

VIETNAM AND ASEAN

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Paradigm Shift

During the mid-to-late 1980s, a major transformation took place in how Vietnam's policy elite conceptualized foreign policy. Vietnam turned from a foreign policy model heavily structured by ideological considerations to a foreign policy model that placed greater emphasis on national interest and *realpolitik*. Vietnamese analysts now tended to emphasize global economic forces and the impact of the revolution in science and technology over military aspects of power when weighing the global balance.² The old and new foreign policy models are not mutually exclusive. Ideology and national interest are not dichotomous terms, they can and do overlap and co-exist.

In December 1986, at the sixth national party congress Vietnam adopted the policy of *doi moi* or renovation. It was clear to Hanoi's leaders that *doi moi* could not be accomplished without a comprehensive settlement of the Cambodian conflict. In 1987, the Politburo of the Vietnam Communist Party (VCP) secretly adopted Resolution no. 2 that set in motion a strategic readjustment in Vietnam's national security policy.³ Vietnam made the decision to withdraw from Cambodia and to reduce its large standing army.

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² Vu Khoan, 'Mot so van de quoc te cua dai hoi VII' and Nguyen Manh Cam, 'Gia tri lau ben va dinh huong nhat quan' in Bo Ngoai Giao, *Hoi nhap quoc te va giu vung ban sac*. Hanoi: Nha xuất bản chính trị quốc tế, 1995, 71–76 and 223–230, respectively.

³ Carlyle A. Thayer, 'Vietnam's Strategic Readjustment', in Stuart Harris and Gary Klintworth, eds, *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region*. Melbourne: Longman Australia Pty Ltd, 1995, 185–201; and Thayer, *The Vietnam People's*

It was not until May 1988, however, that Vietnam's new foreign policy orientation was codified. This took the form of Politburo Resolution no. 13 that stressed a 'multi-directional foreign policy' orientation.⁴ The emphasis was 'to maintain peace, take advantage of favorable world conditions' in order to stabilize the domestic situation and set the base for economic development over the next ten to fifteen years. Politburo resolutions nos. 2 and 13 *inter alia* thus set in motion changes in Vietnamese national and foreign policies that contributed to a diplomatic settlement of the Cambodian conflict in October 1991.

Background to ASEAN Membership

In late 1988 Nguyen Van Linh, then Secretary General of the VCP, told visiting Philippine Foreign Minister Raul Manglapus that Vietnam was 'eager to join ASEAN.'⁵ At the same time, Malaysia's Prime Minister Mahathir indicated that 'ASEAN could accept Vietnam as a member of the grouping in future should it subscribe to the ideas of ASEAN.'⁶ In early 1989 Indonesian Armed Forces Commander-in-Chief General Tri Sutrisno stated that ideology would not be an impediment to Vietnam's membership in the Association.⁷ In January following year, Thai Prime Minister Chatchai Chunhawan publicly stated his support for the incorporation of Indochina into ASEAN but only after the Cambodian conflict had been settled.⁸

In November 1990, President Suharto of Indonesia became the first ASEAN head of state to pay an official visit to Vietnam. His trip set off intense speculation about the possibility of Vietnam becoming ASEAN's next member.⁹ Finally, in March 1991, Malaysia's Prime Minister proposed the initiation of a dialogue between ASEAN and the non-member states of mainland Southeast Asia (Vietnam, Myanmar, Laos and Cambodia). This was immediately welcomed by

Army Under Doi Moi, Pacific Strategic Paper no. 7. Singapore: Institute of Southeast Asian Studies, 1994, 14–17.

⁴ Nguyen Dy Nien, 'Tiep tuc doi moi va mo cua vi su nghiep cong nghiep hoa, hien dai hoa dat nuoc', *Tap Chi Cong San*, no. 12, June 1996, 47.

⁵ *Indonesian Newsletter* (Information Section, Embassy of the Republic of Indonesia in Canberra), no. 1, January 1989, 1.

⁶ Bernama in English, 0503 gmt, 16 December 1988.

⁷ Antara in English, 0204 gmt, 13 January 1989.

⁸ Christopher Goscha, 'Could Indochina Join ASEAN?' *Bangkok Post*, 24 November 1990.

⁹ Kawi Chongkitthawon, 'Vietnam's Backdoor to ASEAN', *The Nation*, 24 November 1990. During Suharto's visit Vietnam made clear it would rather join ASEAN than a new regional body designed to incorporate the Indochina states.

