

# Vietnam: Increasing influence in South East Asian affairs

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## Abstract

Vietnam is an intriguing country. Its long history has been complicated by the rise and fall of different political formations and the vicissitudes of modern politics. After the Vietnam War ended in April 1975, the country was torn apart. The human, environmental and economic costs of the war had been overwhelming. Around 2.4 million people had died, mostly Vietnamese civilians, and thousands of Vietnamese had fled to new countries as refugees in search of a better life. The war caused a huge refugee crisis, with thousands of deaths at sea. Vietnam's infrastructure – from roads to railways, buildings to bridges, and ports to power stations – was severely disrupted. However, Vietnam has changed significantly with the economic reform “Doi Moi” which was introduced in 1986. After the Soviet Union collapsed in December 1991, Vietnam lost its main supporter and the country faced a tough new challenge. Despite its difficulties, Vietnam has changed and grown as a political geographic centre in Asia, and its economy is growing significantly. Vietnam is a resilient country with over 97 million people, enjoying a rich cultural heritage. It has recently seen dramatic changes regarding climate change, the landscape, population, ruling powers, and politics. It is one of the countries in the world most vulnerable to climate change, and has adopted solutions to deal with this. This article will examine Vietnam's foreign policy, and show how the country has played a key role in complex international events in Asia since its political and economic reforms. It will examine what has happened in Vietnam in recent years, how its climate attracts foreigners both as tourists and as investors, and the challenges and issues affecting the country.

## Keywords

economy, foreign policy, international affairs, Vietnam

## Introduction

Vietnam became a unified country under the control of the Vietnamese Communist Party (VCP) in April 1975. Hanoi became the new capital of Vietnam, and the colonial capital Saigon was

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re-named Ho Chi Minh City after the revered leader of the VCP. Vietnam was a relatively poor country and the Vietnamese people endured very tough times. The country had been isolated when US sanctioned the country. When US President Bill Clinton announced the restoration of diplomatic relations between the United States of America and the Socialist Republic of Vietnam in July 1995, Vietnam was in an economic crisis and unwilling to make the changes necessary to unleash its potential. The country faced big challenges from domestic and economic reforms (Hayton, 2009). The people wanted progress and prosperity. The country once torn apart by war had been reborn. Foreigners became interested in visiting and living in the country.

Vietnam has pursued a foreign policy of independence, openness, diversification and multi-lateralization of international relations, and its economy has grown significantly in recent years.

Vietnam has everything that any country in today's world would wish to have: a simple and easy lifestyle, beautiful landscape, friendly people and a large and hard-working young population. The countryside is diverse and it is freely available for visitors with the patience to explore and find it. However, the main compass of this article is Vietnam's economy and politics. Each section illustrates a distinct transformation that propelled new forces for change: a rising economy, foreign policy and global influences. The narrative of this article covers three major issues: foreign policy, economic policy and Vietnam today. The first section introduces what is known of Vietnam's foreign policy. The second section analyses how Vietnam's economy is growing significantly. The third section analyses what has happened in Vietnam over the last few years and the main challenges it faces today.

## **Literature review**

### *Foreign policy*

At the 6th National Congress of the Vietnamese Communist Party in December 1986, Vietnam analysed its achievements and assessed its disadvantages and limitations, including serious and prolonged mistakes in major policy guidelines and in strategic direction and implementation (Vu, 2014). The National Congress affirmed that the task of the Vietnamese Communist Party in foreign affairs is to strive to combine the strength of the nation with its power in the coming year. In December 1986, the 6th National Congress of the Vietnamese Communist Party highlighted the need to strengthen its relations with the capitalist world and issued Resolution Number 13 on foreign affairs. The resolution emphasized the policy of adding friends, reducing enemies and diversifying relations on the principle of respect for independence, sovereignty and mutual benefit.

Vietnam would like to be a reliable friend and partner for all countries, striving for peace, independence and development. It would like to play a major diplomatic role, and is deeply committed to peace in the South East Asian region (Nguyen, 2014).

The collapse of the socialist system in the Soviet Union and Eastern Europe in December 1991 presented Vietnam with a tough challenge. It required the country to move in a new direction and paved the way for the Vietnamese Communist Party to set out its foreign policy of independence, openness, diversification and multilateralization of international relations.

After years of implementing policies, Vietnam's socio-political situation has gradually stabilized. The country's position and power have improved. Its international relations with other countries have expanded and its position in the international community has improved.

Vietnam wanted expansion and multilateralism in its foreign relations. It used the word "strategic partner" to emphasize the special relations. It had a strategic partnership with

13 countries and a comprehensive partnership with 11 others, including five permanent members of the UN Security Council (Thayer, 2013). Vietnam set up a strategic partnership with Russian, Japan, India and China. Its partnerships with Russia and China were later raised to comprehensive strategic partner and strategic cooperative partner, respectively. It has actively maintained and promoted friendly relations with traditionally friendly countries such as Cuba, India, the Democratic People's Republic of Korea and Mongolia, according to a Vietnam Foreign Affairs source.

