

VIETNAM'S ROLE IN ASEAN POLITICAL AND
ECONOMIC COOPERATION FROM 1995 TO 2010



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A Thesis Submitted in Partial Fulfillment of the Requirements
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วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต

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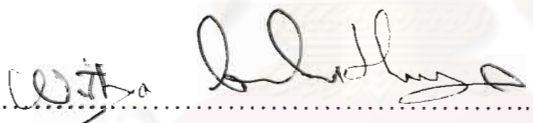
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วิทยานิพนธ์ฉบับนี้มุ่งศึกษากระบวนการที่นำไปสู่ความสัมพันธ์ที่ดีระหว่างเวียดนาม
และอาเซียนและวิเคราะห์ผลประโยชน์ด้านการเมืองและเศรษฐกิจที่เวียดนามได้รับจากการเข้า
เป็นสมาชิกอาเซียนรวมทั้งบทบาทของเวียดนามต่อความร่วมมือด้านการเมืองและเศรษฐกิจ
ของอาเซียนการศึกษานี้เป็นการศึกษาเชิงคุณภาพเน้นการค้นคว้าข้อมูลจากเอกสารและการ
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การศึกษาพบว่าความสัมพันธ์ระหว่างเวียดนามและอาเซียนพัฒนาตามยุคสมัยและ
ได้ปรับเปลี่ยนจากการเป็นศัตรูและการเผชิญหน้าสู่ความสัมพันธ์ที่ดีขึ้นตามลำดับเมื่อเวียด
นามได้เป็นประเทศสมาชิกของอาเซียนอย่างเป็นทางการในปีค.ศ.1995ถือเป็นจุดเปลี่ยนที่สำ
คัญของความสัมพันธ์ระหว่างเวียดนามและอาเซียนและได้เปลี่ยนความระแวงและทำที่ที่เป็น
ศัตรูสู่ความร่วมมือด้านต่างๆและนับแต่นั้นเวียดนามมีส่วนร่วมและมีบทบาทสำคัญในความ
ร่วมมือด้านการเมืองและเศรษฐกิจของอาเซียนอย่างต่อเนื่องซึ่งส่งผลให้เกิดความเข้มแข็งและ
ความร่วมมือระดับภูมิภาคเช่นเดียวกันกับการยกระดับความสำคัญของอาเซียนสู่ระดับสากล
นอกจากนี้ผลจากการศึกษาสะท้อนให้เห็นว่าการที่ความสัมพันธ์ด้านการเมืองระหว่างประเทศ
ต่างๆในอาเซียนดีขึ้นนั้นส่งผลดีต่อการพัฒนาด้านสังคมและเศรษฐกิจของเวียดนามและใน
ขณะเดียวกันการที่เวียดนามเข้าร่วมในกิจกรรมด้านการเมืองและเศรษฐกิจของอาเซียนนั้นเป็น
ประโยชน์ต่อการพัฒนาขององค์กรและนำมาซึ่งผลประโยชน์ด้านเศรษฐกิจต่อประเทศสมาชิก
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ลายมือชื่อผู้นิสิต.....

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 MONTIRA RATO, Ph.D., 175 pp.

This thesis aims to study the process that leads to better relations between Vietnam and ASEAN. Then it will analyze the political and economic benefits Vietnam has gained from its ASEAN membership as well as the contribution of Vietnam to intra-ASEAN political and economic cooperation. The study adopts a qualitative research method based on documentary research and interviews, and relies mainly on Vietnamese sources.

The study finds that historically relations between Vietnam and ASEAN had gone through many different phases but gradually shifted from enmity and confrontation to rapprochement. When Vietnam officially became ASEAN member in 1995, a remarkable transition in Vietnam-ASEAN relations was recorded and shifted from suspicion and hostility to all-embracing cooperative relations. Since then, Vietnam has actively involved and made significant contributions to the ASEAN political and economic cooperation, thereby strengthening regional solidarity and cooperation and raising the association's profile globally. Moreover, the study shows that better political relations with the ASEAN member states have significantly contributed to Vietnam's social and economic development. At the same time, Vietnam's participation in ASEAN political and economic fields, has also contributed to the development of the association as well as brought significant economic benefits to ASEAN member states.

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CONTENTS

	Page
Abstract in Thai.....	iv
Abstract in English.....	v
Acknowledgements.....	vi
Contents.....	vii
List of Tables.....	xi
List of Figures.....	xii
CHAPTER I INTRODUCTION.....	1
1.1. Background.....	1
1.2. Literature Review	6
1.2.1. Works in Vietnamese	6
1.2.2. Works in English.....	9
1.3. Conceptual Framework.....	13
1.4. Objective	16
1.5 Major arguments/Hypothesis.....	17
1.6. Research Methodology.....	17
1.7. Significance and usefulness of research.....	18
1.8. Limitations.....	18
1.9. Structure of the Thesis	19

CHAPTER II VIETNAM – ASEAN RELATIONS FROM HISTORICAL PERSPECTIVES.....	22
2.1. Vietnam – ASEAN relations in the pre-Cambodian conflict (from 1967 to 1978).....	22
2.2. The Cambodian conflict period 1979-1991.....	25
2.2.1. The confrontation phase from 1979 up to the mid 1980s.....	25
2.2.1.1. Vietnamese invasion to Cambodia and ASEAN’s response.....	25
2.2.1.2. Vietnamese dependence on the Soviet Union.....	31
2.2.1.3. The mass outflow of refugees from Indochina to ASEAN countries.....	32
2.2.2. The rapprochement phase from the mid 1980s to 1991.....	33
2.2.2.1. Changes in ASEAN’s perceptions towards Vietnam.....	33
2.2.2.2. Changes in Vietnam’s foreign policy.....	34
2.2.2.3. Changes in global political environment	38
2.3. Vietnam admission into ASEAN from 1991-1995.....	40
2.3.1. Changes in Vietnamese leaders’ perceptions about ASEAN.....	40
2.3.2. Vietnam’s preparation to ASEAN’s admission	43

2.3.3. ASEAN's motivations for Vietnam's full membership.....	44
2.3.4. Vietnam's motivations for joining ASEAN.....	46
2.4. Conclusion.....	49

CHAPTER III VIETNAM'S ROLE AND CONTRIBUTION TO

ASEAN POLITICAL COOPERATION..... 52

3.1. Vietnam's view towards ASEAN	53
3.2. Vietnam's role in integrating Laos, Myanmar and Cambodia into ASEAN	58
3.3. Vietnam's role in organizing several important ASEAN events	62
3.3.1. The Sixth ASEAN Summit in Hanoi in 1998.....	62
3.3.2. The 34th ASEAN Ministerial Meeting in 2001.....	66
3.3.3. The Sixteenth and Seventeenth ASEAN Summit in 2010.....	69
3.3.3.1. The 43 rd ASEAN Ministerial Meeting.....	70
3.3.3.2. The 17 th ASEAN Regional Forum.....	71
3.3.3.3. The inaugural ADMM Plus Eight.....	73
3.3.3.4. The 16 th and 17 th ASEAN Summit.....	75
3.3.3.5. The Protocol to ASEAN Charter on Dispute Settlement Mechanisms.....	76
3.4. Vietnam's initiatives and proposals for the development of ASEAN	79

3.4.1. Vietnam's visions towards ASEAN Community.....	79
3.4.1.1. ASEAN Community in the Vietnam's views.....	79
3.4.1.2. ASEAN Community's pillars in Vietnam's views.....	81
3.4.1.3. Solutions and measures to realize the ASEAN Community in Vietnam's views.....	83
3.4.2. Vietnam's proposals to form the initial idea of ASEAN Community.....	86
3.4.3. Vietnam's participation in ASEAN Charter drafting process.....	88
3.4.4. Vietnam's initiatives and proposals for the development of ASEAN Community building as ASEAN Chair 2010.....	94
3.5. Conclusion	100
CHAPTER IV VIETNAM-ASEAN ECONOMIC RELATIONS	103
4.1. Vietnam-ASEAN Trade Relations	104
4.1.1. Trade between Vietnam and ASEAN as regional organization	105
4.1.2. Bilateral trade between Vietnam and individual ASEAN member countries	112
4.2. Vietnam – ASEAN Foreign Direct Investment Relations	118
4.2.1. ASEAN's investment in Vietnam	119
4.2.2. Vietnam's investment in ASEAN member countries	133
4.3. Vietnam – ASEAN Tourism Relations	138
4.4 Vietnam's participation and contribution to the development of ASEAN Economic Community	140

4.4.1 ASEAN Economic Community	140
4.4.2. Vietnam's participation and contribution to the development of ASEAN Economic Community's building.....	144
4.4.2.1. Vietnam's participation in ASEAN Free Trade Area	144
4.4.2.2. Vietnam's participation in AIA, AFAS and AICO.....	153
4.4.2.3. Vietnam's contribution to AEC as ASEAN Chair 2010....	155
4.5. Conclusion	157
CHAPTER V CONCLUSIONS	158
References	165
Appendices	173
Biography	175

ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย

LIST OF TABLES

		Page
Table 1	Vietnam's total foreign trade (2000-2008).....	109
Table 2	Main Vietnam's exports to ASEAN, 2005-2008.....	110
Table 3	Main Vietnam's import products from ASEAN (2005-2008).....	111
Table 4	Share and ranking import-export turnover of ASEAN member countries with Vietnam in 2009.....	114
Table 5	FDI projects licensed in period 1988 – 2009 by main counterparts.....	121
Table 6	Direct investment projects abroad licensed in period 1989 – 2009 by ASEAN counterparts (mill USD).....	133
Table 7	Vietnam's CEPT Product lists by number of tariff lines.....	149
Table 8	Vietnam's progress in the CEPT Implementation.....	150
Table 9	CEPT Road Map: Average tariff rate 1996 to 2006 (%).....	151

LIST OF FIGURES

	Page
Figure 1 Vietnam-ASEAN trading relations 1995-2009 (billion USD).....	105
Figure 2 Vietnam-ASEAN trading relations and trade balance 2000-2009 (billion USD).....	108
Figure 3 Vietnam's imports from ASEAN member countries, 1995-2009 (million USD).....	112
Figure 4 Vietnam's exports to ASEAN member countries, 1995-2009 (million USD).....	113
Figure 5 Vietnam trade with ASEAN states in 2009 (Mill USD).....	116
Figure 6 ASEAN's FDI into Vietnam 1995-2010.....	120

ศูนย์วิทยทรัพยากร
 จุฬาลงกรณ์มหาวิทยาลัย

CHAPTER I

INTRODUCTION

1.1. Background

Before the formation of ASEAN, several regional organizations were established, namely the Southeast Asia Treaty Organization (SEATO) from 1954 to 1977, the Association of Southeast Asia (ASA) from 1961-1967 and MAPHILINDO (Malaysia, the Philippines, and Indonesia) in 1963. However, it was only when the Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967, with the signing of the Bangkok Declaration by five founding members, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand, that Southeast Asian countries officially committed themselves to the promotion of regional cooperation. As stated in the Bangkok Declaration, ASEAN was established with the following aims and purposes:¹

1. To accelerate economic growth, social progress and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations;
2. To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter;

¹ Association of Southeast Asian Nation (ASEAN) Secretariat. The ASEAN Declaration (Bangkok Declaration). Retrieved from: <http://www.aseansec.org/1212.htm>. in 30 November 2010.

3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
4. To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
5. To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of transportation and communications facilities and the raising of the living standards of their peoples;
6. To promote South-East Asian studies;
7. To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.

In fact, the formation of ASEAN had two main motivations. First, at that time, Southeast Asia was divided by interstate territorial disputes (such as that between Malaysia and the Philippines over Sabah, and the Indonesia-Malaysia-Singapore confrontation), intra-regional ideological polarization and war intervened by external powers. The formation of ASEAN could be seen as a mean to promote peace and political stability in the region. Second, through a policy to export revolution to Southeast Asian countries, China was perceived as supporting local communist movements in Indonesia, Malaysia, the Philippines, Singapore and Thailand. The

ASEAN formation was thus aimed to prevent the spread of communism into the Southeast Asian countries.

The association gradually expanded with the increase in number of members when Brunei Darussalam joined on 8 January 1984, Viet Nam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. ASEAN now has become a truly region-wide grouping in Southeast Asia, with only Timor Leste still remaining outside and likely to be part of it in the near future.

In general, the relations between Vietnam and ASEAN had reflected the patterns of amity and enmity among regional states along the ideological divide during the Cold War and especially during the Vietnam War². At the time when the association was formed, the war in Vietnam involved by the United States and the Democratic Republic of Vietnam (DRV) or the North Vietnam, was still at the height. Hanoi leaders viewed ASEAN negatively as an “American puppet”, more or less like SEATO that had been supported by the United States and to be used to check on “progressive” revolutions in Southeast Asia.³ ASEAN leaders saw North Vietnam as an aggressive communist power. Only Indonesia among ASEAN members had diplomatic relations with the DRV since 1964 and refused to support the South Vietnam.

² Nguyen Vu Tung. (2002). “Vietnam-ASEAN Cooperation after the Cold War and the Continued Search for a Theoretical Framework”. *Contemporary Southeast Asia*, 24 (1): 106-201, Singapore: Institute of Southeast Asian Studies.

³ Hofmann, Norbert Von. (1991). *The political and economic cooperation between ASEAN, its member states and the S.R. of Vietnam: Bi and Multilateral Perspectives*. Kuala Lumpur: Friedrich Ebert Stiftung.

When Vietnam invaded Cambodia in December 1978 to overthrow the Khmer Rouge regime and set up the Vietnamese-backed People's Republic of Kampuchea, ASEAN-Vietnam relations became more hostile. ASEAN feared that Vietnam posed a threat to security and stability of the region. The problem of Cambodia thus appeared to be a crucial stumbling block to better ASEAN-Vietnam relations for over a decade. ASEAN member countries jointly opposed the Vietnamese invasion of Cambodia and were determined to force Vietnam out of this country by all means, including diplomatic pressures via the United Nations, economic and political sanction, and military support to the "Coalition Government of Democratic Kampuchea (CGDK)" led by leaders of the three anti-PRK factions, namely, Prince Sihanouk, Khieu Samphan, and Son Sann.

A decade later, with the withdrawal of Vietnamese troops from Cambodia in 1989 and the comprehensive political settlement of the Cambodia problem in Paris with the signing of Peace Accords in October 1991, as well as the changes in global political climate at the end of the Cold War, Vietnam quickly shifted to restore relations with ASEAN. More importantly, following its open-door foreign policy and economic renovation (widely known as *Doi Moi*) introduced in 1986, Vietnam began to develop its relations with ASEAN at both bilateral and multilateral levels.

From 1991 to 1995, in preparation for full admission to ASEAN, Vietnam had improved relations with its major enemies in the Cold War such as China and the U.S. To build trust among ASEAN member states, in July 1992, Vietnam acceded to the 1976 ASEAN Treaty of Amity and Cooperation, which represented an important milestone in ASEAN's development and expanded the potential for regional

cooperation⁴. Vietnam also joined six ASEAN committees and five ASEAN projects on functional cooperation as well as attended the annual ASEAN Ministerial Meetings as an observer in 1992 and 1993. It was also a member of the ASEAN Regional Forum whose inaugural meeting was held in Bangkok in 1994 and formally became ASEAN member in 1995.⁵ It was said that Vietnam joined ASEAN at an appropriate time of political stability in the region and prosperous economy of all member states. Therefore, 1995 marks a crucial turning point in Vietnam-ASEAN relations; that is, it signifies a transition from suspicion and hostility to all-sided cooperative relations.

It can be said that Vietnam's decision to take part in ASEAN had both political and economic motivations. Vietnamese government officials and academic observers hoped that ASEAN membership and the institutional framework provided by the association would help the country develop and improve its intraregional and extra-regional relations. Moreover, Vietnam expected ASEAN membership to ensure favorable external conditions for further economic development and attract more foreign direct investment into the country.

Now it has been 15 years since Vietnam joined ASEAN. It has shown that improvement in Vietnam-ASEAN relations has brought about substantial political and economic benefits to Vietnam. In the political field, membership has helped to boost cooperation between Vietnam and ASEAN individual member states, Vietnam and ASEAN as regional organization, Vietnam and other regions outside ASEAN, thus

⁴ Nguyen Thu My. (1998). *ASEAN Today and Tomorrow*. Hanoi: National Political Publishing House. 172-173.

⁵ Thayer, Carlyle A., Amer, Ramses. (1999). *Vietnamese foreign policy in transition*. Singapore: Institute of Southeast Asian Studies. 5-6.

enhancing the country's security as well as peace, security and stability in the region. Moreover, closer political cooperation with ASEAN has directly accelerated Vietnam's economic development. Trade and investment from the member states with Vietnam have significantly increased since the improvement of Vietnam-ASEAN relations. Joining ASEAN has also paved the way for Vietnam to integrate more into regional and international organizations such as APEC, ASEM, and WTO.