Hanoi. Vietnam also signaled its desire to attract investment from ASEAN businessmen¹⁰

An important modification of Vietnam's 'multi-directional foreign policy' was adopted by the seventh national party congress in June 1991.¹¹ Vietnam now sought 'to be friends with all countries'. Vietnam's *Strategy for Socioeconomic Stabilization and Development Up to the Year 2000*, which was adopted by this congress, declared that Vietnam would 'diversify and multilateralise economic relations with all countries and economic organizations...' In August, immediately following the congress, an international symposium on 'Interaction for Progress: Vietnam's New Course and ASEAN Experiences' was co-hosted in Hanoi by the Vietnam Institute of Social Science, the Central Institute of Economic Management and the Information and Resource Center of Singapore. The seminar was addressed by Phan Van Khai, first vice chairman of the Council of Ministers, who signaled Vietnam's desire to cooperate with ASEAN members. Another Vietnamese official stated that 'ASEAN can become the bridge between Vietnam and the world.'¹² In September, during the course of a visit to Hanoi by Thailand's Foreign Minister, Arsa Sarasin, Vietnam expressed its willingness to accede to the 1976 ASEAN Treaty of Amity and Cooperation and then followed up by officially notifying the Philippines of its intention.¹³

After the Cambodian settlement, Vietnam moved rapidly to normalize its relations with the countries of Southeast and East Asia. Vietnam initially gave priority to the ASEAN states and China. Official figures released at the end of September 1991 indicated that ASEAN states had invested in thirty-four projects with a total prescribed capital of US\$173 million. This represented '12.4 per cent of foreign investment projects and 7.2 per cent of total legal capital invested...'

In late 1991–early 1992 Vietnam moved to restore relations with the individual members of the Association of South East Asian Nations and with ASEAN as a regional organization. This represented a complete reversal of a decade long period of confrontation. Vo Van Kiet, then chairman of the Council of Ministers, led a high-level government delegation to Indonesia, Thailand and

¹⁰ Hanoi International Service in English, 1000 GMT, 15 March 1991; and Radio Malaysia (English), News Bulletin, 1830 hours, 21 March 1991, item 8. Vietnam has also supported the expansion of ASEAN membership to include the C-L-M (Cambodia, Laos and Myanmar) states. For an upbeat assessment of the implications of ASEAN's expansion see: Hoang Anh Tuan, 'Nhưng Tac Dong Cua Viec Mo Rong Tu ASEAN-7 Len ASEAN-10', *Nghien Cuu Quoc Te*, 1(16), February 1997, 40–45.

¹¹ Vu Khoan, 'Mot so van de quoc te cua dai hoi VII', op. cit., 75.

¹² Remarks by Pham Van Tiem, chairman of the State Price Committee quoted by Andrew Sherry, Agence France –Presse (AFP), Hanoi, 25 August 1991.

¹³ Kavi Chongkittavorn, 'Vietnam now casting its eyes towards Asean', *The Nation*, 24 September 1991. It was also reported that ASEAN members considered it premature to admit Vietnam as a full member.

Singapore in October-November 1991.¹⁴ The following year he visited Malaysia, the Philippines and Brunei. Kiet's trips marked a return of Vietnam into the regional fold.¹⁵ Since Kiet's ground-breaking visits, Do Muoi, Secretary General of the Vietnam Communist Party, has paid visits to Singapore, Malaysia, Thailand, New Zealand, Australia, Japan, South Korea and Myanmar.^{16 17} In 1994, Vietnam received the President of the Philippines and Prime Minister of Singapore.

The end of the Cambodian conflict brought with it an end to ASEAN's trade and aid embargo. This led to unprecedented levels of commercial interaction. ASEAN investment increased ten fold in just three years (1991–1994), and made up 15 per cent of total direct foreign investment. ASEAN states became involved in over 147 projects with a paid up capital of US\$1.4 billion by the first half of 1994. Thirty-seven development agreements were signed between Vietnam and ASEAN businesses during this period.

On the eve of ASEAN membership, sixty per cent of Vietnam's foreign trade was with ASEAN states. In 1994, Singapore overtook Japan to become Vietnam's biggest trading partner. Four of the ASEAN countries ranked among the top fifteen foreign investors in Vietnam. Singapore and Malaysia ranked sixth and seventh, respectively, after Hong Kong, Taiwan, South Korea, Australia and France.¹⁸ The industrializing economies of Thailand and Malaysia also made them important models for Vietnamese emulation.

