dioxin contamination at the former U.S. air base in Danang—a project they expect to complete in 2016. The Vietnamese government has now awarded a contract to perform an environmental assessment of dioxin contamination at Bien Hoa Air Base, northeast of Ho Chi Minh City. USAID expects cleanup there to be on a larger scale than at Danang. The United States and Vietnam are also cooperating on the cleanup of Vietnam War–era UXO, though that cooperation remains nascent, with a nonbinding agreement having been reached in 2013.

These are important steps, and it is critical that the United States follow through on its dioxin cleanup commitments. But cleanup alone will not be enough for the local communities that have suffered incalculably from dioxin's health effects and resulting economic and social damage. The United States has a responsibility to help the Vietnamese government and other donors with efforts to address these legacies of the war. Some experts have warned that “the Vietnamese people's generally positive attitude about the United States could change for the worse if the U.S. government is perceived to be insensitive or intransigent about Agent Orange and its associated problems.”

Cultural Diplomacy

The United States has increasingly recognized the value of promoting its soft power abroad in recent years. U.S. embassies are seeking new, innovative ways to reach out to the general public, especially youth, in the countries where they are based. Much of this involves highlighting U.S. values and culture, from movies and music to sports and high technology. Even in Vietnam, where it must compete with the draw of K-Pop music from South Korea, anime films from Japan, and television dramas from China, the appeal of U.S. art, culture, and innovation is a powerful diplomatic tool.

During their July 2013 meeting in Washington, presidents Obama and Sang encouraged their two countries to engage in more “people-to-people exchange through art performances, concerns, exhibitions and other cultural and sports events.”

For the United States, the most visible efforts on this front are being spearheaded by the U.S. Embassy in Hanoi and the U.S. Consulate General in Ho Chi Minh City. The two have established American Centers in each city, along with a U.S.-Vietnam Studies Corner in partnership with Danang University. Each is expressly intended to highlight the U.S. cultural and educational appeal to young Vietnamese. The American Centers are part library, part meeting space, and part computer lab. They host events with a heavy focus on English education, professional development, and opportunities to study in the United States.

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84. Department of State, “U.S.-Vietnam Comprehensive Partnership.”
85. Ibid.
86. Martin, *Vietnamese Victims of Agent Orange*, 36.
The center in Ho Chi Minh City is the most dynamic of the three outreach centers, with events being consistently well attended. Young, rising professionals and students view the American Center as a place to network, and the line for access to events often extends from the floor of the office building where it is located in Ho Chi Minh City out to the street.

The embassy in Hanoi, where the lure of American culture is weaker than in Ho Chi Minh City, is working hard to boost the effectiveness of its American Center. On April 14, 2014, the center reopened after seven months of renovation. It now features “cutting-edge technology, wall and table maps of the United States, an English Language Lab, a mini-museum of Americana items, and a brightened environment with a red, white, and blue theme.” The reopening week featured a series of events, all emphasizing educational opportunities in the United States.

These outreach centers elevate U.S. soft power in unquantifiable ways. They help familiarize an entire generation of young Vietnamese—the country’s future business, political, and cultural leaders—with the United States, its values, and its culture. They are particularly effective in promoting educational opportunities, though eventually the embassy and consulate will need to broaden their programming to include the gamut of U.S. cultural products.

The model for such an outreach center would be the U.S. Embassy in Jakarta’s @america location. Unlike the American Centers in Vietnam, which are both located in office buildings, @america is situated in one of Jakarta’s most popular shopping malls. As such, it is more convenient for young Vietnamese to visit, and draws in a broader, more casual audience. @america boasts high-tech exhibits, including one powered by Google Earth, as well as regularly changed exhibits of U.S. culture, history, or technology. Its corporate sponsors and partners include Google, Apple, and Fox Movies, alongside the likes of the Indonesian Marvel Community, the Indonesian Star Trek Community, and TEDx Jakarta.

In addition to the U.S. embassy and consulate in Vietnam, the State Department’s Bureau of Educational and Cultural Affairs engages in cultural diplomacy around the world, including in Vietnam. One of the bureau’s most frequent engagements is the organization of tours by U.S. artists, musicians, and other cultural icons. For instance, in 2012, the DanceMotion USA program sent the Trey McIntyre Project dance troupe on a tour of China, South Korea, the Philippines, and Vietnam.

