Pivotal States: Testing the Limits of the U.S.-Vietnam Relationship

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Live Online

The strong partnership between the United States and Vietnam is a testament to reconciliation between bitter enemies. Shared economic and security interests now underpin the relationship, and Vietnam and the United States have recently upgraded their relations to a milestone “comprehensive strategic partnership.” At the same time, Hanoi has carefully pursued a strategy of multi-alignment, deepening ties with China, Japan, and South Korea, while still maintaining its relationship with Russia.

How far can the U.S.-Vietnam partnership go? What steps might the United States take to advance this partnership, and what should it avoid? What lessons can be drawn for other U.S. partnerships in the Indo-Pacific?

Please join the Carnegie Endowment’s American Statecraft Program Senior Fellow Jennifer Kavanagh for the next installment of the Pivotal States Series and a discussion of Washington’s strategic alternatives in its relations with Vietnam with former ambassador Ted Osius and Huong Le Thu.

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Event Transcript

Note: this is a rush transcript and may contain errors.

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January 31, 2024 | Carnegie Endowment for International Peace

Jennifer Kavanagh:
Good afternoon, and welcome from Washington D.C. I'm Jennifer Kavanagh, a senior fellow in the American Statecraft Program here at the Carnegie Endowment. This is Pivotal States, a series dedicated to exploring U.S. interests and strategic options in its most important bilateral relationships around the world. Today, we're talking about Vietnam, a former U.S. adversary that has evolved into an increasingly important U.S. partner. Vietnam lies at the strategic center of Southeast Asia. It is a core member of the Association of Southeast Asian Nations known as ASEAN, and it has both a land border with China and a long coastline on the South China Sea. Although the United States and Vietnam were involved in a bitter war in the late 1960s and early 1970s, in 2023, the two countries elevated their relationship to a comprehensive strategic partnership evident of the stunning evolution of their relationship over the past 30 years.

Vietnam has one of the fastest growing economies in Asia, fueled by low labor costs and a highly-educated workforce. It has also benefited significantly from efforts by large manufacturers, including U.S. firms like Apple to de-risk their exposure to China by diversifying their supply chains to other nearby countries, but

Vietnam's domestic politics and a challenging business environment pose a potential threat to continued economic growth. Vietnam also has one of the best armed military forces in Southeast Asia. That includes a large arsenal of mostly Russian-bought military equipment. Military cooperation between the United States and Vietnam has also increased significantly over the past 10 years as the United States has invested more heavily in Asia, and as China's actions in the South China Sea, where China and Vietnam have a number of territorial disputes, have become more aggressive.

Vietnam and the United States also cooperate in a number of other areas, including public health and green technology. Still, even as the Biden administration has made significant efforts to build closer ties with Vietnam, Hanoi has also upgraded its political and security ties with Beijing, declined to cut its relationship with Moscow over the Ukraine war, and leaned into partnerships with countries across the region. Tensions between the United States and Vietnam also remain including over things like human rights and U.S. democracy promotion. So, what does all this mean for the U.S.-Vietnamese partnership going forward? How far can it go?

Here to discuss these issues With me today are two of the leading experts on Vietnam and the U.S.-Vietnamese relationship. Ambassador Ted Osius is president and CEO of the U.S. ASEAN Business Council. He was a diplomat for 30 years, and served from 2014 to 2017 as the US Ambassador to Vietnam. Dr. Huong Le Thu is the deputy program director of the International Crisis Group's Asia program. She's been conducting research on issues of security diplomacy and the politics of Asia for almost two decades at think tanks in Northeast Asia and Southeast Asia as well as at universities in the region. Thanks to both of you for joining me today.

Ted Osius:
Pleasure.

Jennifer Kavanagh:
Ambassador Osius, I want to start with you, and ask you what do you think are the U.S. interests in Vietnam? Why invest in this partnership?

Ted Osius:
I think we have tremendous interests in Vietnam. We have fairly obvious strategic interests given where it's located, given the relationships that it has, including some testy relationships in the region, and then it's a country of 100 million people, a big market. It's been really healthy for the United States, I think, to get over the past, and to think about Vietnam not as a war but as a partner. We've evolved in a actually quite short period of time, about 30 years, from being enemies to being strategic partners, to being friends, to being commercial partners. I thought your introduction was great to working together on issues like public health and clean energy and the environment.

We've found that having a comprehensive partnership with Vietnam is in our interest, and it turns out it's in the interest of the Vietnamese as well. So, there's a lot of enthusiasm about the relationship.

Jennifer Kavanagh:
That's great. Huong, can you respond to that a little bit? How do you see it from your vantage point? I guess we should provide a little background that you are coming to us from Australia where it's very early in the morning. So, having all the time you've spent in the region and being in the region now, how do you see U.S.'s interest in Vietnam? Would you agree with Ambassador Osius, or do you disagree?