Since 1992, in preparation for membership, Vietnam joined six ASEAN committees and five ASEAN projects on functional cooperation, including science and technology, environment, health services, population, tourism, culture, civil aviation and maritime transportation. In 1992 and 1993, Vietnam and Laos attended the annual ASEAN Ministerial Meetings as observers. In July 1992 both acceded to the 1976 ASEAN Treaty of Amity and Cooperation (or Bali Treaty). By so doing they renounced the use of force or the threat to use force in foreign relations. And they committed themselves to the non-violent resolution of any conflict that might arise under mechanisms spelled out in the 1976 Bali

¹⁴ Murray Hiebert and Michael Vatikiotis, 'Asean's embrace', *Far Eastern Economic Review*, 14 November 1991, 19.

¹⁵ Carlyle A. Thayer, 'ASEAN and Indochina: The Dialogue', in Alison Broinowski, ed., *ASEAN Into the 1990s*. London: Macmillan Publishers, 1990, 138–161. Kiet, then first vice chairman of the Council of Ministers, first visited Malaysia in early 1991 to attend a World Bank seminar.

¹⁶ Do Muoi held an informal summit with Thai Prime Minister Chatchai in Chiang Mai in January 1991.

¹⁷ *Vietnam Weekly* (Hanoi), 21 October 1991, 13. Figures for individual countries: Indonesia 4 projects, US\$13.8 million; Malaysia 4 projects, US\$66.5 million; Philippines 4 projects, US\$40. million; Singapore 8 projects, US\$18 million and Thailand 14 projects, US\$34.2 million.

¹⁸ Data on foreign investment provided by the State Committee for Cooperation and Investment as of 11 August 1994.

Treaty. Two years later, at the ASEAN Ministerial Meeting in Bangkok, ASEAN officially invited Vietnam to become its seventh member. Vietnam's application was formally approved in late 1994 and it became a member in July 1995. Vietnam also joined the ASEAN Regional Forum at this time.¹⁹

Since the 1991 seventh national party congress, Vietnam has succeeded in diversifying its foreign relations. In July 1995 it became ASEAN's seventh member. During 1995 Vietnam exchanged thirty-five major delegations with ASEAN states including the visit of President Le Duc Anh to the Philippines and the visit of the King of Malaysia to Vietnam. Figures released at the end of the year revealed that ASEAN states had invested in 234 projects with a total investment capital reaching US\$3.2 billion. As of 16th May 1997, these figures had risen to 312 projects with a total capitalization of US\$7.6 billion or 20% of the total foreign direct investment in Vietnam. Singapore ranked first in both the number of projects (156) and capital invested (US\$5.1 billion).²⁰

On 15th December 1995, Vietnam signed the protocol acceding to the agreement on the Common Effective Preferential Tariff (CEPT) scheme as a first step in joining the ASEAN Free Trade Area.²¹ Vietnam is now obligated to extend most-favored nation and national treatment to ASEAN member countries. Under the terms of this protocol Vietnam is also required to provide information on its trade regime and move to meet a series of tariff reduction deadlines starting 1st January 1996. Vietnam uses 2,218 tariff lines. Vietnam nominated 857 lines in its immediate inclusion list (nearly 39 per cent of the total). Of these, 548 have a zero tariff while the remaining 309 items attract a tariff in the 1–5% range. Vietnam has already met the deadline of January 2006 by which tariffs on all items in the immediate inclusion list must be lowered to between 0–5%.

Vietnam has retained 1,189 tariff lines (54% of the total) on its temporary exclusion list and 26 tariff lines on its sensitive list (1% of the total). It must phase in tariff reductions on the temporary exclusion lines in five equal installments beginning in January 1999 and ending by January 2003. Thus, by 2003, ninety-two per cent of all tariff lines used by Vietnam would fall under the CEPT scheme. Most of Vietnam's sensitive list includes unprocessed agricultural

¹⁹ For Vietnamese views on the ARF consult: Vu Tung, 'Dien dan khu vuc ASEAN (ARF) va an ninh chau A - Thai Binh Duong', *Nghien Cuu Quoc Te*, 3(5), September 1994, 28–33; and Nguyen Phuong Binh, 'Vai tro cua ASEAN trong viec xay dung co che an ninh khu vuc', *Nghien Cuu Quoc Te*, 4(6), December 1994, 30–34.

