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Vietnam is a Promising Partner for the Trump Administration

BY HUONG LE THU

Vietnamese Prime Minister Nguyen Xuan Phuc was the first Southeast Asian head of state — and the third from Asia (after Japanese Prime Minister Shinzo Abe and Chinese President Xi Jinping) — to meet with President Donald Trump since he took office. During his late May three-day visit, he also visited New York to commemorate the 40th anniversary of Vietnamese membership in the United Nations before traveling to the White House. Phuc's mission was to forge a personal relationship with President Trump, who has yet to form any consolidated view on policy towards Southeast Asia, including the South China Sea.

President Trump, during the May 31 meeting with Prime Minister Phuc, said that he is glad to see a more “balanced” trade relationship with Vietnam. This new trend of seeking what Trump considers to be more fair trade relationships might be challenging for any Southeast Asian state with smaller size and capacity. However, Vietnam aims to demonstrate goodwill by meeting the White House halfway on such expectations.

Switching Contexts

Almost exactly a year ago, the bilateral relationship reached a new high, with then-President Obama's visit to Vietnam where he announced the total annulment of the arms embargo that had been in place since the war. In fact, Vietnam's relations with the United States had been warming significantly over the past few years, coinciding with China's increasing assertiveness in the South China Sea and with the Obama administration's rebalance policy.

Trump's victory in the presidential election last November generated some unease in Hanoi that the promising momentum could be lost. Just like other Southeast Asian states, Vietnam rarely figured in Trump's campaign speeches if at all. He put Vietnam in the same category as China — unfair traders that were dumping their cheap products into the American market. Trump's decision to withdraw from the Trans-Pacific Partnership (TPP) posed an existential challenge to the whole project and was a hard hit for Vietnam. Vietnam — the least developed economy of the 12 TPP members — was widely predicted to benefit the most from the trade agreement. More importantly, TPP served as a tool for Vietnamese policy makers hoping to “escape China's orbit” by reducing economic dependency on Chinese trade. The Trump administration's declaration that the rebalance is dead only further exacerbated Vietnam's strategic anxiety.

But Vietnam is no stranger to such difficult circumstances. The visit can be seen as Vietnam's proactivity in seeking engagement with the United States. With a mission to seek US continuity in its commitment to regional affairs — especially regional maritime disputes — Phuc aimed to lay out benefits for Washington to induce it to keep ties with Hanoi strong. The prime minister tailored his economic agenda for Trump's business mindset. Phuc — who is viewed domestically as a hands-on economic reformer — was a better fit for the role than conservative party Secretary General Trong or President Quang, who is a former Minister of Public Security.

Huong Le Thu, Visiting Fellow at Australia National University's Coral Bell School of Asia Pacific Affairs, explains that “[Vietnamese Prime Minister] Phuc aimed to lay out benefits for Washington to induce it to keep ties with Hanoi strong. The prime minister tailored his economic agenda for Trump's business mindset.”

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A “Carrot” for Trump?

Despite Hanoi’s strategic concerns, bilateral economic relations have been doing well. America remains Vietnam’s largest export market; however, it ranks sixth among trade partners with which the United States has the largest trade deficits. Bilateral trade from January through May 2017 amounted to \$16 billion, which constitutes an increase of 9.9% over the previous year. US exports grew by 22% compared to last year. The visit aimed at alleviating some of the Trump administration’s concerns about the growing deficit with Vietnam, which totaled \$32 billion last year, a fraction of the deficit with China – \$347 billion. Among the deals Phuc signed was a \$15-17 billion agreement on the exchange of technological goods and services. President Trump described this win-win outcome as “more jobs for America, more equipment for Vietnam.” In contrast to the US-Vietnam leaders’ exchange one year ago, this meeting avoided values-based talk and was highly transactional in nature. Leaders in Hanoi have taken note of this shift. With such transactional gestures to generate good will, Vietnam hopes not only to boost bilateral relations, but also to draw Trump’s attention to geoeconomic and geostrategic regional developments.

During the Obama administration, Vietnam — along with other Southeast Asian neighbors — was considered a major beneficiary of American engagement in the region, both strategically and economically. The TPP was seen as a “carrot.” Under this administration, countries like Vietnam may need to come up with their own “carrots” to attract Washington’s attention, or at least ameliorate the perception of relative loss.

A New Model for Great Power-Small Power Relations?

Vietnam remains Southeast Asia’s most vigilant actor thus far during the first months of the Trump administration. Despite the apparent challenges – particularly the White House’s low level of engagement in the region – Hanoi can look to a number of advantageous factors. First of all, Southeast Asia’s US treaty allies — Thailand and the Philippines — are growing increasingly distant from Washington and closer to Beijing. Manila’s shift under Duterte is consequential, particularly for Vietnam, because of its role in the South China Sea disputes. The recent 30th ASEAN Summit showed Manila’s reluctance to even raise the maritime issues publicly. Under these changing regional circumstances, Washington should reconsider modes of strategic cooperation beyond the traditional treaty ally framework. While Singapore also remains a US-reliant regional partner, Hanoi will be more hard-pressed to get the relationship right. This means that Vietnam might be the keenest regional actor to invest in this relationship and become Trump’s “America First” connection in Southeast Asia.

Moreover, while the issue of human rights represented an enduring obstacle for the Obama administration, Trump’s less values-based approach means that the government in Hanoi is likely to be more comfortable with Washington’s new foreign policy direction.

Best Timing Ever

For America this could be a golden opportunity to engage with Hanoi. Despite previous efforts, domestic responses to American defense engagement in Vietnam still encounter a level of resistance. At this juncture, however, there seems to be consensus among Hanoi’s domestic leadership that the region cannot afford America’s absence. Thus, Phuc’s trip — as well as his reciprocal invitation for Trump to visit Vietnam — signals more openness than ever before, and certainly a better negotiating position.

The Trump administration needs to realize that the previous lasting investments in this relationship should not be sacrificed for short-term business gains. In fact, it is the Trump administration that is likely to harvest the fruits that previous administrations carefully seeded. Vietnam is now a key actor in the region, and if the United States wants to retain its position in Asia, it should understand that long-term gains from this relationship are worth more than revenues. If Trump’s “Make America Great Again” slogan has a global meaning, then securing the support of partners should come first. And a promising partner is Vietnam.

Dr. Huong Le Thu is a visiting fellow at Strategic and Defence Studies Center, Coral Bell School of Asia Pacific Affairs, Australian National University. She can be contacted at LeThu.Huong@ANU.edu.au

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