

# PERSPECTIVE

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## **Making Deals: President Trump’s Visit to Vietnam**

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### **EXECUTIVE SUMMARY**

- President Donald Trump’s visit to Vietnam, which took place just six months after Vietnamese Prime Minister Nguyen Xuan Phuc’s visit to Washington D.C., is another significant landmark in the strengthening of bilateral ties.
- The visit was well received by the public. Vietnamese scholars and officials welcomed the visit, emphasizing its significance as a testimony to Washington’s strong interest in developing ties with Vietnam and remaining engaged with the region.
- The most important outcomes of the visit include the conclusion of commercial agreements worth US\$12 billion; an agreement to strengthen defence cooperation through different initiatives; support for the existing regional structure and ASEAN’s role; and certain unprecedented statements on the South China Sea.
- President Trump’s visit will strengthen the momentum of bilateral ties, especially in the defence and security domains. At the same time, Vietnam seeks to improve ties with China to temper Beijing’s assertiveness in the South China Sea, to strengthen its overall strategic posture, and to facilitate the expansion of its strategic ties with the United States and other major powers.

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## INTRODUCTION

2017 has been an eventful and highly significant year for US-Vietnam relations. In May, Vietnamese Prime Minister Nguyen Xuan Phuc became the first Southeast Asian leader to visit the White House under the Trump administration. Six months later, on 11-12 November, President Donald Trump paid a reciprocal state visit to Vietnam after attending the APEC Economic Leaders' Meeting in Danang. Since Vietnam and the United States normalized ties in 1995, all American presidents have visited Vietnam during their term in office, but Mr Trump was the first to do so during his first year as president. Vietnam is also the first Southeast Asian country that Mr Trump has visited since his inauguration in February 2017. This is all the more significant considering that with President Barack Obama's state visit to Hanoi in May 2016, Vietnam has become the only Southeast Asian country since the end of the Cold War to receive two sitting US presidents in two consecutive years.

This essay analyses the significance of the visit by examining the Vietnamese public and official responses to the visit, its most important outcomes, and its implications for Vietnam-US ties as well as the regional strategic landscape.

## PUBLIC AND OFFICIAL RESPONSES

Contrary to the rather negative views about the Trump administration in the United States and elsewhere, the Vietnamese public maintains a highly positive perception of Mr Trump. According to a survey done by the Pew Research Center (2017), while favourability ratings for the United States after Mr Trump came to power plummeted in most surveyed countries, Vietnam is one of only six countries where the perception of the US has improved, increasing from 78% in 2015 to 84% in 2017. As much as 72% of the Vietnamese surveyed considers Trump a strong leader while 71% believes he is well qualified to be US president. These rates are remarkable given their respective global medians of 55% and 26% (Pew Research Center, 2017; Storey, 2017).

President Trump's activities in both Danang and Hanoi were positively discussed on Facebook. His mention of the Trung Sisters' resistance against the Han dynasty as an example of Vietnamese patriotism which he made in his speech at the APEC CEO Summit was particularly well-received by Vietnamese netizens. People also lined up along his way from Noi Bai Airport to the Metropole Hotel in downtown Hanoi to catch a glimpse of the billionaire-turned-president, chanting "Welcome to Vietnam" to Trump and his entourage.<sup>1</sup>

The visit is extensively covered by the local media and his arrival at Noi Bai Airport was broadcast live on some TV channels and news portals. The *Nhan Dan* (People's Daily), the

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<sup>1</sup> Some human rights activists, however, also took the opportunity to protest against Trump. Singer-turned-dissident Mai Khoi, for example, was seen holding a placard condemning Trump. Since Trump's election, the US appears to have adopted a softer stance on Vietnam's human rights record.

Communist Party of Vietnam's mouthpiece, ran an op-ed praising the visit as a "new step forward in the Vietnam-US comprehensive partnership". It surmised:

By welcoming President Trump, Vietnam affirms its consistent emphasis on the development of relations with the United States and cooperation with the Trump administration to maximize cooperative outcomes and further promote bilateral ties. This important event once again testifies to Vietnam's foreign policy of independence, autonomy, multilateralization and diversification of external relations, and active and proactive international integration (*Nhan Dan*, 2017).