²⁰ Le Quoc Phuong, 'FDI of ASEAN Countries in Vietnam to Increase', *Saigon Times Daily*, 21 May 1997. Figures for the other ASEAN states: Malaysia 56 projects, US\$1.1 billion; Thailand 72 projects, US\$949 million; Indonesia 13 projects, US\$333 million; and the Philippines 15 projects, US\$191.5 million. Brunei's investment figures are negligible.

²¹ This discussion is based on 'Vietnam in ASEAN', in Suthad Setboonsarng, ed., *AFTA Reader*, vol. 4, *The Fifth ASEAN Summit*. Jakarta: ASEAN Secretariat, September 1996, 36–38.

products; these must be phased in starting January 2001 and ending by January 2010.

In sum, in both political and economic relations Vietnam achieved very favorable circumstances for its integration with the region (Vietnam's defence relations are discussed below).²² This paper will now offer an assessment of how Vietnam views the advantages of multilateralism, that is, membership in ASEAN.

The Benefits of Multilateralism

Vietnamese officials state that three main factors accounted for Vietnam's decision to join ASEAN: the desire to have amicable relations with regional states, to attract foreign investment, and as a catalyst to its domestic reform process (unstated reasons are discussed below).²³ On the anniversary of Vietnam's first year as an ASEAN member, foreign minister Nguyen Manh Cam said that Vietnam made the right decision to join ASEAN despite the difficulties it now faced in liberalizing the economy in an effort to catch up with the other six members.²⁴ He also noted difficulties caused by differences in the political systems, noting in particular Vietnam's socialist government, planned economy, lack of experience with the free market, and the lack of English-speaking officials; but Vietnam would meet its obligations to open its economy under the AFTA by 2006. 'We want to strengthen the trend towards regionalism and international integration. This will promote peace and stability', he said.

In 1996, at the end of its first full year of membership, Vietnam was more committed to ASEAN than previously. For example, Vietnam reorganized its bureaucracy by creating a National ASEAN Committee headed by a Deputy Prime Minister with responsibility of coordinating all institutions that interacted with ASEAN or ASEAN-affiliated bodies. An ASEAN Department was created within the Foreign Ministry. In 1995 Vietnam participated in the fifth ASEAN summit and the first Asia-Europe Summit Meeting. Vietnam also agreed to host an informal sixth summit meeting in Hanoi in December 1998. Vietnam also met its obligations under the Common Effective Preferential Tariff agreement by drawing up a program for the reduction of import duties on a list of over 1,600 products. Among the Vietnamese foreign policy elite there was a general consensus that the decision to join ASEAN was correct and had been a

²² William S. Turley, 'Vietnamese Security in Domestic and Regional Focus: The Political-Economic Nexus', in Richard J. Ellings and Sheldon W. Simon, eds, *Southeast Asian Security in the New Millennium*. Armonk: M.E. Sharpe, 1996, 175–220.

²³ Doan Manh Giao, 'Why Vietnam Joins ASEAN', Paper presented to international seminar on Vietnam and ASEAN: Business Prospects and Policy Directions', Kuala Lumpur, 19 December 1995.

²⁴ Lee Kim Chew, Hanoi, 'Vietnam "Has No Regrets About Joining ASEAN"', *The Straits Times*, 10 September 1996.

success.²⁵ This assessment must be viewed within the context of the multiple economic and political objectives Vietnam sought to achieve when it first joined.

In 1994 when Vietnam made the decision to apply for membership in ASEAN it did so with the prime strategic objective of securing of a more peaceful international environment in which to guarantee Vietnam's national security against external threat. According to one Vietnamese writer, 'Politically, due to ASEAN's high international prestige, ASEAN membership would enhance Vietnam's diplomatic standing and integrate Vietnam's security with the security of the whole of Southeast Asia, thus creating an external environment favorable for economic development.'²⁶

A secondary objective was to secure the most favorable external conditions for carrying out economic renovation. Within these broad strategic objectives Vietnam specifically sought to transform its relations with ASEAN states from suspicion to trust and from competition to partnership by moving to resolve such problems areas as the repatriation of Vietnamese refugees,²⁷ demarcation of continental shelves, overlapping territorial claims (involving Malaysia, the Philippines and Thailand) and fishing disputes. These legacies of history were seen as irritants that could impede the development of close ASEAN-Vietnam relations. An improvement in Vietnam's relations with ASEAN would also serve to change Vietnam's image and increase in its prestige in global affairs.