1.2. Literature Review

1.2.1. Works in Vietnamese

ASEAN is an interesting topic for many Vietnamese scholars. One of important works is the book titled *ASEAN Today and Tomorrow*⁶, edited by Nguyen Thu My. It consists of a number of papers presented at the international symposium on "ASEAN Today and Tomorrow" which was held on 17-18 December 1997 in Hanoi. It was the first time that a big international symposium on ASEAN was organized by Vietnamese scholars, two year after Vietnam joined ASEAN. The conference was divided into two panels: (1) ASEAN today and the prospect of its development in the 21st century, and (2) Vietnam and ASEAN. The second panel focused on Vietnam's participation in ASEAN regional cooperation and three themes were discussed, namely Foundations of Vietnam-ASEAN cooperation, Vietnam and intra-ASEAN cooperation, Cooperation between Vietnam and other ASEAN member countries in scientific research, education and training. It is noticeable the topic of Vietnam's participation in intra-ASEAN economic cooperation, especially in AFTA, was a dominating theme in this panel. Ten out of fifteen papers presented addressed this subject. One of the most significant paper is "AFTA and ASEAN foreign direct

⁶ Nguyen Thu My. (1998). *ASEAN Today and Tomorrow*. Hanoi: National Political Publishing House.

investment in Vietnam” written by Nguyen Xuan Thang, Institute of World Economy. He viewed that since joining ASEAN and beginning implementation of AFTA, the country had made considerable progress in expanding trade relations, attracting foreign direct investment (FDI), and obtaining new technology and management skills from ASEAN and other developed countries in order to promote national industrialization and modernization. Therefore, he concluded that

“Membership in ASEAN and AFTA provided an opportunity and favorable environment for the Vietnamese economy to gradually adapt and integrate into international institutions” (pp.191).

Moreover, to assess Vietnam’s membership in ASEAN after two year joining the association, Former Deputy Minister Vu Khoan viewed the country had made an important contribution to consolidating the tendency for peace and co-operation in the region, creating a favorable international environment for the cause of renovation and economic construction of Vietnam. In particular, he viewed Vietnam’s membership in ASEAN has also:

“brought to an end a Southeast Asia divided into hostile groupings in the Cold War period and ushered in the prospect of united Southeast Asia of ten nations. This is unprecedented in the history of our region and a very important element contributing to preserving peace, stability and co-operation for development in this part of the world.” (pp. 19)

Another interesting book by Vietnamese scholar is *Vietnam-ASEAN Quan He Da Phuong va Song Phuong*⁷ (Vietnam-ASEAN Multilateral and Bilateral Relations)

⁷ Vu Duong Ninh. (2004). *Vietnam-ASEAN Quan He Da Phuong va Song Phuong* (Vietnam-ASEAN Multilateral and Bilateral Relations). Hanoi: Nha xuất bản chính trị quốc gia.

edited by Vu Duong Ninh. In this book, it is included a collection of papers related to multilateral relations between Vietnam and ASEAN, and bilateral relations between Vietnam and individual member states. As stated in the preface, the aims of this book are to provide overview about Vietnam-ASEAN relations, and then to give out some thoughts for the future Vietnam's integration into ASEAN. The author stressed the importance of cooperative relations with individual Southeast Asian states as well as ASEAN as organization. Particularly, it was vital to promote comprehensive and efficient cooperation with ASEAN. Therefore, these papers are lacking of much crucial analysis about Vietnam-ASEAN relations. The data and statistics of bilateral trade and investment relations between Vietnam and ASEAN are also not updated.

The book *Viet nam trong ASEAN: nhìn lai va huong toi* (Vietnam in ASEAN: looking back and forwarding to the future)⁸, co-edited by Pham Duc Thanh and Tran Khanh, well-known Vietnamese researchers in Southeast Asian Studies, is worth mentioning here. In this book, the authors first review the Vietnam's contributions to the development of ASEAN since it became a full member, second analyze the challenges that Vietnam will face with in the future and then point out some recommendations for further Vietnam's contribution to the growth of the Association. The book also produces good assessment of Vietnam's role in political cooperative relations with ASEAN after the 10 years joining ASEAN (1995-2005). It is agreed that Vietnam has made outstanding contributions to maintaining peace, stability and security in the region, and thus reinforcing ASEAN's position in international area. In economic relations, the authors discuss several issues such as the AFTA impacts on

⁸ Pham Duc Thanh and Tran Khanh. (2006). *Viet nam trong Asean : nhìn lai va huong toi* (Vietnam in ASEAN : looking back and forwarding to the future). Hanoi: Nha Xuat Ban Khoa Hoc Xa Hoi.

Vietnam's economy. Joining AFTA marked the first time Vietnam has taken part in regional economic cooperation, which posed impact on trade activities, attracting foreign investment and government revenues. Vietnam benefited from increased ASEAN foreign direct investment, trade and modest technology transfer. However, the country gained less state revenue due to tariff reduction and business sector faced more competitiveness with ASEAN partners.

1.2.2. Works in English

Although the time frame of this research focuses on Vietnam-ASEAN relations from 1995 up to the present, it is worth studying the historical background that led to Vietnam's participation in ASEAN. To fulfill this objective, several works from both published books and symposium reports are used. The book *Confrontation or Coexistence: The future of ASEAN-Vietnam relation*⁹ consists of papers presented at the workshop on "The Future of ASEAN-Vietnam relations" organized by the Institute of Security and International Studies, Chulalongkorn University, Thailand on 7-9 February 1983. The book mentions that the Cambodian problem appeared to be a stumbling block in the ASEAN-Vietnam relations. The Cambodian conflict came to overshadow Vietnam's relations with the ASEAN member countries during the whole period from 1979 to 1991. As a result, the Vietnam-ASEAN relations experienced the most confrontation phase up to mid 1980s.

To explore further the perception, policy and role of ASEAN member countries towards Vietnam during the Cambodia conflict, the book *The interests and*

⁹ Turley, William S. (1985). *Confrontation or Coexistence: The future of ASEAN-Vietnam relations*. Bangkok: Chao Phya Press.

*role of ASEAN in the Indochina conflict*¹⁰ can be useful. In it, the author clearly summarized the strategy adopted by ASEAN to deal with the Vietnamese occupation of Cambodia. Another interesting source for this topic is the book *Southeast Asia and the enemy beyond: ASEAN perceptions of external threats*¹¹, which discussed in detail perceptions of threats of each ASEAN member states.

From the second half of the 1980s, relations between Vietnam and ASEAN member countries gradually improved. The importance of Vietnam's foreign policies in this rapprochement process is worth studying. This issue is examined in several works. For example, the article "Recent changes in Vietnam's foreign policy: Implications for Vietnam-ASEAN relations"¹² written by Jorn Dosch and Ta Minh Tuan in the book called "*Rethinking Vietnam*". Another vital reading is *Vietnam's Foreign Relations: Dynamic of Change*¹³ by Frank Frost. This book provides readers with a better understanding of the shift in Vietnam's foreign policy since the Doi Moi (Renovation) in 1986. A new policy of "diversification and multilateralisation" and "making friends with all countries" has played an important role in Vietnam's foreign relations up to present. The transformation in foreign policy brought Vietnam to improve relations with the main adversary and lead to its decision to withdraw from Cambodia, which had positive impacts on ASEAN-Vietnam relations. Particularly, it paved the way for a progressive normalization of relations between Vietnam and

¹⁰ Chan Heng Chee. (1980) "The interests and role of ASEAN in the Indochina conflict" Paper presented in International Conference on Indochina and Problems of Security and Stability in Southeast Asia, held at Chulalongkorn University, Bangkok, Thailand, on June 19-21.

¹¹ Tilman, Robert O. (1987). *Southeast Asia and the enemy beyond: ASEAN perceptions of external threats*. Boulder: Westview Press.

¹² McCargo, Duncan. (Eds). (2004). *Rethinking Vietnam*. London: Routledge Curzon.

¹³ Frost, Frank. (1993). *Vietnam's Foreign Relations: Dynamic of Change*. Singapore: Institute of Southeast Asian Studies.

ASEAN. The symposium reports named *Interaction for Progress: Vietnam and ASEAN*¹⁴ and *The political and economic cooperation between ASEAN and its member states and the S.R of Vietnam: Bi and Multilateral Perspectives*¹⁵ include many papers analyzing this rapprochement process of Vietnam-ASEAN relations. Another commendable book *Vietnamese Foreign Policy in Transition*¹⁶ written by Thayer and Ramses, also proves to be very helpful for those are interested in aspects of ASEAN. This book pays much attention to Vietnam's relationships with China, ASEAN and the United States. The large part of the book deals with the relations between China and ASEAN. Out of eight articles, three concentrate on Sino-Vietnamese relations and two on Vietnam-ASEAN relations. Thayer evaluates that both political and economic relations with ASEAN, Vietnam has achieved very favorable circumstances for its integration with the region and global economy.

Thayer's other works including "Vietnam in ASEAN"¹⁷, "Vietnam in ASEAN: Multilateralism and Relations with the Great Powers"¹⁸, and "Vietnam's

¹⁴ Rajaretnam, M. (1991). *Interaction for progress: Vietnam and ASEAN*. Singapore: Information and resource center.

¹⁵ Hofmann, Norbert von. (1991). *The political and economic cooperation between ASEAN, its member states and the S.R. of Vietnam: Bi and Multilateral Perspectives*. Kuala Lumpur: Friedrich Ebert Stiftung.

¹⁶ Thayer, Carlyle A. and Amer, Ramses. (1999). *Vietnamese foreign policy in transition* Singapore: ISEAS

¹⁷ Thayer, Carlyle A. (2000). "Vietnam and ASEAN". Paper presented to conference on Vietnam in 2001: Prospect for Economic and Social Progress. November 16-17, 2000. Washington DC.

¹⁸ Thayer, Carlyle A. (2004). "Vietnam in ASEAN: Multilateralism and Relations with the Great Powers". Paper to Vietnam on the Road to Development and Integration: Tradition and Modernity, 2nd International Conference on Vietnamese Studies, National Center for Social Sciences and Humanities of Vietnam, Vietnam National University, and Ford Foundation, Ho Chi Minh City, Vietnam, July 14-16.

Regional Integration: The Costs and Benefits of Multilateralism”¹⁹ also focus on the process of Vietnam’s regional integration through membership in ASEAN from 1995 to 2004. These papers investigate the origin of Vietnam’s multi-directional foreign policy and the country’s motivations to join ASEAN and review Vietnam’s experience with multilateralism as a member of ASEAN. The author clearly states that Vietnam’s membership in ASEAN is an exercise in multilateral cooperation or under the concept of multilateralism, “states collaborate to attain common interests”. Moreover, in his papers, Thayer analyzes two main aspects of Vietnam’s political and economic motivation for joining ASEAN. For the political motivation, closer political relations with individual ASEAN member states and ASEAN as regional organization had paved the way to improve relations with major powers – China and the U.S. For Vietnam, this is to ensure its national security and enhance its bargaining power in world affairs. For economic motivations, a closer relation with the more advanced ASEAN economies also was believed to help improve its economic development by learning from the developmental experiences of ASEAN member states and attracting more trade and investment from both ASEAN and extra-region countries into the country.

In sum, up to now, the study of Vietnam-ASEAN relations has attracted much attention from both Vietnamese and foreign scholars. However, they touch upon certain aspect and approach differently to this topic. The Vietnamese scholars pay

¹⁹ Thayer, Carlyle A. (2004). “Vietnam’s Regional Integration: The Costs and Benefits of Multilateralism”. Paper presented to Conference on Vietnam’s Integration into the World and State Sovereignty Issues, co-organized the Centre d’Etudes et de Recherches Internationales and Centre Asie-Europe, Sciences Po and le Ecole des Hautes Etudes en Sciences Sociales, Paris, France, October 25.

much attention on Vietnam-ASEAN relations after Vietnam joined ASEAN and Vietnam's participation in intra-ASEAN economic cooperation. Nevertheless, the foreign scholars concentrate on Vietnam-ASEAN relations in the pre-1995 period. A large number of foreign works focus on Vietnam-ASEAN during the Cambodia conflict and the wake of Vietnam's admission into ASEAN. They tend to investigate the transformation in Vietnam's foreign policy towards relations with ASEAN as well as to assess the cost and benefits of Vietnam when joining ASEAN. In addition, the limitation of these works is the time frame. Most of available literature on Vietnam-ASEAN relations, particularly since Vietnam's membership in ASEAN in 1995, was published four or five years ago. Thus, recent developments in Vietnam-ASEAN relations have not been touched. The up-to-date data and statistics in trade and investment from ASEAN members to Vietnam and from Vietnam to ASEAN members have not been widely explored. In particular, the Vietnam's contribution to the development of the association has not yet been widely investigated.

Therefore, there have been little comprehensive and systematic studies about Vietnam-ASEAN political and economic relations from 1995 to 2010. It is hoped that this study will present new findings and provide further understandings on the contributions of Vietnam in ASEAN as well as fulfills the missing gap in the whole picture of Vietnam-ASEAN relations.

1.3. Conceptual Framework

Liberal institutionalism, which focuses on the contributions of international institutions whether in the form of international organizations and/or in the form of international regimes in managing conflict and promoting cooperation, is relied on to explain Vietnam's role in ASEAN after the country became its member in 1995.

Liberal institutionalism is rooted in the functional integration theoretical work of the 1950s and 1960s and the complex interdependence and transnational studies literature of the 1970s and 1980s. Liberal institutionalists see institutions as the mediator and the means to achieve cooperation in the international systems²⁰ and agree that international institutions can make cooperation among states easier and far more likely.²¹ So what is an international institution? According to Robert Jackson and Georg Sorensen (2010), it is an international organization, such as NATO or the European Union, or it is a regime. Regime means a set of rules which govern state behavior in specific policy areas, such as in trade, the environment, and human rights.

Liberal institutionalism believes that international institutions could help the countries to build more cooperation. In particular, Robert and Georg (2010) found that institutions have been claimed to make a significant difference in Western Europe after the end of the Cold War. Institutions acted as “buffers” which helped absorb the “shock” sent through Western Europe by the end of the Cold War and the reunification of Germany. One of the effective ways to evaluate the liberal institutionalist view is to counter it with the neo-realist perspective. Neo-realists have argued that the end of the Cold War could bring detrimental effect to the Western Europe and world stability, and this, in turn, could result in a war because there was no longer balance of power between the United States and the Soviet Union. As a consequence, the world became multi-polar. However, liberal institutionalists believe that the high level of institutionalism could reduce the effect of destruction from anarchical multi-polar situations. Institutions alleviate the lack of trust between states.

²⁰ Baylis, John. Smith, Steve. and Owens, Patricia. (2008). *The Globalization of world politics: an introduction to international relations*. 4th ed. Oxford: Oxford University Press. 132-133.

²¹ Jackson, Robert Harry. and Sorensen, Georg. (2010). *Introduction to international relations: theories and approaches*. Oxford: Oxford University Press. 106-107.

Moreover, institutions in the view of Acharya (2001) are to facilitate cooperation by providing information, reducing transaction costs, helping to settle distributional conflicts, and, most importantly, reducing the likelihood of cheating. Therefore, Robert and Georg (2010) agreed that the roles of institution are to provide flow of information and opportunity to negotiate, enhance the ability of governments to monitor others' compliance and to implement their own commitments, hence their ability to make credible commitments in the first place, and strengthen prevailing expectations about the solidity of international agreements.

In sum, according to liberal institutionalists, international institutions could help promote cooperation between states because international institutions could help alleviate the level of distrust and fear among the countries, which are considered to be the traditional problems associated with international anarchy. Therefore, liberal institutionalism can be viewed as a theory about the important role of international institutions in building international cooperation among states, which in turn contributes to create better cooperation leading to world peace, stability and better condition in anarchical international system.

Liberal institutionalism thus could be applied to the case of the Vietnam-ASEAN cooperative relationship after the end of Cold War. One of Vietnamese scholars, Nguyen Vu Tung (2002), viewed that Vietnam has stopped competing with ASEAN on the vision of a regional order and has adopted ASEAN norms and principles for regional behavior, codified in the 1976 Treaty of Amity and Cooperation. This view evidently supports the relevance of the liberal institutional view. The basic ASEAN code of conduct, including consultation and consensus, self-restraint, non-interference and non-use of force, has been regarded as the foundation

for the success of intra-ASEAN cooperation as well as the intra-regional conflict management since its inception in 1967.

As a consequence, this theoretical thought could be used to explain cooperation between Vietnam and ASEAN. Although ASEAN institutional frameworks and their positive efforts to promote regional cooperation do not look like standardized international institutions, they are still acknowledged by Vietnamese government officials and academic observers that membership in ASEAN helps Vietnam to develop and improve its intra-regional and extra-regional relations, as well as to ensure favorable conditions for further economic development and attract more foreign direct investment to the country.

Therefore, the liberal institutional framework of Southeast Asia has contributed to both good relations between and among the regional states and regional solidarity and cohesiveness. This state of affairs has resulted from three main factors. The first is the growing interactions among regional states through trade, people to people relations and so on. The second factor is the growing connectivity and interdependence, which makes war less likely and makes regional governments more willing to rely on regional cooperation and conflict management mechanism. The last factor is the better understanding, wider and more intense cooperation. As it will be shown in the case of the Vietnam-ASEAN relations discussed in the following chapters of this thesis, ASEAN is an important institution for regional stability and political and economic cooperation.

1.4. Objective

The aims of this study are as follows:

- To identify the process and factors that leads to better relations between Vietnam and ASEAN as well as Vietnam's motivations to become a member of ASEAN.
- To analyze the political and economic benefits Vietnam has gained from its ASEAN membership
- To investigate the contribution of Vietnam to intra-ASEAN political and economic cooperation.