Vietnamese scholars and officials also had positive views about the visit and its significance for Vietnam-US ties. For example, Dr Cu Chi Loi, Director of the Vietnam Institute of American Studies, believed that the visit "is a remarkable event and an important landmark in Vietnam-US relations" which indicates America's "special interest" in Vietnam and its wishes to promote bilateral ties (*Dan Tri*, 2017). Dr Tran Viet Thai, Deputy Director of the Institute for Foreign Policy and Strategic Studies, emphasized that Mr Trump was visiting Vietnam during the first year of his presidency, and that the visit was a "special event" for both Vietnam and the region and embodied Washington's "new perspective of Vietnam's role in bilateral ties as well as regional and global affairs" (*BBC Vietnamese*, 2017). Former Deputy Minister of Foreign Affairs and Ambassador of Vietnam to the United States Le Van Bang also emphasized the significance of President Trump's visit for both Vietnam and the region. The former diplomat believed that the visit reflected Washington's "great efforts" and was an indication of President Trump's appreciation of Vietnam's role in US foreign policy (*Zing News*, 2017).

## **MAJOR OUTCOMES OF THE VISIT**

At the end of the visit, the two sides issued a joint statement summarizing key outcomes of the visit. The statement addresses a wide range of topics involving bilateral cooperation, from economic and strategic ties to resolving war legacies, people-to-people connections, education, and management of water resources in the Lower Mekong region.

The most notable achievements are in the economic and strategic areas.

Specifically, the two sides pledge to deepen and expand bilateral trade and investment relations through formal mechanisms, including the Trade and Investment Framework Agreement (TIFA) signed in 2007. This suggests that both sides, especially the Trump administration, are not yet interested or ready to negotiate a bilateral free trade agreement after Trump withdrew the US from the Trans-Pacific Partnership (TPP) agreement.

During the visit, businesses from both sides signed commercial agreements worth US\$12 billion, mostly on gas development, automobiles, and aircraft engine purchase and technical

support.<sup>2</sup> In May, during PM Phuc's visit to Washington, the two sides also signed 13 commercial deals worth US\$8 billion. Trump used to accuse Vietnam of "stealing" American jobs, and at a meeting with Prime Minister Nguyen Xuan Phuc during the visit, he also complained about the United States' US\$32 billion trade deficit with Vietnam. These agreements, which can help create more jobs for American workers and reduce America's trade deficit vis-à-vis Vietnam, can be seen as "victories" for Trump's economic diplomacy and can help boost his political standing at home. It is also a measure for Vietnam to win Trump's support for bilateral ties.

In terms of strategic cooperation, the joint statement highlights the transfer of a Hamilton-class cutter from the US Coast Guard to Vietnam and the plan for the first-ever visit by a US aircraft carrier to a Vietnamese port in 2018. The two countries also adopted the 2018-2020 Plan of Action for US-Vietnam Defence Cooperation to implement the 2011 Memorandum of Understanding (MOU) on Advancing Bilateral Defence Cooperation, and the 2015 Joint Vision Statement on Defence Relations. Equally important is their plan to "deepen and gradually expand security and intelligence cooperation, enhancing information sharing and joint training on issues of mutual concern" (The White House, 2017). These cooperative activities will add more substance to the growing defence ties between the two former enemies.

Since the United States fully lifted its ban on lethal weapons sale to Vietnam in May 2016, there has been speculation that Vietnam is interested in certain US military equipment and weapons. However, no arms deal has been announced yet. During the visit, Mr Trump reportedly suggested that Vietnam buy military gears, aircraft and missiles from American manufacturers. "We make the greatest missiles in the world, greatest planes in the world, greatest commercial aircraft in the world. So we would like Vietnam to buy from us, and we have to get rid of the trade imbalance. We can't have the trade imbalance," said Mr Trump to Vietnamese Prime Minister Nguyen Xuan Phuc (AFP, 2017). The way Mr Trump linked possible arms sales with the trade deficit issue may imply that if Vietnam agrees to acquire arms from America, Mr Trump may somehow shrug off the trade deficit issue.