Huong Le Thu:
I always agree with everything Ted says. No, I think it's very correct assessment. I would only add that I think it was pretty clear from Americas with articulation in the recent administration, both under Trump and Joe Biden now, that under the Indo-Pacific vision, America's interested to work with countries that showcase active agency, and showcase interest in also shouldering responsibility for their own security and interest, as well as contributing to larger regional stability. Vietnam has tick all the boxes, so there's no other reasons. All of that that you mentioned, Jennifer, in the opening remark, but also what Ambassador Osius said, all of those included with what Vietnam showcases makes Vietnam a good partner, a partner of interest.

Repeatedly in American recent policies, Vietnam has stood out among other more active and more consequential perhaps because of that regional partners. So really in recent years, I think the role of Vietnam, and the interests that America shows towards Vietnam has increased, and that has culminated in what Ted mentioned about that comprehensive strategic partnership elevation that we saw late last year. Also, there is

interest from Vietnam's side to improve relationship with America as well. So, it is two to the tango, and both I think meeting at the point that there is that enthusiasm, and we are at the momentum of that enthusiasm from both sides where we can see convergence of certain interests including strategic ones, but also economic ones.

People to people ties are also improving and broadening in that sense. I think they are all conducive conditions and factors that now constitute of such a good relationship right now.

Jennifer Kavanagh:
That's really interesting. You mentioned that Vietnam has interest in this relationship as well. Could you build on that a little bit, and tell us a little bit about how you see those interests, and how they might be similar or different from the interests that the United States has in Vietnam?

Huong Le Thu:
Well, the U.S. is a global power and arguably still the most powerful one, even though we have all kind of debates about the changing order and the role that U.S. want to play, and the unipolar movement and whatnot. We can get back to that at some point. So for that simple reason, Vietnam will always pay attention to U.S. It has to, but as Ted mentioned earlier on, there is also a factor of history and legacy in it. So, it took a while for both sides to get to this point today. The similar thing that Vietnam and Vietnamese leadership had to go through to take... It was not possible to take the relationship very fast either. There was a time needed for reconciliation and also building trust, right? I think the Vietnamese leadership needed to arrive at certain confidence and trust to be able to go deeper with American partners in all aspects, including perhaps defense and security cooperation as well.

In terms of societal support, I think because the Vietnamese society is relatively young and comparatively perhaps to certain different nations don't tend to hold grudges. So, on the societal level, there was always an enthusiasm and support in having good relationship and closer relationship with the U.S. It was on the political level at the high leadership in the Vietnamese Communist Party that needs certain buildup of the trust to be able to elevate relationship, and seek closer forms of cooperation as we see today.

Jennifer Kavanagh:
That makes a lot of sense. You made a number of really important points I want to make sure we come back to. But first, I want to ask Ambassador Osius, all your time spent in the region, the Biden administration has focused heavily on Vietnam, including visiting there just this past fall. Biden went to a Vietnam over attending the ASEAN Summit, which created some debate. How do you view the past couple of years under the Biden administration? Has this been a break from the past, faster improvement in ties, or would you say this is really just the culmination of steady improvement over a longer period of time? How do you see that progress occurring?

Ted Osius:
I think the Biden administration has been building on successes of the past, and doing what it can to accelerate the relationship very usefully. I know there were some who criticized the president for skipping the ASEAN summit instead going to Vietnam. I actually thought it was a pretty brilliant move. They chose to deepen a really important strategic and economic relationship knowing that the president had actually hosted two ASEAN summits, and participated in another and is very committed to ASEAN. They haven't, I think, reduced that commitment, but they wanted to show that deepening this partnership was really important to the United States. I think it is really important to the United States.

Dr. Huong mentioned the view that Vietnamese society has about ties to the United States, and I think that's worth underscoring. In Vietnam, America rates about 92%, 93% popularity. 92% or 93% of Vietnamese look at the United States as their country's best friend, which is pretty stunning if you think about it, that not that long after a war that we're looked upon so favorably. I don't know that we'd get the same approval ratings in Texas. It's really something that Vietnamese are so open to relationship with the United States, and the businesses that I represent now and working at the US-ASEAN Business Council are very bullish on Vietnam. For some of them, it's because they want to diversify. They don't want to be overexposed in China or elsewhere, and they found Vietnam to be a pretty hospitable place to do business with a government that wants to welcome foreign direct investment, is interested in boosting trade and commerce between the two countries.

Just one statistic that I want to throw out there, when I first went to Vietnam 30 years ago, there was maybe a couple million dollars in two-way trade between our two countries. In 2022, it was 138 billion. Someone

whose math is way better than mine noted that that's a 246 times increase from where we were 30 years ago. Vietnam is now our eighth-largest trading partner. Think about that, going from the bottom of the heap to one of our top trading partners in a remarkably short period of time. I think that's a big part of what Vietnamese are interested in is deepening that trade and commercial relationship along with other aspects of the relationship.

Jennifer Kavanagh:
Huong, you wrote a really great foreign policy article early in 2021, I think, where you laid out some actions that you recommended the Biden administration take to improve its posture towards ASEAN and Vietnam after some early stumbles at the waning stages of the pandemic. How do you think they've done Ambassador Osius is very positive on the Biden administration's progress. How would you weigh in on this question?

