

Vietnam's South China Sea Disputes with China: The Economic Determinants

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This article seeks to provide an investigation of the influence of economic factors on the dynamics of Vietnam's South China Sea disputes with China as well as the shaping of its related strategy. The article argues that since the late 1980s economic factors have contributed significantly and in different ways to the evolving dynamics of the bilateral disputes. Vietnam's effective exploitation of the sea's resources for economic development and China's moves to counter such efforts have generated constant tensions in their bilateral relationship. Meanwhile, the growing economic interdependence between Vietnam and China is unlikely to provide pacifying effects on the disputes due to the asymmetrical nature of the relationship.

Keywords: South China Sea disputes, Vietnam–China relations, *Doi Moi*, economic determinant, interdependence.

Introduction

Despite significant developments in bilateral relations since normalization, a number of problems still threaten to unsettle Vietnam's relations with China in the long term. The South China Sea (SCS)¹ disputes stand out as the single most challenging issue. Resurfacing since the 1970s, the disputes not only remain the most serious sticking point in bilateral relations but have even pitted the two countries against each other in deadly armed confrontation on a number of occasions as well. The management and resolution (if ever) of the disputes therefore bear significant implications for the future evolution of bilateral relations.

Since 1991, SCS disputes between Vietnam and China have witnessed both positive and negative developments. While the two countries successfully signed a treaty on the maritime delimitation of the Tonkin Gulf in 2000, thereby removing part of the disputes, other disputes over the sovereignty of the Paracels and the Spratlys as well as maritime boundaries in the sea remain intractable. In recent years, as both countries step up their military modernization and China pursues more assertive measures in pressing its claims, the disputes tend to become even more intense and threaten to undo hitherto positive developments in other fields of the bilateral relations.

Contributing to the dynamics of the disputes is a wide range of drivers, in which geo-strategic and economic ones are the most important. While both geo-strategic and

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economic factors driving China's moves in the SCS have been extensively studied,² they have not been equally examined on the part of Vietnam. So far, most of the studies on the dynamics of Vietnam's SCS disputes with China have focused on the geo-strategic aspect,³ leaving the economic aspect to be largely under-examined. This literature gap makes it difficult to fully appreciate the dynamics of Vietnam's SCS disputes with China at a time when economic factors, following Vietnam's launch of economic reforms under *Doi Moi*, have been playing an increasingly important role in shaping the country's foreign policy in general and SCS strategy in particular.

The present article seeks to address this literature gap by providing an examination of economic factors' influence on the dynamics of Vietnam's SCS disputes with China as well as the shaping of its related strategy. As such, although several aspects of the SCS disputes are multilateral in nature, the article will strictly focus on the disputes between Vietnam and China, the two claimants that have the most overlapping claims. At the same time, as its title suggests, the article will mainly focus on the implications for the disputes of economic factors originated or as seen from the Vietnamese perspective. However, the role of economic factors in China's SCS policy will also be discussed whenever relevant to provide a more comprehensive and balanced analysis of the issue.

The article argues that economic factors have contributed considerably to the evolving dynamics of Vietnam's SCS disputes with China over the past few decades, especially since Vietnam launched its economic reform under *Doi Moi*. Vietnam's effective exploitation of the sea's resources for economic development and China's moves to counter such an effort have generated constant tensions for their relations.⁴ At the same time, Vietnam's perception of the SCS in terms of economic interests has also strengthened. It is therefore adopting measures to protect and advance its legitimate interests in the sea against China's expansive claims. These measures include various policies and strategies to develop a marine economy, and considerable investments in naval modernization and maritime enforcement capacity building. Meanwhile, the growing economic interdependence between Vietnam and China under *Doi Moi* is not likely to provide pacifying effects on the disputes due to the asymmetrical nature of the relationship.

The article proceeds in three sections. The first section will briefly analyze the geo-strategic versus economic drivers of Vietnam's SCS disputes and explain why it is necessary to study the role of economic factors in the evolution of the disputes from the Vietnamese point of view. The last two sections will then analyze the role of economic factors in the shaping of Vietnam's SCS strategy as well as their contribution to the underlying dynamics and recent developments of the disputes. While the second section examines how economic factors, especially developments in Vietnam's oil and gas and fishery industries, have intensified the disputes, the third will provide an assessment of their pacifying effects.

Vietnam's SCS Disputes with China: Geo-strategic vs. Economic Drivers

Vietnam's SCS disputes with China have been driven by both geo-strategic and economic factors. As both interests are inextricably intertwined, it is difficult to determine which one is more important as a driver of Vietnam's strategy regarding the disputes. A

careful examination of both factors, however, shows that while geo-strategic interests have long been essential in Vietnam's view of the SCS, it is only in recent decades that economic considerations have emerged as an increasingly important determinant of Vietnam's strategic thinking regarding the sea as well as its disputes with China.

Vietnam's traditional geo-strategic view of the SCS has been framed by its particular geographical features. With more than 3,200 kilometres of coastline stretching along the SCS and the Gulf of Thailand, Vietnam is highly vulnerable to seaborne invasions. In the past, Chinese dynasties used to invade Vietnam from the sea on several occasions, such as in the years 938, 1285 and 1287. A more recent historical example that shows the importance of the SCS to Vietnam's defense was the invasion by France, which started with a seaborne attack on Da Nang in 1858. Moreover, in light of the traditional power asymmetry between the two countries, should Vietnam lose its control of the SCS to China, Vietnam's ability to resist a military invasion from its northern neighbour would be further undermined. In other words, securing a favorable foothold in the SCS will help Vietnam constrain China's superior military advantage, thereby mitigating the adverse effects of the power asymmetry between the two countries on its national security.

Meanwhile, the control of the Paracels and the Spratlys is also geo-strategically important for Vietnam. As the SCS is the only gateway for Vietnam to access international maritime trade routes in both the Pacific and Indian oceans, if Vietnam loses control of the two archipelagos, its vital sea lanes of communication would be subject to serious threats as its enemy might use forces on and around the two archipelagos to impose a naval blockade on the country. Moreover, the two archipelagos, especially the Spratlys, are strategically vital for Vietnam's essential military assets, such as Cam Ranh Port and the submarine base there. If Vietnam loses control over the Spratlys and the surrounding waters, for example, the safety and accessibility of Cam Ranh Port as well as the maneuverability of its submarine fleet would be significantly constrained.