Indeed, selling arms to Vietnam appears to be an important objective for the US in its relations with Hanoi, as such arms deals may serve its multiple purposes. The deals will create more jobs and exports revenue for America in line with Trump's mandate of "Make America Great Again". They will also strengthen Vietnam's military capabilities, which aligns with America's strategic interests in Asia, especially in the maintenance of regional balance of power and order against the backdrop of a rising China. On its part, Vietnam is seeking to reduce its dependency on Russia for arms imports, and buying arms from the US can be an appealing option, especially given its potential effect of cementing Vietnam-US

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<sup>2</sup> The most notable agreements include PetroVietnam Gas' MOUs with AES Corp on Son My liquefied natural gas terminal project and with Alaska Gasline Development Corp on gas supply and upstream investment; Pratt & Whitney's engine purchase support agreement and binding MoU with Vietnam Airlines for the sale and maintenance of engines; Pratt & Whitney's purchase and support agreement with VietjetAir for 20 engines; Navistar International Corp's MoU on commercial truck business with Hoang Huy Joint Stock Company (Reuters, 2017). VietjetAir's agreement, however, was to implement another contract already announced in 2015.

strategic relations. Hanoi seems to have made certain moves towards this end. Before Mr Trump's visit to Vietnam, VTA Telecom Corporation, a subsidiary of the Vietnamese military-run Viettel Group, reportedly paid a law firm a monthly amount US\$40,000 to lobby US legislators and government officials on "issues related to Vietnam's national security and defence", and to seize upon America's full lifting of lethal arms sale ban in order to strengthen defence trade between the two countries (*VOA Vietnamese*, 2017). The American presence of Viettel, which is tasked by the Vietnamese government to lead the development of Vietnam's defence industry, may be related to the bilateral announcement in 2015 that the two countries are considering the co-production of military equipment. If arms deals and especially the co-production of military equipment do materialize in the future, they will substantively transform the nature of Vietnam-US defence ties and bring them to a new high.

Where regional order is concerned, the two sides "welcomed initiatives to preserve peace and stability and to advance cooperation and development in the Indo-Pacific region", recognized the central role of ASEAN in the region, "pledged to respect and support the centrality and unity of ASEAN in the evolving regional architecture", and were "committed to deepening the United States-ASEAN Strategic Partnership" (The White House, 2017). Although Vietnam has not yet offered an official response to the Trump administration's "free and open Indo-Pacific" strategy, the joint statement suggests that Vietnam supports such a strategy, especially given its intention of engaging India more deeply into Southeast Asia. At the same time, the strong support for ASEAN and ASEAN-US relations reflects the two countries' shared interest in maintaining the existing regional order structured around ASEAN.

More notably, the joint statement issued after the visit contains much stronger language on the South China Sea than previous ones. Specifically, apart from the regular clichés on freedom of navigation, peaceful dispute resolution, or non-militarization of disputed features, the two sides also

...called for the full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC), and an early conclusion to an *effective, legally binding* Code of Conduct for the South China Sea (COC). They further called for *all South China Sea claimants to clarify and comport their maritime claims in accordance with the international law of the sea* as reflected in the 1982 United Nations Convention on the Law of the Sea and *to implement their international legal obligations in good faith* in managing or resolving these disputes (The White House, 2017; italics added).

Both these stances, which run counter to China's position and would therefore raise eyebrows in Beijing, have never been included in previous joint statements. While the statement can be seen as a diplomatic success for Vietnam, it also shows that the Trump administration's position on the South China Sea is even more strongly anti-China than that of the Obama administration. Such a position will help dispel the concern of some Vietnamese officials that Trump may make concessions to China on the South China Sea

in exchange for Beijing's support regarding the North Korean issue. Be that as it may, whether the rhetoric will turn into action remains to be seen.

