

1

Introduction

China has long been a major source of influence on the evolution of Vietnam as a modern state. This is well illustrated by some researchers' analogy that likens China to a rooster, with Korea as its beak and Vietnam its legs. The analogy, while highlighting the strategic importance of Vietnam towards China's well-being, especially in terms of security, also implies that Vietnam has long been living under the weight of China. In other words, Vietnam is condemned to a "tyranny of geography" (Thayer 2002, p. 271), whereby it has no choice but to learn to share its destiny with China through every twist and turn of its history.

Factors Shaping Vietnam–China Relations

Vietnam has been so much influenced by China that any account of the country's history would be incomplete without referring to its relations with the northern neighbour. Vietnam came under Chinese suzerainty for more than 1,000 years, since the Han dynasty conquered and annexed the country in 111 BC until Vietnam gained its formal independence for the first time in AD 938. Since then until the encroachment of the West in the latter half of the nineteenth century,

despite intermittent attempts by China to reoccupy Vietnam, the relationship between the two countries was characterized by the relatively stable coexistence of the two empires with the latter being part of the former's tributary system (see, for example, Woodside 1971). After gaining its independence from colonial powers in 1945, Vietnam seemed to be in a better position to deal with China, but again, the northern neighbour continued to exert tremendous impact on the country, both before and after it was unified under communist control.

The history of interactions between the two countries shows that their relationship has been heavily conditioned by three major factors. The first is the geographical proximity between the two countries. Living next to China brings Vietnam both good and bad fortune. Vietnam, as one of the most sinicized countries in Asia, has benefited from China's immense cultural wealth, which more or less shaped the country's development as a nation-state. On the other hand, geographical proximity turned Vietnam into a convenient target for expansionist designs of Chinese dynasties. While the "China threat" rhetoric is relatively new in the literature on international relations (Yee and Storey 2002, p. 1), Vietnam's discourse on national security has traditionally been dominated by a sense of vulnerability towards threats from the north partly due to the effect of geographical proximity.

The second factor defining Vietnam's relations with China is the "asymmetry", or the great disparity in size and power, between the two countries (Womack 2006). Throughout history, Vietnam has always been the much smaller partner in the dyad, which caused the country to undertake never-ending efforts to protect its sovereignty, territorial integrity and national identity against military and cultural invasions from China. Typically, Vietnam has been willing to offer nominal deference to China for the sake of peace and internal development, and to stand up against the northern threat whenever China forcefully imposed its will on the country.

The third major factor shaping Vietnam's relations with China is the internal political and socio-economic development of each country. While geographical proximity and power asymmetry can be seen as long-term constants, domestic developments shape more visible transformations in bilateral relations over shorter periods of time.

History shows that since gaining its independence from China in 938, Vietnam has enjoyed more peace and less intervention from the North in times when China was embroiled in domestic turmoil or faced with foreign intervention. At the same time, Vietnam tended to be more vulnerable to Chinese interference during periods when the country itself was weak or divided.

Over the past three decades, bilateral relations have also undergone significant transformations as both countries pursued their own modernization programmes, which, in turn, have become a major source of influence on their foreign policy in general and their bilateral relations in particular.

On the part of Vietnam, the adoption of *Doi Moi* (Renovation) policy in 1986 has gone down in the country's history as a major landmark. Economic reforms have not only transformed the defunct command economy into a market-based one, but also informed transformations in its international relations. On one hand, *Doi Moi* demanded that the country switch to a more open foreign policy conducive to its domestic economic development. At the same time, a stronger economy and an enhanced international status have strengthened Vietnam's bargaining power and provided it with more options in dealing with other countries. On the other hand, growing economic interdependence and international integration, while providing a cushion for Vietnam's potential conflicts with its foreign partners, have also exposed the country to new security threats and foreign policy challenges.