1.5. Major arguments/Hypotheses

Vietnam's relationship with ASEAN has improved remarkably since it joined the Association in 1995. In particular, better political relations with the ASEAN member states and ASEAN as a regional grouping have significantly contributed to Vietnam's social and economic development. At the same time, Vietnam's participation in ASEAN's political and economic activities, has contributed to the development of the association as well as brought significant economic benefits to ASEAN member states. Therefore, it is generally recognized that Vietnam's membership of ASEAN is, among its other possible impacts, a very important stabilizing factor in Southeast Asia.

1.6. Research Methodology

The study relied mainly on documentary research, in particular, documents from primary and secondary sources, both in Vietnamese and English languages. Published documents from these sources included books, articles, journals, official documents and accredited websites relevant to the topic of this study. The websites were used in this study, including: Communist Party of Vietnam Newspaper Online, Official website of Ministry of Foreign Affairs, Ministry of Industry and Trade, and

Ministry of Planning and Investment, in order to collect data and statistics related to trade (export-import turnover) and foreign direct investment from ASEAN to Vietnam as well as from Vietnam to ASEAN states.

The documentary research was be supplemented by in-depth interviews with key informants to review how the country's role and contribution to cooperative relations with ASEAN were evaluated from Vietnamese perspectives as well as to make better interpretations and understanding of this topic. The key informants included Vietnamese government officials from Ministry of Foreign Affairs and the Vietnamese academics working in the areas of Southeast Asian Studies and International Relations.

1.7. Significance and usefulness of research

It is hoped that this study provides better understanding of Vietnam-ASEAN relations in the political and economic contexts since Vietnam became a full member in ASEAN up to the present. The research will be a basis for further studies on Vietnam – ASEAN relations. The findings in this study will also be policy relevant in that it could sever as a guideline for further strengthening Vietnam-ASEAN relationship in the future.

1.8. Limitations

In conducting this study, the researcher encountered several limitations. Firstly, the topic focuses on the Vietnam's role in and contributions to ASEAN political and economic cooperation. The materials used mainly reflect the Vietnamese perspectives. However, in the chapter named Vietnam – ASEAN relations from

historical perspectives, the researcher did her best to balance the views by analyzing both Vietnamese and foreign perspectives.

Secondly, as mentioned above, as the main materials used for this study were based on the Vietnamese sources, there have been some problems and difficulties in gaining access to some of them in Vietnam. It is hard to access primary sources which may be in personal data collections or in files saved in the Ministry of Foreign Affairs and other institutions. As a result, this made it difficult for the researcher to collect as much essential data as she wished for analysis. In particular, the limited access to senior officials of Vietnamese government agencies also affected the objectivity of the research.

Thirdly, the data of trade and ASEAN investment in Vietnam were collected from the Vietnamese side, especially from the official statistics from Ministry of Finance, Ministry of Planning and Investment, General Statistics Office and General Department of Customs. Therefore, to some extent, these statistics may be slightly different from those of other ASEAN members.

1.9. Structure of the Thesis

The thesis is divided into five chapters. Details on each chapter are as follows:

Chapter I: Introduction

This chapter includes general information of this thesis: background, hypothesis, research objectives, literature review, conceptual framework, research methodology, significance of research, and structure of the thesis.

Chapter II: Vietnam-ASEAN relations from historical background

This chapter examines the process leading to Vietnam's participation in ASEAN. Vietnam-ASEAN relations is studied through three periods, namely pre-

Cambodian conflict period 1967-1978, the Cambodian conflict period 1979-1991 and the Vietnam's accession to ASEAN 1991-1995. Particularly, this chapter investigates the motivations on the part of Vietnam and ASEAN in Vietnam's membership in ASEAN.

Chapter III: Vietnam's role and contribution to ASEAN Political Cooperation

This chapter investigates Vietnam's role and contributions to ASEAN's political cooperation. Structurally, the chapter is organized into five main sections. In the first part, Vietnam's view towards ASEAN is restated. In the second and third parts, the country's role in integrating the rest of mainland Southeast Asia countries into ASEAN and successfully organizing several significant ASEAN events are chosen for discussion. The country's contributions to ASEAN's political cooperation in terms of its proposals and initiatives for the development of the association are studied in the fourth part. Finally, a brief summary is drawn from the major findings of this chapter.

Chapter IV: Vietnam – ASEAN Economic Relations

In this chapter, Vietnam – ASEAN economic relations are investigated, especially in terms of trade, investment, tourism relations and Vietnam's participation in and contributions to the development of the ASEAN Economic Community.

This chapter is organized into five main sections. The first part focuses on Vietnam – ASEAN trade relations since the country joined the association in 1995. In this section Vietnam's trade with ASEAN as regional organization and individual member states are studied. The second section discusses Vietnam – ASEAN foreign direct investment relations. The third section investigates Vietnam-ASEAN tourism relations. Vietnam's participation in and contributions to the development of the

ASEAN Economic Community is examined in the fourth part. In the last section, a brief summary is drawn from major findings of the chapter.

Chapter V: Conclusions

This chapter provides conclusions drawn from research findings and analysis in previous chapters and suggestions for further study.



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CHAPTER II

VIETNAM – ASEAN RELATIONS FROM HISTORICAL PERSPECTIVES

This chapter examines the process leading to Vietnam's participation in ASEAN. Vietnam-ASEAN relations is studied through three periods, namely pre-Cambodian conflict period 1967-1978, the Cambodian conflict period 1979-1991 and the Vietnam's accession to ASEAN 1991-1995. Particularly, this chapter investigates the motivations on the part of Vietnam and ASEAN in Vietnam's membership in ASEAN.

2.1. Vietnam-ASEAN relations in the pre-Cambodian conflict period (1967-1978)

At the time when the association was founded, the Vietnam War was still at its height. Hanoi leaders viewed ASEAN negatively as an “American puppet”, more or less like SEATO that had been supported by the United States, to be used to check on “progressive” revolutions in Southeast Asia.¹ This perception of Hanoi was probably based on the fact that two of ASEAN members were actively involved in the Vietnam War. Thailand and the Philippines contributed troops to fight alongside South Vietnam and the United States. Moreover, these two countries actively supported the United States in bombing North Vietnam by providing air and naval bases. From seven bases in Thailand, between 1967 and 1973, US fighters and bombers flew missions against North Vietnam, Laos and, finally Cambodia. The most notorious and the most hated of the missions were those flown by the B52 Stratofortresses from U Tapao, technically a Thai Naval base but

¹ Hofmann, Norbert Von. (1991). *The political and economic cooperation between ASEAN, its member states and the S.R. of Vietnam: Bi and Multilateral Perspectives*. Kuala Lumpur: Friedrich Ebert Stiftung.

in fact one with many more US Air Force personnel on it than Thai sailors.² Another ASEAN member, Malaysia, helped South Vietnam train the police force. While different ASEAN member countries applied different policies to Democratic Republic of Vietnam and saw it as an expansionist power with ambitions to dominate the whole of Southeast Asia, only Indonesia recognized DRV and maintained diplomatic relations with it from 1964 onward. In doing this, Indonesia refused to support South Vietnam.

When the Saigon government fell in 1975 and communist governments were formed in Laos and Cambodia, relations between Vietnam and its non-communist neighbors in ASEAN were marked by wariness and mutual suspicions. Particularly, all the ASEAN countries, including Indonesia, felt a certain degree of apprehension about the militarily powerful Vietnam that had driven the Americans out. Vietnam possessed the largest military power in the region, one that was more powerful than the total armed forces of all the ASEAN countries. The total armed forces of Vietnam in 1975/1976 numbered 700,000 personnel, while the total armed forces of the five ASEAN countries combined were only 631,100 personnel.³ The Vietnamese military was also extremely well-equipped, having inherited massive and sophisticated arms supplies from departing Americans. The Vietnamese also received large-scale Soviet economic and military aid. In addition, the ASEAN countries accepted the reality of a communist victory in Indochina despite their suspicion of Vietnam. Southeast Asia was polarized into two antagonistic regional blocs, the noncommunist ASEAN member states on the one hand, and the Indochinese communist countries on the other. The ASEAN countries, therefore, not only needed to strengthen their intra-solidarity but also called for greater co-operation between

² Turley, William S. (1985). *Confrontation or Coexistence: The future of ASEAN-Vietnam relations*.

Bangkok: Chao Phya Press. 146-147.

³ Anwar, Dewi Fortuna. (1994). *Indonesia in ASEAN: foreign policy and regionalism*. Singapore: Institute of Southeast Asian Studies. 183-184.

ASEAN and the Indochinese countries to ensure cordial relations between the two ideologically opposed groups.

In 1976, a year after the reunification of Vietnam, Vietnam's overall relations with the ASEAN countries improved. The Vietnamese leaders adopted two-tier diplomacy towards the region in the post-war period. First, the short-term diplomacy was aimed at improving bilateral relations with each of the ASEAN countries and strengthening Vietnam's legitimacy and political role in the region. Second, the long-term policy was aimed to restructure international politics of the region in a way that would reflect the transition from the era of US domination to an era of independence and the acceptance of a new socialist power in the region.⁴ In detail, Vietnam's Foreign Minister announced the outline of Vietnam's policy in the Southeast Asian region. The policy included such principles as respect for the independence, sovereignty and territorial integrity of the Southeast Asian countries, as well as non-aggression, non-interference and peaceful-coexistence between them.

Furthermore, Vietnam proposed that the Southeast Asian countries would not allow foreign countries to use their territories as bases for intervention and aggression against other states in the region.⁵ This policy also called for cultural exchange and economic co-operation among Southeast Asian states. Another important point of the new policy was the call for independence, peace and genuine neutrality in the Southeast Asian region. The announcement coincided with a tour of the ASEAN states by one of Vietnam's Deputy

⁴ Turley, William S. (1985). *Confrontation or Coexistence: The future of ASEAN-Vietnam relations*. Bangkok: Chao Phya Press. 35-37.

⁵ Amer, Ramese. (2004). Regional integration and conflict management: the case of Vietnam. *Asia-Europe Journal*. 2. pp.533-547.

Foreign Ministers that paved the way for establishing relations with the Philippines on July 12 and Thailand on August 6 in 1976. This was a diplomatic breakthrough for Vietnam and ASEAN countries. Vietnam now had established diplomatic relations with all five ASEAN members, with Malaysia and Singapore before that, on March 30 and August 1 in 1973, respectively. However, Vietnam still continued to criticize the ASEAN countries for being too close to the United States and for a scheme for intervention and aggression against communist governments in Southeast Asia. It was only in 1978 that Vietnam softened its attitude towards ASEAN, as the country sought to gather diplomatic support in the region in its conflict with Cambodia and at the same time in countering Cambodian attempts to break out its self-imposed isolation.⁶ In September and October 1978, the most important initiative was Prime Minister Pham Van Dong's tour of all ASEAN member countries. In Thailand, he made a commitment that Vietnam would not support Communist insurgency in Thailand as well as ASEAN countries. During the tour, he also proposed a treaty of non-aggression and pledged that Vietnam would not use force to settle differences with neighboring countries.

However, in the late 1970s, despite Vietnam's attempt to improve relations with ASEAN members, the mutual feeling of suspicion resurfaced with Vietnam's invasion of Cambodia.

2.2. The Cambodian conflict period 1979-1991

2.2.1. The confrontation phase from 1979 up to the mid 1980s

2.2.1.1. Vietnamese invasion to Cambodia and ASEAN's response

⁶ Ibid.,.

On his visit to ASEAN countries in September-October in 1978, Prime Minister Pham Van Dong promised not to use force to settle differences with neighboring countries; however, this promise became meaningless when the Vietnamese military invaded neighboring Cambodia on 25 December 1978. It quickly led to the occupation of Phnom Penh and the establishment of a pro-Vietnamese government on 7 January 1979. This new government led by Heng Samrin, which replaced the ousted Khmer Rouge regime, was called the People's Republic of Kampuchea (PRK).

The Vietnamese occupation of Cambodia was seen as violating the sacred principles of the United Nations Charter and ASEAN's Treaty of Amity and Cooperation: Non-interference in the internal affairs of one another and non-use of force in settlement of differences or disputes.⁷ This Vietnamese action also violated ASEAN's policy, declared in Kuala Lumpur in 1971, of establishing Southeast Asia as Zone of Peace, Freedom and Neutrality (ZOPFAN). ASEAN feared that Vietnam posed a threat to security and stability of the region. Vietnam's intervention in Cambodia was not simply a local conflict but was related to broader regional and global rivalries – between the U.S and the Soviet Union, the Soviet Union and China, and China and Vietnam. The Cambodian conflict thus appeared to be the most crucial stumbling block in ASEAN-Vietnam relations. Foreign Ministers of ASEAN came out with a statement that “strongly deplored the armed intervention against the independence, sovereignty and territorial integrity of Kampuchea”.⁸

⁷ See more in ASEAN Secretariat official website, Purpose and Principles of Treaty of Amity and Cooperation in Southeast Asia Indonesia, 24 February 1976. Retrieved from <http://www.aseansec.org/1217.htm> in October 2010.

⁸ Broinowski, Alison. (1982). *Understanding ASEAN*. London: Macmillan Press. 106-107.

More important, the ASEAN member countries jointly opposed the Vietnamese invasion of Cambodia, particularly at the United Nations. On 14 November 1979, the ASEAN states sponsored a U.N resolution on Cambodia calling for the withdrawal of foreign troops from the country. ASEAN also supported the creation of a the “Coalition Government of Democratic Kampuchea (CGDK)” led by leaders of the three anti-PRK factions, namely, Khmers loyal to Prince Sihanouk, the Khmer Rouge and the Kampuchean People’s National Liberation Front (KPBLF) nationalist group. ASEAN also led the annual lobby at the United Nations condemning the Vietnamese occupation of Cambodia, refusing to recognize the Vietnamese-installed Heng Samrin regime and ensuring that the CGDK retained the Cambodian seat at the United Nations. In addition, ASEAN annually lobbied its Western and Third World’s countries to support its position in Cambodia; however, all the countries allied to the Soviet Union sided with Vietnam over the issue. The success of ASEAN in generating international condemnation and isolation of Vietnam can partly be explained by the policies pursued by both China and the U.S aiming at achieving very similar goals.⁹

The strategy adopted by ASEAN to deal with the Vietnamese occupation of Cambodia may be summarized as follows:¹⁰

- To isolate Vietnam diplomatically and economically by mobilizing international censure against her for the invasion of Cambodia and the refugee problems.

⁹ Amer, Rames. (2004). Regional Integration and Conflict Management: the case of Vietnam. *Asia-Europe Journal*, 2, 533-547.

¹⁰ Chan Heng Chee. (1980) “*The interests and role of ASEAN in the Indochina conflict*” Paper presented in International Conference on Indochina and Problems of Security and Stability in Southeast Asia, held at Chulalongkorn University, Bangkok, Thailand, on June 19-21.

- To refrain from according recognition to the Vietnamese-installed Heng Samrin government while supporting CGDK. This involved diplomatic battles to deny representation to Heng Samrin delegates at international meetings.
- To maintain an open line of communication at all times with Vietnam on the Kampuchean issue or any other matter.

Formally, the ASEAN position was strongly anti-Vietnamese, but internally there were persistent differences in the members' attitudes towards Vietnam. The prolonged Vietnamese occupation of Cambodia resulted in differences in their threat perceptions. Thailand and Singapore considered Vietnam as the most immediate threat to their security as well as regional stability as a result of Vietnam being backed by the USSR – a major military and political threat to ASEAN. Thailand viewed Vietnam as the most serious external threat to the country. One Foreign Minister said:

“Thailand’s eastern boundary has become the frontier of the Free World... Just as Pakistan is a main barrier of the Free World against the control of the strategic Persian Gulf, Thailand is the stronghold against further advance of what Vietnam has euphemistically called ‘Socialism’s Outpost’ in Southeast Asia”¹¹

Particularly, Thailand successfully persuaded ASEAN to see it as the “front-line” state of ASEAN, which shared 2,000 kilometers of common borders with Laos and Cambodia. Armed clashes between Thai government troops and Vietnam Heng Samrin forces began in 1979 and culminated in June 23, 1980 when Vietnam’s troops made a hot pursuit into Thai territory in a sub-district in Prachinburi province. From 1979-1982, there

¹¹ Tilman, Robert O. (1987). *Southeast Asia and the enemy beyond: ASEAN perceptions of external threats*. Boulder: Westview Press. 72.

were six areas, mostly in the eastern part of the country, where the frequency of armed clashes averaged 12 times a year.¹² Therefore, Thailand had reinforced solidarity with ASEAN, found new ties with China to seek its assistance. She not only allowed the Chinese to use its territory to transport arms and supplies to the Khmer Rouge, but also provided sanctuary to the anti-Vietnamese/Cambodian forces. In addition, Thailand coordinated her Cambodia/Vietnam policy closely with China.

Together with the front-line state of Thailand, Singapore was the strongest and most outspoken critic in ASEAN because it regarded Vietnam as the most serious threat to the security of Southeast Asia as a whole, ASEAN in general and Singapore in particular. It often lectured ASEAN countries and the rest of the world to “stay the course” and to keep the CGDK’s seat for Cambodia at the United Nations. Moreover, it played an important role in engineering the anti-Vietnam/Cambodian coalition. In the Nonaligned Conference in Delhi in March 1983, Singapore successfully led ASEAN moves to thwart the efforts of the more radical elements and to exploit the potential of the conference to reinforce ASEAN position on Cambodia.