Vietnam also sought membership in ASEAN to enhance its bargaining position with other states, specifically China and the United States. Vietnam is now more strategically important to Beijing and Washington as a member of ASEAN. Chinese assertiveness in the South China Sea in 1992 served as a catalyst for ASEAN membership. Membership in ASEAN, in Hanoi's view, transformed this particular problem from a bilateral one between Beijing and Hanoi to a multilateral one involving China and ASEAN as a group. At the same time, as Vietnam conducts bilateral talks with China on territorial disputes, as it does with other ASEAN members such as the Philippines, it also stands behind ASEAN declaratory policy on the settlement of territorial conflicts. However, as Vietnamese analysts point out, 'Vietnamese history shows that one-sided relations have led to political isolation and economic difficulties.... Therefore, Vietnam's ASEAN membership should be achieved in a way that would strengthen instead of harm Vietnam's relations with China.'²⁸

Likewise, Vietnam sought membership in ASEAN as a means of improving its relations with the United States. In 1994 when Vietnam applied for membership in ASEAN it was still subject to a US-imposed trade and aid embargo. By securing membership in ASEAN Vietnam hoped it would transform its image

²⁵ Nguyen Manh Hung, 'Nhin lai mot nam Viet Nam gia nhap ASEAN', *Nghien Cuu Quoc Te*, no. 13, 1996, 3-5.

²⁶ Hoang Anh Tuan, 'Why Hasn't Vietnam Gained ASEAN Membership', *Contemporary Southeast Asia*, 15(3) December 1993, 283.

²⁷ Kawi Chongkittawon, *The Nation*, 29 January 1992.

²⁸ *Ibid.*, 288-289.

from a 'communist trouble maker' to that of a socialist developing country striving to develop a 'market-orientated economy'. In Hanoi's view, its conversion into a potential 'partner for peace' would be attractive to decision-makers in Washington. ASEAN membership would also provide some measure of protection for Hanoi from Washington on such issues as human rights and democratization. According to one Vietnamese political analyst Vietnam would be 'quite happy to hide behind' Malaysia and Singapore on those issues.²⁹

Vietnam also set the broad objective of achieving external support for its economic development that it saw as a concomitant of an improvement in the strategic environment. In other words, a transformation in Vietnam's political relations would also lead to a transformation in Vietnam's economic relations that in turn would reinforce its domestic policy of renovation. As a first priority, Vietnam sought to integrate its economy with that of the Asia Pacific Region and global economy. Joining ASEAN meant participation in the ASEAN Free Trade Area and gaining familiarity with the norms and practices of international trade. This in turn facilitated membership in APEC and eventual membership in the World Trade Organization.³⁰ As a member of ASEAN, Vietnam could also expect to learn from the developmental experience of its individual members. This would accelerate the development of a competitive market-orientated economy.

As a member of ASEAN and a participant in AFTA Vietnam expected to benefit from increased trade and investment from ASEAN states.³¹ Intra-ASEAN trade expanded and Vietnam reoriented its exports to take advantage of this large market. This trend was evident even before Vietnam formally joined the Association. Imports from ASEAN accounted for nearly one-half of Vietnam's total imports. About thirty percent of Vietnam's exports went to ASEAN states. The volume of trade with ASEAN countries rose markedly in dollar value terms and was expected to expand further with Vietnam's participation in ASEAN's CEPT scheme. Vietnam's membership in AFTA will not greatly affect the other ASEAN economies as trade with Vietnam comprised about 2.5 percent of the existing intra-ASEAN total. But participation in AFTA could result in trade creation and trade diversion benefits for Vietnam. Vietnam was expected to increase its imports from ASEAN, particularly from Singapore. These imports would replace more costly domestically manufactured goods and may even have

²⁹ Quoted by Adam Schwarz, 'Joining The Fold', *Far Eastern Economic Review*, 16 March 1995. An article written prior to Vietnam's membership in ASEAN also noted the similarity in policy on human rights between Vietnam and ASEAN; see: Nguyen Phuong Binh, 'Ve viec Viet Nam gia nhap ASEAN', *Nghien Cuu Quoc Te*, 3(5), September 1994, 26.

