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Background Briefing:

Assessing US-Vietnam Relations Under President Trump

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Vietnam's Prime Minister Nguyen Xuan Phuc may visit the US and President Donald Trump is likely to visit Vietnam and the Philippines in November this year.

We request your assessment of the following:

1a/What do you think are at the top of Pprime Minister Phuc's agenda for his US visit? What might Trump and Phuc agree and disagree on?

ANSWER: Prime Minister Nguyen Xuan Phuc's visit to the United States in late May will be so choreographed that broad areas of convergent interests and cooperation will be highlighted and possible areas of disagreement will be minimized or kept out of the discussions entirely.

Prime Minister Phuc will have several items on his agenda the most important of which concerns economic relations including trade and investment. Vietnam stood to benefit most from the Trans Pacific Partnership (TPP) if it came into effect. Some estimates say Vietnam's GDP would grow by eleven percent. Vietnam constantly pressed the Obama Administration, even in its lame duck period, to ratify the TPP. Trump's executive order withdrawing the US from the TPP was a severe setback for Vietnam's plans for proactive international economic integration.

The United States is Vietnam's most important export market. Vietnam maintains on average an annual trade surplus of \$30 billion dollars. President Trump's order of a ninety-day review of the causes of the US trade imbalance with sixteen countries has raised the threat that the US will impose border tariffs on some Vietnamese exports to the US and Vietnam could possibly suffer penalties for dumping on the US market. Vietnam ranks sixth of sixteen countries that have a trade surplus with the US; it falls behind China, Japan, Germany, Mexico and Ireland.

Vietnam has already made clear to the Trump Administration officials that it is willing to work with the United States to balance trade and is open to discussions on a bilateral trade agreement.

Prime Minister Phuc's second agenda item will be to convince President Trump that Vietnam is a reliable partner that is prepared to work with the United States on regional and international issues. Phuc will point out that Vietnam and the US share convergent interests in their relations with China, freedom of navigation and

overflight in the South China Sea, chemical and nuclear non-proliferation especially with respect to the Korean peninsula, and opposing international terrorism. Phuc will stress that Vietnam will continue to support US engagement in Southeast Asia.

Prime Minister Phuc's other agenda items include seeking a reassurance from President Trump of continued US support for their bilateral comprehensive partnership that includes nine areas of cooperation. Phuc will stress the importance of high-level visits and will express his appreciation that President Trump will attend the APEC leaders' meeting in Da Nang in November. Prime Minister Phuc is likely to invite Trump to make an official visit at the same time. Phuc will likely raise continued US support to address the legacies of the Vietnam War, such as Agent Orange and unexploded ordnance.

Finally, Phuc will sound out President Trump on defence and security relations, including operationalizing the joint vision statement on defence cooperation. This document held out the prospect of cooperation in defence trade and Vietnam has suggested some forward movement. With the lifting of the arms embargo by President Obama, Phuc may also express Vietnam's interest in procuring defence technology and military equipment from the US.

1b/ Given Trump's support of oil and gas sector policies and previous experience of Secretary Rex Tillerson at ExxonMobil, do you think Exxon's Ca Voi Xanh gas project in central Vietnam will be given a push during the visit?

ANSWER: It is not known at the moment who will accompany Prime Minister Phuc on his visit to Washington, such as business executives. Prime Minister Phuc will undoubtedly call attention to the fact that US exports to Vietnam rose in the first quarter of this year as a result of technology sales by Apple and Dell. Exxon Mobile is already committed to work with Petro-Vietnam to develop the Blue Whale gas project, Vietnam's largest, valued at US \$10 billion. Phuc will undoubtedly highlight this as an example of "win-win" cooperation.

1c/ Overall, what do you think about relationship between the two countries under the Trump administration?

ANSWER: Despite Vietnam's disappointment at Trump's withdrawal of the US from the TPP and Vietnam's fears of the impact of US protectionist policies, relations are on an even keel with the prospect that the legacy of the Obama Administration will be built on. Prime Minister Phuc and President-elect Donald Trump held a telephone conversation on 12 December 2016. The Vietnamese media reported that Trump "spoke highly of the achievements of Vietnam as well as the positive developments in bilateral ties." President Trump has kept US Ambassador to Vietnam, Ted Osius, in office despite requiring all other Obama appointees to resign by January 2017. This provides stability and continuity in bilateral relations.

In February, President Trump wrote a letter to Tran Dai Quang, his counterpart in Vietnam, reportedly including support for promoting bilateral cooperation in "economics, trade, regional and international issues." President Quang made the letter public on 31 March just a few days before the informal summit between presidents Trump and Xi Jinping at Mar-a-Lago.

In late March, Vietnam hosted discussions with officials from the USTR (United States Trade Representative) on the Trade and Investment Framework Agreement (or TIFA) and agreed to set up four working groups on agriculture and food safety, intellectual property, industrial goods and digital trade. The two sides also discussed labor reforms, a key element of the TPP, but also covered by the WTO.

Finally, Vice President Mike Pence announced in Jakarta that President Trump would attend the APEC leaders' meeting in Da Nang as well as the ASEAN Summit in Manila at the end of the year.

In sum, bilateral relations appear to be robust and in good shape due in no small part to proactive diplomacy by Vietnam's Ambassador in Washington, Pham Quang Vinh. Since Trump took office there has been a steady stream of Vietnamese officials who have passed through Washington or who are scheduled to come. These visitors have included deputy foreign minister Ha Kim Ngoc and Deputy Prime Minister and Foreign Minister Pham Binh Minh. Deputy Minister of National Defense Senior Lt. General Nguyen Chi Vinh is scheduled to visit in May for the annual defense dialogue. And, of course, there are the upcoming visits of Prime Minister Phuc to the US, and President Trump to Vietnam.

2/What do you think are at the top of agenda of Trump's visit to Vietnam and the Philippines in November? Will it be South China Sea issues?

ANSWER: It is doubtful that White House and State Department officials have drafted a detailed agenda for President Trump for both meetings at this time. The agenda will be shaped by the strategic situation and influenced by (1) whether or not China is successful in halting North Korea's sixth nuclear test and 2) what provocative actions North Korea might take in coming months, such as further ballistic missile tests.

At the moment the top priorities for President Trump are economic, trade and investment issues and they will likely top his agenda in both Da Nang and Manila. Due to uncertainty over the US federal budget and Trump's proposed deep cuts to development assistance and the possible merger of US AID with the State Department, it is likely that Trump will have to outline US strategy for engaging the region and specific priorities, especially when he attends the East Asia Summit. US-China relations and nuclear proliferation on the Korean peninsula are likely to be key talking points.

If the present trajectory of China-ASEAN relations continues without disruption, maritime disputes in the South China Sea will not have as much salience as previously. Recently, Admiral Harry Harris, Commander of the US Pacific Command, has suggested that a new round of freedom of navigation operations may commence. This could work at cross purposes to US-China cooperation on North Korea.

Finally, climate change could emerge on Trump's agenda depending whether or not the US meets commitments made by the Obama Administration.

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