Under *Doi Moi*, Vietnam's relations with China have been greatly transformed. By 1986, the relationship between the two countries was still in stalemate with Vietnam considering China as "the most dangerous and immediate enemy."¹ But soon after Vietnam adopted *Doi Moi*, bilateral relations started to improve and the two countries officially normalized their relations in 1991. After this watershed, bilateral ties were further consolidated, and a "comprehensive strategic partnership" was established in 2008. Nevertheless, the two countries are still facing a wide range of challenges that may threaten to destabilize their future relations. The most notable problems include competing claims in the South China Sea, Vietnam's security concerns regarding China's rise, renewed nationalism in both countries, and a web of increasingly interdependent yet potentially problematic economic relations. The two countries' prospects of democratization

also make the trajectory of their relationship even more complex and unpredictable.

In sum, *Doi Moi* has generated significant and far-reaching impacts on Vietnam's external relations, especially with China. Yet, so far there has been no major research in either Vietnamese or English that addresses this issue. This book seeks to fill the gap by examining the interactions between political and economic factors under *Doi Moi* that have shaped bilateral relations since the late 1980s.

***Doi Moi* and Bilateral Relations**

Doi Moi, while originally being an initiative of the Communist Party of Vietnam (CPV) to remedy its sinking legitimacy at home, eventually led to enormous changes in Vietnam's foreign policy in general and its China policy in particular. Following the adoption of *Doi Moi*, Vietnam made great efforts to normalize its relations with China, which it achieved in 1991. With a view to creating a more peaceful regional environment conducive to its domestic reforms, Vietnam also sought to settle its territorial disputes with China by concluding bilateral treaties on land border demarcation and Tonkin Gulf delimitation. Economic exchanges have also been strengthened to provide a stronger economic foundation for political relations. Under *Doi Moi*, bilateral relations entered a more stable and peaceful stage, which is described as "mature asymmetry" (Womack 2006). Yet, *Doi Moi* has also generated new challenges for Hanoi's relations with Beijing. New frictions in economic realms have emerged, while the two countries' quest for territorial sovereignty, maritime entitlements and economic interests in the South China Sea has also added further tension to their relationship.

Nevertheless, *Doi Moi* and the accompanying economic and foreign policy reforms have brought Vietnam newfound opportunities to develop a multi-level, omni-directional hedging strategy against China. Hanoi has accordingly strengthened economic ties and engagement mechanisms to maintain a stable and peaceful relationship with Beijing. At the same time, it has employed hard and soft balancing measures to counter China's growing power, especially Beijing's increasing assertiveness in the South China Sea.

When it comes to future bilateral relations, it should be noted that sustained socio-economic development will make democratization

increasingly likely in both countries, which may bear implications for their ties. However, even when both countries have become democracies, their relations will not likely enjoy the “perpetual peace” that Immanuel Kant and contemporary democratic peace proponents predict, especially if the South China Sea disputes persist due to their complex nature. In that case, nationalism, historical distrust and rivalry in the South China Sea will continue to constrain future bilateral relations no matter who are the rulers in Hanoi and Beijing.

Based on primary as well as secondary sources of data, the book will provide in-depth analyses of the above-mentioned issues and their implications. It will analyse two important case studies to illustrate how the interaction between economic and political considerations under *Doi Moi* has shaped Vietnam’s China policy and bilateral relations since normalization. One will focus on bilateral economic ties and their political implications, and the other on how Vietnam’s economic development under *Doi Moi* has contributed to the dynamics of bilateral rivalry in the South China Sea.

The first case study is selected due to the rising importance of economic exchanges as a source of both bilateral cooperation and tension. Under *Doi Moi*, Vietnam is faced with the challenge of how to secure economic ties with China to facilitate domestic development while trying to mitigate any negative implications that deepened economic exchanges may generate for the country. As such, Vietnam’s perception of and reaction to the possible merits and problems presented by deepened economic ties will contribute to how its relationship with Beijing is shaped.

Meanwhile, the case of the South China Sea disputes is selected for three reasons. First, the disputes now remain the most outstanding issue that threatens to destabilize Vietnam’s relations with China. Second, over the last three decades, the dynamics of the disputes have been greatly transformed by both countries’ political and economic developments, including those under Vietnam’s *Doi Moi*. Third, given the complex nature of the disputes, they are likely to persist and bear important implications for future bilateral relations. Therefore, studying bilateral disputes in the South China Sea along with the growing economic ties between the two countries will provide us with useful insights into how the complex relationship between Vietnam and China has evolved since normalization.