³⁰ Vietnam was admitted into APEC in November 1998 following a decision to do so at the APEC Summit in Manila in 1996. Vietnam has applied for membership in the WTO.

³¹ This section relies on Bala Ramasamy, 'The Second Enlargement of ASEAN: The Inclusion of Vietnam', *ASEAN Economies*, 25(2) June 1996, 29–47. Updated figures are from Le Quoc Phuong, 'FDI of ASEAN Countries in Vietnam to Increase', *op. cit.*

the indirect effect of dampening the smuggling of Chinese goods. ASEAN, Thailand in particular, was expected to divert its trade by importing more from Vietnam under AFTA arrangements. Vietnam was to import quality materials from ASEAN not only for domestic production but for export. As an ASEAN member, Vietnam enjoys the Generalized System of Preferences status in selling to Europe and North America. Vietnam's textile, garment, leather and electronic assembly industries were expected to benefit most.

Vietnam expected that membership in AFTA would result in increased foreign direct investment to the extent that the ASEAN region as a whole was seen as a stable and profitable market. Vietnam also expected to receive high technology transfers from member states that was created by foreign investment initially. As of May 1997 three ASEAN countries—Singapore, Malaysia, and Thailand—ranked among the ten largest foreign investors in Vietnam (Indonesia ranked eighteenth, the Philippines twenty-first). Singaporean investment is concentrated in the fields of hotel construction and tourism. Malaysia and Indonesia invested in Vietnam's oil sector while Thailand has concentrated on mineral exploitation and processing. ASEAN investment in Vietnam was expected to rise as investors sought to exploit Vietnam's lower labor costs in resource and labor intensive industries.

These were Vietnam's expectations up until the onset of the Asian financial and economic crisis of 1997–98. In mid-1997, coinciding with the devaluation of the Thai baht, Vietnam began to experience a decline in the rate of GDP growth and a fall-off in direct foreign investment. Vietnam's economic picture worsened in 1998 because the countries which were worst hit by the regional economic crisis (Japan, South Korea, Thailand) were also among Vietnam's largest trading and investment partners. Vietnam responded by turning inwards and by putting a premium on the maintenance of domestic political stability.

The Eighth National Party Congress

Vietnam's paradigm shift in foreign policy from a model stressing ideology to one with an emphasis on national interest has provoked internal party debate.³² At least two major drafts of the *Political Report* were drawn up before the final

³² Carlyle A. Thayer, 'Sino-Vietnamese Relations: The Interplay of Ideology and National Interest', *Asian Survey*, 34(6), June 1994, 513–528; Adam Schwarz, 'Joining The Fold', op. cit., noted, 'At home, conservatives in Vietnam's leadership once feared Asean membership would strain ties with China.' For a discourse on the broad themes of Vietnamese foreign policy consult: Tran Quang Co, 'Tuong lai cua cac quan he giua Viet Nam va cac nuoc chau A – Thai binh Duong: tac dong den phat trien kinh te cua Viet Nam' and Nguyen Manh Cam, 'Gia tri lau ben va dinh huong nhat quan' in *Hoi nhap quoc te va giu vung ban sac* op. cit., 103–114 and 223–230, respectively; and Phan Doan Nam, 'Ve mot so mau thuan noi len tren the gioi hien nay', *Nghien Cuu Quoc Te*, no. 13, 1996, 7–18.

version was presented to the Eighth Congress.³³ When all three versions are compared it is notable that the foreign policy section was the most heavily edited and amended. Most remarkably, the foreign policy sections of the first two drafts failed to mention ASEAN (Vietnam's membership in ASEAN was noted in passing in the first section which dealt with successes achieved after ten year's of renovation). A reference was finally inserted as the second point in a five-point list of Vietnam's foreign policy objectives. Point two read, 'To do our utmost to increase our relations with neighboring countries and other ASEAN members, constantly consolidate relations with traditional friendly countries, attach importance to relations with developed countries and economic-political centers of the world, at the same time upholding all the time the spirit of fraternal solidarity with developing countries in Asia, Africa, Latin America, and the Non-Aligned Movement'.³⁴ The inclusion of a reference to ASEAN was made as a result of the strenuous objections by ASEAN ambassadors stationed in Hanoi after they saw the public draft released in April. They were reportedly furious that such an important event as Vietnam's membership in ASEAN had been given such scant attention.