Huong Le Thu:
Yes, I think this participation in the summits, or being more visible in the region was one of the recommendations that back then I gave, but prefacing that was a time of pandemic. At the time when I was writing, the physical summits were not just back yet. We are now back to physical travels. So, that's certainly something that the region has been wanting and welcoming from the legacy of previous administration that was less so visible or present in the region, or present in those high-level summits, but since then, a lot has changed. I think for Vietnam, from Vietnamese point of view, America has been doing great in the region. We've to start with the assistance to pandemic response and donation of vaccines.

I think, many would in Vietnam credit, sorry, how they cope with the second wave when Vietnam has hit pretty bad since the Delta variant hit, and the vaccinations that came from U.S. and Australia and other partners really helped Vietnam to cope with pandemic. Now, that might not necessarily be the same perception that, for example, Indonesia has, which Indonesia on the other hand got more vaccines from China, for example, right? So, they not necessarily see the U.S.'s activeness in public health sphere, and U.S. has set up also the Center for Prevention of Diseases in Vietnam as one of the new initiatives. What I wanted to say with that is that the perception of U.S. within the Southeast Asian region will vary quite significantly depending on the area and aspects of U.S. activities.

But in Vietnam, it has been almost unequivocally positive, very good as Ted also mentioned in a public opinion. Now, coming back to that President Joe Biden's visit to Hanoi instead of ASEAN, some would probably point to that as perhaps a snap to ASEAN and ASEAN's style of multilateral meetings that tend to take a lot of time, but not necessarily yield indirect and concrete results in a short term. But for Vietnam, it was seen, even though they're not going to say it very loudly and publicly, was actually a distinction that President Joe Biden chose to invest his time in Hanoi and elevating this very concrete and very important relationship. So, it did yield results. It did transform into something very concrete.

I think it also translated later to other Southeast Asian capitals thinking, "Okay, there are other ways that we can cooperate with U.S., not only via those diplomatic gatherings, but also perhaps in more concrete, bilateral, and very tailored aspects of relationships." So, I think it's not all negative. It's quite positive in the long term. I think there are so many things that are going on between U.S. and Vietnam right now from energy cooperation, from climate initiatives. Obviously, there are lots of investment both ways. Something I thought I also wanted to mention, and Ted did it already so well, that from non-existent trade really, we're now in such high level for Vietnam. U.S. is the biggest market singularly unless compared to all of EU. Then that's equivalent, but U.S. market is so important.

It's so big. The growth underlying is still on the upward trajectory, but also, I wanted to mention that not only from almost non-existent trade, but also rather non-existent investment. Now, we see so many big investment and pledges coming naturally as they have been for a long time, but also with this injection of de-risking, decoupling. There are more surge and waves of U.S. big companies going to Vietnam. Many of them are in tech sector, which is great, but also, we see what has not been there before, which is Vietnam's investment to U.S. with VinFast, with a couple of billions upsetting factories in the U.S. So, the change is so unprecedented really, and I think it is remarkable. It is impressive, I think, for both sides. My positive also inclination says it is still on the upward trajectory.

Jennifer Kavanagh:
That's great. A lot of positive things here for the U.S.-Vietnamese relationship. For those just joining, this is Pivotal States. I'm Jennifer Kavanagh from Carnegie Endowment. We're talking about Vietnam and its partnership with the United States. I want to shift gears a little bit here, and talk more broadly about Vietnam and the region in which it lives, and how we should be thinking about the U.S.-Vietnamese partnership in the

context of the Vietnamese relationship with China, continued ties with Russia. For the United States, this can be challenging to navigate how to work with partners who are also working with countries that the U.S. government has identified as primary adversaries.

So, I'm interested in how you both see the relationship between U.S. and Vietnam in this broader context, and how you see that maybe potentially changing or not changing in the near future.

Ted Osius:
Well, maybe just start with a little bit of history. The Vietnamese have fought 22 wars against China over millennia. Most of the national heroes of Vietnam, the people whose names are on the streets in every city and every village, are people who fought the Chinese. So, China's a big presence and a big part of Vietnam's foreign policy, how to deal with this giant neighbor with a 1200-mile border. The most recent war actually between Vietnam and China was from 1979 to 1991 or '92, and tens of thousands of people lost their lives, especially the first year, but 10 thousands after that. So, it's pretty recent for the Vietnamese, and those concerns continue. Now, Vietnamese are very pragmatic about foreign policy, very, that anybody who's a leader in Vietnam knows how to engage in a balancing act.