Maintaining an attitude different from those of the other members of ASEAN such as Thailand and Singapore, Malaysia and Indonesia were often regarded as the opposite extreme in their perceptions of Vietnam and being more interested in a dialogue with Vietnam on regional matters in order to minimize the intervention by outside powers. Indonesia considered China, not Vietnam, as the greatest threat. This perception upset the other ASEAN members, particularly Thailand and Singapore. In addition, Indonesia had always been more sympathetic to Vietnam than other countries in ASEAN because it

¹² Turley, William S. (1985) *Confrontation or Coexistence “The future of ASEAN-Vietnam relations”*.

shared similarities of struggle for national independence. Indonesia regarded Vietnam as the most viable buffer against China's southward moves and believed in Vietnam's great nationalistic determination and capability to resist much greater powers. More important, Indonesia vigorously opposed a proposal put forward by Singapore in December 1981 for ASEAN to supply arms to the Khmer resistance. As a result, this issue was dropped from ASEAN's agenda, although the association would not object if individual ASEAN members decided to do so.¹³ That later paved the way for Thailand and Singapore to provide military assistance to the non-communist Khmer resistance groups. At the same time, China supplied arms to the Khmer Rouge, which made it difficult for Vietnam to hold on power in Cambodia and brought increasing tensions to Vietnam's relations with China. Therefore, the threat to the stability of Southeast Asia actually came from Sino-Soviet rivalry, as well as the Sino-Vietnamese and Vietnam-Cambodia disputes. In this latter case, Moscow supported Vietnam and Peking backed the Khmer Rouge.

With a perception of Vietnam different from those of most other ASEAN countries, Indonesia and Malaysia preferred a more persuasive approach to Vietnam so that the latter would be more willing to cooperate with ASEAN. In March 1980, the President of Indonesia and the Prime Minister of Malaysia signed the so-called "Kuantan Principles" at a meeting in Kuantan, Malaysia, which tried to find a political solution to the Cambodian problem. The Kuantan Principles contained elements of a possible trade-off between the security interests of Vietnam and those of ASEAN as defined by Kuala Lumpur and Jakarta. Accordingly, Vietnam was to heed the latter's desire to see an end to its dependence on the Soviet Union in exchange for a recognition by ASEAN of Vietnam's security interests in Indochina enshrined into a political settlement of the Cambodia

¹³ Anwar, Dewi Fortuna. (1994). *Indonesia in ASEAN: foreign policy and regionalism*. Singapore: Institute of Southeast Asian Studies. pp. 187

conflict.¹⁴ Particularly, Indonesia tried to bring Vietnam out of isolation and reduce its dependence on the Soviet Union by seeking to persuade the United States to restore its relations with Vietnam and provide economic aid to that country.

2.2.1.2. Vietnamese dependence on the Soviet Union

Apart from Vietnamese occupation of Cambodia, the deepening of Vietnamese dependence on the Soviet Union for massive assistance was considered as another factor deteriorating ASEAN-Vietnam relations in this period. The year 1978 recorded significant events in the development of Vietnamese relations not only with ASEAN member countries but also the Soviet Union. As mentioned above, by late 1978, Vietnam had attempted to improve relations with ASEAN members by Prime Minister Pham Van Dong's tour of all ASEAN member countries. At the same time, 1978 was also the year when Vietnam brought big power involvement directly back to the region. Vietnam entered the Council of Mutual Economic Assistance (COMECON), an economic group of the socialist countries, in mid 1978. Moreover, in November 1978, on the eve of its invasion of Cambodia, Vietnam publicly signed the Treaty of Friendship and Cooperation with Moscow, under which Soviet troops gained access to Vietnam. It marked a major breakthrough for Soviet policy in Southeast Asia. For the first time, beginning in March 1979, Soviet warships sailed to Vietnamese ports at Haiphong and Danang and the 43,000 ton Kiev class aircraft carrier the Minsk was dispatched for service in the Far East. In May 1979, there were reports that the Soviet Union had set up an electronic listening post at Cam Ranh which would enable her to monitor ships passing through the South China Sea. In addition, Soviet military planes, including the long-distance reconnaissance TU-95D

¹⁴ Acharya, Amitav. (2009). *Constructing a security community in Southeast Asia: ASEAN and the problem of regional order*. 2nd ed. London: Routledge. pp. 105

models, made frequent stops in Vietnam.¹⁵ This movement of Soviet military together with its invasion of Afghanistan at the end of 1979 enhanced the fears of ASEAN.

2.2.1.3. The mass outflow of refugees from Indochina to ASEAN countries

Another factor aggravating ASEAN-Vietnam relation in this period was the mass outflow of refugees from Indochina caused by Vietnamese invasion of Cambodia. Lying closest to Cambodia, Thailand was most severely buffeted by the shock waves from the Vietnamese invasion and the fall of Phnom Penh. When Vietnamese-led forces launched attacks against the Khmer Rouge in western Cambodia, where the country shares a 800-kilometer border with Thailand, about 100,000 people crossed into Thailand from Cambodia in the first six month of 1979. But at the end of 1979, up to a million more was thought to come swarming over the border to escape fighting and famine in their homeland. In addition, Malaysia was the most seriously affected among ASEAN countries by the deluge of boat people from Vietnam. At the end of 1978, there were a total of just under 50,000 refugees in Malaysian camps. By the end of 1979, another 50,000 had arrived.¹⁶ This led to the Special Meeting of ASEAN Foreign Ministers in Bangkok in January 1979, where the five foreign ministers warned about severe social, economic, political and security problems caused by the increasing flow of Indochinese refugees in ASEAN countries, such as Thailand and Malaysia, which would have a “destabilizing effect” on the region. ASEAN came out with a joint statement identifying Vietnam as a source of the refugee problems and blaming Hanoi for its failure to take effective measures to stop the outflow.

¹⁵ See more in Norbert von Hofmann. (1991).

¹⁶ Broinowski, Alison. (1982). *Understanding ASEAN*. London: Macmillan Press. 95-103.

In sum, three main factors analyzed above, namely, the Vietnamese occupation of Kampuchea, growing military relations between Vietnam and Soviet Union, and the mass outflow of refugees, placed a strain on ASEAN-Vietnam relations, which persisted through to the end of 1980s.

2.2.2. The rapprochement phase from the mid 1980s to 1991

2.2.2.1. Changes in ASEAN's perceptions of Vietnam

It was only towards the second half of the 1980s that fresh initiatives on Cambodia were offered and this helped to ease the strained relationship between ASEAN and Vietnam. The first concrete signs of an improvement could be seen from the announcement by Vietnam in April 1985 that its troops would be withdrawn from Cambodia in stages. The Vietnamese stated that they would withdraw half of their 180,000 troops by 1987 and that all troops would leave by 1995.¹⁷

The second sign was recorded by a great understanding between Indonesia and Vietnam. Foreign ministers of two countries came to an agreement on holding an informal meeting or a “cocktail party”. With support of ASEAN, Indonesia organized the first Informal Meeting in Jakarta in July 1988 between the Cambodian parties, with the ASEAN members, Laos and Vietnam. Although, the meeting did not result in any breakthrough, it reflected that for the first time ASEAN agreed to discuss with Vietnam on finding a solution to the Kampuchean problem, rather than trying to condemn and isolate Vietnam.

Moreover, in 1988, the new Thai Prime Minister Chatichai Chonhavan adopted a new policy towards Indochina – the policy of “transforming Indochina from a battlefield

¹⁷ Norbert von Hofmann. (1991).

into a market place” – which brought about a shift in relations between ASEAN and Indochina from confrontation and isolation to dialogue and cooperation. Vietnam, thus, responded positively to the moves by ASEAN countries. Vietnam expected ASEAN countries would provide the country with avenues to break out its international isolation both diplomatically and economically.

2.2.2.2. Changes in Vietnam’s foreign policy

From the mid 1980s, although the problem of Cambodia had yet to be resolved, there were signals that a solution would likely be reached. Changes in the Soviet Union’s foreign policy made great influence on Vietnamese foreign policy, and this, in turn, significantly affected ASEAN-Vietnam relations. Due to domestic problems such as economic stagnation, outmoded technology and even shortage of food, there were changes in President Gorbachev’s policy. The Soviet Union thus focused more on internal economic development than on ideology. Moreover, it tried to improve relations with China, lower tensions with western countries, and at the same time reduce foreign aid commitment to its allies. That would really result in a cutback in military aid for Vietnam by 1990, which would gravely affect Vietnam’s ability to sustain its position in Cambodia.

During the mid to late 1980s, a major transformation took place in Vietnamese foreign policy from one which heavily relied on ideological considerations to one which placed greater emphasis on national interest. This policy was mainly concerned with overcoming the domestic socio-economic crisis and external influence arising from the “new political thinking” fashionable in Gorbachev’s Soviet Union.¹⁸ In July 1986, the Politburo of the Vietnam Communist Party (VCP) adopted Resolution No. 32 (32/BCT21)

¹⁸ Thayer, Carlyle A. and Amer, Ramses. (1999). *Vietnamese foreign policy in transition*. Singapore: Institute of Southeast Asian Studies. 1-3.

on new opportunities and possibilities to consolidate and develop the economy. Significantly, this resolution identified ‘peace and development’ as the highest priority and laid the basis for ‘new thinking’ (tu duy moi) in the conceptualization of Vietnam’s national security policy. According to Phan Doan Nam, Resolution 32 clearly set out guidelines and revised diplomatic policies, and moved toward a solution in Cambodia. The Resolution clearly stated:¹⁹

- The external mission of Vietnam is to have good coordination between the strength of the people and the strength of the era, to take advantage of favorable international conditions to build socialism and defend the Fatherland, proactively create a condition for stability and economic construction.
- It is necessary to move proactively to a new stage of development, and peaceful coexistence with China, ASEAN [Association of South East Asian Nations], and the United States, and build Southeast Asia into a region of peace, stability and cooperation.

At the Sixth National Congress in December 1986, Vietnamese leaders decided to adopt a significant policy, named Doi Moi or Renovation. Though primarily directed towards reform and liberalization of the national economy to overcome the domestic economic crisis, this policy had decisive implications for Vietnam’s foreign policy and national security policy. Vietnam now began the open door foreign policy to attract foreign investment from non-socialist countries. In order to achieve this objective, Vietnam first had to end the Cambodian problem.

¹⁹ Phan Doan Nam. (2006). ‘Ngoai Giao Viet Nam Sau 20 Nam Doi Moi’, Tap Chi Cong San, 14(760): 26.

In May 1988, Vietnamese party leaders adopted probably the most important modification of foreign policy in the contemporary period: Politburo Resolution No. 13 ‘On the External Mission and Policy in the New Situation’. Politburo Resolution No. 13 used the term national interest (*loi ich dan toc*) for the first time and identified economic development as Vietnam’s main priority. The new emphasis was ‘to maintain peace, take advantage of favorable world conditions’ in order to stabilize the domestic situation and laid the basis for economic development over the next ten to fifteen years.²⁰ As a result, Vietnam stressed a foreign policy of ‘diversification’ (*da dang hoa*) and ‘multilateralism’ (*da phuong hoa*). This policy line led to a comprehensive and long-term regional policy towards Asia and Southeast Asia that was to be drawn up soon.

These guidelines were further developed when the Seventh National Congress of the VCP declared in 1991 that ‘Vietnam wants to become the friend of all countries in the world community, and struggle for peace, independence and development’. The primary objectives of the new foreign policy can be summarized as follows:²¹

- To break up the state of economic embargo and diplomatic isolation and to secure a peaceful and stable international environment for ‘socialist construction’;
- To boost foreign economic activity, including the attraction of foreign direct investment (FDI) and overseas development aid (ODA), and the acceleration of foreign trade;

²⁰ Luu Doan Huynh, (2004). ‘Vietnam-ASEAN Relations in Retrospect: A Few Thoughts’, *Dialogue + Cooperation*, 1, 23-31.

²¹ Jorn Dosch and Ta Minh Tuan. (2004). “Recent changes in Vietnam’s foreign policy: implications for Vietnam-ASEAN relations” in *Rethinking Vietnam*. McCargo, Duncan. (eds) London: Routledge Curzon. pp. 197-198.

- To integrate Vietnam into regional and international organization.
- To develop relations of friendship with other countries in South-East Asia and the Asia-Pacific region, and to strive for a South-East Asia of peace, friendship and co-operation. To expand equal and mutually beneficial co-operation with northern and Western European countries, Japan and other developed countries.
- To promote the process of normalization of relations with the United States.²²

Since the Seventh Party Congress in 1991, Vietnam had succeeded in diversifying its foreign relations by moving from dependency on the Soviet Union to a more diverse and balanced set of external relations. For the first time, Vietnam gave a priority to improved relations with neighboring countries. This is based on the thoughts of Ho Chi Minh “Ban ho hang xa, mua lang gieng gan” that means “Sell the remote relatives, buy the neighbors”. Neighboring countries mean ASEAN countries and China.²³ By the late 1980s, the confrontation between Vietnam and China as well as tensions at the border gradually diminished, which paved the way for improved relations with China, the main adversary in the 1980s. In November 1991, the two governments normalized their diplomatic relations. In addition, Vietnam no longer regarded the USA as a fundamental and long-term foe.

Therefore, transformation in foreign policy enabled Vietnam to improve relations with the main country adversary and make its great decision to withdraw from Cambodia, which had positive impacts on ASEAN-Vietnam relations. Particularly, it paved the way

²² Communist Party of Vietnam, *7th National Congress Documents*. Hanoi: Vietnam Foreign Languages Publishing House, 1991. 135-136.

²³ See more in David Wurfel. “Between China and ASEAN: The Dialectics of Recent Vietnamese Foreign Policy”, in Thayer and Ramses (eds), *Vietnam’s Foreign Policy in Transition*. pp. 148-169.

for a progressive normalization of relations between Vietnam and ASEAN²⁴. Now perceiving that Vietnam was no longer a potential threat to regional security, the association was more willing to cooperate with it. Vietnam itself also expressed its readiness to negotiate with the countries in the region in order to solve the Cambodian problem. Vietnam understood and acknowledged the contributions made by ASEAN in its capacity as a regional organization to regional peace and stability. In particular, Southeast Asian and Vietnamese leaders began to discuss the prospects and conditions for Vietnam's membership in ASEAN. For example, in late 1988, Nguyen Van Linh, then Secretary General of the Vietnam Communist Party, expressed that Vietnam was eager to join ASEAN. At the same time, the Indonesian Armed Forces Commander in Chief stated that ideology would not be an impediment to Vietnam's membership of the association. In January 1990, the Thai Prime Minister Chatchai Chunchavan publicly stated his support for the incorporation of Indochina into ASEAN but only after the Cambodian conflict had been settled.²⁵

2.2.2.3. Changes in global political environment

Major political changes in global environment, including the collapse of the Soviet bloc and the demise of socialism in Eastern Europe, had its impacts on ASEAN-Vietnam relations. Confrontation among big powers was ending, which led to the improvement in superpower relations in order to settle international and regional disputes. In this respect, ASEAN stressed its intention to strengthen intra-ASEAN cooperation and intra-regional cooperation so that the association could deal with the Cambodia problem. Therefore, there was no reason for the nations of Southeast Asia to remain divided into two

²⁴ Personal interview with Pham Duc Duong, researcher in Southeast Asian Studies, in Hanoi in 2010.

²⁵ See more in Thayer, Carlyle A. (2000). *Vietnam and ASEAN*. Paper presented to conference on Vietnam in 2001: Prospect for Economic and Social Progress. November 16-17, 2000. Washington DC.

antagonistic blocs. It was time for them to work for “One Southeast Asia”, for which both Vietnam and ASEAN found common ground for cooperation.

In addition, the collapse of the Soviet Union in late 1991, coupled with the prior collapse of the socialism in Eastern Europe in 1989, had an adverse economic as well as political impact on Vietnam. Vietnam thus began to cooperate with ASEAN neighbors and international partners in order to seek a political settlement in Cambodia. Finally, the Cambodia conflict was formally settled through the Paris Agreements signed by 19 countries (including Vietnam and all ASEAN members) on 23 October 1991. This significant event signified that the key obstacle to Vietnam-ASEAN relations over a decade had been removed and ASEAN’s trade and aid embargo was thereby lifted. Relations between Vietnam and ASEAN members could thus rapidly develop bilaterally and multilaterally.²⁶

As a result, ASEAN was no longer considered as a threat by Hanoi. Particularly, Vietnam was eager to develop new economic relations with ASEAN member states in order to substitute it for the collapsed Soviet bloc. Official figures released at the end of September 1991 showed that ASEAN states had invested in thirty-four projects with a total prescribed capital of US\$ 173 million. This presented 12.4 per cent of foreign investment projects and 7.2 per cent of total legal capital invested.²⁷ Moreover, Vietnam began to develop its relations with the individual members of ASEAN and with ASEAN as

²⁶ Vu Khoan. (1995). *Vietnam and ASEAN: International integration and keeping national identity*. Hanoi: National Politics Publishing House. 31.

