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## 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' 10<sup>th</sup> largest trading partner. Since 2010, the two countries have formed partnerships on many regional security and economic issues, due in part to shared concerns about China's increased assertiveness in the region and to Vietnam's position as a rising middle power. Vietnam is serving as a 2020-2021 non-permanent member of the United Nations Security Council, providing additional opportunities for bilateral cooperation.

The pace and extent of the improvement in bilateral relations is limited by several factors. First, Vietnam 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, U.S. concerns about Vietnam's human rights record, which has deteriorated in recent years, remain a barrier to improving the bilateral relationship.

### Vietnam's Political Structure

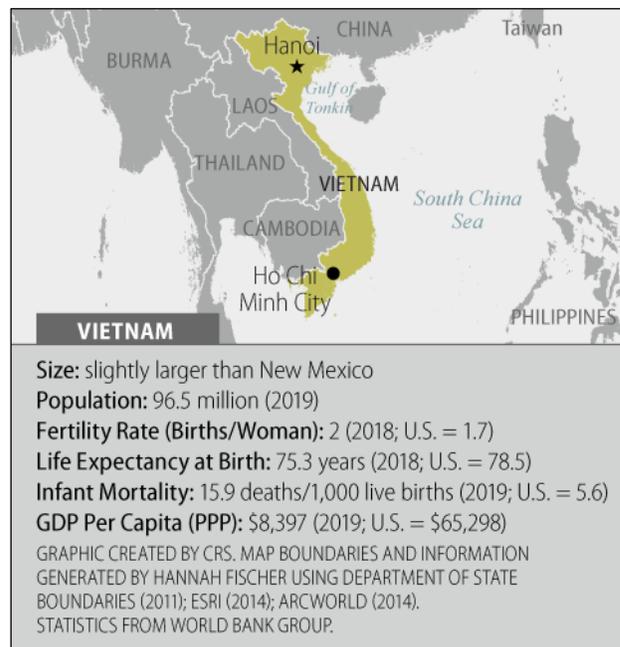
Vietnam is a one-party, authoritarian state ruled by the Communist Party of Vietnam (CPV). In practice, the CPV sets the general direction for policy, while the day-to-day details of implementation generally are left to the state bureaucracy, the National Assembly, and the Vietnamese military. The two top leadership posts are the CPV General Secretary and the Prime Minister.

In early 2021, the CPV held 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. During the Congress, Nguyen Phu Trong (born April 1944) was reelected to a third term as General Secretary, receiving exemptions from the mandatory retirement age limit and from a rule limiting the party head to two terms. Trong is the longest-serving leader of the CPV since the 1980s. During the Party Congress, current Prime Minister Nguyen Xuan Phuc (b. July 1954) also received a retirement age waiver and reportedly was selected to be the next President, a largely ceremonial post. Pham Minh Chinh (b. December 1958), currently head of the CPV's Commission on Personnel and Organization, is believed to have been selected as the next

Prime Minister. In May, the National Assembly is to gather to vote on Phuc and Chinh taking up their new positions.

### Vietnam's COVID-19 Response

As of mid-February 2021, Vietnam reported it had fewer than 2,200 cumulative cases of infection from the Coronavirus Disease 2019 (COVID-19) and fewer than 50 deaths. Vietnam achieved these results through acting early, restricting and then halting foreign travel, quarantining entire neighborhoods and villages where infections were detected, and conducting large-scale testing and contact tracing. 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 that provide a party-to-party channel for communication, and contribute to often similar official world-views. China is Vietnam's largest trading partner.

The Sino-Vietnamese relationship, however, is prone to tension. For over a decade, disagreements have intensified over the two countries' competing 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 construction of seven military-equipped artificial islands 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 prioritized bilateral maritime assistance, including providing 24 new coast guard patrol vessels, aerial drones, coastal radar, and two decommissioned U.S. Coast Guard Hamilton-class cutters, Vietnam's largest coast guard ships. Bilateral cooperation increased in other areas from 2017 to 2021, 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 country-wide organization that allows it to monitor the daily activities of 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 networks or who are critical of the government's policy toward China. Although the Trump Administration continued the annual bilateral human rights dialogue and criticized Vietnam's human rights record in various annual reports and selected statements, it did not appear to assign a high priority to

human rights in its overall approach to Vietnam. In the 116<sup>th</sup> Congress, S. 1369 and H.R. 1383 would have criticized Vietnam's human rights practices and expressed the sense of Congress on various human rights issues.

## Economics and Trade

Over the last decade, Vietnam has emerged as a major manufacturing center in Asia and has risen to become one of the top 10 trading partners for the United States. This has been stimulated in part by shifts in regional supply chains, driven by rising production costs in China and the completion of regional trading agreements, as well as trade tensions between the China and the United States. According to U.S. trade figures, bilateral trade in goods was nearly \$90 billion in 2020, up 17% from the previous year. The United States' bilateral trade deficit in goods with Vietnam in 2020 (\$69.7 billion) was its 3<sup>rd</sup> largest. In 2020, Vietnam was the second-largest source of U.S. clothing imports (after China), and a major source for electrical machinery, footwear, and furniture.

Some U.S. companies have made allegations of unfair competition by Vietnamese companies, and the Trump Administration launched investigations of Vietnam's timber exports and designated Vietnam as a currency manipulator. Vietnamese companies have accused the United States of unwarranted and discriminatory trade regulations and restrictions designed to reduce Vietnam's exports to the United States. U.S. regulations on imports of Vietnamese catfish have been a particular source of friction.

According to the International Monetary Fund (IMF), Vietnam was one of 26 economies that grew in 2020. Vietnam reported 2.9% real gross domestic product (GDP) growth in 2020, down from 7.0% in the two previous years.

## U.S. Foreign Assistance to Vietnam

Congress appropriated just under \$170 million in assistance to Vietnam for FY2021, about 20% more than the Trump Administration's \$141 million request. For FY2020, Congress' appropriation was nearly \$165 million, about 6% more than the Trump Administration requested. In FY2018 and FY2019, Congress's aid appropriations to Vietnam (\$149 and \$154 million, respectively) were almost double the requests.

One legacy of the Vietnam War is the damage to the people and environment from the Agent Orange and its accompanying dioxin defoliant that the U.S. military sprayed over Vietnam between 1961 and 1971. The Vietnam Association for Victims of Agent Orange/Dioxin (VAVA) estimates that between 2.1 million and 4.8 million Vietnamese were directly exposed to Agent Orange. Since 2007, Congress has appropriated over \$380 million for dioxin removal and related health care services. About 70% has been used for dioxin removal. A joint dioxin cleanup project in Da Nang was completed in 2017. In 2020, the two governments developed a 10-year remediation plan for cleaning up the Bien Hoa airbase, with an estimated cost of up to \$450 million. The Vietnamese government has pushed the United States to do more to remove dioxin and provide help for Vietnamese victims of Agent Orange.

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