Vietnam strengthened its ties with neighbouring states in the Association of Southeast Asian Nations (ASEAN), where it plays an increasingly active role, exercising significant influence. Up to now, it has been deeply involved in ASEAN's economic, financial and trade institutions, such as the ASEAN Free Trade Area (AFTA) and the ASEAN Investment Area (AIA), and is a member of the Asia-Europe Cooperation Forum (ASEM) and the Asia-Pacific Economic Cooperation Forum (APEC). Vietnam holds the position of chair of the ASEAN in 2020.

ASEAN was created on 8 August 1967 when five countries – Indonesia, Malaysia, the Philippines, Singapore and Thailand – signed the ASEAN Declaration. The bloc has since expanded, with Myanmar, Cambodia, Brunei, Vietnam and Laos also joining. In 1984, Brunei joined, and Vietnam became the seventh member on 28 July 1995. On 23 July 1997, Laos and Myanmar joined the bloc, and in April 1999 Cambodia became the 10th member. The bloc's aims are to promote intergovernmental cooperation and facilitate economic, political, security, military, educational and sociocultural integration for the 10 members and other countries in Asia. In December 1995, the 10 members focused on peace and stability in the region by signing the Southeast Asian Nuclear Weapon Free Zone Treaty. This treaty makes the bloc into a nuclear weapon-free zone. On 21 June 2001, the Philippines ratified it and the treaty took effect and banned all nuclear weapons in the region.

The bloc has become a strong community with a growing role and stature globally. It is at the centre of a number of important regional institutions, such as ASEAN Plus Three (APT) and the East Asian Summit (EAS). It would like to consolidate its multiple regional free trade agreements into a single Regional Comprehensive Economic Partnership (RCEP). Today, ASEAN is one of the fastest growing and most dynamic regions in the world. However, there are negative sides to ASEAN. Institutionally, the bloc has been limited by the different interests of its member states, and the fact that all of them retained a commitment to state sovereignty. The ASEAN norms ensured that non-interference in the affairs of member states remained its fundamental rule (Narine, 2015).

It is argued that “there is a growing tendency to criticize and even discredit ASEAN as a whole” and it is considered that Vietnam's position in ASEAN requires long-term efforts. If Vietnam wants to further advance its strategic position in regional politics, it should reconsider its risk-averse mentality (Le, 2016). The ASEAN community-building manifesto has been perceived a little unsatisfactorily by Vietnam because coordination and cooperation have not been registering any great leap upward.

However, Vietnam has benefited from joining ASEAN since 1995, enjoying years of robust growth, a relatively stable exchange rate and its Foreign Direct Investment (FDI) reaching a record high in 2017. What is more, Vietnam has cultivated links with a range of major powers such as the United States and Russia, despite persistent challenges. It is generally understood that foreign activities play an important role in contributing to the development of peaceful and stable country situations. Under the control of the Vietnamese Communist Party, Vietnam is one of the most stable countries among the South East Asian nations.

I do not disagree with Vietnam's current foreign policy of striving for peace and development and intervening in difficult situations. But, at a time when the global and regional situation is complicated and unpredictable, Vietnam's foreign policy actions lack the inflexibilities. It wants to make more friends and fewer enemies, and this is reflected in its continuous Three Nos defence policy: no joining military alliances, no aligning with a particular state over another and no foreign bases on its soil to threaten the sovereignty of others. Some experts consider that Vietnam will not change this position (Hayton, 2018).

Vietnam is also determined to not align with one country against another, and is reluctant to fully engage in defence cooperation with other countries. It is also determined to act without involving third parties in its foreign disputes, even in extreme circumstances (Grossman and Huynh, 2019). No foreign minister I know cares more about peace than Pham Binh Minh. He has contributed strongly to the development of Vietnam's diplomacy and was awarded his country's Medal for Diplomatic Cause in 2013. He has visited North Korea to re-assert his country's strong support for peace and denuclearization on the Korean Peninsula.

Vietnam is a member of the Non-Aligned Movement (NAM). The NAM currently has 120 member states, 17 observer countries and 10 observer organizations. NAM was designed for the group of countries which do not want to officially align with any major power bloc like NATO, but who wish to preserve the world's peace and security.

Vietnam has become an influential and important country in the Asia Pacific region in recent years, ahead of several South East Asian peers. According to the 2019 Asia Power index, the Australian think-tank the Lowy Institute ranked Vietnam as the 13th most powerful country in terms of its capability to influence regional events. Vietnam scored an overall 18 points out of 100 as a result of improvements in military capability, diplomatic influence, multilateral power and foreign policy. According to experts at the Lowy Institute, within the last 12 months Vietnam has rapidly influenced foreign and economic policies in the Asia Pacific region (Quy, 2019).