They refer to it as bamboo diplomacy. A lot of times, bamboo is very sturdy, but it's also flexible. It's deeply rooted. It grows fast. It's a nice image. There's a saying that I like, [Foreign language 00:22:45], "Water from afar cannot extinguish a nearby fire." In other words, if you're there in the region, and you got to deal with the big neighbor, you better be prepared to do it by yourself, but it's helpful to have partners. It's helpful to have powerful partners when you're dealing with that big partner, that big neighbor. So, the Vietnamese proceed carefully. They've never outpaced themselves when it comes to developing a security relationship to the United States, but they do more with the United States than with any other country in the security realm. I saw that relationship grow and develop during my time as ambassador, and it's continued. I think there've been three visits by American aircraft carriers in central Vietnam.

It's important for the Vietnamese, but they're also going to be cautious, and they're not going to run too fast. They tend to work very closely with the Chinese, and make sure there are no surprises. The Chinese are never surprised by a move that Vietnam has made to strengthen its relationship with us. It all comes from this pragmatic approach. They also... They have a policy of a four nos, no military alliances, no siding with one country against another, no foreign military bases in their country, no using force or threatening to use force first. Again, that's a sign of pragmatism, I think. Work with the United States, develop strong ties to their neighbors, including the Philippines when you know what's going on between the Philippines and China, but don't provoke the dragon. There's no reason to provoke the dragon. Even though we're number one export market for the Vietnamese, China is their number one trading partner, and China has been able in the past to inflict pain upon the Vietnamese when they wanted to. The Vietnamese don't want unnecessary pain. They want to get along with their northern neighbor.

Jennifer Kavanagh:
Huong, before you respond, there are some in Washington who talk about trying to wean countries like Vietnam away from China or away from Russia, whether we're talking about arm sales, trying to pull Vietnam away from buying arms from Russia, instead get them to buy arms from the United States. Is that strategy something that's likely to be successful in your view? If not, why not?

Ted Osius:
I mean, there's a natural, again, talk about Vietnamese pragmatism. Because Russia is so invested in its invasion of the Ukraine, the Russians have become much less reliable suppliers of military equipment to anybody including the Vietnamese. So even though there's a long traditional relationship between first the Soviet Union and now Russia and Vietnam, and the Soviet Union is very helpful to Vietnam at key moments, I think the Vietnamese don't look at Russia as such a reliable supplier now. It's probably going to be 10 years or more before the Russian industrial base is able to produce the kind of material that a country like Vietnam is going to need. So, the Vietnamese are diversifying, being dramatic, moving like bamboo, being flexible. They're looking to the United States. They're looking to Europe. They're looking to Japan and Korea.

They're not limiting themselves when they look around and see, "How can we address our legitimate defense needs? What partners will be most helpful?" I hope the U.S. will be one of those key partners when it comes to strengthening Vietnam's ability to see what's going on in its neighborhood, and to defend its own sovereignty.

Jennifer Kavanagh:
We're going to go to audience questions shortly, so if you have questions, definitely enter them so that we can get to those. But before we do that, I do want to let Huong respond to this question about how she sees the alignment of Vietnam vis a vis the United States, China and Russia, and how that might shift or not shift in the future.

Huong Le Thu:
The bamboo diplomacy that Ted mentioned is actually now the participatory general keeps talking about it. It becomes the main line before it was... There are certain slogans that take over a certain period of time. Before, it was more friends with everyone, omnidirectional, equidistance and all kind of description of the attitude and approach, but basically, they speak about the same policy line, which is not to over rely on anyone. I think that's also partially learned from the historical bad experience of overreliance. So, Vietnam has always, well, since the Doi Moi reforms in the '80s, wanted to be more self-reliant, self independent, and befriending everyone for the very pragmatic reasons that Ted mentioned. I wanted to add one thing is that Vietnam, among very few that managed to not only improve relationship with the U.S., and maintain relatively positive relationship with Russia, and I'll get to the arms aspect in a minute. But also, Vietnam last year was probably the only country that hosted both President Joe Biden and President Xi Jinping from China.

So, it may maintain good relationship with all competing major powers, and actually good relationship with Russia, or manageable relationship with China did not impede Vietnam's relationship with the U.S. It didn't affect it negatively. Quite the reverse, it upgraded relationship. So, I think there is a very, very delicate balance and dance really, diplomatic dance, at Vietnam is mastery with that diplomacy. But also, I think there is a growing sense within Hanoi is that Vietnam recognize its value, its importance. It is being recognized from U.S. as a pivotal state as you name it, or in the policies that I've mentioned earlier as an important partner. It has increased interest from European capitals, from Asian capitals. We see a lot of visits, a lot of visits to Hanoi in recent times. The colleagues in the diplomatic sector are really, really busy not only receiving, but also actively going and visiting around a lot of countries, so we see that activeness displaying.

I think also, the Vietnamese leaders see the value of Vietnam, and they're trying to capitalize on that as much as possible, and so to the degree that it is possible to have good relationship with everyone despite of their perhaps even competing interests or relationships. Now, on the arms and future of defense, I think Vietnam has had that ambition to be more self-reliant in the defense sector as well. Even in the 2019 white paper defense white paper, there was a significant mention that Vietnam wants to invest in its own industrial capability, but that's of course slowly. It takes some time. The Russia-Ukraine War has been an impetus to accelerate that thinking, and invest even more. I think at the beginning, there were thinking that it would be a short war, but by now, we know it's not going to be the case, and it will affect Vietnamese sources.