In sum, the SCS's geo-strategic importance for Vietnam is shaped by its particular geographical conditions, and to a lesser extent, its historical experience. As geographical features are permanent, Vietnam's geo-strategic perception of the SCS has been long-established. Accordingly, the country's traditional perception of the sea has been mainly defined by the recognition of its importance for national defense. On the contrary, from a historical perspective, Vietnam's traditional perception of the sea in economic terms seems to have been much less pronounced. This argument is substantiated by a number of observations.

First, in the past, Vietnam had hardly been a seafaring people. Its traditional economic activities were mainly restricted to the mainland with wet rice agriculture being the most important source of livelihood for the people. Second, although maritime foreign trade used to blossom in Vietnam during certain historical periods, Vietnamese feudal economy was mainly autarkic and the small scale of maritime foreign trade could hardly turn it into a significant source of wealth for the country. Third, as maritime disputes with China only emerged since the early twentieth century, Vietnam for a long time had taken its uncontested maritime economic benefits from the SCS for granted. Fourth, after maritime disputes over the sea became more visible, Vietnam, at least until the 1970s, was mired in its own domestic problems, such as seeking independence and fighting for national unification. Such historical conditions prevented Vietnam from pursuing economic development and diverted its attention away from the SCS's economic resources. The situation also caused its disputes with foreign

countries over the sea to remain a matter of relatively low priority for an extended period of time.

Nevertheless, after Vietnam gradually rose out of domestic turmoil and started focusing on its economic reform in the 1980s, its perception of the SCS as well as the two archipelagos in economic terms tends to heighten. The extraction of oil and gas from the SCS, for example, has been contributing significantly to Vietnam's economic development and export performance ever since. Its demand for living resources from the sea has also grown. Other sea-related industries, such as shipbuilding, maritime transport and tourism, have also enjoyed fast expansion and become important to the economy.⁵ Vietnam's increased awareness of the sea's economic resources has therefore made the adoption of proper policies to exploit and protect them a matter of strategic importance.

Such tendency could be traced back to the early 1990s. On May 6, 1993, for example, the Vietnamese Communist Party (VCP) Politburo adopted Resolution no. 03-NQ/TW titled "*On a number of tasks for developing the marine economy in the forthcoming years.*" The Resolution stated that "becoming a strong marine economy is a strategic goal derived from the objective demands and conditions of the cause of building and defending the Vietnamese Fatherland."⁶ The resolution also set guidelines for the development of sea-related industries, especially oil and gas and fishery. Since then, a number of other official documents and policies on the issue have also been released. The most important one has been the "*Vietnam Maritime Strategy toward the Year 2020*" adopted by the VCP Central Committee in February 2007. As the culmination of Vietnam's growing awareness of the SCS's importance to its economic well-being, the Strategy set the target that sea-related economic activities would account for 53–55 percent of Vietnam's GDP and 55–60 percent of its exports by 2020.⁷ In June 2012, Vietnam's National Assembly also passed the *Sea Law of Vietnam*. The law confirms Vietnam's sovereignty over its islands and archipelagos, including the Paracels and the Spratlys, as well as its sovereignty, sovereign rights and jurisdiction over its SCS waters in accordance with the 1982 United Nations Convention on the Law of the Sea. The law also has a section dedicated to marine economic development. All this testifies to the fact that Vietnam is actively consolidating its maritime policy and legal framework while pursuing ambitious plans to protect and advance its economic interests in the SCS.

The above comparative analysis of geo-strategic versus economic drivers of Vietnam's SCS disputes with China shows that while the former are long-established, the latter have gained momentum only after Vietnam started its economic reform under *Doi Moi*. Nevertheless, economic drivers are now playing a no-less-significant role in shaping Vietnam's perception of and strategy toward the SCS. Therefore, in order to better understand the evolving dynamics of Vietnam's SCS disputes with China, it is important to investigate how economic drivers are contributing to Vietnam's SCS strategy and the resultant course of action it is undertaking, as well as evaluate their implications for future prospects of the disputes.

Vietnam's Economic Development and Implications for SCS Disputes

Since the late 1980s, Vietnam's reliance on the SCS for its economic development has been increasing. In particular, the sea plays a vital role in the development of

Vietnam's oil and gas and fishery industries, which in turn help boost the country's economic growth under *Doi Moi* significantly. The current section therefore uses these two key industries as case-studies to examine the importance of the sea to the country's economic well-being and explain why Vietnam is taking measures to protect its interests there. The section will also shed light on how Vietnam's economic considerations have added to growing bilateral rivalry over the sea during recent decades.

Oil and Gas Industry

Soon after the fall of Saigon, the VCP Politburo issued Resolution no. 244 NQ/TW dated August 9, 1975 guiding the promotion of oil and gas exploration in the whole country. The Resolution identified the continental shelf off the southern coast along with the Tonkin Gulf to be the most important areas for exploration efforts.⁸ The southern continental shelf was particularly the top target as documents retrieved from the Saigon regime showed that there was a great potential for oil and gas there.⁹ In April 1978, PetroVietnam signed its first Production Sharing Contracts with foreign partners and in 1979, the first exploration drills were conducted in the Nam Con Son basin on the southern continental shelf. However, it was not until May 24, 1984 that oil of commercial value was discovered at Bach Ho (White Tiger) field. Two years later, production began in the field in June 1986, providing Vietnam with its first barrels of crude oil from the SCS.¹⁰

After this important event, Vietnam began to lay more emphasis on the oil and gas industry. In July 1988, the VCP Politburo passed Resolution no. 15-NQ/TW providing guidelines for the development of the industry. Based on the resolution, PetroVietnam adopted in 1989 a development strategy until 2000. Both the resolution and the strategy stated that Vietnam would strive to “step-by-step turn oil and gas into an important technical and economic industry in the [country's] economic development strategy for the coming decades.”¹¹ The *Strategy for socio-economic stabilization and development until 2000* adopted by the VCP's seventh national congress in 1991 also emphasized the importance of the industry. According to the strategy, Vietnam would “actively promote cooperation with foreign countries to explore, exploit and process oil and gas.”¹² One year later, the 1993 Petroleum Law was adopted by the National Assembly, providing for the first time a comprehensive legal framework for the development of the industry.