There is no doubt that the world recognizes Vietnam for its leadership role in the region of South East Asia. Vietnam is demonstrating its important role in the Indo-Pacific region as well. The world recognizes Vietnam's roles and contributions to regional and global affairs. Vietnam has increased its important position and credibility, and its role in international security has risen significantly. In the future, Vietnam will continue to maintain its openness and engagement with world affairs.

### *Economic policy*

Since the Vietnam War ended on 30 April 1975, many Vietnamese people have been proud of the fact that Vietnam could beat the world's most powerful country, America. They believe that America's military intervention and financial support for the South Vietnamese Government was a tragic mistake, caused not only by the arrogance of the United States, but also its fear of the expansion of the Soviet Union and Communist China, triggering President Johnson's decision to send large numbers of US armed forces to Vietnam. The main reason for American involvement in the war in Vietnam was geopolitical, to defend South Vietnam and its allies against the communist bloc (Linh, 2002).

After the Vietnamese Communists' 1975 victory, the Vietnamese economy recovered from the war very slowly. The country struggled for domestic reform, especially land reforms, because of massive population dislocations caused by the war. It also suffered from severe food shortages.

Vietnam faced tough times when the socialist system of Eastern Europe collapsed in 1991. The main support for Vietnam came from the Communist East European Bloc. These countries were themselves in political crisis and on the verge of collapse. The Soviet Union was a great benefactor to Vietnam from 1978 to the mid-1980s, providing US\$1 billion annually in the form of loans, trade credits, technical training, project training and price subsidies to the country. After the collapse of the Soviet Union in December 1991, Vietnam lost its major supporter. The Vietnamese Communist Party was under immense pressure to get the country out of the crisis. Vietnam had no choice but to find new ways to survive (Kiernan, 2011). It faces a serious economic crisis and embargo.

At the 6th National Congress of the Vietnamese Communist Party in 1986, the country decided to implement the new policy of Doi Moi. Vietnam had to alter its inward-looking communist lifestyle, allowing foreign trade, opening up to overseas business, encouraging free trading in local markets and scrapping the traditional “rice book and coupons” way of life. It had to make crucial decisions in order to overcome its difficulties. The central government drew up three economic programmes, managing food, consumer goods and exports, in order to move the country forward (Vo, 2019). Vietnam decided to adopt a state-managed multi-market mechanism in 1991. It decided to industrialize and modernize the country, and re-joined the international community.

The socialist ideology remained, and was reiterated by the political leader of Doi Moi, the Communist Party of Vietnam (CPV) General Secretary Nguyen Van Linh, who stated that “it is not objectively necessary to establish a political mechanism of pluralism and multiparty government. Socialism is the only right decision”. Nevertheless, Nguyen Van Linh campaigned for Doi Moi, to help the country to develop a “socialist-oriented market economy”. In other words, the Vietnamese reformed market maintained an ongoing socialist structure (Shenon, 1998).

The Vietnamese Communist Party began to implement Doi Moi. The government not only removed constraints on private sector trade and transportation but also eased travel restrictions. The new policy of Doi Moi worked, and started to “make a difference in daily life. State-organized migration to New Economic Zones continued, relocating four million labourers from northern to southern Vietnam from 1976 to 1992, proving to be a good decision to fill the labour gaps (Huynh 2008).

Vietnam is a one-party communist country. But the rise of Vietnam is extraordinary: it is an increasingly rich and influential country that has lifted thousands of millions of people out of poverty. After the South Vietnamese Government backed by the US collapsed and the Vietnam War finished in April 1975, Vietnam was one of the world’s poorest countries, and like in North Korea now, millions of people suffered mass starvation and lived in abject poverty.

Vietnam is open for business. In 1995, it became a member of ASEAN, which comprises a free trade area. Recently, it officially become a member of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and this is the third largest free trade area in the world, accounting for 13.4 percent of the global Gross Domestic Products, approximately US\$13.5 trillion. In my article in the *Diplomat* (Nguyen T, 2019), I pointed out that joining the CPTPP illustrates Vietnam’s commitment to integrate with the international community and to respond to the changes of the global economy. Signing these agreements has helped Vietnam to lower the tariffs imposed on both imports and exports.

It is 33 years since the launch of Doi Moi in 1986. Vietnam has recorded significant and historic achievements. Vietnam is now a middle-class country with “a dynamic market economy that is deeply integrated into the global economy”. Its economic growth is rapid and stable.

In 2017, when Chinese President Xi Jinping attended the 25th APEC Economic Leaders' Meeting in Vietnam's central port city of Da Nang, he affirmed that China and Vietnam have held a long relationship, and heralded a new chapter for bilateral ties. Vietnam is China's largest trading partner in Southeast Asia. The total trade value between the two countries reached over US\$106 billion in 2018, according to Vietnamese official statistics. However, Vietnam has a trade deficit of US\$25 billion.