It has expanded and diversified. Last year, Vietnam hosted the first defense international defense expo. I was there. It was very striking to see... Lockheed Martin, for example, is one of the biggest booths in that expo. I understand that there will be even more of American industrial and defense suppliers in the upcoming, the next iteration of defense exposes. Certainly, there is interest. There are still limitations including costs and compatibility of the American equipment, but also, there is increased need and programs of individual language trainings, which will be essential, of course, for operating American equipment as well. So, there are efforts underway, in other words, to make that possible. We're probably not there just yet, but I know there are talks going on, and there are preparations towards that so that Vietnam can expand and diversify its defense sources.

Jennifer Kavanagh:
What about challenges? We've talked for a while now about the positive aspects of the relationship and the opportunities that the U.S. and Vietnam could seize to move the partnership forward, but there are also a number of challenges. The two countries have very different political system, and the U.S. has, especially under Joe Biden, been very pro-democracy in its foreign policy. So, how do you see those challenges and to what extent could they interfere with this progress pose barriers that either could be surmounted or that maybe might remain and how the U.S. might navigate those?

Ted Osius:
I think there was an important moment when General Secretary Nguyen Phu Trong visited the United States in 2015, and President Barack Obama said, "We can respect different political systems." That was an indication to the Vietnamese that even though our systems are different, we are not going to try to overthrow you." We tried that in the 1960s and '70s, but there's no one's envisioning in the United States. No one's envisioning a conflict of ideologies or color revolution or anything like that. That was actually quite helpful. The

president would also notice, said, "We care a lot about human rights. It's who we are. We care about religious freedom. We care about the ability for people to express themselves freely, and to associate freely. This is who we are. We are going to listen to your concerns, but you have to respect where we come from as well."

I spent a lot of time working with the Vietnamese on human rights, and we actually made some progress right up to about 2016. Then I don't think there's been a huge amount of progress made since then. One of the reasons we made so much progress was we were negotiating the Transpacific Partnership Trade Agreement. So, we had more leverage than we usually have. We actually were able to agree. Probably, we had the most important human rights agreement we've ever put together with Vietnamese. That was part a side letter of the Transpacific Partnership Trade Agreement. Unfortunately, when we withdrew from that agreement, we lost the human rights agreement. It was an agreement that committed Vietnam to allowing full freedom of association for labor unions, a big step. And it was the capitalists telling the communists how to treat workers, which is pretty ironic, but it was significant, and we threw it away.

So, what did that indicate to the Vietnamese? Well, United States is not entirely consistent when it comes to its approach to human rights. The Vietnamese, again, being pragmatic, bamboo diplomacy and all that, continued to move forward in the relationship, even absent TPP, but I think the biggest challenges actually come from our side. They come from the fact that the United States is not always seen in the region as a completely reliable partner. Everybody's looking towards November, and wondering what's going to happen? What kind of nation is the United States? Are we going to continue to strengthen our own democracy, or is democracy not that important to Americans? We'll find out in November how important that is, but I think part of our problem is we've got to have our own house in order, especially when dealing with the nations of the Indo-Pacific.

Jennifer Kavanagh:
Huong, how do you see it? What do you see as the challenges to the relationship?

Huong Le Thu:
There are a number of long-lasting. I don't think any of that are new, and I think they're well known to Americans as well, which is there is this fundamental difference in the political system of Vietnam and U.S. There are certain strategic convergence at the moment. As we said in the beginning, there are economic interests, societal interests. But on the deeper level, there is always going to be divergence in how the two countries see their base of power and how it is going to be governed. Ted mentioned one of that is civil rights, liberal values. We call it human rights and democracy. Those will be still there regardless of administrations. When it comes to strategic partnership, there is probably a line whether Vietnam can ever accept more even closer relationship gearing towards a formal alliance, even questionable whether either side would want that actually, right?

So, there will be certain limits. I think they're well-known limits to both sides, and both sides had learned to work with them. Now, I just wanted to say that because I see one of the question being that whether it could possibly be an alliance, or I think alliance like relationship. I think there is importance in managing Americans' expectations in terms of how active and how aligned actually Vietnam is and could be with the U.S. So, in one of our earlier conversation, Jennifer, you asked, "How is U.S. doing with gearing Vietnam towards away from China and away from Russia?" It's actually the other way around. I think from Vietnamese perspective is Vietnam aligns so much with America and other partners as long as it is within its interests, right? I don't think anyone is able to gear Vietnam away from any other country. That is articulated in the four nos that Ted mentioned already.

Then similarly here, to manage American expectation, Vietnam is not going to align its interest more to the U.S. if it's not already in Vietnam's interest. I think Vietnam is partnering with U.S. as much as it is benefiting its natural interest. That's where both sides are happy to meet. When there are more expectation in either way, then there might be some limits or some obstacles even to the relationship if those management of expectations are not done well on the both sides. I think that's the way we need to be clear about that as well.

