



U.S.-Vietnam Relations

Since the establishment of diplomatic relations between the United States and Vietnam in 1995, overlapping strategic and economic interests have led the two countries to expand relations across a wide spectrum of issues. The United States is Vietnam's 2nd largest bilateral trading partner (after China), and Vietnam is the United States' 16th largest trading partner. Since 2010, the two countries have formed partnerships on many regional strategic and security issues, due in part to shared concerns about China's increased assertiveness in the region.

President Trump has had two meetings with Vietnam's leaders. In May 2017, in Washington, DC, Trump and Vietnamese Prime Minister Nguyen Xuan Phuc pledged to expand security cooperation and create a mechanism for addressing economic issues. In November 2017, Trump traveled to Vietnam and met with Vietnamese leaders. The President, on February 5, announced that in late February 2019 he will travel to Vietnam for his second summit with North Korean leader Kim Jong-un.

The pace and extent of the improvement in bilateral relations is limited by several factors. First, Hanoi usually does not undertake large-scale diplomatic moves—especially with the United States—without first calculating Beijing's likely reaction. Second, though opinion polls show the Vietnamese public holds positive views of the United States, many Vietnamese officials remain suspicious that the United States' long-term goal is to see an end to the Vietnamese Communist Party's monopoly on power through "peaceful evolution." On the U.S. side, Vietnam's human rights record, which has deteriorated in recent years, remains a challenge for improving the bilateral relationship. Although the Trump Administration generally has lowered the priority placed on addressing Vietnam's reported human rights abuses, some Members of Congress have highlighted human rights conditions in Vietnam.

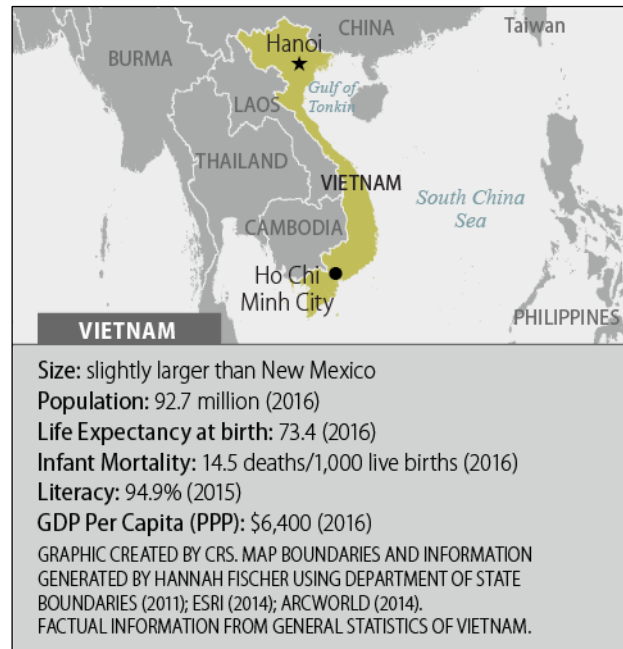
Vietnam's Political Structure

Vietnam is a one-party, authoritarian state ruled by the Communist Party of Vietnam (CPV). In practice, the CPV sets the general direction for policy, while the day-to-day details of implementation generally are left to the state bureaucracy, the legislature (the National Assembly), and the Vietnamese military. Nearly all the members of these bodies are CPV members. The two top leadership posts are the CPV General Secretary (currently Nguyen Phu Trong) and the Prime Minister. In a break from its decades-old tradition of dividing authority, in October 2018, the CPV chose Trong to serve concurrently as President.

Sino-Vietnam Relations and South China Sea Tensions

Vietnam regards its relationship with China as its most important bilateral relationship. The two countries have

Communist Party-led political systems, providing a party-to-party channel for conducting relations, and contributing to often similar official world-views. China is Vietnam's largest bilateral trading partner.



The Sino-Vietnamese relationship, however, is prone to tension. Land border disputes, sometimes bloody, contributed to a severing of diplomatic relations between 1979 and 1989. Over the past decade, tensions have intensified over the two countries' competing territorial claims in the South China Sea, leading Vietnam to expand its maritime capabilities and boost relations with other maritime powers, such as the United States, Japan, and India. Since 2007, China has taken a number of actions to bolster its claims, which China asserts it has taken in response to moves by other claimants, including Vietnam. Vietnam has protested China's increased seizures of Vietnamese fishing boats, its reported warnings to Western energy companies not to work with Vietnam to explore or drill in the disputed waters, and its extensive land reclamation on several features in the South China Sea. China has protested Vietnamese actions such as oil exploration and fishing in disputed waters, and seizures of Chinese fishing boats. Vietnam also has stepped up its presence in and near the disputed areas, including expanding offshore energy exploration and development to fuel growing energy demand. Vietnam has carried out its own land reclamation projects, though these are on a much smaller scale than China's reclamation efforts.