²⁷ Thayer, Carlyle A. and Amer, Ramses. (1999). *Vietnamese foreign policy in transition*. Singapore: ISEAS. 4-5.

regional organization. This showed a significant shift in ASEAN-Vietnam relations and put an end to a decade-long period of confrontation.

In sum, the trend towards improved and strengthened relations between Vietnam and ASEAN countries, which had become evident by the late 1980s, has been further reinforced after the settlement of Cambodia conflict. Particularly, with the settlement of Cambodia problem, the key impediment in Vietnam-ASEAN relations for over a decade was totally removed. Relations between Vietnam and ASEAN members could thus rapidly develop bilaterally and multilaterally. The importance of the shift in Vietnamese foreign policies in this period is widely acknowledged – a shift that was brought about both international and domestic factors leading Vietnam to seek a rapprochement with ASEAN. Besides, the changes in ASEAN's policy towards Vietnam also contributed to the rapprochement. Therefore, although ASEAN and Vietnam adopted different foreign policies towards each other, it was really a mutually reinforcing process of interaction, which brought out positive changes in ASEAN-Vietnam relations.

2.3. Vietnam admission into ASEAN from 1991-1995

2.3.1. Significant changes in Vietnamese leaders' perceptions about ASEAN

After the Cambodian problem had been settled through the Paris Peace Accord in 1991, Vietnam aimed at rapidly improving its relations with major adversaries in the Cold War. This aim was stated in the Seventh National Congress documents:

To develop relations of friendship with other countries in South-East Asia and the Asia-Pacific region, and to strive for a South-East Asia of peace, friendship and co-operation.

To expand equal and mutually beneficial co-operation with northern and

Western European countries, Japan and other developed countries.

To promote the process of normalization of relations with the United States²⁸

As a result, since the Seventh Party Congress, Vietnam succeeded in diversifying its foreign relations by moving from dependency on the Soviet Union to a more diverse and balanced set of external relations. Four developments were particularly notable: normalization of diplomatic relations with all members of ASEAN, normalization of relations with China (November 1991), Vietnam's accession to the 1976 ASEAN Treaty of Amity and Cooperation, the restoration of official development assistance by Japan (November 1992). By 1995 Vietnam established diplomatic relations with 163 countries, up from only twenty-three non-communist states in 1989.

From October 1991 to 1992, Vo Van Kiet, chairman of the Council of Ministers, led a government delegation to visit Indonesia, Thailand, Singapore, the Philippines and Brunei. After Kiet's ground-breaking visits, Do Muoi, Secretary General of the Vietnam Communist Party, also paid visit to Singapore, Malaysia, Thailand, New Zealand, Australia, Japan, South Korea and Myanmar.²⁹ These visits contributed to enhancing the mutual understanding and confidence, narrowing down the knowledge gaps, and laying down the foundations for future relations. Moreover, from 1993 to 1994, all the national leaders of Vietnam, including the CPV General Secretary, the President, the Prime Minister and the Chairman of the National Assembly visited ASEAN countries. These Vietnamese high-level visits to ASEAN member states, which showed that the Vietnamese

²⁸ Communist Party of Vietnam. (1991). *7th National Congress Documents*, Hanoi: Vietnam Foreign Languages Publishing House, 135-136.

²⁹ Thayer, Carlyle A. (2004). *Vietnam's Regional Integration: The Costs and Benefits of Multilateralism*. Paper presented to Conference on Vietnam's Integration into the World and State Sovereignty Issues, co-organized the Centre d'Etudes et de Recherches Internationales and Centre Asie-Europe, Sciences Po and le Ecole des Hautes Etudes en Sciences Sociales, Paris, France, October 25.

desired to boost relations with ASEAN, greatly contributed to the strengthening of mutual understanding and reversing the trend of confrontation.³⁰ For example, during a visit to Singapore in October 1993, Foreign Minister Nguyen Manh Cam stressed “The visit is of great political significance. It shows that ideological differences are no longer obstacles to the development of Vietnam-ASEAN relations”.³¹

Moreover, according to Nguyen Vu Tung (2007), a comparative study of political systems and regimes in ASEAN countries was conducted in 1992 under the Communist Party of Vietnam with the major findings as follows:

“the nation-building formula of ASEAN was not totally different from Vietnam, namely planned market economy under the leadership of the Communist Party, with some commonalities in political structures and practices. Therefore, Vietnam’s formula, if correctly applied, will bring about positive socio-economic and political results and would strengthen the position of the Party vis-à-vis the people”.

Vietnamese leaders also obtained a new understanding of the ASEAN states’ foreign policy goals and efforts to promote regional cooperation and peace. Former Deputy Foreign Minister Vu Khoan wrote in 1994:

“The ASEAN countries desire for peace, stability and expanded cooperation is in keeping with our policy that tries to take advantage of the favorable international conditions and the emerging environment of

³⁰ Personal interview with Pham Quang Minh, Dean of International Studies, Vietnam National University, in Hanoi in December 2010.

³¹ Nguyen Vu Tung. (2007). “Vietnam’s membership of ASEAN: a constructivist interpretation” *Contemporary Southeast Asia*. Singapore: Institute of Southeast Asian Studies. 106-121.

peace and stability to construct and defend our country, a prosperous nation and an advanced society. The ASEAN foreign policy, therefore, is compatible with the foreign policy of diversification and multilateralisation of our external relations in which the primary focus is on cooperation with countries in Southeast Asia.”³²

2.3.2. Vietnam’s preparation to ASEAN’s admission

To build trust among ASEAN member states, in July 1992, Vietnam, together with Laos, acceded to the 1976 ASEAN Treaty of Amity and Cooperation. By signing this treaty, Vietnam promised to be non-aggressive and would not use force to settle differences or disputes with neighboring countries as fundamental principles spelled out in the 1976 Bali Treaty.³³ It also meant that Vietnam would be able to reduce its defense expenditure and strengthening national security by enjoying regional peace and stability, thus allowing Vietnam to concentrate more on economic renovation.

Vietnam also joined six ASEAN committees and five ASEAN projects on functional cooperation, including science and technology, environment, health services, population, tourism, culture, civil aviation and maritime transportation.

In 23-24 July 1993, Nguyen Manh Cam, Foreign Minister of Vietnam, together with Somsavat Lengsavad, Foreign Minister of Laos, attended the 26th ASEAN Ministerial Meetings as an observer. In July 1994, Vietnam became founding member of the ASEAN Regional Forum whose inaugural meeting was held in Bangkok. Moreover, Vietnam applied for membership in ASEAN on 17 October 1994. In the application letter, the

³² Cited in Nguyen Vu Tung. (2007).

³³ See more in the ASEAN Treaty of Amity and Cooperation in Southeast Asia Indonesia, 24 February 1976. Retrieved from <http://www.aseansec.org/1217.htm> in December 2010.

Vietnamese Foreign Minister, Nguyen Manh Cam, stated that Vietnam would fulfill the obligations and conditions in the ASEAN Declaration of 1967, the ZOPFAN Declaration of 1971, the Declaration of ASEAN Concord of 1976 and the Agreement on the Establishment of the ASEAN Secretariat. Vietnam then formally joined ASEAN at ASEAN's annual ministerial meetings, in Bandar Seri Begawan on 28 July 1995.

With the admission of Vietnam in July 1995 as its seventh member, ASEAN was said to take a giant step towards realizing the vision of ASEAN-10. This was indeed a paradigm shift in Southeast Asia. Nguyen Manh Cam, Former Minister of Foreign Affairs of Vietnam, described it as “a milestone marking a change in the conjuncture of Southeast Asia 50 years after the end of the Second World War”. At the same time, Indonesia's Foreign Minister Ali Alatas viewed Vietnam's membership as a “momentous event”, a great deal more than an increase in membership from six to seven, and confidently believed that an ASEAN enlargement ‘will contribute more substantially to the maintenance of international peace and security’.³⁴

It was said that Vietnam joined ASEAN at an appropriate time of political stability in the region and prosperous economy of all member states. Therefore, the year 1995 marked a crucial turning point in Vietnam-ASEAN relations; that is, it signifies a transition from suspicion and hostility to all-embracing cooperative relations.

2.3.3. ASEAN's motivations for Vietnam's full membership

ASEAN and its members had strong desire to bring Vietnam into the association despite the existing differences in political and economic systems. Mya Than and Tan, Joseph L. H. (1993) viewed that Vietnam is still ‘socialist’ country ruled by a single party

³⁴Bangkok Post, “Vietnam becomes latest member of ASEAN family”, on 29 July 1995.

system that had just shifted from a highly centrally planned economy to a market oriented economy regulated by government. By contrast, the economies of the six ASEAN members are capitalist, export-oriented economies that are moving rapidly towards more open democratic systems. From ASEAN countries' economic perspectives, extensive raw materials and a large potential market of Vietnam could play an important role to their fast growing industries. Vietnam's young, hardworking, literate but inexpensive labor force is expected to be a major attraction for the ASEAN states.³⁵ Thus, granting full membership to Vietnam could increase trade and encourage investment in Vietnam as well as create conditions conducive to overall economic cooperation with Vietnam, which benefits both ASEAN member states and Vietnam.

Moreover, by admitting Vietnam into the association, ASEAN was also able to fulfill its overall aims and goals spelled out in Bangkok Declaration 1967 to create an Association encompassing all ten countries in the Southeast Asian region: "the Association is open for participation to all States in the South-East Asian Region subscribing to the aforementioned aims, principles and purposes".³⁶ Vietnam's admission in ASEAN, thus, could pave the way for the other non-member countries – Laos, Burma and Cambodia – to be integrated into ASEAN, and this would transform the association into a truly region-wide grouping. And consequently, ASEAN would enhance its bargaining power in the international arena and play an important role in ensuring peace, stability and cooperation in the region.

2.3.4. Vietnam's motivations for joining ASEAN

³⁶ See more in the ASEAN Declaration (Bangkok Declaration). Bangkok, 8 August 1967. Retrieved from <http://www.aseansec.org/1212.htm>

For Vietnam, the factors influencing its decision to join have been assessed by not only Vietnamese officials and scholars but also foreign counterparts. According to Pham Quanh Anh, a government official in Vietnam's Ministry of Foreign Affairs, there were at least two reasons, which led to Vietnam's decision to join ASEAN. First, membership in ASEAN was seen as a means to implement the overall objectives of "having more friends and fewer enemies" and "being friends of all countries", which had been adopted in May 1988 and further developed in the Seventh National Congress of the VCP in 1991. The second reason was to replace the loss of market after the break up of the Soviet Union with a new one – that of ASEAN. To fulfill these objectives, Vietnam needed peace and cooperation with its neighbors. He also stressed that Vietnam did not seek ASEAN membership as a way of balancing China.³⁷

According to other Vietnamese officials, three main factors accounted for Vietnam's decision to join ASEAN, including the desire to have amicable relations with regional states, the need to attract foreign investment, and a catalyst to its domestic reform process.³⁸ In his speech delivered at the 40th anniversary of the establishment of ASEAN, Vietnamese Prime Minister Nguyen Tan Dung said Vietnam's reason to join ASEAN was to ensure an environment in the region favorable for national development and defense.³⁹

At the same time, one Vietnamese scholar stated that ASEAN membership was driven by pragmatic reasons of economic growth, political independence and regime

³⁷ Personal interview with Pham Quang Anh, ASEAN Department, Ministry of Foreign Affairs, in Hanoi, in December 2010.

³⁸ Doan Manh Giao. (1995). "Why Vietnam Joins ASEAN", Paper presented to international seminar on Vietnam and ASEAN: Business Prospects and Policy Directions. Kuala Lumpur, 19 December 1995.

³⁹ Vu Duong Ninh (2005). "Vietnam-ASEAN: Ten years working together on the path of international integration". *Southeast Asian Studies Journal* [Nghien cuu Dong Nam A]. vol 4. Pp. 22-40.

survival in a post-Cold War environment.⁴⁰ Other scholars, Nguyen Phuong Binh and Luan Thuy Duong (2001), stated that there were three driving forces behind Vietnam's desire to join ASEAN, namely a favorable external environment with peaceful and friendly relations with neighboring countries; economic co-operation; and enhanced standing in the wider Asia-Pacific region and the world (including relations with the United States, Japan, China, Russia and India).⁴¹ Sharing the same opinion, Tran Khanh, of Institute for Southeast Asian Studies, pointed out that Vietnam's decision to join ASEAN was to gain international recognition, development assistance and economic cooperation, which were all conducive to national development and domestic reforms.⁴²

The foreign scholars such as Mya Than, and Carolyn L. Gates (2001) viewed that one important factor in the decisions to join ASEAN was the objective to gain greater international political credibility and legitimacy, which in turn, some assert, would promote internal stability and economic development. ASEAN membership can provide new member a common regional identity and framework to develop and integrate into the region. Thayer (2004) stated that Vietnam joined ASEAN with the prime strategic objective of securing a more peaceful international environment in which to guarantee Vietnam's national security against external threat.

Based on assessment above by Vietnamese and foreign views, it can be asserted that the Vietnam's motivations to join the association were both political and economic in nature. First, for political factors, one explanation was that Vietnam made the decision to

⁴⁰ Nguyen Vu Tung. (2007). "Vietnam's membership of ASEAN: a constructivist interpretation" *Contemporary Southeast Asia*. Singapore: Institute of Southeast Asian Studies. pp. 106-121.

⁴¹ Nguyen Phuong Binh and Luan Thuy Duong. (2001). "Expectations and Experiences of the New Members: A Vietnamese Perspectives", in Simon S. C. Tay, Jesus P. Estanislao and Hadi Soesastro, eds., *Reinventing ASEAN*. Singapore: Institute of Southeast Asian Studies. pp. 88-96.

⁴² Personal interview with Tran Khanh, Institute for Southeast Asian Studies, in Hanoi in December 2010.

apply for membership in ASEAN to overcome an identity crisis and the fear of political isolation after the collapse of Soviet bloc. Joining ASEAN would be seen as a substitute for the communist/socialist identity and could help Vietnam form a new state identity as a legitimate regime. Frost (1993) viewed that the end of Cold War was thus a blessing in disguise, offering Vietnam the opportunity to rethink its own identity in a new context of relaxed global tensions and growing trends towards regional political and economic cooperation.⁴³ As a result, under the umbrella of ASEAN, Vietnam could forge a regional identity and thus could develop and improve relations with many countries in its efforts to become a friend of all nations in the world community, thereby contributing to a more stable and secure regional environment. Moreover, Vietnam's admission into ASEAN helped Vietnam enhance its bargaining position with other states, particularly with China and the United States. Second, for economic motivations, at the time Vietnam decided to join ASEAN, the country faced many economic problems that could be traced back to the mid 1980s and the collapse of Soviet bloc to which it responded with a policy of economic renovation since 1986. At the same time, the success story of Southeast Asian neighbors' economies growing at a fast pace had influenced Vietnamese leaders' decision to adopt outward-oriented economic policies. When Vietnam made its decision to join the Association in 1995, it expected to find new sources of trade, aid, investment that had dried up since the fall of Soviet Union. In addition, Vietnam expected to receive technology transfer, developmental experience and managerial skills from ASEAN member states. Foreign Minister Nguyen Manh Cam on his visit to Malaysia expressed that the experience of development of ASEAN member countries, despite success or failure, could be potentially relevant the situation of Vietnam as well as help Vietnam

⁴³ Frost, Frank. (1993). *Vietnam's Foreign Relations: Dynamic of Change*. Singapore: Institute of Southeast Asian Studies.

shorten the course of development. As a member of ASEAN and participation in the ASEAN Free Trade Area, Vietnam could also expect to benefit from increased trade and investment from ASEAN states. Furthermore, the economic consideration to joining ASEAN aimed to seek integration into the Asia Pacific and global economy. Membership in ASEAN could facilitate membership of APEC and the World Trade Organization.

Therefore, Vietnam's decision to take part in ASEAN had both political and economic motivations. Vietnamese government officials and academic observers hoped that ASEAN membership and the institutional framework provided by the association would help the country to develop and improve its intraregional and extra-regional relations. Moreover, Vietnam expected ASEAN membership to ensure favorable external conditions for further economic development and attract more foreign direct investment into the country.

2.4. Conclusion

Relations between Vietnam and ASEAN have gone through many different phases and reflected patterns that developed from enmity and confrontation to rapprochement among regional states. At the time when the association was founded, the war in Vietnam was at its height. Hanoi leaders viewed ASEAN negatively as an "American puppet", more or less like SEATO that had been supported by the United States, while ASEAN leaders saw North Vietnam as an aggressive communist power. ASEAN members adopted different policies towards Vietnam. While Indonesia recognized Hanoi and refused to support the South Vietnamese, Thailand and the Philippines were directly involved behind the United States, including sending troops to fight in Vietnam and providing air and naval bases for the U.S.

When Vietnam invaded Cambodia in December 1978 to overthrow the Khmer Rouge regime and set up the Vietnamese-backed People's Republic of Kampuchea, ASEAN feared that Vietnam, with military support from the Soviet Union, posed a threat to security and stability of the region. The problem of Cambodia thus appeared to be an intractable obstacle to ASEAN-Vietnam relations. ASEAN member countries, backed by China and the U.S, jointly opposed the Vietnamese invasion of Cambodia and were determined to force Vietnam out of this country by all means, including diplomatic pressures via the United Nations, economic and political sanction, and military support to the "Coalition Government of Democratic Kampuchea (CGDK)" led by leaders of the three anti-PRK factions, namely, Prince Sihanouk, Khieu Samphan, and Son Sann. A decade later, with the withdrawal of Vietnamese troops from Cambodia in 1989 and the comprehensive political settlement of the Cambodia problem in Paris with the signing of Peace Accords in October 1991, as well as the changes in global political climate at the end of the Cold War, Vietnam quickly shifted to restore relations with ASEAN. More importantly, following its open-door foreign policy and economic renovation (widely known as Doi Moi) introduced in 1986, Vietnam began to develop its relations with ASEAN at both bilateral and multilateral levels.