National defence, internal security and foreign relations are seen as mutually reinforcing. According to the 1996 *Political Report*, Vietnam's first foreign policy priority is 'consolidating the peaceful environment and creating further favorable international conditions to step up socio-economic development and national industrialization and modernization in [the] service of national construction and defence...'.³⁵ Vietnam's once highly secretive military establishment has sought to expand international relations with its ASEAN counterparts as well as other countries.³⁶ Beginning in 1994 Vietnam's defence minister visited all

³³ Dang Cong San Viet Nam, *Du Thao Cac Van Kien Trinh Dai Hoi VIII cua Dang (Tai Lieu Dung Tai Dai Hoi Dang Cap Co So)*, Mat (Secret), Luu Hanh Noi Bo (Internal Circulation), December 1995; 'Du Thao Bao Cao Chinh Tri cua Ban Chap Hanh Trung Uong Dang Khoa VII Trinh Dai Hoi Lan Thu VIII cua Dang', *Nhan Dan*, 10 April 1996 supplement; and 'Bao Cao Chinh Tri', *Quan Doi Nhan Dan* 30 June 1996. For a general overview of the eighth congress and foreign policy see: Vu Khoan, 'Dai hoi VIII va cong tac doi ngoai', *Tuan bao Quoc Te*, no. 26, 26 June–2 July 1996, 1 and 10.

³⁴ Communist Party of Vietnam, *VIIIth National Congress Documents*. Hanoi: The Gioi Publishers, 1996, 78.

³⁵ Communist Party of Vietnam (1996), op. cit., 77.

³⁶ Carlyle A. Thayer, 'Force Modernisation in Vietnam', *Contemporary Southeast Asia*, June 1997, 19(1), 1-28, which discusses Vietnam's defence contacts with individual ASEAN states. For a positive Vietnamese assessment of ASEAN defence cooperation, including an endorsement of joint military exercises, see: Minh Duc, 'Hop Tac Quan Su, Quoc Phong cua cac nuoc ASEAN', *Tap Chi Quoc Phong Toan Dan*, February 1997, 69–71 and 13.

ASEAN states except Brunei. Since joining ASEAN, Vietnam has hosted visits by Thailand's Defence Minister, Chief of Staff, Army Commander-in-Chief and a delegation from the National Defence Institute; the chiefs of staff from Indonesia's Armed Forces and Air Force; the Philippine's National Defence Secretary and Commander of the Infantry Force; a delegation from Malaysia's Armed Forces Staff College; and Singapore's Defence Minister and a military delegation led by the Chief of the Army. Going in the opposite direction were the Vietnamese Defence Minister and the head of the army's General Department of Technology who both visited Singapore.

Disadvantages of Multilateralism

Vietnam joined ASEAN primarily for the political and strategic benefits it calculated it would gain vis-a-vis China and the United States. Perhaps the major political disadvantage for Vietnam, long accustomed to asserting its sovereignty and independence,³⁷ has been the need to meld Vietnam's position to fit in with the ASEAN consensus. As noted by one Vietnamese writer, 'despite announcing its commitment to the Treaty of Amity and Cooperation signed in Bali in 1976, Hanoi is not so certain whether it accepts the rules of the game, that is, accepts all the written and unwritten norms of the relationship among ASEAN countries without any exceptions.'³⁸

Vietnam faces several possible economic disadvantages as a result of ASEAN membership. Vietnam and the other ASEAN economies are essentially competitive not complementary, particularly in the areas of foreign investment and development assistance. Vietnam's developing industry faces potentially stiff challenges from its ASEAN counterparts.³⁹ In August 1996, ASEAN Secretary General Ajit Singh told Vietnam it would need to end its quota system (which favors state enterprises), eliminate other non-tariff barriers, and enhance the transparency of its trade regime. These steps may aggravate Vietnam's trade imbalance with ASEAN and increase an already growing trade deficit. More than half of Vietnam's trade deficit of US\$3.5 billion (1996 figures) is with other ASEAN countries. There is also the possibility that Vietnam's tax base could be undermined by the in-flow of goods from ASEAN states as part of the AFTA regime. At present Vietnam earns a portion of its domestic revenue from tariffs on imported goods. When these tariffs are lowered or eliminated the flow of revenue from this source to the central government will decline. Vietnamese policy-makers are now considering off-setting taxes, such as consumption and turnover taxes, to

³⁷ See: Truong Giang Long, 'Mot So Van De Trong Qua Trinh Ho Nhap Viet Nam-ASEAN', *Tap Chi Cong San*, no. 3, February 1997, 57-59, which stresses the need for Vietnam to maintain its independence and sovereignty as a member of ASEAN.