Ted Osius:
Jennifer, can I-

Jennifer Kavanagh:
Absolutely.

Ted Osius:
... alliance question.

Jennifer Kavanagh:
Yeah, absolutely.

Ted Osius:
I mentioned the four nos, no military alliances, no foreign military bases in Vietnam, but that doesn't mean there can't be arrangements. What I think the United States is learning... We have our traditional allies, Thailand, Philippines. This is in the region, of course Japan and Korea, but we're also... We've learned in recent years that you can have powerful partnerships with countries that are not your allies. We have a very powerful partnership, I think, with India. We have a powerful partnership with Indonesia. We're developing a powerful partnership with Vietnam. They don't have to be allies to be partners and to work with us. I think on the basing rights, again, the Vietnamese are pragmatic. No, we're not going to... I don't think we're going to ever have a base in Cam Ranh Bay, but if we want our ships serviced in Cam Ranh Bay, there's a commercial arrangement that the Vietnamese have set up.

There's a commercial port in Cam Ranh Bay as well as a military port. So, we could bring our ships in there, have them serviced, refueled our ships. The sailors eat a lot. You got to make sure that there's good provisions on the ships. So, there's a lot that can be done in a very pragmatic fashion that will strengthen our partnership, including in the security realm, even absent alliances, even absent bases.

Jennifer Kavanagh:
I think that's a really important point that I hear both of you making is that the U.S.-Vietnamese relationship can be very powerful and very strong, even if it's not anchored solely on security ties or a military alliance or basing rights, which has often been the centerpiece of U.S. ties in Asia, at least for a long time. You've raised a number of ways in which the partnership could expand. We have a number of great audience questions, so I'm going to shift to those. This is Pivotal States. We are here talking about Vietnam, the U.S.-Vietnamese relationship. You've both brought up two sets of factors that the U.S.-Vietnamese relationship will have to navigate here, the broader geopolitical challenges that come from great power competition, and the challenging neighborhood in which Vietnam exists, and then also domestic politics on both sides, not only in Vietnam but also in the United States with an upcoming election this year that could have significant implications for how U.S. foreign policy moves forward.

So from your vantage point, which of those is the bigger risks to this relationship? How do you see it, and how do you think leaders in Vietnam are viewing that? Are they more concerned about geopolitical challenges, or are they thinking that the U.S. domestic politics or their own domestic politics are the bigger challenge?

Ted Osius:
No, I think they're probably more worried about U.S. domestic politics, that when we have a change of regime, it's pretty dramatic as we've seen in recent years. When things change in Vietnam, it tends to be more evolutionary. Huong mentioned the Doi Moi economic reform policies. Those were in the mid-'80s, and they've been pursuing that policy of comprehensive international integration since the mid-'80s with very little deviation. It didn't really matter who was the party general secretary or who was on the Politburo. The approach has been, "Let's grow our economy. Let's integrate with the international economy, and let's work with everybody as we do it." Now, they're at the center of a web of free trade arrangements. They're in RSAP. They're in CPTPP.

They've got arrangements with Canada and the EU and with Singapore. They're pursuing that, and it doesn't really matter who's on the Politburo. Now, there've been changes, and recently, some friends of the United States are no longer in the Politburo, no longer in senior positions, because the general secretary's been pursuing a kind of anti-corruption campaign that has meant... Some people who are quite familiar to the United States are no longer in positions of authority. That's a little troubling to investors, but I don't think the policies change very dramatically, even as the people changed in Vietnam.

Huong Le Thu:
If I can be a little bit provocative here, I would say it's actually... I think yes, I agree that the domestic change and upcoming election in the U.S. will have a huge repercussion to a foreign policy in this region, every country, including Vietnam. But from the assessment, from the regional perspective and Vietnam perspective, I think Vietnam will be doing okay. It survived Trump administration pretty well, I think, better than many neighboring countries. In fact, the bilateral relations actually had a much improvement during Trump

administration. Now, in the beginning, there was concern, and that's why you saw Vietnamese leaders going to Washington on one of the first ones, I think the third foreign leaders to be visiting Trump, in Washington back then.

Now, when the American's presidency changed to Joe Biden, there were a concern about the democratic agenda and what that might do to the bilateral relations, but then we resulted in upgrading and even leapfrogging to comprehensive strategic partnership and many investment coming Vietnam's way. So I think based on that, there is certain confidence perhaps in Vietnam that they will manage. Whoever, whether it is Trump coming back or the continuation of Biden administration, whoever comes next, I think Vietnam will do its best to keep the momentum going. But also, I think if our assessment from outside of America is correct, the only thing that bridges the polarized society is China, really. That's where America and Vietnam agree on. That's the key convergence there. So, I think there is certain confidence that the relationship will still be going towards a more and closer cooperation.