Against this backdrop, Vietnam's oil and gas production developed quickly and soon became a major source of wealth for the country, contributing greatly to its socio-economic development. By the early 2010s, PetroVietnam had become Vietnam's biggest conglomerate, accounting for about 20 percent of the country's GDP and generating up to 25–30 percent of the government's annual revenue.¹³ By September 2009, PetroVietnam's accumulated production had reached 300 million tons of oil equivalent, most of which came from the SCS.¹⁴

In recent years, SCS oil and gas have become even more important to the country as continued economic development has caused its energy demand to soar. For example, from 2001 to 2011, Vietnam's oil consumption increased by 6.4 percent annually, reaching 16.5 million tons in 2011.¹⁵ However, Vietnam's annual oil production has recently been in decline, falling from peak production of 20.1 million tons in 2004 down to 15.2 million tons in 2011.¹⁶ As a consequence, Vietnam became a net oil

importer in 2008.¹⁷ This has raised Vietnam's concern for energy security and led to PetroVietnam's both increased investment in foreign oil fields and intensified exploration and exploitation activities within Vietnam's continental shelf. For example, by 2010, PetroVietnam had entered into 27 contracts over foreign oil fields, 19 of which were signed between 2007 and 2010.¹⁸ At the same time, in addition to expanding its activities on the southern and northern continental shelf, PetroVietnam has also been engaging foreign partners since 2006 to explore for oil and gas in the Phu Khanh basin off the central part of the country.

Despite the shaky grounds of its maritime claims, China has shown its resentment against Vietnam's active exploitation of hydrocarbon resources in the SCS. In December 2012, for example, the *Global Times* ran an editorial accusing Vietnam of "stealing resources" by "constantly seeking to expand offshore oil and gas businesses within the nine-dash line."¹⁹ As China's energy demand surges dramatically due to its fast economic development,²⁰ China persistently seeks to tap hydrocarbon resources of the SCS, for which it has very optimistic reserve estimates.²¹ Accordingly, China has long proposed the formula of "shelving disputes for joint development" in contested areas. Vietnam, however, has consistently rejected such proposals.²² The main reason is that China's proposals target Vietnam's lawful Exclusive Economic Zone (EEZ) and continental shelf, which Vietnam does not view as disputed areas.²³

Unable to persuade Vietnam into joint development projects in the SCS, China has resorted to a number of "low intensity actions to increase the risks of Vietnam's oil and gas exploration efforts within the nine-dash line," and to cause Vietnam to realize that "this exploration is only bringing itself trouble." The most serious incident of this nature was the cable cutting of PetroVietnam's seismic survey ship *Binh Minh 02* by China's maritime surveillance vessels on May 26, 2011. The *Binh Minh 02* was then operating in Block 148 within Vietnam's EEZ. Another similar incident happened only two weeks later on June 9, 2011 when a Chinese fishing trawler supported by two Chinese fishery patrol vessels cut the cable of the *Viking II*, which was chartered by PetroVietnam to undertake seismic surveys in Block 136/03 further south. The two incidents caused an angry response from Vietnam and sent bilateral relations to their lowest ebb in years.

Facing China's rising aggressiveness, Vietnam chose to "name and shame" China publicly in international forums, while actively engaging partners from various countries in its oil exploration and exploitation efforts. From 1988 to the end of 2010, PetroVietnam signed 99 contracts with various partners from different countries, including the United States, Russia, the UK, India, Canada, South Korea, Malaysia, and Australia.²⁴ Vietnam obviously seeks to enlist support from these countries in protecting their legitimate interests in Vietnam, thereby countering China's undue pressures. On its part, China has long used its economic clout to coerce a number of oil companies to abandon their businesses in Vietnam. Leaked cables from the U.S. embassy in Hanoi reported a campaign since 2006 in which China routinely pressured oil companies, such as Exxon Mobil, BP, Chevron, and Petronas, to cancel oil exploration deals with Vietnam.²⁵ In July 2008, for example, Chinese diplomats repeatedly threatened Exxon Mobil that if it did not cancel deals with Vietnam, it might face punishment against its businesses in China. Although Exxon did not back down, a number of other companies did. The cable confirmed that by July 2007 four U.S. and eight foreign companies faced similar threats from China, and about five deals were suspended or cancelled.²⁶ In response, Vietnam vowed that it would do its best

to protect the operation of foreign oil companies in its waters.

Another source of bilateral tension comes from Vietnam's efforts to prevent China from illegally exploring for oil and gas in its waters. For example, soon after bilateral normalization, the China National Offshore Oil Corporation (CNOOC) signed an agreement with Crestone Energy Corporation to conduct exploration in Vietnam's Tu Chinh (Wan'an Bei in Chinese) basin in May 1992.²⁷ Vietnam fiercely protested the move and a prolonged exchange of claims and counter-claims between the two countries ensued. While China contended that the Tu Chinh area was part of the disputed Spratlys, Vietnam stated that the basin was not subject to disputes as it was situated completely within Vietnam's EEZ and continental shelf and in no way related to the Spratlys and adjacent waters.²⁸ Tensions between the two over the Crestone contract lingered on at least until September 1998 when China reported that Crestone and China were continuing their survey of the Spratlys and Tu Chinh areas.²⁹

In addition, bilateral tensions have also built up around the CNOOC's offer of blocks that lie within Vietnam's EEZ in the SCS to international bidders. For example, China opened nine such blocks to international bidding in June 2012. Due to Vietnam's firm protest as well as the vague legal basis of China's offer, oil companies have not shown interest in the offer. This is also the reason why China decided to conduct its own exploration activities in Vietnam's waters several times in the past. For example, in March 1997, China dispatched the *Kantan-3* floating oil platform to drill in Vietnam's Block 113 off Thua Thien-Hue province. The oil platform was also involved in a similar incident in the same area in late 2004. In both cases, China had to withdraw the platform after Vietnam issued diplomatic protests. However, in some other cases, Vietnam had to resort to more effective measures. For example, in December 1997, Vietnam had to dispatch its naval ships to escort away China's Exploration Ship No. 8 and two supply ships that intended to undertake exploration in the Tu Chinh area.³⁰

In recent years, facing rising oil demand, China has shown its growing determination in extracting more oil and gas from the SCS. In May 2012, China launched and dispatched its first deep-water drilling rig named *Haiyang Shiyou 981* to the SCS. This development has worried Vietnam as there is a possibility that China may use the rig to unilaterally explore for oil and gas in the two disputed archipelagos and even its continental shelf.³¹ The development has encouraged Vietnam to increase investments in upgrading the capabilities of the Vietnam People's Navy (VPN) as well as the Vietnam Coast Guard (VCG).³² As the involvement of naval ships may lead to a higher possibility of armed clash, the VCG is set to play a more important role in protecting Vietnam's resources in its EEZ and continental shelf. Established in 1998 as a branch of the Navy, the VCG became an independent force under the Ministry of Defence in 2008 and by 2012 had received some significant investments, including two Damen offshore patrol vessels of 2,500-ton displacement and three CASA C-212 aircraft. In an interview in 2011, VCG Commander Lieut. Gen. Pham Duc Linh confirmed that the VCG would work closely with the VPN and PetroVietnam to protect the country's oil and gas exploration activities and "resolutely" prevent "foreign countries" (read: China) from installing drilling rigs in the country's waters.³³ As China steps up its effort to extract oil and gas in the SCS and Vietnam is getting geared up to protect its resources, it is very likely that tensions between the two over the SCS disputes will keep escalating in the foreseeable future.