³⁸ Pham Cao Phong, 'How Asean's newest member is coping', *Business Times Weekend Edition, Trends*, 29-30 June 1996.

³⁹ Achara Ashayagachat and Tran Van Minh, 'VN Businesses Uneasy Over New Tariff Cuts', *Bangkok Post*, 30 December 1995.

counter-balance these expected losses. This is a highly complex economic issue with the finer technical points being debated by Vietnamese economists and party officials.

The major disadvantage of ASEAN membership in the eyes of some ideological conservatives lay in the potential for economic success to contribute to political instability if not speed up the erosion of one-party rule in Vietnam. Ideological conservatives therefore engaged in a rearguard action to bolster the state-owned sector of the economy while placing constraints on the private sector. They also sought to control and limit foreign investment.

In 1998, party conservatives became alarmed by two developments affecting ASEAN. The first concerned the impact of the regional economic crisis on Vietnam's domestic stability. ASEAN's disarray in dealing with this issue also served to reinforce those voices in Vietnam that urged a go slow approach to economic integration. The second issue concerned a move by Thailand, supported by the Philippines, to modify ASEAN's long-cherished principle on non-interference in the internal affairs of another member state.⁴⁰ Thailand's proposal was aimed at Myanmar whose domestic policies, it was argued, spilled over and threatened regional stability. Vietnam supported the status quo. These two developments caused Vietnam to lower its expectations about the benefits and advantages of ASEAN membership.

Conclusions

As noted above, Vietnam made the decision to join ASEAN with the prime strategic objective of securing of a more peaceful international environment in which to guarantee Vietnam's national security against external threat and to secure the most favorable external conditions for carrying out economic renovation. Within these broad strategic objectives Vietnam specifically sought to develop amicable relations with regional states with priority assigned to members of ASEAN. Friendly relations with ASEAN served to enhance Vietnam's image and increase in its prestige in world affairs. Vietnam also sought membership in ASEAN to enhance its bargaining position with China and the United States.

Improved foreign relations were essential to obtaining external support for Vietnam's program of *doi moi* in the form of developmental assistance, foreign direct investment, and trade. ASEAN membership also meant gaining familiarity with the norms and practices of international trade that in turn would facilitate membership in APEC and the World Trade Organization. Together these inputs would assist Vietnam in its integration with the regional and global economy.

A third factor influencing Vietnam's decision to join ASEAN was the expectation that membership would enable Vietnam not only to learn from the

⁴⁰ Carlyle A. Thayer, "New Fault Lines in ASEAN?" *Asia Pacific Defence Reporter*. 26(9), February/March 2000. 26-27; and Thayer, "Reinventing ASEAN: From Constructive Engagement to Flexible Intervention", *Harvard Asia Pacific Review*. 3(2), Spring 1999, 67-70.

developmental experiences of individual countries but serve as a catalyst for its domestic reform process.

The Indonesian haze problem (1997), the Asian financial crisis (1997-98), the debate within ASEAN over constructive engagement, and ASEAN difficulties in fashioning a united front against China in negotiations on a Code of Conduct for the South China Sea,⁴¹ have led Vietnam to re-evaluate the efficacy of ASEAN as a mechanism for achieving Vietnam's foreign policy goals. Vietnam has concluded that membership in ASEAN is important for the reasons just discussed. But Vietnam is also more aware of the limitation of "the ASEAN Way." After serving a period of apprenticeship Vietnam is now playing a more proactive role in ASEAN. Vietnam has blocked efforts to reform the organization politically and has opposed efforts to step up the pace of economic liberalization. Vietnam has turned increasingly to China as the model of "market socialism."⁴²

⁴¹ Carlyle A. Thayer, "Challenges to ASEAN Cohesion: The Policy of Constructive Engagement and a Code of Conduct for the South China Sea," Paper to international workshop on Regionalism and Globalism in Southeast Asia, Department of Political Science and International Relations, University of Tampere and the Centre for Southeast Asian Studies, Abo Akademi University, Marienhamn, Aland, Finland, June 2-4, 2000. 31-38.

⁴² Carlyle A. Thayer, "Models to the North", *Vietnam Business Journal*, January/February 1999, 7(1), 28-29.