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The Oil Rig Incident: A Line Has Been Crossed in Vietnam's Relations with China

*By Ha Hoang Hop**

EXECUTIVE SUMMARY

- The placing of a giant Chinese oil rig in May 2014 in waters claimed by Vietnam has led Vietnam to rethink its relations with China and to alter its foreign policy.
- Relations between the two countries have always been ambiguous. Despite China's strong cultural influence, Vietnam has repeatedly resisted the larger power's efforts to dominate it. The oil rig incident was the latest development to sour bilateral relations. The Vietnamese have tended to view the rise of China and the "Chinese dream" as aggressive.
- In the aftermath of the oil rig incident, Vietnam is working to build closer relations with Japan, US, India and Philippines in order to counter-balance China.
- It is now even more compelling for Vietnam to step up its economic growth and enhance its capacity for national defence. Better growth would mean greater self-reliance and more funds for defence.
- The party and the state are facing more domestic discontent and dissent, and keeping the party's legitimacy may require it to accept and take dissenting views more seriously.

- With the oil rig incident, a line has been crossed, and there is no return to the policies and practices of the recent past in relations with China.

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INTRODUCTION

On 2nd May, China National Offshore Oil Corporation (CNOOC) towed its giant oil rig into waters 240km from Vietnam's coast. This was followed by each side accusing the other of attacking its vessels near the rig. In almost all provinces in Vietnam, there were protests against the deployment of the oil rig. Vietnamese users of social media, particularly Facebook and blogs, widely denounced the Chinese action. The government made strong diplomatic protests and appealed for support from the Association of Southeast Asian Nations (ASEAN) and the international community. Civil society organisations (called "civic organisations" in Vietnam) also engaged in peaceful demonstrations.

This dispute between Hanoi and Beijing lasted from May to July 2014 and was the most serious event in bilateral relations relating to the South China Sea since the 1980s, bringing high risk of an armed conflict. It also led to violence against Chinese and other foreign businesses in Vietnam and exposed strong public discontent with the ruling party in Vietnam.

AMBIGUOUS AND COMPLICATED RELATIONS

Relations between Vietnam and China have always been ambiguous and complicated. Vietnam was ruled by the Chinese from the 2nd century BC until the early 10th century. In the following ten centuries, Chinese troops invaded Vietnam four times. Each of these invasions ended in failure. In 1945, the Chinese Kuomintang tried to crush the embryonic Viet Minh regime in Hanoi. In 1954, the five-year old Chinese communist government helped divide Vietnam at the 17th latitude into independent northern and southern states that subsequently led to the Vietnam War. Mao cut a deal with Nixon on the Vietnam War in 1972, after years of half-hearted support to communist North Vietnam. Two years later, the Chinese navy seized the Paracels from South Vietnam and clashed in 1988 with Vietnamese naval ships. Chinese troops invaded the northern part of Vietnam in 1979 "to teach a lesson" to Vietnam after it invaded Cambodia to overthrow China's ally, the Khmer Rouge.

The land border agreement signed in December 1999 and the physical demarcation of their borders nine years later were the most important events after the two countries normalised relations in 1991. Vietnam's economic relations with China have become significant since then, and the two have also reached agreement on the delimitation of their maritime boundary in the Gulf of Tonkin.

However, recent actions by China in the South China Sea have led to tensions not only with Vietnam, but also with the Philippines and ASEAN.

Despite strong cultural, historical and ethnic influence from its giant northern neighbour over the centuries, Vietnam has repeatedly resisted China's efforts to dominate it. China's will for domination is strong, but so is Vietnam's will to resist it. Relations between the two ruling communist parties threatens to worsen if China continues to exercise the sort of hard power that it has historically used—and unsuccessfully. On the other hand, the exercise of soft power by China holds much greater promise of producing positive results. As things now look, China is not taking this latter course.

Vietnam remains vigilant over possible hostile intentions. Historically, after defeating the invaders, Vietnamese kings had always sent high-ranking court mandarins to Beijing to bow their heads and offer presents to ensure future peace. However it should be noted that the Vietnamese regarded these acts as a show of reconciliation but not subservience.

IMPACT ON FOREIGN POLICY

The oil-rig incident led to a change in Hanoi's relations not only with China, but also with its own society. Coupled with Russia's complete silence when China carried out its assertive unilateral action in South China Sea (Vietnam calls it East Sea) involving the oil rig—an irony given that Russia and China are Vietnam's two most important 'comprehensive strategic partners'—these developments have had, in turn, an impact on Vietnam's foreign policy.

On 12th August, a workshop on multilateral diplomacy was held in Hanoi with a keynote speech by Prime Minister Nguyen Tan Dung on new elements in his foreign policy. He emphasised the shift from 'active participation' to 'active and proactive contribution to shape regional policies and institutions'. He also reiterated the importance of multilateralism in Vietnam's diplomacy.