Fishery

Similar to the oil and gas industry, fishery has been playing an important role in Vietnam's socio-economic development under *Doi Moi*. In 2011, the industry's production reached 5.2 million tons and accounted for 6.34 percent of the country's GDP. The industry also provided 4.5 million jobs to the country's workforce and helped lift thousands of people out of poverty.³⁴ Fishery products are also a major export of Vietnam. In 2010, for example, the industry contributed US\$5.1 billion to Vietnam's export turnover, turning the country into the world's fourth-largest exporter of fishery commodities only after China, Norway, and Thailand.³⁵

Vietnam's fishery industry has benefited greatly from the SCS, which is a rich fishing ground with the highest species diversity in the world.³⁶ In 2010, Vietnam's capture fishery production reached 2.4 million tons, of which 2.2 million tons came from the SCS. In the same year, near-shore and off-shore fishing were equally important to the country's marine capture production, of which the former accounted for 50.6 percent and the latter 49.4 percent. Back in 2001, the shares were 69.2 percent and 31.8 percent, respectively.³⁷ The balance is obviously tipping toward the latter and there is little doubt that offshore fishing will soon become Vietnam's key source of marine capture production.

Two major reasons have accounted for this particular trend. First, Vietnam's near-shore fish stocks are being either fully exploited or overexploited, causing its production to increase very slowly at an average rate of 1.1 percent/annum for the 2001–2010 period. Meanwhile, offshore production increased 10.3 percent annually during the same period, not only because Vietnam's offshore fishing grounds in the SCS had not been fully exploited but also due to the migratory pattern of fish stocks in the Tonkin Gulf.³⁸ Second, like China, Vietnam has always considered the active operation of its offshore fishing fleet, especially around the Paracels and the Spratlys, as a key measure to defend its sovereignty over the two archipelagos. This has been confirmed in various official documents regarding the country's fishery industry. One of the most recent examples is the *Master Plan for Developing Vietnam's Fishery Industry until 2020, with a Vision to 2030*. Accordingly, the Plan stresses offshore fishing as a measure to “monitor activities at sea,” “prevent foreign ships from intruding Vietnam's waters,” and “implement tasks regarding sea and islands security and defense.”³⁹ Vietnam has therefore invested considerably in upgrading the capacity of its offshore fishing fleet.

In effect, Vietnam started promoting the development of offshore fishery in the early 1990s. The *Strategy for Socio-Economic Stabilization and Development until 2000* adopted by the VCP in 1991 was the party's first major official document to stress the importance of “developing fishing fleets to exploit offshore areas.”⁴⁰ Two years later, Politburo's Resolution no. 03-NQ/TW specifically set the target of increasing the share of offshore fishing in the country's total marine capture production.⁴¹ Such policy guidelines were soon translated into concrete measures.

In April 1997, Vietnam launched the *Program on Offshore Fishing (Chương trình đánh bắt xa bờ)* and established an inter-ministerial steering committee to monitor its implementation. The key mission of the Program was to provide financial assistance for fishermen to build high-capacity offshore fishing boats. Under the program, by 2004, the government had disbursed about 1,400 billion *dongs* in preferential credits for fishermen in 29 selected provinces, with which about 1,300 high-capacity boats

had been built or upgraded. Although the Program was later cancelled due to poor implementation, it did contribute to Vietnam's growing fleet of offshore fishing boats. From 2001 to 2010, for example, the number of fishing boats with the capacity of 90HP upwards suitable for offshore fishing quadrupled from 6,005 to 24,970.⁴² Vietnam sets the target of increasing the number to 28,000 by 2020. Its offshore capture production by then is also planned to reach 1.4 million tons, accounting for about 64 percent of its total marine capture production.⁴³

The development of Vietnam's marine capture capacity, especially the growth of its offshore fishing fleet, has generated some important implications for Vietnam's SCS disputes with China. First, competition between Vietnam and China over living resources in the sea, including contested areas, will intensify. While Vietnam's offshore fishing fleet grows, China has also invested heavily in promoting its offshore fishing capacity in the sea. For example, in May 2012, China launched and dispatched the *Hainan Baosha 001*, a 32,000-ton seafood-processing ship, along with three supporting vessels, to the SCS. The fleet was said to help China both better exploit fishery resources and enhance its "maritime enforcement capability."⁴⁴ Second, the intensified competition is likely to cause both sides to harden their respective positions regarding the disputes. China, in particular, will likely maintain its nine-dash line claim at the most, or the view that certain disputed features in the SCS are qualified islands at the least, in order to maximize its possible access to the sea's living as well as non-living resources. Third, as the offshore fishing capacity of both sides increases, confrontations between each side's maritime enforcement agencies and fishermen of the other side are likely to become more frequent. This will undoubtedly generate further tensions between the two disputants in the future.