I am actually more worried about Vietnam's domestic politics. The previous question about possible alliance or base, I would say, I would quote Ted saying nothing is impossible, because at this generation of leaders, perhaps no, but 20 years ago even, we didn't think that comprehensive strategic partnership would be so possible so early. So, we don't know what's going to happen after this generation of top leadership in Vietnam. As you probably know, there are certain rumors about the health of the top leadership, and actually lack of continuity in the leadership. Who is going to take over if and when it comes to the time comes? So, we don't know the next phase. For now, it is good as it is, and there are certain hot limits, but I do think that there's a lot to explore here. We can't be too impatient, but I think the sky is the limit, right?

Ted Osius:
Can I say one more time because-

Jennifer Kavanagh:
Yep.

Ted Osius:
Huong, so many interesting points. I accompanied Nguyễn Xuân Phúc to Washington after President Trump's election. He was the first southeast Asian leader to come, and he was concerned, but very pragmatic. I think the only big issue that came up was trade deficits, because President Trump was very focused on trade deficits. In fact, Vietnam has a trade surplus with the United States. So, there's probably a concern that if Trump comes back, trade deficits become a big issue once again, but I also met with former Prime Minister Nguyễn Tấn Dũng after we withdrew from the Transpacific Partnership Trade Agreement. He had negotiated it with me, and he still said, "okay, so that trade agreement's not going to happen. We'll find something else." There is this incredible strain of pragmatism. I agree with Dr. Huong on this.

If President Trump comes back, the Vietnamese will find a way to work for him, and the binding factor, the thing that does bind Democrats and Republicans together is this concern about the rise of China, and that's where our interests come together. But there have been some forces that have been unleashed recently that, I think, Vietnam wants to see continue. There have been a lot of investments in semiconductors even since the comprehensive strategic partnership was created or elevated last September. There've been announcements even since then about companies that want to invest in a supply chain that involves Vietnam and creation of semiconductors, Nvidia, Amcor technology that were talking... I think, Undersecretary Jose Fernandez was just recently there, and he talked about $8 billion in U.S. investment in this industry. The Vietnamese are going to want to see that continue.

They want to be, I think, a trusted supplier to the U.S., and that will be the kind of thing that they'll be watching U.S. domestic politics for. Can this growth in a really important part of the partnership continue even if there's a change in Washington in November?

Jennifer Kavanagh:
You've both made the point here that nothing is impossible to quote Ambassador Osius's book or the Sky's the Limit, but should the U.S. keep pushing forward? Are there more opportunities to gain? What does the U.S. get out of more investment here? I'm playing devil's advocate a little bit to push you on. You can always invest more, but is the return worth that additional effort and why?

Ted Osius:
Well, first of all, these investments are all decisions made by companies. They're not made by the U.S.

government, or we even really influenced that much. The U.S. government can create an atmosphere in which it's easier to invest, but they're business decisions. What I'm seeing is that businesses are making that decision. They're voting with their feet. They're going to Vietnam. They're seeing opportunities, and they're pursuing those opportunities, and they're doing pretty well. Will that continue? I think it probably will, and I think there are things that the United States can do to facilitate the continued growth in that investment. Then there are other things that we can do that create an atmosphere in which that can continue to be a flourishing part of the relationship.

Vietnam, I think, is the fifth largest sender of students to the United States to study. So after some really big countries like China and Canada is right next door, and India, Vietnam is right up there, because the ties between the countries are really strong in that level. There are 2.2 million Americans of Vietnamese origin, and so the interest in getting an education in the United States is familial as well as professional. It's a great part of a really powerful part of our relationship, and to keep facilitating that will also help. So, that means don't cut off visas for students. Students come to the United States, and it makes a lot of money for our... It's really good for our economy, and it's really good for relationships. So, don't reverse that policy, and then continuing, I think, to strengthen the strategic relationship is important.

Dr. Huong talked about the health relationship. I don't think that's a small matter, because when you talk about getting vaccines into the arms of Vietnamese, that's affecting people right down to the level of the family, and people remember that. I'm really glad that you highlighted that, because that health relationship has been flourishing for now 25 years. The dividends are many, also the benefits to the American people, because if diseases are brewing up in other parts of the world, we want an advanced warning system. We want to be able to work with our partners overseas to protect the health of Americans at home.

Jennifer Kavanagh:
I want to ask you, do you think that there are aspects of the U.S.-Vietnamese relationship that the United States can learn from in terms of statecraft and diplomacy? Because of the Vietnam War context in which this relationship began, the U.S. has taken a different approach here than it often does. It is common for the U.S. to lead with military assistance. That wasn't really an option here. So, are there lessons that the U.S. can take away more generally about statecraft that it might apply to other partnerships in the region or in other parts of the world, do you think?

Ted Osius:
I think so. I wrote a book about it, because I think these lessons are so important, and Dr. Huong may have... I want to hear her views. I just want to mention that what we did in Vietnam was we showed respect for a country that I think deserves our respect. We showed respect for the history, the language, the culture, the traditions, the cuisine of Vietnam. That actually paid off, because when you show respect, doors open, and when you show disrespect, well, that's all people see and hear is the disrespect, and respect led to trust. Huong mentioned trust and the importance of trust building in all parts of the relationship. It was trust and doing things together to build more trust that led to partnership, and led to today's comprehensive strategic partnership.