After Singapore, Vietnam is the second country in South East Asia to sign a free trade EU agreement. The EU trade commissioner called the deal "an important milestone" and a key step towards better co-operation of the EU with the South East Asian economies. The deal will significantly help Vietnam's economy to flourish.

Vietnam's economy now has trend growth estimated to be around 6.8 percent a year. In 2010, its GDP growth rate was around 5 percent. Its GDP grew consistently by 7.08 percent in 2018, the highest growth rate since the financial crisis. Ho Chi Minh City's GDP per capita has increased significantly from US\$230 in 1985 to US\$5428 in 2017, and has aimed to achieve a per capita income of US\$9800 by 2020.

Vietnam has a rapidly growing middle class (Vaughn, 2019). According to a World Bank report, 3 percent of the population joined the global middle class between 2014 and 2016, with an anticipated additional rise of 35 percent in just 30 years. It was reported that Vietnam was hailed as a leader in ASEAN in terms of growth of per capita spending by the middle 60% of the population from 2016 to 2021, with a compound annual growth rate (CAGR) of 10.1%. According to a report of PwC that the number of middle-class Vietnamese will reach 44 million by 2020 and 95 million by 2030. That development would transform the lifestyle of the Vietnamese society and increase consumer spending of higher value-added products. Vietnam is the world's largest producer of clothing and the second largest exporter of electronics in the region (Son, 2019).

GDP is the total expenditure for all final goods and services produced within a specific period of time. The GDP in Vietnam was approximately US\$115.93 billion in 2010. It has rapidly increased, doubling to US\$244.95 billion in 2018. The GDP value of Vietnam accounts for 0.4 percent of the world economy. In the first half of 2019, its GDP expanded 6.76 percent year on year. The bank DBS's senior economist, Irvin Seah, predicted that "the Vietnam economy will be bigger than the size of the Singapore economy in 10 years' time. And this implies tremendous growth opportunities for companies and investors looking to get a slice of the action".

Vietnam has actively improved its business environment in order to attract more foreign investment. More FDI is flowing into the country, emphasizing the growing confidence among investors in the market. In the first three quarters of 2018, Vietnam's economy grew steadily at almost 7 percent of GDP. FDI in clothing, footwear and especially electronics led to surging manufacturing exports.

The FDI sector contributed US\$245.5 billion to the Vietnam economy. The sector saw a trade surplus of US\$15.68 billion in 2019, and is growing in the country. In 1998, from around US\$10 billion when Vietnam first started attracting FDI, the country's FDI hit US\$225 billion in 2018. FDI firms accounted for 20 percent tax revenue for the state budget. FDI to Vietnam increased 28.6 percent in the first four months of 2019.

Vietnam has ambitious young workers working day and night, and on weekends, to make the most of their talents. It is no surprise that the Asian Development Bank predicts Vietnam to be the fastest-growing economy in South East Asia. The Bank maintains Vietnam's GDP growth forecast at 6.8 percent this year, and 6.7 percent in 2020 (Le, 2019).

One acceptable measure of the scale of Vietnam's fast increasing domestic market is that many of the world's luxury clothes brands now operate businesses in Vietnam. A further measure of the development is car ownership. The Vietnam automotive industry is booming and is one of the fastest growing in Southeast Asia. Pham Nhat Vuong, the CEO of Vingroup, is one of the richest people in the world, and his real net worth is estimated around more than US\$8.1 billion by Forbes. VinFast, a subsidiary of Vingroup, is currently the only domestic car maker in Vietnam. It officially opened its new vehicle assembly plant in the northern city of Hai Phong. The first home-grown Vietnamese vehicle model, the VinFast Fadil, has a small 1.4 litre engine and has been selling to the public since May 2019. The initial production capacity is 250,000 vehicles per year, but will increase to 500,000 vehicles per year (Pearson, 2019).

While the car ownership rate in Vietnam is currently around 20 units per 1000 people, thanks to growing middle-income households and spending consumption it is anticipated that car ownership will rise fivefold in the next 10 years.

Vietnam is a typical example of an enemy turned friend of the United States. Since the Clinton administration lifted the trade embargo and normalized relations with Vietnam in 1995, the country has signed various free trade agreements with the US and joined the World Trade Organisation. Furthermore, Australia used to back the South Vietnamese government. However, it re-established formal diplomatic relations after the Vietnam War. Australia considered Vietnam as an important partner in the South East Asian region in term of defence and trade and investments. It pledged to develop long-term cooperation with Vietnam.