In fact, over the past decade, incidents involving fishing boats of both sides have already been a major source of friction between the two countries. The most violent incident happened on January 8, 2005 when Chinese coast guards killed nine Vietnamese fishermen while they were fishing in Vietnamese waters in the Tonkin Gulf.⁴⁵ Other incidents, in which China drove off or seized Vietnamese fishermen fishing around the Paracels, have occurred more often. For example, from 2005 to 2010, China seized 63 fishing boats and 725 fishermen from Quang Ngai province alone.⁴⁶ Apart from Vietnam's greater offshore fishing capacity, the number of seizures also tends to rise due to the increasingly active operation of Chinese maritime enforcement agencies, especially around the Paracels, as well as China's unilateral imposition of annual fishing moratorium in the SCS since 1999, which Vietnam has consistently protested.⁴⁷

On its part, Vietnam has taken measures to deal with the situation. For example, as mentioned above, Vietnam has invested in upgrading the VCG's capacity. One of the key responsibilities of the VCG is to protect Vietnamese fishermen and preventing foreign fishing boats from illegally intruding into Vietnamese waters. As the Paracels are where many Vietnamese fishing boats have been captured or harassed, there is a possibility that in the future, the VCG may send its vessels to the area to protect Vietnamese fishermen and to exercise Vietnam's sovereignty over the archipelago. In January 2013, Vietnam also established the Vietnam Fisheries Resources Surveillance (VFRS) under the Directorate of Fisheries. There have been plans for the VFRS to build four 3,000 HP patrol vessels and 18 other vessels of smaller capacity.⁴⁸ Apart from maintaining the sustainability of Vietnam's marine living resources, the VFRS is also tasked with suppressing foreign boats illegally fishing in Vietnamese waters. A

few years back, although hundreds of Chinese fishing boats were illegally operating in Vietnamese waters on a daily basis, Vietnam mainly reacted merely by instructing them to leave its waters.⁴⁹ However, the proliferation and enhanced capacity of Vietnam's maritime enforcement agencies will likely cause the number of Chinese fishing boats seized or fined to increase in the future. Bilateral tensions over living resources in the SCS are therefore also due to intensify in the future.

The Pacifying Effects of Economic Interdependence?

The above section has found that Vietnam's economic development under *Doi Moi*, especially the growth of its oil and gas and fishery industries, has deepened Vietnam's economic interests in the SCS and tended to add tensions to its disputes with China. At the same time, there are other economic factors stemming from Vietnam's pursuit of *Doi Moi* that may work to balance against such a negative trend. At least on the surface, the most notable one is the growing economic interdependence between the two countries. An important question therefore merits further examination: How significant are the pacifying effects that the growing economic interdependence may generate on bilateral relations?

The economic interdependence between Vietnam and China has been growing continuously over the past two decades. This particular trend, according to the liberal peace theory, may hold significant implications for future bilateral relations. A thread in the theory's literature, for example, argues that economic interdependence tends to discourage countries from engaging in armed conflicts with each other for fear of losing the welfare gains associated with the economic relationship, especially in terms of trade and investment. In the same vein, liberal peace theorists believe that the convergent national interests through the interdependent relationship will help improve communication and foster cooperation between countries, through which peace rather than conflict will thrive.⁵⁰ Accordingly, the theory suggests that the growing economic interdependence between Vietnam and China will prevent them from pushing their SCS disputes to the point of another armed conflict in the future.

However, critics of the liberal peace theory argue otherwise.⁵¹ They contend that the pacifying effects (if any) of economic interdependence are also conditioned by other independent variables, such as the dyad's joint democracy score, their geographical proximity, the closeness of their political ties, the symmetry of their interdependence, or their relative capabilities, which are sometimes even more important than the interdependence itself.⁵² Barbieri also found that "it is not interdependence itself that determines the impact on interstate relations, but some characteristic of the type of interdependence present in the relationship."⁵³

Therefore, while some critics of the liberal peace theory believe that economic interdependence is not relevant to peace, some contend that it even increases the probability of conflict. In particular, they have pointed to the fact that interdependence tends to, among other things, cultivate asymmetric dependence between the countries in question. The less dependent one may take advantage of its position to elicit economic and/or political concessions from the more dependent, which tends to damage their overall relations.⁵⁴ The situation is worse for the more dependent states if structural linkages make them unable to change their trade patterns, further subjecting themselves

to manipulation. Therefore, although costs are unavoidable in all economic relationships, the negative consequences of interdependence are more pronounced in asymmetrical ones.⁵⁵

In the case of Vietnam and China, it is undeniable that mutual benefits brought about by deepened economic exchanges and growing interdependence have provided an important common ground for the two countries to promote cooperation. Tensions over SCS disputes notwithstanding, improvements in overall bilateral relations have been remarkable.⁵⁶ Economic cooperation, in particular, has been an essential pillar of overall bilateral ties since normalization. Nevertheless, whether the mutual benefits derived from the growing economic interdependence are significant enough to refrain both countries from pursuing aggressive actions against each other in the SCS remains uncertain. The uncertainty is mainly rooted in the heavily asymmetrical nature of the relationship.

First, in terms of direct investment, by 2011, Vietnamese companies had invested US\$12.5 million into China, only a tiny fraction of Chinese investment into Vietnam, which had reached US\$4.3 billion of registered capital by the same time.⁵⁷ One may argue that if another armed conflict were to break out between the two over the SCS, it would very likely be the much more powerful China rather than the weaker Vietnam that started the hostility. Therefore, China's greater investment in Vietnam may not necessarily be a bad thing, as it may constrain China from pursuing such an action for fear of putting its investments in Vietnam at risk. However, this logic may not apply for two major reasons. On the one hand, Vietnam is bound by domestic and international legal commitments to protect foreign investments. It will not be in the country's interest to expropriate Chinese investments in case of worsening bilateral relations as such a move will irrevocably damage its investment environment and, ultimately, its economic performance. On the other hand, and more importantly, although China's investments into Vietnam have grown at a considerable rate in recent years, they remain too modest to influence both countries' policymakers. While China accounted for 2.18 percent of total registered FDI into Vietnam by the end of 2011, Vietnam had absorbed only 0.31 percent of China's accumulative outward FDI stock by the end of 2010.⁵⁸ For these reasons, bilateral investments are not likely to have a major impact on China's SCS calculations vis-à-vis Vietnam.