Another noteworthy feature of the statement is that unlike previous ones, it only mentions the human rights issue in passing with one short paragraph: "The two leaders recognized the importance of protecting and promoting human rights". This confirms the Trump administration's departure from the tradition of considering human rights promotion as a key priority in US foreign policy. Although Trump's failure to emphasize the issue in bilateral talks has drawn criticism from rights activists as well as some senior American politicians, including Senator John McCain (*Fox News*, 2017), it also suggests that the human rights issue has become less of a sticking point in bilateral ties, which may facilitate the two country's further rapprochement under the Trump administration.

## **STRATEGIC IMPLICATIONS OF THE VISIT**

Mr Trump's isolationist rhetoric during his electoral campaign and his decision to withdraw the US from the TPP after coming to power have stoked fears that Washington may scale down its engagement with Asia in general and Southeast Asia in particular. However, Trump's attendance at the APEC Economic Leaders' Meeting in Danang and his visits to five regional capitals have provided the much needed assurance that Washington remains strongly committed to the region. The release of the so-called "free and open Indo-Pacific" strategy before his Asia tour provides another source of relief. Although the strategy needs further articulation, it may indicate that US strategic engagement with Asia may not only continue but even expand.

President Trump's state visit to Vietnam provides a further boost to US-Vietnam relations. Vietnam, like some other regional countries, has proven to be highly pragmatic in playing along with Trump's transactional diplomacy by trying to offer major commercial deals during high-level visits as a measure to secure the business-minded president's support for bilateral ties. Moreover, with Trump's lack of interest in ideology and human rights, bilateral ties may enjoy smooth sailing under his watch, especially if Hanoi has more to offer in commercial terms, including arms deals with American manufacturers.

More importantly, as Hanoi intensifies strategic ties with the United States and other major powers to enhance its bargaining position in the South China Sea, and Washington continues to seek stronger ties with regional allies and security partners to deal with China's rising power, Vietnam-US relations are likely to enjoy stronger momentum in coming years, especially in the areas of defence and security. While defence ties between the two countries have improved significantly over the past decade, they remain rather limited, mainly due to Vietnam's wariness about China's reactions. However, such concerns are being gradually neutralized. Both Hanoi and Washington are inching towards new milestones in their security and defence cooperation, with the most immediate ones being the first-ever visit of a US aircraft carrier to Cam Ranh Bay and possible arms deals down the road. Hanoi is indeed trying to turn high-profile defence cooperation activities with the United States into a "new normal". China's increasing assertiveness in the South China Sea, especially the



2014 oil rig crisis and China's construction of seven artificial islands in the Spratlys, has provided a strong case for Hanoi's enhanced strategic cooperation with the United States and other major powers as a means to counteract Beijing's mounting pressures in the South China Sea.

However, while stepping up relations with the United States, Vietnam continues trying to maintain friendly ties with China. The cultivation of a stable and positive relationship with Beijing is even more important to Hanoi given its wish to pursue high-profile defence initiatives with Washington. Two hours before President Trump left Vietnam, Chinese President Xi Jinping arrived in Hanoi for a state visit, evidencing Vietnam's efforts to nurture ties with China and to maintain a strategic balance between the two superpowers. Vietnam-China relations have stabilized and even improved considerably since the 2014 low when the oil rig crisis broke out. However, the trajectory of Vietnam-China relations remains somewhat uncertain. Bilateral maritime tensions have temporarily abated over the past year, but they still simmer and may erupt anytime. As in a boxing game, the more tightly one embraces the opponent, the less likely it is that one will get hit hard by him. As long as China remains assertive in the South China Sea and continues to be a major threat to Vietnam, Hanoi may continue its embrace of Beijing, not necessarily as a show of love, but as a calculated strategy to temper China's assertiveness in the South China Sea, to strengthen its overall strategic posture, and to facilitate the expansion of its strategic ties with the United States and other major powers.

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