In December 2001, the US and Vietnam signed a Bilateral Trade Agreement, since when trade between the US and Vietnam has developed rapidly. Vietnam's exports to the US and the EU helped to spur its economic recovery in the wake of the recession and global financial crisis in 2008. The trade reached to US\$47 billion. Vietnam is one of the fastest-growing markets for US exports. In 2016 and 2015, Vietnam's trade surplus stood at US\$32 billion and US\$31 billion respectively. According to an article in the *Financial Times* (2018), in 2018, Vietnam's exports to the US totalled US\$49.2 billion, while its imports from US only reached US\$9.7 billion. Its trade surplus with the US reached \$39.50 billion, and it was on track to set a new record for the year.

Some analysts and commentators argued that the trade war between the US and China may benefit Vietnam, because the country's manufacturing and export would boom. Many manufacturers in China feared higher levies on Chinese-manufactured goods sold to the US market and some companies began shifting their products out of China to avoid tariffs imposed by America.

Vietnam would be a major beneficiary of this, as both Chinese and American firms have been relocating to the Asian country. In an interview with Fox Business Network before the G20 submit in Osaka in 2019, US President Donald Trump called Vietnam the "single worst abuser", and stated that Vietnam is taking advantage of his country "worse than China" does. He said "A lot of companies are moving to Vietnam, but Vietnam takes advantage of us even worse than China. So there's a very interesting situation going on there" (*Business Times*, 2019).

Foreign investors have continuously invested in Vietnam's manufacturers in order to offset the cost of tariffs on Chinese-made products and the rising of labour costs in China. "The trade war is speeding up a trend that was already well under way, namely to move factories out of China", said Adam McCarty, chief economist at Mekong Economics in Hanoi. However, the benefit is not great so far. Bill Stoops, the chief investment officer of asset management company Dragon Capital argued that "it's a bit early for Vietnam to be benefiting in a big way from trade wars", and Rob Koepp, network director of the Economist Corporate Network, considered that we are already starting to see big orders, big export orders flowing, out of nowhere, into the seafood, and the

furniture and the garment industry”. And he added “I think this is a harbinger of things to come, as people start to divert business away from China”. In my view, it is too early to conclude that Vietnam will benefit from a trade war between the US and China.

When Vietnam successfully hosted the World Economic Forum in September 2018, the government had the opportunity to highlight its economic success. Vietnam is experiencing a good revolution: FDI is flooding into the country, rice fields are disappearing and instead being replaced by new industrial parks and big buildings. Peasants and villagers are flocking to booming cities such as Da Nang, Ha Noi and Ho Chi Minh City to look for job opportunities and a better life.

Furthermore, Vietnam’s ambitions are big. The country has set its target to become an upper middle-class country, increasing the middle-class rate to 50 percent by 2035 and reducing its poverty rate to 1 percent. By 2030, Vietnam aims to increase GDP per capita to US\$6500 in 2030, and to US\$10,000 by 2035, and that GDP figure is four times higher than the current figure (Minh, 2018). The government tries to overcome its serious domestic challenges such as housing and infrastructure. My recommendation for Vietnam is that reform is needed and important because it would help to support its future development. It will need to focus on modernizing the economy and developing the private sector. It was estimated that 2 million private businesses would contribute 50 percent of Vietnam GDP by 2020, and 60–65 percent by 2030, according to a report by the Boston Consulting Group. Vietnam also needs to build innovative capacity and modern institutions and improve economic efficiency of urbanization while coping with its economic growth.

### *Vietnam today*

In recent years, Vietnam has become a popular destination for expatriates. It is recognized as a safe place for foreigners to live and work. According to HSBC’s Expat Explorer survey, most expats would like to live in Vietnam. Of those that do, they adjust their life quickly and “feel at home within the first few months of arriving”. The survey asked 18,059 overseas workers from 163 countries and territories to share their opinions on the country they are currently staying in in terms of their satisfaction with quality of urban living, political stability, work-life balance, disposable income, career progression and economic stability (Nguyen, 2019).

Expats enjoy the benefits of working in Vietnam and many receive a high salary. Because of its good weather, cheap cost of living, the friendliness of the people, lively culture and delicious food, most foreigners agree that Vietnam is a good place to live. Expats can have more spending power to enjoy everything the country has to offer.

Expats in Vietnam can earn a staggering average salary of US\$103,000 per year. This figure is much higher than the average annual income of US\$2500 last year for Vietnamese workers. With its friendly living environment, political stability, ease of settling in and work-life balance, Vietnam is well ahead of other Southeast Asian peers like Malaysia (16th), Thailand (22nd), the Philippines (24th) and Indonesia (31st).

There are over 83,500 expats living in Vietnam, according to Ministry of Labour, Invalids and Social Affairs data. Vietnam was ranked in 10th in the list of best countries for expats to live and work in 2019, with Switzerland overtaking Singapore as the best place to live and work in the world. Vietnam is steadily opening up its doors to foreign companies to do business in Vietnam. Many overseas workers are now learning Vietnamese to speak to their colleagues. For example, the electronics giant Samsung requires its South Korean managers and specialists to learn Vietnamese for a year, and their Vietnamese communication skills are often tested.