From 1991 to 1995, in preparation for full admission to ASEAN, Vietnam succeeded in improving its relations with its major enemies in the Cold War such as China and the U.S. To build trust among ASEAN member states, in July 1992, Vietnam acceded to the 1976 ASEAN Treaty of Amity and Cooperation and formally became ASEAN member in 1995. It was said that Vietnam joined ASEAN at an appropriate time of political stability in the region and prosperous economy of all member states. Therefore, 1995 marks a crucial turning point in Vietnam-ASEAN relations; that is, it signifies a transition from suspicion and hostility to all-embracing cooperative relations. Vietnam's

decision to take part in ASEAN had both political and economic motivations. Vietnamese government officials and academic observers hoped that ASEAN membership and the institutional framework provided by the association would help the country to develop and improve its intraregional and extra-regional relations. Moreover, Vietnam expected ASEAN membership to ensure favorable external conditions for further economic development and attract more foreign direct investment into the country.



ศูนย์วิทยทรัพยากร
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CHAPTER III

VIETNAM'S ROLE AND CONTRIBUTION TO ASEAN POLITICAL COOPERATION

We have seen that, before Vietnam joined ASEAN in 1995, its relations with the association had gone through many different phases and reflected patterns ranging from enmity and confrontation to rapprochement. From its inception up to the Cambodia conflict, the Hanoi leaders, who were influenced by the communist ideology, viewed ASEAN negatively as supported by the United States and different from Vietnam in terms of political and economic systems. Vietnam, on the other hand, was seen by the ASEAN leaders as an aggressive communist power.

However, with the withdrawal of Vietnamese troops from Cambodia in 1989 and the October 1991 Paris Agreement on the Comprehensive Political Settlement of the Cambodia problem, the key impediment to Vietnam-ASEAN relations that had existed over a decade was removed. Relations between Vietnam and the ASEAN members could thus rapidly develop bilaterally and multilaterally.

In particular, Vietnam's decision to join the organization in 1995 was a crucial turning point in Vietnam-ASEAN relations. It signified a transition from suspicion and hostility to all-sided cooperative relations. Since then, the country has been actively involved in and made significant contributions to the political as well as economic cooperation with the association.

In this chapter, Vietnam's role and contribution to ASEAN political cooperation are investigated. The chapter is organized into several main sections. First, before moving to the main part of the chapter – Vietnam's role and contribution

– Vietnam’s view towards ASEAN is restated. Second, in analyzing the Vietnam’s role and contributions towards ASEAN political cooperation, several remarkable points are chosen for discussion. For example, Vietnam’s role can be examined in terms of its efforts to integrate the rest of the countries in mainland Southeast Asia into ASEAN and its part in successfully organizing several significant ASEAN events. The country’s proposals and initiatives for the development of the association can also be recorded as Vietnam’s contributions to ASEAN political cooperation. In the last section, a brief summary is drawn from the major findings of this chapter.

3.1. Vietnam’s view towards ASEAN

As previously mentioned, prior to Vietnam’s admission to ASEAN, its view towards ASEAN was quite negative. Hanoi leaders viewed ASEAN more or less like SEATO that had been supported by the United States. More important, ASEAN was perceived as being totally different with Vietnam in terms of the political structures and foreign policies due to the fact that the country’s foreign policy was almost entirely framed by communist ideology and political-strategic dependence on the USSR at that time.

However, after the withdrawal Vietnam’s troops from Cambodia in September in 1989, Vietnam’s perceptions of ASEAN became more positive. According to Thayer (2004), both Vietnamese and Southeast Asian leaders began to discuss the prospects and conditions for Vietnam’s membership of ASEAN. In particular, with the collapse of the socialism in Eastern Europe and the Soviet Union in the early 1990s, Vietnam rapidly improved relations with ASEAN as a group and individual ASEAN members in order to search for a new source of aid, trade and investment which had been lost as a result of the disintegration of the Soviet bloc.

From 1991 to 1994, there were many exchanges of high level visits between Vietnam and the individual ASEAN members. Vietnamese leaders such as General Secretary of Communist Party of Vietnam, Prime Minister and the Chairman of the National Assembly came to visit the ASEAN countries, and, in return, the ASEAN visitors included Singapore Prime Minister Goh Chok Tong, Thai Prime Minister Chuan Leekpai and President Ramos of the Philippines. These activities enhanced the mutual understanding and confidence, significantly narrowing down the knowledge gaps and suspicion between the country and the organization. According to one of Vietnamese leaders, Foreign Minister Nguyen Manh Cam, these visits had great political significance in that ideological differences were no longer obstacles to the development of Vietnam-ASEAN relations.¹

In particular, through more contacts and interactions with the ASEAN states, Vietnamese leaders obtained a new understanding of the ASEAN states' foreign policy goals and their efforts to promote regional cooperation and peace. This new understanding was reflected in former Deputy Foreign Minister Vu Khoan's writing in 1994:

“The ASEAN countries desire for peace, stability and expanded cooperation is in keeping with our policy that tries to take advantage of the favorable international conditions and the emerging environment of peace and stability to construct and defend our country, a prosperous nation and an advanced society. The ASEAN foreign policy, therefore, is compatible with the foreign policy of diversification and

¹ Nhan Dan Daily, Foreign Minister Nguyen Manh Cam's speech at the 4th Fatherland Organization National Congress, October 15th 1995.

multilateralisation of our external relations in which the primary focus is on cooperation with countries in Southeast Asia.”²

The new understanding of ASEAN member states thus enabled the country to see the more positive aspects of ASEAN membership. Foreign Minister Nguyen Manh Cam once stressed that “ASEAN represented another channel for Vietnam to integrate into the region and allowed the country to join the process of globalization”. The statement is an example of sentiment of many Vietnamese officials. The main factors accounting for Vietnam’s decision to join ASEAN included the desire to have amicable relations with regional states and attract foreign investment, and the hope that ASEAN membership would act as a catalyst to its domestic reform process³.

Moreover, many preparations for ASEAN membership were seen in Vietnam. According to Allan Goodman (1996), Hanoi’s leaders were reported to take golf lessons and even top-level officials spent several evenings a week in intensive language courses. Many Vietnamese foreign-service officials were said to be involved in training in order to be familiar with the working methods of the association as well as to participate in the large number of ASEAN meetings per year.

Upon joining the association, Vietnam reorganized its bureaucracy by forming the National ASEAN Committee headed by a Deputy Prime Minister. The Committee was to coordinate all institutions that interacted with ASEAN or ASEAN-affiliated bodies, and to provide policy guidance on all Vietnam’s activities in the association.

² Nguyen Vu Tung. (2007). “Vietnam’s membership of ASEAN: a constructivist interpretation” *Contemporary Southeast Asia*. 29 (3), 483-505. Singapore: Institute of Southeast Asian Studies.

³ Doan Manh Giao. (1995). “Why Vietnam Joins ASEAN”, Paper presented to international seminar on Vietnam and ASEAN: Business Prospects and Policy Directions. Kuala Lumpur, 19 December 1995.

The Department of ASEAN Affairs was also created within the Ministry of Foreign Affairs, to act as the ASEAN National Secretariat. In serving as the repository of information on all ASEAN matters, the department coordinates the implementation of ASEAN decisions in Vietnam as well as supports national preparations of ASEAN meetings.⁴

Apart from these institutions, the Centre for ASEAN Studies was set up under the Institute for Southeast Asian Studies. The main functions of the Centre are to raise awareness among Vietnamese of ASEAN member countries; security and development issues in ASEAN; the roles and positions of the big powers in Southeast Asia; and the relationship between Vietnam and Southeast Asian countries, especially Vietnam's role and position in ASEAN.⁵

As a result, with a well preparation, after becoming a member of ASEAN, the country has participated in almost all activities at various institutional levels as required by ASEAN from the summits and ministerial meetings to officials' meetings. Particularly, Vietnam has made important contributions to ASEAN's cooperation while working together with other member states to set a new course for ASEAN's development, thereby strengthening regional solidarity and cooperation and raising the association's global profile.⁶

Recently, on the 15th anniversary of Vietnam's ASEAN membership in 2010, Foreign Minister Pham Gia Khiem stressed the strategic importance of the Southeast

⁴ Personal interview with Pham Quang Anh, Department of ASEAN, Ministry of Foreign Affairs, on Dec 29th 2010 in Hanoi.

⁵ Personal interview with Professor, Doctor Pham Duc Duong, Institute for Southeast Asian Studies, on 20th Dec 2010.

⁶ Pham Gia Khiem – Deputy Prime Minister - Foreign Minister's speech in Vietnam News Agency, *Vietnam & ASEAN: from past to dynamic future*, on August 4th 2010.

Asia region and the importance of ASEAN to Vietnam. In short, he considered ASEAN as a major backup to its national construction and defense. He also spelt out the guidelines for the country's foreign policy within ASEAN in the following years. A consistent policy of being "proactive, positive and responsible" within the association would be maintained when participating in ASEAN's activities:

Proactive: It is active in putting forward new initiatives to boost ASEAN cooperation and integration.

Positive: It is collaborating with ASEAN in dealing with difficulties and challenges to maintain the vitality and value of the association in the new situation.

Responsible: It is working hard with ASEAN to fully implement agreements and commitments, with a priority given to successfully building a strong and united ASEAN Community.

Therefore, it can be seen from Foreign Minister's statement that Vietnam will continue to attach great importance to cooperation with the association, both bilaterally and multilaterally. Since joining the association, Vietnam has always perceived itself as an integral part of the ASEAN family. Furthermore, Vietnam's entry into ASEAN has also made significant contributions to implementing the state and party's foreign policy of independence, sovereignty, diversification and multilateralization of international relations, and active integration into the region and the world.

The following sections will discuss Vietnam's role and contribution to ASEAN political cooperation after it joined the regional grouping.

3.2. Vietnam's role in integrating Laos, Myanmar and Cambodia into ASEAN

After being admitted to ASEAN, Vietnam has shown its active role not only by taking part in every ASEAN's activities, but also in integrating Laos, Myanmar and Cambodia into the association. The latter is really noteworthy.

During the Cold War, and especially after 1975, Southeast Asia was polarized into two antagonistic regional blocs, the non-communist ASEAN member states on the one hand, and Indochinese communist countries on the other. As a result of ideological differences, relations between the Indochinese countries and ASEAN in general, and Vietnam-ASEAN relations in particular experienced enmity and confrontation for several decades.

However, with signing of the Paris Agreements on a comprehensive political settlement of the Cambodia conflict in October 1991, the key obstacles to Vietnam-ASEAN relations that had existed for a whole decade were removed. Relations between Vietnam and the ASEAN members could thus rapidly develop bilaterally and multilaterally.⁷

Particularly, when Vietnam was officially recognized as a member of ASEAN, the confrontation between the two blocs of ASEAN and Indochina was perceived as coming to an end. Vietnam's entry to the regional organization opened a new page in the ASEAN's history, and, significantly, paved the way for the rest of the countries in mainland Southeast Asia to join the association. Deputy Prime Minister Vu Khoan viewed Vietnam's membership in ASEAN as bringing to an end a Southeast Asia divided into hostile groupings in the Cold War period and ushered in

⁷ Vu Khoan. (1995). "Vietnam and ASEAN". International integration and keeping national identity. Hanoi: National Politics Publishing House. pp.31.

the prospect of united Southeast Asia of ten nations.⁸ Sharing the same opinion, one Vietnamese scholar described the admission of Vietnam to ASEAN as a new step of development in the evolution of the association, and at the same time represented a great turning point in the history of the entire Southeast Asian region, which was now shifting from division and polarization in the past to cohesion and unity.⁹

Soon after Vietnam became ASEAN's seventh member, the country started lobbying for the admission of the three remaining Southeast Asian states, Myanmar, Laos, and Cambodia. The motivation was obvious; that is, further widening of ASEAN would significantly contribute to the consolidation of Vietnam's post-Cold War position in Indochina by providing Hanoi with the opportunity to exert sub-regional leadership within an accepted, institutionalized framework.¹⁰ Thayer (2004) viewed that Vietnam has had close and long-standing historical ties with the regimes in Cambodia, Laos and Myanmar (CLM), which pre-dated their membership in ASEAN. However, one Vietnamese government official viewed the country's effort to bring Cambodia, Laos and Myanmar into ASEAN was to fulfill the vision of ASEAN founding members and to contribute to the long term interest of regional peace, stability and prosperity.¹¹

⁸ Nguyen Thu My. (1998). *ASEAN Today and Tomorrow*. Hanoi: National Political Publishing House. 19-20.

⁹ Personal interview with Dr. Pham Quang Minh, Dean of International Studies, Vietnam National University, in Hanoi, on 30th December 2010.

¹⁰ Jorn Dosch. (2006). Vietnam's ASEAN Membership Revisited: Golden Opportunity or Golden Cage? *Contemporary Southeast Asia*. 28 (2): 234–258

¹¹ Personal interview with Vietnamese government official conducted in Hanoi in Dec 2010.

As Vietnam has had close relationship with Laos, Vietnam's membership of ASEAN inspired Laos to speed up her preparations to join the association.¹² In 1992, Vietnam, together with Laos, acceded to ASEAN's Treaty of Amity and Cooperation. One year later, Somsavat Lengsavad, Foreign Minister of Laos and Nguyen Manh Cam, Foreign Minister of Vietnam, attended the 26th ASEAN Ministerial Meeting as observers for the first time. However, Vietnam applied for membership in ASEAN earlier than Laos on 17 October 1994 and became ASEAN's member in 1995. After Vietnam's entry into ASEAN, Laos decided that she would join ASEAN together with Cambodia and Myanmar. One year after its application for membership, Laos, together with Myanmar, was admitted to ASEAN on 23 July 1997 in Subang Jaya, Malaysia.

Together with Laos, Cambodia is also a close neighbor of Vietnam, and this close relationship motivated Vietnam to actively support the inclusion of Cambodia into the association. At the 30th ASEAN Annual Ministerial Meeting held in Kuala Lumpur in July 1997, Vietnam supported the admission of Cambodia. This support is evident in the Former Minister of Foreign Affairs Nguyen Manh Cam's statement that

ASEAN-10 will definitely stand as an important factor in preserving peace, broadening regional cooperation and enhancing ASEAN's prestige in the international arena... With the admission of Laos and Myanmar, as it enters its 30th year, ASEAN is now close to the goal of embracing all Southeast Asian countries.

¹² Assessment by Professor, Doctor Pham Duc Duong, a Vietnamese expert in Southeast Asian Studies, in a personal interview in Hanoi, on 20th Dec 2010.

*Vietnam sincerely hopes that temporary difficulties will be overcome and the lofty vision of ASEAN-10 will soon be realized.*¹³

However, ASEAN foreign ministers took the decision to postpone Cambodia's membership. Again, when Vietnam acted as host of the Sixth ASEAN Summit in 1998, Vietnam made an attempt to use its position to prematurely push for Cambodia's inclusion. At the meeting, Foreign Minister Nguyen Manh Cam reaffirmed Vietnam's support for Cambodia's entry into ASEAN: "Vietnam hopes that the Hanoi summit will include all the 10 Southeast Asian countries". Although the heads of government once again postponed Cambodian membership due to its unstable and conflict-ridden domestic situation, a decision to admit the Kingdom of Cambodia into ASEAN was officially stated in the Hanoi Declaration of 1998:

We have decided to admit the Kingdom of Cambodia as the tenth member of ASEAN and instructed the Foreign Ministers to organise special ceremonies of admission in Hanoi.

Finally, Cambodia became ASEAN's full-fledged member on 30th April 1999 only after it had held "free and fair" national elections.

With the inclusion of Cambodia into the association, the vision of founding fathers to unite all nations of Southeast Asia under one ASEAN roof was fulfilled. It opened a new chapter of solidarity, friendship and cooperation in the region. A ten member ASEAN was an important development for the association as this laid the

¹³ ASEAN Secretariat, Opening Statement of H.E. Mr. Nguyen Manh Cam Minister for Foreign Affairs of Vietnam at the 30th AMM/PMC, 24-29 July 1997. Retrieved from <http://www.aseansec.org/4004.htm> in December 2010.

foundations for ASEAN to become a significant regional grouping, which now plays an important role in the Southeast Asian and Asia-Pacific regions.

In sum, as soon as it had become the seventh member of the association in 1995, Vietnam actively supported the rest countries in mainland Southeast Asia to join ASEAN. The dream “One Southeast Asia” of the founding members was thus fulfilled.

3.3. Vietnam’s role in organizing several important ASEAN events

Since Vietnam joined the association in 1995, the country has organized various ASEAN meetings from the summits to meetings at the ministerial and official level. However, in this chapter, three major meetings are chosen for consideration, namely the Sixth ASEAN Summit in 1998, the 34th ASEAN Ministerial Meeting in 2001, and the 16th and 17th ASEAN Summit and related meetings in 2010.