The bureau also runs the SportsUnited program, which arranges trips by both professional and amateur athletes, organizes sporting events and mentoring programs abroad.

90. Ibid.
91. @america, “Partners” (accessed April 25, 2014), http://www.atamerica.or.id/partners.
and offers grants for sports diplomacy programs in foreign countries. One such grantee, Volunteers in Asia, organized soccer camps for youth in Cambodia and Vietnam in July 2013. In 2010, SportsUnited organized a trip for 12 Vietnamese student athletes to learn “about American sports and culture and [share] Vietnamese culture with their U.S. counterparts through visits to local high schools, [and] pick-up volleyball matches with local volleyball clubs and Special Olympians.” The Vietnamese youth also attended the National Collegiate Athletic Association volleyball semifinals.

Conclusion

Most of the focus on U.S.-Vietnam relations is understandably on political, security, and economic relations. These are vital, but they do not tell the whole story of the ties between the two nations. The broad category of people-to-people relations, which incorporates all those aspects of diplomacy and engagement focused on enhancing soft power, building mutual understanding, and improving lives at the grass roots, constitutes the third leg of the relationship.

Efforts in this sphere generally receive less publicity than developments in the political or economic relationship. They are also often slower to bear fruit. But the interpersonal ties formed by educational exchanges, the understanding spawned by cultural familiarity, and the livelihoods improved by joint efforts on health and the environment create the foundation for a resilient long-term partnership.

The United States and Vietnam are increasingly involved in people-to-people engagement, but there is always more to do.

Recommendations

1. **Allow Peace Corps volunteers to teach English in rural Vietnam.** The Peace Corps is on the front lines of U.S. people-to-people engagement in much of Southeast Asia. In other neighboring countries, they are often the primary providers of English-language education in remote areas. The same could be true in Vietnam, where English-language education in the countryside lags far behind that in city centers.

2. **Ensure that Fulbright University is funded and has a fully independent board.** Both the United States and Vietnam are eager to see the planned Fulbright University in Ho

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Chi Minh City serve as a successful model for independent, U.S.-style university education in Vietnam. But for that to happen, the two governments must work together to raise enough public and private funding support for the new university, and the Ministry of Education must allow the institution to form a fully independent board of trustees.

3. **Stick to timetables for dioxin cleanup.** Dealing with the environmental and health legacy issues from the Vietnam War is critical to the long-term strength of the bilateral relationship. The United States must stick to its plan to complete the cleanup of dioxin contamination at Danang by 2016, and commit to a reasonable timetable to do the same at Bien Hoa Air Base. Because of the health issues faced by villagers around these facilities, the United States should consider providing health care opportunities in the area.

4. **Establish a trilateral program with Thailand to combat drug-resistant malaria.** The spread of drug-resistant malaria in central Vietnam and along the Thai-Cambodia and Thai-Myanmar borders is one of the most pressing health threats in the region. Vietnam and the United States have developed valuable experience identifying and containing influenza outbreaks, making them, along with Thailand, the logical partners to tackle the potential malaria epidemic under the auspices of the LMI health pillar.

5. **Make Laos the focus of efforts to boost regional connectivity.** Laos will not halt plans to construct ecologically destructive dams on the mainstream Mekong unless it is offered a viable alternative path to economic development. This will only be possible with significant donor support and regional investment in infrastructure. The LMI’s connectivity pillar offers a vehicle for the United States and Laos’s neighbors, especially Vietnam, to commit to and coordinate efforts on that goal.

6. **Combine the efforts of the LMI and the Japan-Mekong Summit Meetings.** Japan has established the Japan-Mekong Summit Meetings, which in some ways parallel the work of the LMI. On April 24, 2014, President Obama and Prime Minister Shinzo Abe promised to better coordinate these two institutions’ work, but without offering details. As two of the most capable donors in the region, Washington and Tokyo should combine efforts to help promote climate resilience, sustainable infrastructure, and water resource management along the Mekong.