Vietnam has a very low cost of living, so expats can live a comfortable life there. Ha Noi, the capital of Vietnam, was at 136 in the list of most expensive cities in the world according to the Mercer Cost of Living Survey in 2012. It is affordable for expatriates to rent good houses or up-market apartments in the suburbs and major cities. Vietnam's local bars and restaurants offer very low prices for people choosing to eat out, compared with many western bars and restaurants. As in many Asian cities, beer and spirits are cheap and easily affordable.

Vietnam has plenty of attractions. The World Heritage Site of Ha Long Bay is truly beautiful. More than 1600 limestone islands are dotted around the bay, which covers an area of over 1500 sq km. Seen from a distance, the bay looks like the back of a descending dragon. It hides magnificent caves and intricate natural sculptures. The bay is getting busier every year and has become an icon of the Vietnam tourist industry. In 2019, Vietnam expects to welcome 18 million foreign visitors. Around 40 percent of all foreign visitors to Vietnam went to Ha Long Bay. Ha Long Bay is not just an icon of the Vietnam tourist industry, but also represents the country's iconic dash for growth. The influx of Chinese visitors coming to Ha Long Bay has been mainly attributed to the beautiful landscape, rich cultural heritage, better infrastructure and more direct flights between the two countries. Nha Trang, another beautiful coastal city in the middle of Vietnam, is a very attractive place for tourists to visit. The seas around Nha Trang are truly beautiful, with clear blue water, vast coral reefs and plentiful sunshine. The beaches are long and sandy, and Nha Trang city is being increasingly marketed for the global tourism industry.

Before leaving the Oval Office, US President Obama arrived in Vietnam for a state visit in May 2016. He announced the removal of a decades-long embargo on arms sales to Vietnam, adding that "at this stage both sides have developed a level of trust and cooperation" (Holmes, 2016). The decision was not based on Chinese expansionism, but on "our desire to complete what has been a lengthy process towards moving toward normalisation with Vietnam". Beijing considers Hanoi as a main opponent in the South China Sea. Vietnam, along with the Philippines and other ASEAN members, continues to have a tense territorial standoff in the South China Sea.

The current US President Trump greeted Vietnamese Prime Minister Nguyen Xuan Phuc at the White House. Mr Phuc was the first Southeast Asian leader to visit the White House since Mr Trump's election. That was a sign of expanding business interests between the two countries at the time.

The year 2019 witnessed key important events for Vietnam. Vietnam has shown its readiness to stabilize the peace of the Korean Peninsula. On 14 March 2019, the Vietnam Foreign Office spokesperson, Le Thi Thu Hang, stated at a press conference that, being a responsible member of the United Nations and the world community, Vietnam is ready for, and would like to contribute to, stabilization on the Korean Peninsula.

Vietnam drew global attention when hosting the second summit between Trump and North Korean leader Kim Jong Un. Despite Trump's failure to achieve any deals or agreement on denuclearization with Kim Jong Un, the Vietnam summit at the end of February 2019 was a positive sign of Vietnam's growing influence in international affairs.

North Korea's unpredictable dictatorship is the main source of real threats to US security in Asia. President Trump intentionally chose Vietnam for the second US-DPRK summit held in Vietnam because he was sending a clear message to Kim Jong Un to drive towards ending the North Korean international isolation and following Vietnam's economic miracle reform. Previously, Mr Trump and Kim Jong Un publicly exchanged insults and threats of military confrontation (Fritze and Shesgreen, 2019)

President Trump met Kim for the first time in Singapore in 2018. The historic handshake between the two leaders was a good sign for the two countries approaching “peace and prosperity”. Although South Korean President Moon Jae praised the first summit, he predicted that there would be a lot of work to be done and negotiated by both countries. Both sides needed to have more meetings arranged in order to achieve the best result.

The second summit in Vietnam was an opportunity for North Korea to compromise. Kim Jong Un wanted all economic sanctions to be lifted entirely in return for his willingness to dismantle the main nuclear sites, particularly at Yongbyon, but President Trump did not agree to this proposal (Crowley and Sanger, 2019).

On 26 February 2019, a Dutch trade minister ordered the seizure of 90,000 bottles of vodka at the port of Rotterdam, believing that the container was due to be shipped to North Korea. He stated that “the security council of the United Nations has imposed clear sanctions on North Korea, so it is important to enforce those sanctions” (Boffey, 2019).

At a midnight press conference in Ha Noi, North Korean Foreign Minister Ri Yong Ho rejected President Trump’s claim and argued that his country was asking for the partial removal of the UN sanctions. Clearly, North Korea does not want those sanctions, which not only affect imports and exports, but also have a severe impact on the livelihood of the North Korean people (Buncombe, 2019).