China's actions in the South China Sea have led the United States and Vietnam to intensify collaboration in many security and maritime-related areas and fora. In 2016, the

Obama Administration removed remaining U.S. restrictions on sales of lethal weapons and related services to Vietnam. Thus far few, if any, lethal defense articles have been sold or transferred to Vietnam from the United States. Applications to export all defense items, lethal and non-lethal, are subject to a case-by-case review by the State Department's Directorate of Defense Trade Controls. In the 115th Congress, H.R. 5621, the Vietnam Human Rights Act, was introduced, expressing the sense of Congress that sales of U.S. lethal defense items, except those linked to U.S. interests in the South China Sea, should be conditioned upon steps to advance human rights.

Since 2014, the United States has increased maritime aid to Vietnam, including several new coast guard patrol vessels and the transfer of a decommissioned U.S. Coast Guard Hamilton-class cutter, under the Excess Defense Articles program. The cutter is Vietnam's largest coast guard ship. Cooperation has increased in other areas, as part of the Trump Administration's conception of promoting a "free and open Indo-Pacific." In March 2018, the USS *Carl Vinson* conducted a four-day visit to Da Nang, the first U.S. aircraft carrier to visit Vietnam since the Vietnam War.

Human Rights

The CPV maintains an extensive organization throughout the country that allows it to monitor the daily activities of Vietnamese citizens. For the past three decades, the VCP appears to have followed a strategy of permitting many forms of personal and religious expression, while selectively and increasingly repressing individuals and organizations that it deems a threat to the party's monopoly on power. While the CPV has allowed people to engage in private enterprise and religious observance, it has cracked down harshly on what it deems to be anti-government activity and on some unregistered religious groups (Vietnamese law requires religious groups to be approved by and register with the state).

Over the past several years, according to some observers, repression against dissenters and protestors has worsened, and the government has increased its legal and technological capacity to monitor Vietnamese citizens' social media activity. The government also increasingly has targeted bloggers and lawyers who represent human rights and religious freedom activists, particularly those who authorities allege are linked to pro-democracy activist networks or are critical of the government's policy toward China. Additionally, protests over land seizures by governmental authorities have emerged as what officials regard as one of the country's most sensitive problems.

Economics and Trade

Since the end of U.S. trade embargo on Vietnam in 1994, bilateral trade has grown rapidly. According to U.S. trade figures, bilateral trade topped \$54 billion in 2017—more than double 2012 levels. The U.S. bilateral trade deficit with Vietnam in 2017 (\$38 billion) was its 6th largest. Vietnam was the second-largest source of U.S. clothing imports (after China), and a major source for electrical machinery, footwear, and furniture. U.S. companies are major investors in Vietnam, with over 700 projects in the country worth over \$10 billion. On January 14, 2019, the

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) went into effect for Vietnam, liberalizing trade and investment relations with Australia, Canada, Japan, Mexico, New Zealand, and Singapore. Economic models project the CPTPP will lead to a fall in U.S. exports to Vietnam, and a possible increase in Vietnamese exports to the United States, thereby increasing the U.S. bilateral trade deficit with Vietnam.

The Trump Administration appeared to make trade deficit reduction one of the top agenda items of the May 2017 Trump-Phuc meeting. The two leaders also stated they would promote trade through their existing Trade and Investment Framework Agreement, though no significant progress along those lines appears to have been accomplished in 2017 and 2018.

Vietnam would like to have the United States officially recognize it as a market economy. The United States' designation of Vietnam as a non-market economy, which will expire in 2019, generally makes it more likely that antidumping and countervailing duty cases would result in the Commerce Department issuing adverse rulings against Vietnamese companies' exports to the United States. Vietnam also has complained about the United States' imposition of a stricter system for inspecting imports of Vietnamese catfish. (For more information, see CRS Report R45172, *U.S.-Vietnam Economic and Trade Relations: Key Issues in 2018*.)

U.S. Foreign Assistance to Vietnam

The United States provided Vietnam \$149.1 million in foreign assistance in FY2018. The Trump Administration's budget request for FY2019 would reduce Development Assistance and Economic Support Fund support for Vietnam by 63% compared to FY2017 (from \$75.2 million to \$27.5 million).

One legacy of the Vietnam War is the damage that Agent Orange and its accompanying dioxin have done to the people and the environment of Vietnam. According to a Government Accountability Office (GAO) report and several academic studies, the U.S. military sprayed Agent Orange over nearly 10% of then-South Vietnam between 1961 and 1971. The Vietnam Association of Victims of Agent Orange/Dioxin (VAVA) estimated that between 2.1 million and 4.8 million Vietnamese were directly exposed to Agent Orange. Since 2007, Congress has appropriated over \$222 million for dioxin removal and related health care services. A joint cleanup project in Da Nang has been completed, and the two governments are discussing terms for a second, probably larger project in Bien Hoa. The Vietnamese government has pushed the United States to do more to remove dioxin from Vietnam and provide help for Vietnamese victims of Agent Orange. (For more information, see CRS Report R44268, *U.S. Agent Orange/Dioxin Assistance to Vietnam*.)

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