It should be noted that, this book, as its title suggests, is an investigation of Vietnam's China policy and its relations with China under *Doi Moi*, not a comprehensive survey of bilateral relations. Accordingly, the book will mainly analyse drivers of Vietnam's relations with China as viewed from the Vietnamese side, and will use mainly Vietnamese and English sources.

Structure of the Book

Apart from the Introduction (Chapter 1) and Conclusion (Chapter 9), the book is composed of seven main chapters.

Chapter 2 lays out the historical context of Vietnam–China relations. Specifically, it will examine how bilateral ties developed through history until the 1980s. It will first examine the adverse effects of the hard “tyranny of geography” on Vietnam by providing an overview of how and why China had been a source of security threat to the country in the past. Next, it will discuss the effects of the soft “tyranny of geography”, or how China had been influencing Vietnam culturally and economically. Finally, the chapter will look into the traditional structure of bilateral relations and the way Vietnam adapted itself to co-exist with China through the Sino-centric tributary system.

Chapter 3 focuses on Vietnam's adoption of *Doi Moi* and its implications for the normalization of Sino-Vietnamese relations. After providing an overview of the literature on the domestic–foreign policy nexus, the chapter will examine how transformations in Vietnam's foreign policy in the late 1980s and early 1990s were driven by the CPV's domestic agenda of economic reform and regime maintenance. Finally, the chapter will investigate the connection between Vietnam's adoption of *Doi Moi* and its quest for normalized relations with China.

Chapter 4 seeks to provide an overview of Vietnam–China relations since normalization. The chapter will start by reviewing Vietnam's economic development under *Doi Moi* and analysing the important role that foreign economic exchanges, including those with China, have played in this process. The chapter will then examine the evolution of Vietnam's relations with China since normalization. It will first discuss progress regarding the solution of bilateral territorial

disputes, followed by an analysis of how the two countries have consolidated their political relations over the past two decades. Finally, the chapter will briefly discuss the development of bilateral economic ties and their contribution to Vietnam's overall relations with China.

Drawing on the initial analyses offered in Chapter 4, Chapter 5 will further investigate the development of bilateral economic relations since normalization and its political implications as the first case study of the book. The chapter will specifically examine four key aspects of bilateral economic exchanges, namely, Chinese aid and preferential export buyer's credits for Vietnam, project contracting, bilateral trade, and investment relations. The chapter will therefore analyse how economic and political factors have interacted to shape the trajectory of bilateral ties since normalization.

Chapter 6 will analyse the second case study, which illustrates how Vietnam's economic considerations under *Doi Moi* have contributed to the dynamics of bilateral disputes in the South China Sea. The chapter will first offer a background overview of the disputes and how they have presented themselves as the most serious irritant to bilateral relations. It will then briefly analyse Vietnam's geo-strategic and economic drivers in the disputes. Finally, the chapter will examine the role of economic factors in the shaping of Vietnam's strategy towards the disputes over the past two decades.

Chapter 7 will examine Vietnam's hedging strategy against China since normalization. The strategy is composed of four major components, namely economic pragmatism, direct engagement, hard balancing, and soft balancing, all of which are premised upon the economic and diplomatic successes that Vietnam has achieved under *Doi Moi*. The chapter will first provide an overview of the hedging strategy. It will then analyse the rationale and foundations of the strategy in the Vietnamese context. Finally, the chapter will investigate how the strategy has been developed and operationalized by Vietnam since bilateral normalization.

Chapter 8 will look into future political prospects of Vietnam and China and investigate their implications for bilateral relations. The chapter will start by discussing the theoretical link between socio-economic development and democratization as proposed by modernization theory. It will then apply these theoretical assumptions to both Vietnam and China and evaluate the prospects for

democratization in each country. Finally, the chapter will conclude by assessing four scenarios in which democratization in both countries may happen and their implications for future bilateral relations.

NOTE

1. This was officially enshrined in the 1980 Constitution of Vietnam and was not dropped until August 1988.