3.3.1. The Sixth ASEAN Summit in Hanoi in 1998

Having become an ASEAN member for only more than three years, Vietnam successfully hosted the 6th ASEAN Summit on 15th-16th December 1998 under the theme "Unity and Cooperation for an ASEAN of Peace, Stability and Equitable Development", which made a deep impression on the grouping as well as international friends.¹⁴

The Sixth ASEAN Summit was of historic significance as it took place at the turn of the 20th century. It provided ASEAN leaders with an opportunity to assess the gains of ASEAN in meeting challenges and availing opportunities for its growth from

¹⁴ Assessment by Deputy Prime Minister Pham Gia Khiem on his article reviewing the 15 years of Vietnam’s ASEAN membership. Available at <http://en.vietnamplus.vn/Home/Vietnams-role-in-ASEAN-after-15-years/20107/10988.vnplus>

its birth to the turn of 20th century. At the same time, the meeting focused on charting the course of ASEAN to respond to the realities of the region and the world at the threshold of the following millennium. The 6th ASEAN Summit was therefore considered as the last ASEAN Formal Summit of the 20th century and was the first ASEAN Formal Summit Meeting that charted the course of ASEAN for the 21st century.

Moreover, the summit was taking place at a time when the region was facing a number of unprecedented challenges. The most important challenge was in the field of economy and finance. The economic and financial crisis had impoverished ASEAN economies and undermined national stability. Millions of people had been thrown out of work while businesses, large and small, had become bankrupt. The social wellbeing of the people had been disrupted. Therefore, leaders of ASEAN member countries adopted a number of important documents to jointly address these challenges and difficulties for further development. The most significant document was the Hanoi Plan of Action to achieve the objectives of ASEAN Vision 2020, particularly, to promote social development and address the immediate social impact of the financial crisis.

The Hanoi Plan of Action was significant for a number of reasons. It was the first in a series of plans of action building up to the realization of the goals of the ASEAN Vision 2020¹⁵: “an ASEAN as a concert of Southeast Asian Nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in

¹⁵ The Second ASEAN Informal Summit, held in Kuala Lumpur on 15 December 1997, adopted the ASEAN Vision 2020 which sets out a broad vision for ASEAN in the year 2020: an ASEAN as a concert of Southeast Asian Nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.

dynamic development and in a community of caring societies". The plan thus provided a comprehensive roadmap for regional growth and development in a six-year timeframe covering the period from 1999 to 2004. This served as a strong impetus to ASEAN member countries' collaboration in the political, economic and functional areas, which have been the three main pillars of regional co-operation in ASEAN.¹⁶

Second, the Hanoi Plan of Action proposed several important measures to hasten economic recovery and address the harsh social impacts of the global economic and financial crisis, particularly on vulnerable groups such as youth, the rural and urban poor, women and infants; the disabled and the elderly. It created a fresh impetus to ASEAN cooperation for overcoming the current crisis, helping enhance ASEAN's role as an effective force for peace, justice and moderation in the Asia-Pacific and in the world; and recover the international community's confidence in the grouping's role and future development.¹⁷

Third, adopting the Hanoi Plan of Action demonstrated clearly that ASEAN leaders were serious about the ASEAN's vision of a peaceful, stable and prosperous Southeast Asia, reaffirmed ASEAN commitments to closer regional integration and were directed at consolidating and strengthening the economic fundamental of the member countries.

¹⁶ ASEAN Secretariat, Closing Remark by His Majesty Sultan Haji Hassanal Bolkiah of Brunei Darussalam, Hanoi, 16 December 1998. Available at <http://www.aseansec.org/8880.htm>

¹⁷ ASEAN Secretariat. (1998). Hanoi Plan of Action, Adopted by the Heads of State/Government at the 6th ASEAN Summit, Hanoi, 15 December. Retrieved from <http://www.aseansec.org/8754.htm>. in December 2010.

Furthermore, on this special occasion, Vietnam successfully drew ASEAN leaders to the decision that the Kingdom of Cambodia was admitted as the tenth member of ASEAN and an official admission ceremony would be held in Hanoi.¹⁸ The decision made it possible to fulfill the vision of ASEAN-10, enhanced ASEAN's strength and international standing, and contributed, in an important way, to strengthening peace, increasing cooperation and promoting development in Southeast Asia.

Significantly, using the position as the host of ASEAN's Sixth Summit, Vietnam obtained endorsement from other ASEAN members for special treatment for the four newer members, namely Cambodia, Laos, Myanmar and Vietnam. In order to reduce the development gaps between ASEAN's more developed and less developed members, the ASEAN 6 (five founding members plus Brunei) agreed to assist and grant special treatment to the latter in their development efforts. This 'positive discrimination' was embedded in the Hanoi Plan of Action and other documents adopted at this summit.¹⁹

Therefore, the success of this event through the adoption of Hanoi Plan of Action (HPA) to realize 2020 ASEAN Vision has helped ASEAN not only consolidate solidarity and boost unity and cooperation within the group but also strengthen the association's standing in the international community after the

¹⁸ See more details in Hanoi Declaration of 1998, 16 December 1998. Available at <http://www.aseansec.org/8752.htm>

¹⁹ Thayer, Carlyle A. (2004). *Vietnam's Regional Integration: The Costs and Benefits of Multilateralism*. Paper presented to Conference on Vietnam's Integration into the World and State Sovereignty Issues, co-organized the Centre d'Etudes et de Recherches Internationales and Centre Asie-Europe, Sciences Po and le Ecole des Hautes Etudes en Sciences Sociales, Paris, France, October 25.

financial and economic crisis in 1997 had affected many ASEAN members. In the success of ASEAN 6th Summit, Vietnam's great contributions and efforts is noteworthy.

3.3.2. The 34th ASEAN Ministerial Meeting in 2001

Vietnam fulfilled its role as ASEAN Standing Committee President from July 2000-July 2001. In this position, Vietnam proposed operational orientation for the association in the 2000-2001, namely bridging the development gaps among the association's members. The proposal was accepted and positively responded to by other members. Its success was marked by the adoption of the Hanoi Declaration on Narrowing the Development Gap at the 34th AMM meeting in Hanoi in July 2001, demonstrating ASEAN member states' determination to boost regional cooperation and integration for the sake of equitable and sustainable development.

The 34th ASEAN Ministerial Meeting was opened in Hanoi on July 23-27 2001, with the participation of delegations from all ten ASEAN member countries, the ASEAN Secretariat, East Timor and Papua New Guinea. Under the theme "A stable, united, integrated and outward-looking ASEAN", the two-day conference focused discussions on the developments of the regional and international situations, in political, security and economic fields; reviewed ASEAN's activities over the past year; and discussed ways and means to improve ASEAN's role in the international community. Moreover, the conference paid much attention on discussions on finding effective measures to further enhance cooperation and support for ASEAN's economic development and integration and for narrowing development gaps. Therefore, the ASEAN Foreign Ministers adopted the Hanoi Declaration on Narrowing Development Gap for Closer ASEAN Integration, which reaffirmed the

common commitment in ASEAN to assisting in the regional integration of the new members of ASEAN (Cambodia, Laos, Myanmar and Vietnam) and elaborated specific measures in three priority areas, namely infrastructure, information and communication technology, and human resource development.

We resolve to promote, through concerted efforts, effective cooperation and mutual assistance to narrow the development gap among ASEAN Member Countries and between ASEAN and the rest of the world for the sake of dynamic and sustained growth of our region and prosperity of all our peoples.

We shall devote special efforts and resources to promoting the development of the newer Member Countries of ASEAN (Cambodia, Laos, Myanmar and Viet Nam or CLMV) with priority given to infrastructure, human resource development, and information and communication technology.²⁰

In the infrastructure field, ASEAN leaders committed to strengthening the transportation linkages through developing and implementing more extensive land, sea and air infrastructural projects in order to facilitate the flow of goods and people and to generate higher income for people in the region. Such projects included the Singapore-Kunming Rail Link and the ASEAN Highway Network. The leaders also called for the international community's technical support for and participation in these major infrastructural projects.

²⁰ASEAN Secretariat. (2001). Hanoi Declaration on Narrowing Development Gap for ASEAN Integration. Retrieved from <http://www.aseansec.org/3717.htm> in 22 December 2010

In the human resources development area, foreign ministers attached great importance to the establishment and strengthening of training institutions and programmes in CLMV and their linkage with those in the other ASEAN member countries for mutual assistance as it was agreed to place the highest priority on the development of human resources as the key to economic growth, social stability and human fulfillment. Moreover, the use of English as a tool of communication among all peoples of ASEAN needed to be promoted and upgraded in order to make ASEAN competitive in the knowledge-based economy.

In the information and communication technology (ICT) field, ASEAN foreign ministers decided to use ICT as a tool for narrowing the development gap and closing the digital divide within and among member countries as well as between ASEAN and the rest of the world. They also reaffirmed the importance for ASEAN to promote the development and the use of ICT to raise people's income, especially in the rural areas, to improve the system of public education, and to enhance the benefits of public health and medical care for the poor.

The Hanoi Declaration on Narrowing Development Gap for Closer ASEAN Integration was thus significant as it gave direction to and sharpened the focus of collective efforts in ASEAN to narrow the development gap within ASEAN as well as between ASEAN and other parts of the world. Moreover, once again in its capacity as Chair of important ASEAN event, Vietnam successfully drew ASEAN members' attention to the theme of narrowing the gap in the level of development among member states, which obtained endorsement from other ASEAN members for special treatment for the four newer members, namely Cambodia, Laos, Myanmar and Vietnam.

3.3.3. The 16th - 17th ASEAN Summit and related meetings in 2010.

In 2010, Vietnam assumed the ASEAN Chair for the second time and successfully hosted the 16th and 17th ASEAN Summit and related meetings at a very important turning point in the association's development - ASEAN is moving ahead to fulfill the goal of establishing a Community by 2015, encompassing three pillars of political-security, economic and social-culture cooperation.²¹

When organizing the 16th and 17th ASEAN Summit and a series of ASEAN-related meetings in Hanoi, using the position as ASEAN Chair in 2010, Vietnam attempted to promote ASEAN's multilateral efforts to address the South China Sea issue, particularly through diplomatic efforts to forge a more binding code of conduct in the South China Sea.

The territorial disputes in the South China Sea involve six states, namely, Vietnam, the Philippines, Malaysia, Brunei, China and Taiwan. China prefers bilateral negotiations with ASEAN states to resolve the South China Sea issue, whereas, ASEAN states prefer multilateral approach to forge a more binding code of conduct in the South China Sea. In 2002, Vietnam led ASEAN member states in negotiating the Declaration on the Conduct of Parties in the South China Sea with China, showing their commitment to maintaining peace and security in South China Sea by restraining

²¹ According to Article 31 of the ASEAN Charter, the Chairmanship of ASEAN shall rotate annually, based on the alphabetical order of the English names of member states. A Member State assuming the Chairmanship shall chair the ASEAN Summit and related summits, the ASEAN Coordinating Council, the three ASEAN Community Councils, relevant ASEAN Sectoral Ministerial Bodies and senior officials, and the Committee of Permanent Representatives. And according to Article 7, ASEAN Summit Meetings shall be held twice annually, and be hosted by the Member State holding the ASEAN Chairmanship. Therefore, Vietnam has taken over the ASEAN Chair from Thailand and hosted the 16th and 17th ASEAN Summit in 2010.

themselves from complicating the situation and settling all disputes through peaceful means. The Code of Conduct in South China Sea between ASEAN and China is expected to be signed soon.

Therefore, in this section, the country's role in internationalizing the territorial disputes in the South China Sea will be assessed, particularly through several ASEAN important meetings in Hanoi, namely the 43rd ASEAN Ministerial Meeting (AMM), the 17th ASEAN Regional Forum (ARF), the inaugural ASEAN Defense Ministers' Meeting (ADMM) Plus Eight and the 16th and 17th ASEAN Summit.

3.3.3.1. The 43rd ASEAN Ministerial Meeting

In the 43rd AMM, ASEAN Foreign Ministers reaffirmed the continuing importance of the Declaration on the Conduct of Parties in the South China Sea (DOC) of 2002 as a milestone document between ASEAN states and China. In particular, it was stressed to have been effective in building mutual trust and confidence, thereby, helping maintain peace and stability in the region.

Moreover, at the meeting, the ASEAN Ministers encouraged efforts to fully implement the Declaration and the eventual conclusion of a regional Code of Conduct in the South China Sea (COC). The continued exercise of self-restraint by all the parties concerned, the promotion of confidence-building measures in the area and the commitment to resolving disputes in the South China Sea by peaceful means in conformity with the spirit of the DOC and recognized principles of international law, including the United Nations Convention on the Law of the Sea (UNCLOS 1982), were greatly encouraged.

Moreover, the reconvening of the ASEAN - China Joint Working Group on the Implementation of the DOC in Vietnam in April 2010 and the schedule to hold the following Joint Working Group Meeting in China before the end of 2010 were warmly welcomed.²²

3.3.3.2. The 17th ASEAN Regional Forum

The 17th ASEAN Regional Forum (ARF) opened in Hanoi in 23 July 2010, with the participation of foreign ministers or representatives of 27 ARF members to discuss security issues and cooperation in the Asia-Pacific region.²³ The meeting was chaired by Vietnamese Deputy Prime Minister-Foreign Minister Pham Gia Khiem.

Prior to the 17th ARF in July 2010, several ASEAN members encouraged the United States to make a statement on the South China Sea issue. In response, the U.S. Secretary of State Hillary Clinton stated at the press that:

The United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea. We share these interests not only with ASEAN members

²² ASEAN 2010 official website, "43rd AMM/PMC/17th ARF Vietnam 2010 Chairman's Statement 17th ASEAN Regional Forum", 23 July 2010. Retrieved from http://asean2010.vn/asean_en/news/33/2DA922/43rd-AMMPMC17th-ARF-VIETNAM-2010-Chairmans-Statement-17th-ASEAN-Regional-Forum in January 2011.

²³ At present, ARF comprises 27 members including the ten ASEAN member states namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, the 10 ASEAN dialogue partners namely Australia, Canada, China, the European Union, India, Japan, New Zealand, the Republic of Korea, Russia and the United States, and seven other countries in the Asia and Pacific region namely Bangladesh, Democratic People's Republic of Korea, Pakistan, Mongolia, Sri Lanka, Timor-Leste, and Papua New Guinea.

or ASEAN Regional Forum participants, but with other maritime nations and the broader international community.

The United States supports a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion. We oppose the use or threat of force by any claimant. While the United States does not take sides on the competing territorial disputes over land features in the South China Sea, we believe claimants should pursue their territorial claims and accompanying rights to maritime space in accordance with the UN convention on the law of the sea. Consistent with customary international law, legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features.

The U.S. supports the 2002 ASEAN-China declaration on the conduct of parties in the South China Sea. We encourage the parties to reach agreement on a full code of conduct. The U.S. is prepared to facilitate initiatives and confidence building measures consistent with the declaration. Because it is in the interest of all claimants and the broader international community for unimpeded commerce to proceed under lawful conditions. Respect for the interests of the international community and responsible efforts to address these unresolved claims and help create the conditions for resolution of the disputes and a lowering of regional tensions.²⁴

The above statement of the U.S. Secretary of State Hillary Clinton shows that the United States supported for a multilateral approach to resolving territorial disputes in the South China Sea. Particularly, a peaceful resolution of territorial disputes over the South China Sea was in the "national interest" of the United States. Moreover, the United States supported the 2002 ASEAN-China declaration on the conduct of parties

²⁴ Hillary Rodham Clinton, Secretary of State, Remarks at Press Availability, National Convention Center, Hanoi, Vietnam, July 23, 2010. Retrieved from <http://www.state.gov/secretary/rm/2010/07/145095.htm> in April 2011.

in the South China Sea and encouraged the parties to reach agreement on a full code of conduct. This action, according to *Washington Post*, “was music to Vietnam's ears, as Hanoi has been seeking a multilateral diplomatic approach to this issue for years. China, on the other hand, was irked -- it claims most of the sea as its own territory and has demanded that all disputed claims be settled bilaterally”.²⁵ Therefore, it can be said that when Vietnam assumes as ASEAN Chair in 2010, the country successfully drew the U.S attention to the South China Sea issue and achieved significantly positive response to it. The country, thus, can be said to have played a significant role in making the South China Sea issue to become internationalization.

3.3.3.3. The inaugural ADMM Plus Eight

On 12 October 2010, Viet Nam hosted the inaugural meeting of the ADMM with eight dialogue partners in Hanoi, which was regarded as a significant milestone in the evolution of cooperation in the defense area²⁶. With the composition of ten ASEAN Member States and eight dialogue partners, namely Australia, the People's Republic of China, the Republic of India, Japan, the Republic of Korea, New Zealand, the Russian Federation, and the United States of America, during the meeting, the ministers exchanged views on common security challenges in the region and discussed the need to strengthen and develop defense cooperation in order to ensure peace and stability in the region.

²⁵ John Pomfret. “Clinton wades into South China Sea territorial dispute”, *The Washington Post*, 23 July 2010. Retrieved from http://voices.washingtonpost.com/checkpoint-washington/2010/07/clinton_wades_into_south_china.html in April 2011.

