



## 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 ties across a wide spectrum of issues. The United States is Vietnam's 2<sup>nd</sup> largest bilateral trading partner (after China), and Vietnam is the United States' 13<sup>th</sup> 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. Vietnam is serving as 2020 chair of the Association of Southeast Asian Nations (ASEAN) and as a 2020-2021 non-permanent member of the United Nations Security Council. The Trump Administration has identified Vietnam as an important partner in its promotion of a "free and open Indo-Pacific." President Trump has held three summits with Vietnamese leaders, most recently in Hanoi in February 2019.

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 China'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." Third, 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 placed a lower priority on addressing Vietnam's reported human rights abuses, some Members of Congress have highlighted human rights conditions in Vietnam.

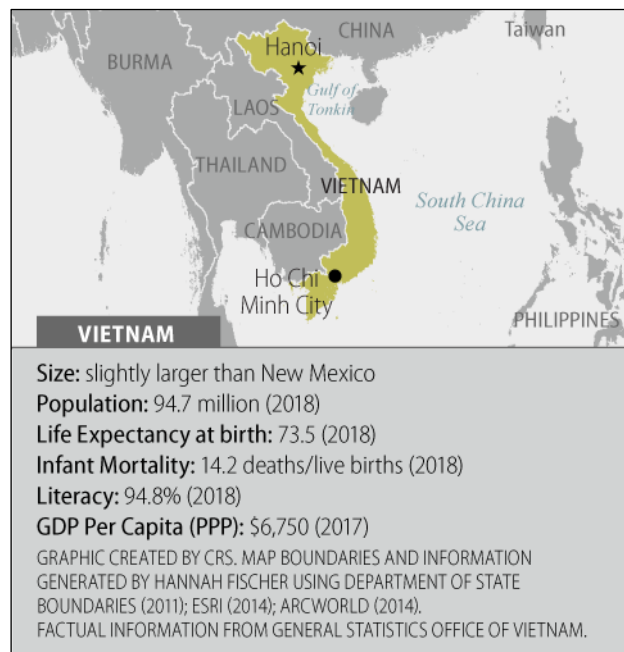
### Vietnam's Political Structure

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 National Assembly, and the Vietnamese military. The two top leadership posts are the CPV General Secretary (currently Nguyen Phu Trong) and the Prime Minister (currently Nguyen Xuan Phuc). Trong also serves as President. In early 2021, the CPV is due to hold its 13<sup>th</sup> Party Congress to determine personnel positions and set the direction for Vietnam's economic, diplomatic, and social policies. Party Congresses are held every five years.

### Vietnam's COVID-19 Response

Despite an 800-mile border and extensive ties with China, Vietnam has largely contained the spread of the novel coronavirus (COVID-19). As of early June 2020, Vietnam reported it had fewer than 350 cases of infection and no deaths. Vietnam achieved these results through acting early,

restricting and then halting travel, quarantining entire neighborhoods and villages where infections were detected, and conducting large-scale testing and contact tracing. Vietnam has donated COVID-19 test kits and protective equipment to several countries, including the United States. Underlying factors that helped Vietnam contain the virus' initial outbreak include its relatively youthful population, its recent experience with prior epidemics, and the government's broad authority and capacity to monitor and restrict the activities of its citizens.



### Sino-Vietnam Relations and South China Sea Tensions

China is Vietnam's most important bilateral relationship. The two countries have Communist Party-led political systems, providing a party-to-party channel, and contributing to often similar official world-views. China also is Vietnam's largest bilateral trading partner.

The Sino-Vietnamese relationship, however, is prone to tension. For over a decade, disagreements have intensified over the two countries' competing territorial claims in the South China Sea, particularly Chinese claims to much of Vietnam's Exclusive Economic Zone, 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. Vietnam has protested China's increased seizures of Vietnamese fishing boats, its reported warnings to Western energy companies not to work with Vietnam 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 security collaboration. In 2016, the Obama Administration removed remaining U.S. restrictions on sales of lethal weapons and related services to Vietnam. 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. The Obama and Trump Administrations have prioritized bilateral maritime assistance, including providing several new coast guard patrol vessels and two decommissioned U.S. Coast Guard Hamilton-class cutters. The United States transferred the first cutter, Vietnam's largest coast guard ship, in 2017. The other is scheduled to arrive in 2020. Bilateral cooperation has increased in other areas, as part of the Trump Administration's policy of helping the Vietnamese military "develop the ability to challenge China's power-projection capabilities." In March 2018, the *Carl Vinson* made the first port call to Vietnam by a U.S. aircraft carrier since the Vietnam War. In February 2020, the *Theodore Roosevelt* made the second such visit.

## 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 CPV 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 many 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. In the 116<sup>th</sup> Congress, S. 1369 and H.R. 1383 would criticize Vietnam's human rights practices and express the sense of Congress on various human rights issues.

## 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 \$77 billion in 2019, up 32% from the previous year, stimulated, in part, by trade

diversion caused by the Sino-U.S. trade dispute and trade stimulation from the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The United States' bilateral trade deficit with Vietnam in 2019 (\$56 billion) was its 5<sup>th</sup> 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. imports of electrical machinery from Vietnam more than doubled from 2018 to 2019, from \$11.0 billion to \$21.5 billion. U.S. companies are major investors in Vietnam, with over 700 projects in the country worth over \$10 billion.

The Trump Administration appeared to make trade deficit reduction one of the top agenda items for President Trump's first meeting with Prime Minister Phuc in May 2017. Following their meeting in Hanoi in February 2019, Trump complimented Phuc for Vietnam's efforts to reduce the trade imbalance, including through purchases of U.S. commercial aircraft, and possibly military aircraft. In May 2017, the two leaders also stated they would promote trade through the existing Trade and Investment Framework Agreement, though no significant progress along those lines appears to have been accomplished since that meeting.

Vietnam would like the United States to officially recognize it as a market economy. The United States' designation of Vietnam as a non-market economy makes it more likely that antidumping and countervailing duty cases would result in the Commerce Department issuing adverse rulings against Vietnamese companies. Vietnam also has complained about the United States' imposition of a stricter system for inspecting imports of Vietnamese catfish.

## U.S. Foreign Assistance to Vietnam

The United States obligated over \$135 million in foreign assistance to Vietnam in FY2019. For FY2020, Congress appropriated over \$159 million in bilateral assistance, 6% more than the Administration's \$141 million request. In FY2018 and FY2019, Congress's aid appropriations to Vietnam (\$149 and \$151 million, respectively) were almost double the Administration's requests.

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 \$333 million for dioxin removal and related health care services. A joint cleanup project in Da Nang has been completed, and the two governments have begun work on a second, larger project in the Bien Hoa airbase. 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.

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