The second summit failed to produce the expected agreement on denuclearization on the Korean Peninsula. Kim Jong Un left Vietnam without having signed deals with the USA, and the international sanctions imposed on his country remain in place. It is up to him to decide what next steps to take to move his country forward. Perhaps he should learn lessons from his communist comrade and consider re-joining the world community.

Hosting a high-profile and important summit has certainly given Vietnam a prestigious position as a geo-political centre in Asia both at home and abroad. Vietnam is one of the few countries in the world now to have good diplomatic relations with both North Korea and the United States. This second summit in Vietnam was clearly a positive step for the country to become a mediator for peace on the Korean Peninsula.

The summit boosted Vietnam’s ability to gain a significant position in the handling of regional affairs. It seems that the summit was a plan between Vietnam’s Foreign Minister Pham Binh Minh, when visiting North Korea between 12 and 14 February 2019. In November 2018, his North Korean counterpart Ri Yong-Ho had visited Hanoi to develop bilateral relations of his country with Vietnam. Carl Thayer, a well-known Vietnamese expert at the University of New South Wales at the Australian Defence Force Academy, said the summit was an opportunity for Vietnam to show its foreign policy contributing to the international community and regional peace and security.

Although the outcome of the recent Trump-Kim summit is not what the Vietnamese government would have hoped for, there is no doubt that Viet Nam is building on its growing reputation as an integral player in regional affairs, with an increasing reputation worldwide.

Hosting such an international event is a good boost for Vietnam’s economy because more people know about Vietnam, and more investors come to visit and do business in the country than ever before. Under the control of the Vietnamese Communist Party, Vietnam is one of the most stable countries among the South East Asian nations. In the past, Vietnam has had good experience in dealing with big international events.

In 2017, Vietnam hosted another important event. For the second time in its history, Vietnam was set to host the APEC. The APEC summit took place in the city of Da Nang, the third largest

city in Vietnam. The deputy minister and minister of foreign affairs, Pham Binh Minh, claimed that hosting the APEC would enhance “foreign trade and international integration”. APEC is a very important trade bloc, “comprising 39% of the world’s population, 59% of its GDP and 48% of its trade. It is also a proponent of free trade, and since its inception in 1989 average tariff rates among members have fallen by nearly two-thirds”.

Joining APEC is important for Vietnam’s international economic integration. It reflects its commitment to comprehensive reform and international integration, and a proactive contribution shaping multi-layered regional and multilateral cooperation mechanisms. According to an article of Vietnam News, the 2017 APEC was very successful, Deputy Prime Minister Pham Binh Minh claimed. APEC brought to Vietnam “its economic cooperation and connection impetus, brings into play its role as the leading economic connection mechanism of the region, keeps its core value of trade and investment liberalisation, and supports multilateral trade”. Furthermore, Vietnam has shown its capacity to protect world leaders, including US President Donald Trump, Russia’s Vladimir Putin, China’s Xi Jinping and South Korea’s Moon Jae-In. This proves that Vietnam is a strong country to host important world events. In June 2019, Vietnam became a non-permanent member of the United Nations Security Council (UNSC) for the second time. It took a seat on the UNSC once before in 2008–2009. The seat at the UNSC provides a key opportunity for Vietnam to advance its foreign policy outlook. Nguyen Phuc Trong, the President of Vietnam and General Secretary of the Vietnamese Communist Party, the most powerful person in the country, hailed the victory that “Vietnam becoming a non-permanent UN Security Council member is a big honour but also a heavy duty”. He is confident that Vietnam will fulfil its mission successfully and contribute to global efforts for sustaining peace, cooperation and development (Anh, 2019).

It is three years since CPV General Secretary Nguyen Phu Trong organized Vietnam’s unprecedented anti-corruption campaign. The campaign has resulted in the arrest and prosecution of dozens of high-ranking profile officials. It uncovered massive fraud by officials connected to the state-owned Petrol Vietnam, and many senior bankers and executives at big state-owned firms went to prison with lengthy sentences. The campaign led to the arrest of former Politburo member and Party Secretary of Ho Chi Minh City Dinh La Thang, former deputy minister of public security Bui Van Thanh, as well as Tran Nhat Tan.

I believe that the campaign undoubtedly is one of the most important legacies of Mr Trong’s leadership and an important highlight in Vietnamese politics over recent years. In 2018, the CPV Central Committee met to initiate planning for the 13th Congress, to take place in 2021. The meeting planned Vietnam’s next socio-economic plan, amending party statutes and vetting possible candidates for the next Central Committee and Politburo (Thayer, 2018)

On 21 September 2018, former President Tran Dai Quang suddenly died, and the National Assembly elected General Secretary Nguyen Phu Trong as president. Mr Trong will have two top jobs in the country and now play a massive role in shaping both policy and personnel selection for the 13th National Congress. Looking ahead, Vietnam will face some challenges. The networks of family relationships are being strained by the demands of personal freedom. Traditions are being eroded by the lure of modern living. Land is cleared and New Economic Zones are created for new foreign investment opportunities.