Second, in terms of trade, Vietnam is much more dependent on China than China is on Vietnam. As shown in Table 1, from 2001 to 2011, the share of trade with China increased from 9.7 to 17.5 percent of Vietnam's total, while the share of trade with Vietnam only grew from 0.6 to 1 percent of China's total. The asymmetry in the bilateral trade structure therefore tended to expand in China's favor, as the difference between the shares of the two-way trade in each country's total increased from 9.1 to 16.5 percent. Given the fact that China's GDP is about 60 times larger than that of Vietnam, the asymmetrical bilateral trade structure is not surprising. However, the asymmetry is aggravated by Vietnam's widening trade deficit with China, which increased from US\$189 million in 2001 to US\$13.47 billion in 2011. Such an unbalanced trade structure causes Vietnam to be even more trade-dependent on China, especially in terms of imports. In 2011, for example, Vietnam's imports from China accounted for 23 percent of Vietnam's total imports but only 1.3 percent of China's total exports. The situation therefore subjects Vietnam to further economic vulnerabilities and has become more of a national security issue for the country as any possible disruption of bilateral trade will cause far greater damage to Vietnam than

Table 1. The Asymmetrical Vietnam – China Trade Structure (2001–2011)

Year	Total two-way trade (bil. \$)	VN's total trade (bil. \$)	Share of VN's total trade (%)	CN's total trade (bil. \$)	Share of CN's total trade (%)
2001	3.0	31.2	9.7	509.8	0.6
2002	3.7	36.5	10.1	620.8	0.6
2003	5.0	45.4	11.1	851.2	0.6
2004	7.5	58.5	12.8	1,154.8	0.6
2005	9.1	69.2	13.2	1,422.1	0.6
2006	10.6	84.7	12.6	1,760.6	0.6
2007	16.4	111.3	14.7	2,173.8	0.8
2008	20.8	143.4	14.5	2,560.4	0.8
2009	20.8	127.0	16.4	2,205.9	0.9
2010	27.9	157.1	17.8	2,972.3	0.9
2011	35.7	203.7	17.5	3,640.7	1.0

Source: General Statistics Office, *Statistical Yearbook of Vietnam 2007*; GSO, *The Vietnamese International Merchandise Trade for Twenty Years of Renovation* (Hanoi: Statistical Publishing House, 2006); and *Global Trade Atlas*, cited in Wayne M. Morrison, *China's Economic Conditions* (Washington, D.C.: Congressional Research Service, 2012), 18.

China.

The above analysis shows that although growing economic interdependence as well as the associated mutual benefits has been an important driver of bilateral cooperation, its pacifying effects on Vietnam's relations with China are heavily constrained by the asymmetrical nature of the relationship. Therefore, economic interdependence is not going to help Vietnam refrain China from aggressive actions in the SCS. To the contrary, in extreme cases, there is a possibility that China might even take advantage of Vietnam's trade dependence on itself to elicit concessions regarding the SCS disputes. This is particularly worrisome for Vietnam as China has recently shown its willingness to use economic power as a tool of coercion in territorial disputes. Following a spat in the SCS in early 2012, for example, China disrupted tourist exchanges and halted its importation of bananas from the Philippines to mount pressure on the latter. In 2010, China also briefly stopped exports of rare earth elements to Japan following a collision between a Chinese trawler and two Japanese Coast Guard vessels near the Diaoyu/Senkaku islands. Such precedents have raised concerns among Vietnamese policymakers. For example, Deputy Foreign Minister Pham Quang Vinh stated in an interview that "economic force should not be applied in the case of settlement of territorial disputes."⁵⁹ Although the statement was made when he commented on the Diaoyu/Senkaku dispute between China and Japan, Vinh obviously had Vietnam's SCS disputes with China at the back of his mind.

Conclusion

The intractable SCS disputes have generated incessant tensions between Vietnam and China since their normalization in 1991. The peaceful management and resolution

of the disputes therefore bear extremely important implications for the current and future trajectory of bilateral relations. Such endeavors, however, have been further complicated by the economic reform that Vietnam has been pursuing under *Doi Moi*. Since the late 1980s, economic factors have indeed emerged as an increasingly important determinant of Vietnam's disputes with its northern neighbour. In particular, Vietnam's effective exploitation of the sea's resources for economic development and China's moves to counter such an effort have intensified bilateral rivalry over the sea and put their relations under constant stress. Under *Doi Moi*, Vietnam's awareness of the SCS's economic benefits has also deepened, further strengthening its determination to protect its territorial and maritime interests against China's expansive claims. Vietnam is accordingly adopting measures to protect and advance its legitimate interests in the sea, including various policies and strategies to develop its marine economy, with the oil and gas and fishery industries being the key priorities. In addition, it has also invested considerably in modernizing its navy and building capacities for maritime enforcement agencies.

Under *Doi Moi*, the growing economic interdependence between Vietnam and China has been serving as an important common ground for the two countries to promote cooperation. However, its potential pacifying effects on bilateral relations in general and the SCS disputes in particular are largely dampened by the asymmetrical nature of the relationship. As Vietnam is much more economically dependent on China than China is on Vietnam, China's actions in the SCS are not likely to be constrained by potential costs associated with a possible disruption of economic exchanges. Meanwhile, Vietnam feels much more vulnerable, as China may take advantage of the asymmetrical interdependence to coerce Vietnam into tactical compromises, or even strategic concessions over the SCS disputes.

Nevertheless, a more balanced interdependent relationship in which China has more economic stakes at risk if it pursues aggressive actions may, to a certain extent, work in Vietnam's favor and help to maintain peace and stability in the SCS. Accordingly, Vietnam needs to promote a more balanced trade structure, through which increasing its exports to China while diversifying import sources to become less reliant on the latter are key objectives. At the same time, Vietnam also needs to attract more Chinese direct investment. A broader and more balanced structure of economic exchanges may make China think twice before taking aggressive actions against Vietnam in the SCS.

Notes

1. The sea is called Biển Đông, or the East Sea, in Vietnamese.
2. Sea, for example, Leszek Buszynski and Iskandar Sazlan, "Maritime Claims and Energy Cooperation in the South China Sea," *Contemporary Southeast Asia* 29, no. 1 (April 2007): 143–71; Leszek Buszynski, "The South China Sea: Oil, Maritime Claims, and U.S.–China Strategic Rivalry," *The Washington Quarterly* 35, no. 2 (2012): 139–56; Jean A. Garrison, *China and the Energy Equation in Asia: The Determinants of Policy Choice* (Boulder, CO: First Forum Press, 2009); Chi-kin Lo, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands* (London: Routledge, 1989); Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection," *Survival* 37, no. 2 (1995): 44–59; Nick A. Owen and Clive H. Schofield, "Disputed South China Sea Hydrocarbons in Perspective," *Marine Policy* 36, no. 3, 809–22; M. Taylor Fravel,