I think that's a powerful lesson from the reconciliation of two former enemies, now friends, now partners. Respect leads to trust, leads to partnership that is good for the United States, and it's good for our partners.

Jennifer Kavanagh:
Huong, what do you think? How do you see lessons that U.S. might take away?

Huong Le Thu:
Yes. I think what Ted mentioned is very important and appreciated by the Vietnamese leadership and Vietnamese people willingness to address some more legacy's issues sitting down and talk more and listen more. I think certainly not only Vietnam, but many other countries, smaller countries in Norwegian would also subscribe under that talk more, listen more approach. Certainly, I think that would improve a lot of perception about America's and America's engagement in the region. So, part of the problem in my own assessment is that America is not doing enough. It doesn't showcase it as effectively and efficiently through that public diplomacy and communication. So, a lot of good effect slip through the fingers because of that, because that perception is not matched.

I am also aware that there are two very different countries that Vietnam is... Whether it wants to call it middle power or not, it might be coming up there, call it small, middle size country. So, it has very different objective and agenda. It wants to be in a stable neighborhood, and not taking side, be neutral, and have good

relationship with everyone. Now, America is the big, the largest power in the world. It can't afford the same approach in many aspects. In some, yes, respect, multilateral cooperation, diplomacy, absolutely. But in other aspects when it comes to strategic decisions and interest and global interest, America has global interest. That's not necessarily the case for countries in regional smaller countries. In some cases, America can't afford to be neutral to any things happening in the world or even certain actors in the world.

So, there are things that both countries can apply, and I think diplomacy and dialogue is certainly one of them, but there are things that obviously distinguish the two countries. So, I don't think lessons that easily transferable and applicable, but I do want to just say that I think what countries would want to see, and I for one would want to see more of America doing, is what it used to be so good at, which is setting norms, standards in old and new. So, apply those that for a long time has been signature of America. I might get into trouble saying that perhaps more push from businesses as well as government on the human rights agenda, on the climate change, and for example, climate, but also standards when it comes to tech agenda and norms. I think a lot of American investment and presence in Vietnam, as Ted mentioned, has gone without that pressure on human rights agenda, and from civil society point of view is not necessarily a good thing.

It might speed up government to government cooperation and even business cooperation, but we see a rise of repression that environmental activists suffer in Vietnam, for example. I think that's not necessarily a good outcome of increased American presence and American business presence in the region. I know that, for example, a new big tax say that provisional of climate agenda, there might be more investment in Vietnam. I think it's not about one country pressuring another, but about arriving at certain standard norms that all countries aspire to. That's what I'm trying to say. I think one more thing I would just add to that renew wave of investment is that Vietnam also needs to be careful, because it is becoming a sweetheart of international businesses and communities, but my really stress is its capacity. So for that reason, I think policy makers in Vietnam needs to be very careful as well. I know we're out of time, so I'm not going to prolong that.

Jennifer Kavanagh:
We are out of time, but I want to get your thoughts maybe 30 seconds each. If you had the chance to sit down in the Oval Office with President Biden next week, and you could give him one piece of advice for the U.S.-Vietnamese relationship, what would it be?

Ted Osius:
I would say we need an affirmative trade agenda. We need to be back at the table in a big way. We need to pursue an Indo-Pacific economic framework, if you will, that includes market access, very important because Vietnam is part of other trade arrangements. The United States is excluded from a lot of those trade arrangements. We want to compete, and we can't compete if we're not there, if we're not present.

Jennifer Kavanagh:
Okay, great. Huong, how about you?

Huong Le Thu:
Yes, I think that's a great idea. I would add too is a cooperation in innovation and research in technology. This is something that America has led for decades, but for Vietnam, it's new, but it has that capacity of young and hungry human resources, very interested in this area, but innovation with setting standards and norm for cyber security and cyber norms. I think that's something that both countries very established and very well-developed in terms of tech country with up and coming, but then together, they can combine their strength into the innovation area. So, I would probably highlight those.

Jennifer Kavanagh:
Great, Ambassador Osius, Huong Le Thu, thank you so much for joining me today to talk about Vietnam. Thanks to our audience for the great questions. This is Pivotal States. Have a great rest of your day.

Ted Osius:
Thank you, Jennifer. Thank you.

Huong Le Thu:
Thank you. That was great.
End of document

Featuring

Ted Osius

Former ambassador Ted Osius is President & CEO of the US-ASEAN Business Council. A diplomat for thirty years, Ambassador Osius served from 2014 to 2017 as U.S. ambassador to Vietnam.

Huong Le Thu

Huong Le Thu is the Deputy Director of the Asia Program at the International Crisis Group.

Jennifer Kavanagh

Jennifer Kavanagh is a senior fellow in the American Statecraft Program at the Carnegie Endowment for International Peace.

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