In addition, corruption is a major problem in Vietnam. Vietnam’s leaders must evaluate the effectiveness of the Party Secretary General Nguyen Phu Trong to decide whether to give him another term when his term expires in 2021 or whether to end the arrangement. And the recent cyber security law makes it more likely that more foreign companies will invest in Vietnam. The

future of Vietnam's growth will probably be in higher value-added activities or highly skilled manufacturing. These activities depend on individuals who come from big overseas firms.

Climate change is a big problem in Vietnam. The country has been hit hard by environmental disasters, lacklustre development and unpredictable weather linked to climate change every year. Floods and typhoons have caused extensive damage to infrastructure and resulted in significant losses in the agriculture and fishing sectors. Geographically, a 3200 kilometre-long coastline facing the South China (East) Sea causes Vietnam to experience hurricanes and sea level rise. The country is increasingly facing rising temperatures and water shortages as part of everyday life. It was reported that 10–12 percent of Vietnam's population is affected by climate change according to the article of Vietnam News in 2019.

It was urgent for the Vietnamese government to adapt measures to deal with its climate change issues. In 2008, following concerned reports by the World Bank, Vietnam created a National Target Program to respond to the issues (McElwee, 2016). It adopted some practical measures by developing crop patterns suitable to climate change, accounting for sea-level rise and increasing temperatures while building infrastructure and promoting public awareness on climate change according to a World Bank report in 2016. Interestingly, John Kerry, former US Secretary of State, Honorary President of the Carnegie Endowment for International Peace, warned that climate change is a huge problem in Vietnam and has a close relationship with the energy sector. He also urged Vietnam to pay more attention to devising effective measures to respond to climate change, ensuring sustainable energy development and minimizing the negative effects of climate change. Vietnam has tried to shift from traditional energy sources to new and renewable energy. In December 2011, former Prime Minister Nguyen Tan Dung launched the national strategy on climate change. Vietnam wants to be a modern industrialized country by 2020 but it is very necessary for it to develop “a national strategy on climate change with century-long visions, as the foundation for strategies, plans and programs” and this includes a specific strategy to “turn low-carbon economy and green growth into main orientations for sustainable development; lower emission and higher absorption of greenhouse gases to become compulsory indicators of socio-economic development”.

Vietnam's cities are facing big challenges of poor infrastructure, housing and roads to cope with the big influx of villagers who come searching for job opportunities. If Vietnam's cities offer pollution, congestion and flooding, overseas investors are less likely to come to Vietnam to do business. Cities provide vital economic growth in Vietnam but if their development is substandard the private sector will not grow.

Nevertheless, 33 years of success from reforms raises expectations for the country's future. Its ambitions are big, with the goal of “a prosperous people and a strong, democratic, equitable, and civilized country” by 2035. My recommendation is that Vietnam must also improve the quality of its education and skills, and that is necessary now while managing its debt. The challenge Vietnam faces now is environmentally sustainable and equitable solutions, promoting social inclusion and enhancing its adaptability to climate change.

## Conclusion

This article focuses on the development and achievement of Vietnam after the Vietnam War ended in 1975. The major themes of this article resonate in contemporary Vietnamese life. The 1975 communist victory set the scene for the making of contemporary Vietnam. Rapid economic growth in recent decades has transformed the Communist party state in Vietnam into a global nation. No

one denies the fact that Vietnam's star is rising significantly in Asia. It is difficult to predict what may happen next in Vietnam due to the uncertainty of economic and political change in the region, but one thing for certain is that Vietnam is expanding its roles in the regional affairs in Asia: from becoming a member of the South East Asian group of nations, to hosting big and important international events like the US-North Korean Summit and the World Economic Forum on ASEAN.

Economically, Vietnam has joined local and world trade organizations such as WTO, ASEAN and the Comprehensive and Progressive Trans-Pacific Partnership. It has become an increasingly attractive destination for foreign investors. More FDI is flowing into the country, emphasising the growing confidence among investors in the market.

Vietnam can be among the best places for expats to live, but everyday Vietnamese society becomes more complex and its problems increasingly complicated. The current pattern of growth is unsustainable. Climate change is a problem in Vietnam and has negative impacts on its sustainable development. Despite Vietnam having faced challenges, setbacks and difficulties, so far the country has managed them reasonably well. Its reputation as a key player in the region has grown exponentially. However, its environmental and rich history still casts long shadows. Vietnam will be a modern and industrialized nation moving towards becoming a prosperous, creative and equitable society by 2035. It has emerged as a country poised for economic modernization, and the country's geographical position has improved. It is increasing in influence in South East Asian affairs.

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