- “China’s Strategy in the South China Sea,” *Contemporary Southeast Asia* 33, no. 3 (May 2012): 292–319; and Ian J. Storey, “Creeping Assertiveness: China, the Philippines and the South China Sea Dispute,” *Contemporary Southeast Asia* 21, no. 1 (April 1999): 95–118.
3. See, for example, Andrew A. Butterfield, *Vietnamese Strategic Culture and the Coming Struggle for the South China Sea* (Monterey, CA: Naval Postgraduate School, 1996); Carlyle A. Thayer, “The Tyranny of Geography: Vietnamese Strategies to Constrain China in the South China Sea,” *Contemporary Southeast Asia* 33, no. 3 (December 2011): 348–69; Stein Tonnesson, “Vietnam’s Objective in the South China Sea: National or Regional Security?” *Contemporary Southeast Asia* 22, no. 1 (April 2000): 199–220; and Ian J. Storey and Carlyle A. Thayer, “Cam Ranh Bay: Past Imperfect, Future Conditional,” *Contemporary Southeast Asia* 23, no. 3 (December 2001): 452–73.
 4. It should be noted while Vietnam’s economic activities in the SCS are conducted mainly within its lawful waters under the 1982 United Nations Convention on the Law of the Sea, China’s moves to counter such activities are largely based on its expansive and legally shaky claims, especially the nine-dash line. For analyses of the weight of Vietnam’s and China’s claims in the SCS, see Mark J. Valencia, Jon M. Van Dyke and Noel A. Ludwig, *Sharing the Resources of the South China Sea* (Honolulu, HI: University of Hawaii Press, 1999); and Hong Thao Nguyen, “Vietnam’s Position on the Sovereignty over the Paracels & the Spratlys: Its Maritime Claims,” *Journal of East Asia and International Law* 5, no. 1 (Spring 2012): 165–211.
 5. For data on how sea-related industries are becoming more and more important for Vietnam’s economy, see various *Statistical Yearbooks of Vietnam* published by the General Statistics Office since the early 1990s.
 6. VCP, *Complete Collection of Party Documents* 52 [in Vietnamese] (Hanoi: National Political Publishing House, 2007), 576.
 7. VCP, *Communiqué of the Fourth Plenum (tenth tenure) of the Party Central Committee* [in Vietnamese], January 25, 2007, <http://www.xaydungdang.org.vn>.
 8. VCP, *Complete Collection of Party Documents* 36 [in Vietnamese] (Hanoi: National Political Publishing House, 2004), 285.
 9. From 1973 until 1975, Saigon signed 13 concession contracts with foreign oil companies. By 1975, oil and gas of commercial value had been discovered by Mobil at Bach Ho 1-X field. See PetroVietnam, *History of Vietnam’s Oil and Gas Industry* 1 [in Vietnamese] (Hanoi: National Political Publishing House, 2011), 169.
 10. PetroVietnam, *History of Vietnam’s Oil and Gas Industry* 1, 281–86.
 11. *Ibid.*, 206.
 12. VCP, *Complete Collection of Party Documents* 51 [in Vietnamese] (Hanoi: National Political Publishing House, 2007), 164.
 13. PetroVietnam, *Annual Report 2011* [in Vietnamese], 3.
 14. PetroVietnam, *History of Vietnam’s Oil and Gas Industry* 1, 45.
 15. BP, *BP Statistical Review of World Energy June 2012* (London: BP p.l.c., 2012), 11.
 16. General Statistics Office (General Statistics Office), *Statistical Yearbook of Vietnam 2007* (Hanoi: Statistical Publishing House, 2008), 415; *Statistical Yearbook of Vietnam 2011* (Hanoi: Statistical Publishing House, 2012), 463.
 17. General Statistics Office, *Statistical Yearbook of Vietnam 2009* (Hanoi: Statistical Publishing House, 2010), 459, 466. The U.S. Energy Information Administration (EIA), however, estimated that Vietnam became a net oil importer in 2011.
 18. PetroVietnam, *History of Vietnam’s Oil and Gas Industry* 3 [in Vietnamese] (Hanoi: National Political Publishing House, 2011), 363–70.
 19. “Vietnam Underestimates China’s Will to Protect Sovereignty,” *Global Times*, December 9, 2012, <http://www.globaltimes.cn/content/749031.shtml>.
 20. China became a net oil importer in 1993 and is currently the world’s second-largest consumer of oil behind the United States.

21. The Chinese National Offshore Oil Company (CNOOC), for example, estimates the area's undiscovered resources to be around 125 billion barrels of oil and 500 trillion cubic feet of natural gas. This estimate is considered overly optimistic. The EIA estimates there to be only about 11 billion barrels of oil reserves and 190 trillion cubic feet of natural gas reserves in the sea. See EIA, *Analysis Briefs: South China Sea*, February 7, 2013, <http://www.eia.gov/countries/regions-topics.cfm?fips=SCS>.
22. The only exception so far is an agreement between PetroVietnam and CNOOC on joint development of a defined area in the Tonkin Gulf signed in November 2006. However, the Tonkin Gulf was delimited in 2000 and no longer a subject of dispute between the two countries.
23. Personal email exchange with a legal expert at Vietnam's Ministry of Foreign Affairs, May 2013.
24. For the full list of the contracts, see PetroVietnam, *History of Vietnam's Oil and Gas Industry* 3, 341–62.
25. Greg Torode, "Beijing Pressure Intense in South China Sea Row," *South China Morning Post*, September 23, 2011.
26. Torode, "Beijing Pressure Intense in South China Sea Row."
27. Carlyle A. Thayer, "Sino-Vietnamese Relations: The Interplay of Ideology and National Interest," *Asian Survey* 34, no. 6 (1994): 524–25.
28. Ramses Amer, "The Territorial Disputes between China and Vietnam and Regional Stability," *Contemporary Southeast Asia* 19, no. 1 (1997): 91–93.
29. Keyuan Zou, "Joint Development in the South China Sea: A New Approach," *International Journal of Marine and Coastal Law* 21, no. 1 (2006): 88–89.
30. *Ibid.*, 88.
31. In fact, when this article was in its final stage of production, Vietnam's concern had materialized. From May 1st, 2014, China dispatched the *Haiyang Shiyou 981* to a location within Vietnam's EEZ (about 120 nm from its maritime baseline) for an exploratory mission. Chinese deployment of the rig met with fierce protest from Vietnam, which sent its paramilitary vessels to the scene to prevent the rig from being installed. China reacted aggressively by sending up to 80 vessels from different forces, including warships, to the scene to protect the rig. Chinese vessels were reportedly using high-pressure water pumps to attack Vietnamese ships. Some also rammed Vietnamese vessels intentionally. See, for example, Nguyen Phuong Linh and Michael Martina, "South China Sea tensions rise as Vietnam says China rammed ships," Reuters, May 7, 2014, <http://www.reuters.com/article/2014/05/07/us-china-seas-fishermen-idUSBREA4603C20140507>.
32. Originally known as Vietnam Marine Police (Cảnh sát biển Việt Nam in Vietnamese), the force's English name was officially changed into Vietnam Coast Guard in October 2013 to be consistent with international practice, although its Vietnamese name remains the same. For an account of Vietnam's military modernization, see Carlyle A. Thayer, *Vietnam People's Army: Development and Modernization* (Bandar Seri Begawan: Sultan Haji Bolkuah Institute of Defence and Strategic Studies, 2009).
33. Thanh Huy, "Protecting Oil and Gas Exploration Activities in Vietnam's Waters Is the Common Task of All Forces" [in Vietnamese], *Petrotimes*, July 28, 2011, <http://petrotimes.vn/news/vn/xa-hoi/bao-ve-tham-do-tai-nguyen-dau-khi-tren-vung-bien-viet-nam-la-trach-nhiem-cua-moi-nganh.html>.
34. Directorate of Fisheries, *Summary of Master Plan for Developing Vietnam's Fishery Industry until 2020, with a Vision to 2030* [in Vietnamese] (Hanoi: Directorate of Fisheries, 2012), 12, 40.
35. Food and Agriculture Organization, *FAO Yearbook of Fishery and Aquaculture Statistics 2010* (Rome: FAO, 2012), 45.
36. Erik Franckx, "Fisheries in the South China Sea: A Centrifugal or Centripetal Force?" *Chinese Journal of International Law* 11, no. 4 (December 2012): 734.