At the end of May, the Vietnamese prime minister told the media that the preparation of court case documents against China relating to the disputes in the sea had been completed, and that the government 'waits for the most appropriate time point' to act on them. Given sensitivities in Beijing, Hanoi was prepared for the worst after the prime minister's statement had been

disseminated. At the end of August, a member of Vietnam's Communist Party politburo went to Beijing to talk about 'easing tensions and repairing ties' between the two countries. While almost identical statements were released by the two sides after the talks, Hanoi subsequently explained to the world, and its own people, of its new approach to foreign policy: emphasising self-resilience and its determination to expand ties with other countries to strengthen its position in relation to disputes with China. In other words, Hanoi does not reject bilateralism, but maintains its right to use multilateral means.

Beijing's oil-rig action and its attitude on the South China Sea led Vietnam to move closer to the US, and the US is expected to gradually lift its export embargo on lethal weapons to Vietnam. However, Vietnam has made it clear that it will not ally itself with any country in order to counter another country, thus the close relations with the US will not be for 'containing China or any other country'. In addition, Hanoi has tried to contribute more at the East Asia Summit, as well as promoting stronger ASEAN centrality and unity, especially on maritime disputes.

SOCIAL AND POLITICAL DISCONTENT

While the Communist Party of Vietnam continues to monopolise power in Vietnam and maintain its system of compromised and corrupt 'democratic centralism', it has implemented a number of market reforms since the late 1980s to modernise the economy and integrate the country into the world market. However, market economy developments, foreign investments, and a wider use of the Internet and social media have created domestic forces that have started to challenge the party's legitimacy.

A recent letter to the Central Committee of the Communist Party of Vietnam signed by 61 prominent former cadres showed discontent with the party's politics and policies. The letter called for minimising Beijing's influence, reforming the political system in Vietnam, giving citizens more freedom of speech and expression, as well as more freedom of information. A significant slowing of economic growth in 2011-2014 has also undermined the party's credibility and provoked more public discontent.

There does not seem much that the party can do to lessen the hostility of a majority of the

Vietnamese people towards China's aggressiveness.

PRESSURE FOR ECONOMIC GROWTH

The government has been restructuring the banking sector and equitizing state-owned enterprises, and the party has also implemented some measures to tackle corruption. Economic cooperation with Japan, US, Europe and India is being intensified, and Vietnam is trying harder to complete the negotiations on the Trans-Pacific Partnership (TPP) agreement.

Since the Chinese oil rig entered the waters claimed by Vietnam, there have been concerns over economic cooperation with China. After all, many Chinese firms had won bids for Vietnamese construction, infrastructure, and power plant building contracts. However, preliminary assessments of the projects show that their overall quality is low.

There have also been concerns over Vietnam's cross-border trade with China, Chinese development and investment contracts, and maritime environmental issues. Vietnam's weak and corrupt border and customs controls have allowed the import of unapproved or sub-standard products and, as a result, many Vietnamese continue by association to be sceptical about the quality and durability of Chinese infrastructure projects and products.

There is strong awareness within Vietnamese society, as well as within the party and state apparatus, of Vietnam's history of resistance to Chinese attempts at subjugation. After the normalisation Vietnam-China relations in 1991, trade and investment relations with China have been growing, reflecting a sense of shared interests. The rig incident however has led Vietnam's leadership to realise that the only way to make economic cooperation more productive and balanced is through more transparency and better management on Vietnam's side. For example, fighting institutional weaknesses and corruption in provinces along the border with China would help curb Vietnam's trade deficit with China and improve the quality of imported goods from across the border.

The lessons learned from 1986-1991 dictate that Vietnam would do its utmost to avoid becoming economically dependent on any one country, especially China.

CONCLUSION

The Chinese oil rig has helped Hanoi to speed up changes in its foreign policy. In particular, it is emphasizing a shift from active participation in regional affairs to a more proactive contribution in producing regional policies that would be based on the rule of law and on international laws. In doing so, Hanoi is advocating the end of what it calls the prevalence of ‘power politics’ in Southeast Asia and elsewhere. This is quite clearly aimed at China.

As a small and weak country, Vietnam feels strongly the need for stronger economic growth. It understands that national wealth will provide a firm basis for domestic resilience and for its diplomacy, and help prevent further deterioration of the political legitimacy of the ruling party. More spending on defence will also depend on having more wealth.

While there is a slow-down in the construction of both the China-Vietnam Friendship House and the Confucius Institute in Hanoi, and fewer Chinese films are shown on Vietnamese TV, the party-to-party relationship on the surface still appears normal but domestic pressure is growing on the party-state to change its relations both to Vietnamese society and to China.

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