7. **Use town halls, competitive grants, and other means to place civil society at the heart of sustainable development.** Vietnam’s environmental challenges are mounting and its increasingly well-educated and inventive populace remains an underutilized resource. USAID and other donors should urge the government of Vietnam to gather valuable input through the use of town hall–style meetings and expert forums and to

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help spark innovative solutions to the nation’s development challenges by establishing competitive grant programs.

8. **Reimagine the Ho Chi Minh City American Center along the lines of Jakarta’s @america center.** The American Center in Ho Chi Minh City should be upgraded to better showcase U.S. technology, arts, culture, and businesses for a broader audience. It should be moved to a more convenient public space such as a shopping mall.

9. **Upgrade the U.S.-Vietnam Studies Corner in Danang to a fully independent American Corner.** Danang is not only Vietnam’s rapidly developing third city; it is a dynamic economic hub and is increasingly touted as a site for experimentation in both business and politics. The United States must fully engage with the city’s up-and-coming youth population.

10. **Employ the State Department’s Sports Envoy program in Vietnam.** This program brings superstar athletes from the United States to visit, mentor, and play pick-up games with young people in other countries. Successful examples in Asia include several trips by baseball star Cal Ripken, Jr., to Japan\(^{97}\) and members of the U.S. men and women’s national soccer teams to Malaysia.\(^{98}\)

11. **Launch a 2015 tour of the United States to promote Vietnam, its culture, and its importance to the United States.** The U.S. Embassy in Hanoi will hold a yearlong series of events to commemorate the 20th anniversary of normalization of relations between the United States and Vietnam. Vietnam should do the same, with monthly events in 12 diverse U.S. cities to introduce Americans around the country to today’s Vietnam.

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Murray Hiebert serves as senior fellow and deputy director of the Sumitro Chair for Southeast Asia Studies at CSIS. Prior to joining CSIS, he was senior director for Southeast Asia at the U.S. Chamber of Commerce, where he worked to promote trade and investment opportunities between the United States and Asia. Mr. Hiebert joined the U.S. Chamber in 2006 from the Wall Street Journal’s China bureau, where he covered trade, intellectual property rights, and China’s accession to the World Trade Organization. Prior to his Beijing posting, he worked for the Wall Street Journal Asia and the Far Eastern Economic Review in Washington, reporting on U.S.-Asia relations.

From 1995 to 1999, Mr. Hiebert was based in Kuala Lumpur for the Far Eastern Economic Review. He covered the Asian financial crisis and also reported on developments in Singapore. In the early 1990s, he was based in Hanoi for the Review, reporting on Vietnam’s economic reforms. He joined the Review’s Bangkok bureau in 1986, covering political and economic developments in Vietnam, Cambodia, and Laos. Mr. Hiebert is the author of two books on Vietnam, Chasing the Tigers (Kodansha, 1996) and Vietnam Notebook (Review Publishing, 1993).

Phuong Nguyen is a research associate with the Sumitro Chair for Southeast Asia Studies at CSIS. She manages research projects on U.S. foreign policy in the Asia Pacific, with a focus on countries in Southeast Asia and the Association of Southeast Asian Nations. Her areas of specialization include international security in Asia, China’s strategy and policy toward Southeast Asia, and political and economic reforms in authoritarian countries. She received an MA in international affairs from the School of International Service at American University and a BA in finance and accounting from Murray State University. Ms. Nguyen is fluent in French and Vietnamese.

Gregory B. Poling is a fellow with the Sumitro Chair for Southeast Asia Studies and the Pacific Partners Initiative at CSIS. He manages research projects that focus on U.S. foreign policy in the Asia Pacific, with a special concentration on the member countries of the Association of Southeast Asian Nations. His current research interests include disputes in the South China Sea, democratization in Southeast Asia, and Asian multilateralism. Mr. Poling is the author of The South China Sea in Focus: Clarifying the Limits of Maritime Dispute (CSIS, July 2013) and a coauthor of From Strength to Empowerment: The Next Generation of U.S.-Malaysia Relations (CSIS, May 2012), Sustainable Energy Futures in Southeast Asia
(CSIS, December 2012), and *A U.S.-Indonesia Partnership for 2020: Recommendations for Forging a 21st Century Relationship* (CSIS, September 2013).

Mr. Poling received an MA in international affairs from American University, a BA in history and philosophy from Saint Mary's College of Maryland, and studied at Fudan University in Shanghai.