37. Directorate of Fisheries, *Summary of Master Plan*, 22.
38. *Ibid.*, 22–3. Due to low temperature during winter, fish stocks in the Tonkin Gulf tend to migrate to warmer offshore areas.
39. *Ibid.*, 103.
40. VCP, *Complete Collection of Party Documents* [in Vietnamese] 51, p. 162.
41. VCP, *Complete Collection of Party Documents* [in Vietnamese] 52 (Hanoi: National Political Publishing House, 2007), 580.
42. Directorate of Fisheries, *Summary of Master Plan*, 20.
43. *Ibid.*, 58.
44. Xu Tianran, “Deep-Water Drilling Starts,” *Global Times*, May 9, 2012.
45. China, however, claimed that these fishermen were in Chinese waters and committing armed robbery against Chinese fishing boats.
46. “Nearly 100 Quang Ngai Fishermen Are Still Detained,” *BBC Vietnamese*, October 7, 2010.
47. Phan Lê, “Vietnam Protests Fishing Moratorium in East Sea” [in Vietnamese], *VnExpress*, May 15, 2012, <http://vnexpress.net/gl/the-gioi/2012/05/viet-nam-phan-doi-cam-danh-bat-ca-tren-bien-dong>.
48. Thê Dũng, “Fishery Patrol Force to be Established” [in Vietnamese], *Người Lao Động* (December 4, 2012).
49. “Many Chinese Fishing Boats Intrude into Vietnam’s Territorial Water” [in Vietnamese], *BBC Vietnamese*, February 6, 2010, http://www.bbc.co.uk/vietnamese/vietnam/2010/02/100206_china_fishing.shtml.
50. See, for example, William Kinkade Domke, *War and the Changing Global System* (New Haven, CT: Yale University Press, 1988); Erik Gartzke, Quan Li and Charles Boehmer, “Investing in the Peace: Economic Interdependence and International Conflict,” *International Organization* 55, no. 2 (Spring 2001) 391–438; Mark J. Gasiorowski, “Economic Interdependence and International Conflict: Some Cross-National Evidence,” *International Studies Quarterly* 30, no. 1 (1986): 23–38; Mark J. Gasiorowski and Solomon W. Polachek, “Conflict and Interdependence: East–West Trade and Linkages in the Era of Détente,” *Journal of Conflict Resolution* 26, no. 4 (December 1982): 709–29; Zeev Maoz, “The Effects of Strategic and Economic Interdependence on International Conflict across Levels of Analysis,” *American Journal of Political Science* 53, no. 1 (2009): 223–40; John R. Oneal et al., “The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950–85,” *Journal of Peace Research* 33, no. 1 (1996): 11–28; John R. Oneal and James Lee Ray, “New Tests of the Democratic Peace: Controlling for Economic Interdependence, 1950–85,” *Political Research Quarterly* 50, no. 4 (June 1997): 751–75; John R. Oneal and Bruce M. Russett, “The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950–1985,” *International Studies Quarterly* 41, no. 2 (June 1997): 267–95; and Solomon W. Polachek, “Conflict and Trade,” *Journal of Conflict Resolution* 24, no. 1 (March 1980): 55–78.
51. For summaries of different views on the relationship between economic interdependence and conflict, see Katherine Barbieri, “Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?” *Journal of Peace Research* 33, no. 1 (1996): 29–49; and Dale C. Copeland, “Economic Interdependence and War: A Theory of Trade Expectations,” *International Security* 20, no. 4 (Spring 1996): 5–41.
52. For the list of coefficients, see for example, Barbieri, “Economic Interdependence”; and John R. Oneal and James Lee Ray, “New Tests of the Democratic Peace.”
53. Barbieri, “Economic Interdependence,” 44.
54. Mark J. Gasiorowski, “Economic Interdependence and International Conflict”; and Robert O. Keohane and Joseph S. Nye, “World Politics and the International Economic System,” in *The Future of the International Economic Order: An Agenda for Research*, ed. C. F. Bergsten (Lexington, MA: D. C. Heath, 1973).

55. Richard N. Cooper, *The Economics of Interdependence: Economic Policy in the Atlantic Community* (New York, NY: McGraw-Hill, 1968).
56. For an account of developments in Vietnam-China relations since normalization, see Carlyle A. Thayer, *The Structure of Vietnam-China Relations, 1991–2008*, paper presented at the Third International Conference on Vietnamese Studies, Hanoi, Vietnam, December 4–7, 2008.
57. General Statistics Office, *Statistical Yearbook of Vietnam 2011*, 166.
58. China Ministry of Commerce, *2010 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2011), 89.
59. "Vietnam Says China Must Avoid Trade Weapon in Maritime Spat," *Bloomberg News*, December 3, 2012, <http://www.bloomberg.com/news/2012-12-02/vietnam-says-china-must-avoid-trade-weapon-in-maritime-disputes.html>.

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