²⁶ ASEAN Secretariat, “Chairman’s Statement of the 17th ASEAN Summit by Prime Minister Nguyen Tan Dung”. Retrieved from http://asean2010.vn/asean_en/news/48/2DA9C9/Chairmans-statement-of-the-17th-ASEAN-summit, in January 2011.

In particular, using the occasion as Chair of the first ADMM Plus, Vietnam once again mentioned the South China Sea in its Chairman's statement that:

The Meeting noted that the member states are interested in maritime security cooperation and agreed that the collective efforts are required to address the challenges of piracy, sea-robbery, and trafficking in persons and disasters at sea. Some delegates touched upon traditional security challenges, such as disputes in the South China Sea. The Meeting welcomed efforts by concerned parties to address the issue by peaceful means in conformity with the spirit of the Declaration on the Conduct of Parties in the South China Sea (DOC) of 2002 and recognized principles of international law, including United Nations Convention on the Law of the Sea (UNCLOS 1982).²⁷

As a result, other participants, including the United States, Japan, Korea, Australia, Malaysia and Singapore also raised concerns about the territorial disputes in the South China. However, a consensus was reached among ASEAN Defense Ministers that issues related to the South China Sea would not be part of the formal agenda and that no reference to the South China Sea would be included in the final joint declaration. Five defense-related issues were decided to be included in the formal agenda, namely humanitarian assistance and disaster relief, maritime security, counter-terrorism, peacekeeping operations and military medicine.²⁸

3.3.3.4. The 16th and 17th ASEAN Summit

²⁷ ASEAN Secretariat, "Chairman's Statement of the First ASEAN Defence Ministers' Meeting-Plus: ADMM-Plus: Strategic Cooperation for Peace, Stability, and Development in the Region", Ha Noi, 12 October 2010. Retrieved from <http://www.aseansec.org/25352.htm> in April 2011.

²⁸ See further discussion in Thayer, Carlyle A. (2010). "Recent Developments in the South China Sea: Grounds for Cautious Optimism?".RSIS Working Paper: Singapore. Retrieved from <http://www.rsis.edu.sg/publications/WorkingPapers/WP220.pdf> in April 2011.

On April 8th – 9th 2010, when the heads of states and governments of ASEAN member states gathered in Hanoi for the 16th ASEAN Summit, Vietnam as the host country, obtained this opportunity to briefly mention the Declaration of Conduct of Parties in the South China Sea (DOC) in terms of enhancing the utilization of ASEAN's existing tools and mechanisms in its Chairman's statement.

In the following 17th ASEAN Summit in October in Hanoi, Vietnam once again mentioned the South China Sea issue in its Chairman's statement. The paragraph 12 stated that:

We reaffirmed the importance of the Declaration on the Conduct of Parties in the South China Sea (DOC) signed between ASEAN and China, which embodies the collective commitment to promoting peace and stability in this area through dialogue and cooperation and peaceful resolution of disputes in accordance with universally agreed principles of international law including the United Nations Convention on the Law of the Sea (UNCLOS 1982) and other relevant international maritime laws. We stressed the need to intensify efforts to ensure the effective implementation of the DOC and move toward the eventual conclusion of a regional Code of Conduct in the South China Sea (COC). In this connection, we encouraged continued consultations between ASEAN and China, including the early convening of the ASEAN-China SOM on the DOC.²⁹

In sum, through organizing the 16th and 17th ASEAN Summit and several important ASEAN-related meetings in 2010, Vietnam has played an active role in raising a multilateral diplomatic approach to the South China Sea issue. That consequently attracted much attention from the United States and other countries.

²⁹ ASEAN Secretariat, Chairman's Statement of the 17th ASEAN Summit, Hanoi, 28 October 2010.

Retrieved from <http://www.asean.org/25452.htm> in April 2011.

This has had the important effect of internationalizing the territorial disputes in the South China Sea. The South China Sea disputes now involve some of ASEAN states, which are speaking in the same voice, as well as China and the U.S. It thus can be said that Vietnam's admission into ASEAN has helped Vietnam enhance its bargaining position with China, particularly in the South China Sea issue. Moreover, the country's active diplomatic policy in resolving this issue, particularly through improving and strengthening bilateral relations with ASEAN member states and peacefully settling with China, has greatly contributed to enhancing the regional peace and stability.

3.3.3.5. The Protocol to ASEAN Charter on Dispute Settlement Mechanisms

One of the major outcomes under the chairmanship of Vietnam in 2010 was the Protocol to the ASEAN Charter on Dispute Settlement Mechanisms signed by the foreign ministers of ASEAN on April 8th 2010. It followed the signing of the Agreement on the Privileges and Immunities of ASEAN by the foreign ministers in October 2009 in Cha-Am Hua Hin, Thailand.

This signing of the Protocol, according to Pham Gia Khiem, Vietnamese Deputy Prime Minister and Foreign Minister, signified the determination of ASEAN leaders to transform the association into a rules-based organization, so that it served to facilitate the implementation of the Charter and ASEAN Community building.³⁰ Tiwari, a researcher from the ASEAN Studies Centre, Institute of South East Asian Studies, Singapore viewed the signing of this Protocol was a “slowly but surely –

³⁰ ASEAN Secretariat, Statement of the ASEAN Chair on the Signing of the Protocol to the ASEAN Charter on Dispute Settlement Mechanisms by the Foreign Ministers of ASEAN. Available at <http://www.aseansec.org/24506.htm>.

ASEAN's progress in dispute resolution" and as a key achievement of the 16th ASEAN Summit.³¹

So why is the Protocol essential? It is essential because it helps to further complete the dispute resolution framework spelled out by the ASEAN Charter, which was adopted at the 13th ASEAN Summit in November 2007 and came into force in December 2008. ASEAN Charter requires the ASEAN countries to put in place appropriate dispute settlement mechanisms, which concern the interpretation or application of the Charter and other ASEAN instruments. As provided in the Charter, ASEAN already has dispute settlement arrangements for two other kinds of disputes. One arrangement involves disputes which do not concern the interpretation or application of any ASEAN instrument. Such disputes are to be resolved in accordance with the Treaty of Amity and Cooperation in Southeast Asia and its rules of procedure. This treaty has been in place since 24 February 1976. Another arrangement involves disputes which concern the interpretation or application of ASEAN economic agreements; these disputes shall be settled in accordance with the terms of the ASEAN Protocol on Enhanced Dispute Settlement Mechanism,³² which has been in force since 29 November 2004.

The Protocol signed in Hanoi, which has several salient features, helps to further complete the dispute resolution framework as provided for in the Charter.

³¹ S. Tiwari. "Slowly but Surely - ASEAN's Progress in Dispute Resolution" Singapore: Institute of South East Asian Studies. Retrieved from <http://www.iseas.edu.sg/aseanstudiescentre/asco16-10.pdf> in January 2011.

³² The ASEAN Protocol on Enhanced Dispute Settlement Mechanism, which is aimed specifically at dealing with disputes concerning interpretation and implementation of ASEAN economic agreements, was signed by the leaders of the Southeast Asian member countries. Available at <http://www.aseansec.org/16754.htm>.

First, the Protocol will apply to disputes concerning the interpretation or application of the ASEAN Charter, other ASEAN instruments (unless the means of settling such disputes have already been provided for) and ASEAN instruments which expressly provide that the Protocol or a part of it is to apply.³³ Second, the protocol was said to provide a variety of means to settle disagreements, including consultation between parties, conciliation and mediation, and arbitration. The first step in dealing with a dispute under the Protocol is a request by a complaining party for consultations. The parties may resort to good offices, mediation or conciliation at any time. The parties can request the ASEAN Chair or the Secretary-General to provide such services, acting ex-officio. In the event that the dispute is not resolved through consultations or good offices, mediation and conciliation, resort may be made to arbitration under certain circumstances. The arbitration is to be conducted in accordance with the terms of the Protocol and the Rules of Arbitration annexed to the Protocol. Third, unresolved disputes can be referred to the ASEAN Coordinating Council. The ASEAN Coordinating Council may direct the parties to the dispute to resolve their dispute through good offices, mediation, conciliation or arbitration. Particularly, when the ASEAN Coordinating Council is unable to reach a decision on how the dispute is to be resolved, the dispute may refer the ASEAN Summit as an unresolved dispute under Article 26 of the ASEAN Charter. Fourth, third parties may participate in the dispute resolution process once they have obtained approval from the parties in dispute.

³³ See details in Article 2 scope and application of 2010 Protocol to the ASEAN Charter on Dispute Settlement Mechanisms. Retrieved from <http://cil.nus.edu.sg/rp/pdf/2010%20Protocol%20to%20the%20ASEAN%20Charter%20on%20Dispute%20Settlement%20Mechanisms-pdf.pdf> in January 4th 2011.

Although ASEAN has completed work on the Protocol, according to Tiwari (2010), the Protocol still needs to be ratified by each ASEAN member state and there is urgency to ramp up work so that other dispute-related instruments can be completed.

3.4. Vietnam's initiatives and proposals for the development of ASEAN

As discussed in the previous sections, the role and contribution of Vietnam towards ASEAN political cooperation can be seen in Vietnam's efforts to be an active member, like taking parts in every ASEAN activities; Vietnam's role in integrating Laos, Cambodia and Myanmar into ASEAN; and successfully organizing several ASEAN summits and meetings. In this section, Vietnam's role in and contribution to ASEAN political cooperation will be further discussed, particularly in terms of the country's initiatives and proposals for the development of the ASEAN Community.

This section will be divided into three parts. First, Vietnam's vision towards ASEAN Community will be investigated. Second, the country's participation in ASEAN Charter drafting process will be examined. And the last part will discuss Vietnam's proposals to accelerate the process of ASEAN Community building.

3.4.1. Vietnam's visions towards ASEAN Community

3.4.1.1. ASEAN Community in the Vietnam's views

At the ninth ASEAN Summit in Bali in 2003, ASEAN leaders adopted the Declaration of ASEAN Concord II (Bali Concord II) to reaffirm ASEAN Vision 2020 "ASEAN as a concert of Southeast Asian nations, bonded together in partnership, in dynamic development and in a community of caring societies", and agreed to

establish an ASEAN Community based on the three pillars of political and security cooperation, economic cooperation, and socio-cultural cooperation.

As a member of the association, Vietnam welcomed the plan of building an ASEAN Community. In Vietnam's view, the ASEAN Community building is an activity "towards the future" and "a lofty and beautiful ideal". The overall purpose of the ASEAN Community is "to make the association become a solid and strong inter-governmental organization with a deeper integration and a legal base of the ASEAN Charter. The ASEAN Community building is not super national and closed one. It opens cooperation with outsiders".³⁴

According to Nguyen Thu My (2008), there are some remarkable points in Vietnam's views of the ASEAN Community. First, the ASEAN Community is still an association like before. The difference between the Association of Southeast Asian Nations and ASEAN Community is in their integrative level and legal foundation. In the ASEAN Community, the regional integration is deeper than that in the association, and the legal basis is ASEAN Charter while that of ASEAN is Bangkok Declaration. It is these two differences that distinguish ASEAN from an ordinary inter-governmental organization; it is now more solid and stronger than in the past. Second, ASEAN Community is an open community. In Vietnam's view, such character of the ASEAN Community means that it will maintain open cooperative relations with outside countries.³⁵

³⁴ Pham Gia Khiem (Deputy Prime Minister). "ASEAN political-security: Vietnam will do her best". *The world and Vietnam*. Hanoi, August 2007. pp.21

³⁵ Nguyen Thu My. (2008). "ASEAN Community in the Vietnam's perception and view" *Southeast Asian Studies Journal*. Hanoi: Vietnamese Academy of Social Sciences. pp.3.

Therefore, it can be said that Vietnam's view of the ASEAN Community is both similar and different from those of other ASEAN member countries. The similarity is that Vietnam, like other ASEAN members, views the ASEAN Community as a community of independent nations sharing common benefits of peace and stability in Southeast Asia. However, unlike Indonesia that assumes that the ASEAN Community members will share common values and "we-feeling" or the Philippines that regards the ASEAN Community as a Southeast Asia Union, Vietnam has consistently seen the ASEAN Community as no other than an inter-governmental organization.

3.4.1.2. ASEAN Community's pillars in Vietnam's views

With regard to the building of ASEAN Community on three main pillars, namely ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community, Vietnamese leaders have made their views clear on the purposes and characters of each pillar.

On the Security Community, in his paper on the occasion of 40th anniversary of ASEAN, Deputy Prime Minister, Minister of Foreign Affairs, Pham Gia Khiem emphasized that:

"The ASEAN Security Community is not aimed to build a common defense bloc. Its purpose is to create an environment of peace and security favorable to development in Southeast Asia by enhancing ASEAN political and security

*cooperation to a new higher plane and the constructive contribution on the part of outside partners”.*³⁶

From the statement mentioned above of Deputy Prime Minister Pham Gia Khiem, Vietnam’s view on the ASEAN Security Community can be pointed out as follow: first, the ASEAN Security Community is a higher development of ASEAN political - security cooperation. Second, the ASEAN Community’s purpose is to build a peaceful and stable environment for the Southeast Asian development. The building of a defense bloc like SEATO and NATO is not the target that the ASEAN Security Community aspires to. Third, Vietnam attaches great importance to the participation of outside partners for the ASEAN Community success.

With regard to ASEAN Economic Community, Deputy Prime Minister Pham Gia Khiem viewed its establishment as a grand initiative to accelerate economic integration in the ASEAN region. He affirmed the ASEAN Economic Community was aimed to create a single market and common base of production in which goods, services, capital investment and labor forces could freely move, thereby enhancing the competitiveness and promoting common welfare and creating the community’s attractiveness to outside investment and business.³⁷

Regarding the ASEAN Socio-Cultural Community, Deputy Prime Minister Pham Gia Khiem saw that the overall purpose of building this community is “to provide service and enhance living standard for ASEAN peoples. The ASEAN Socio-Cultural Community will concentrate its efforts to resolve issues relating to

³⁶ Pham Gia Khiem (Deputy Prime Minister). “ASEAN political-security: Vietnam will do her best”. *The world and Vietnam*. Hanoi, August 2007. pp.21-22.

³⁷ People Newspaper, “ASEAN entering into new stage of development”, in August 2008.

social equality and justice, cultural identities, environment and the impact of globalization as well as science and technology”.³⁸

Therefore, basically, the view of Vietnam on the ASEAN Economic Community and the ASEAN Socio-Cultural Community is also similar to that of other ASEAN members.

3.4.1.3. Solutions and measures to realize the ASEAN Community in Vietnam’s views

In Vietnam’s view there are several ways to successfully build the ASEAN Community. This perception has been reflected in the Vietnamese leaders’ statements.

First, Prime Minister Nguyen Tan Dung assumed that ASEAN should “renew itself in many aspects”; this was considered “an important task” of the association in current period.³⁹ So what does ASEAN need to do to be renewed? In Vietnam’s opinion, renewal did not mean giving up the fundamental principles such as respect for independence and non-interference in domestic affairs of each other, and consensus. The association should nevertheless make stronger efforts to improve its working way and enhance the quality of “unity in diversity”. This required every member countries to have strong political commitment to ASEAN integration and to further combine harmoniously their national interests with common interests of the association.

³⁸ Ibid.

³⁹ Ibid. pp.5-6.

Second, apart from improving the effectiveness of regional cooperation as mentioned above, Prime Minister Nguyen Tan Dung also emphasized the need for an ASEAN Charter. According to him, ASEAN Charter was the most important document that created legal and institutional framework to establish the ASEAN Community and enhance the association's position in the international community.⁴⁰ Therefore, when the charter was approved, it was regarded as a landmark in the association's development, transforming it into an inter-government body in the region and a legal entity, and, thereby, strengthening intra-ASEAN cooperation and unity, as well as accelerating integration toward the formation of an ASEAN community by 2015.⁴¹

Third, to successfully build the ASEAN Community, in Vietnam's view, narrowing the development gap among member countries continued to be a very important and urgent task.⁴² According to Prime Minister Nguyen Tan Dung, an increasingly widening development gap was posed as the top impediment to ASEAN's future growth.⁴³

In addition to raising policy directions to realize the ASEAN Community, the Vietnamese leaders have also initiated some concrete recommendations to promote the ASEAN Community building and its pillars. Prime Minister Nguyen Tan Dung raised three following recommendations:

⁴⁰ Peoples Newspaper, "Vietnam together with other ASEAN countries actively and responsively make contribution to build the ASEAN Community", August 2008.

⁴¹ Vietnam News Agency, "Viet Nam welcomes approval of ASEAN charter", on 21 November 2007.

⁴² This view was also shared by most of Vietnamese scholars in personal interviews in Hanoi, 2010.

⁴³ Prime Minister Nguyen Tan Dung on his statement at the 42nd ASEAN Economic Ministerial Meeting and Related Meetings in Da Nang city on August 25, 2010.

- Speeding up the implementation of action programs and plans relating to the ASEAN Community building by concrete measures and appropriate resources.
- It is necessary to have practical measures for effectively carrying out the programs for ASEAN integration (AIA) in order to reduce the development gap existing within the association, especially between the older and new member countries.
- Each ASEAN country should comfortably integrate its national development programs into those of regional integration.⁴⁴

The recommendations of Vietnam's Prime Minister mentioned above make clear that he not only raised policy directions to build the ASEAN Community, but also gave concrete suggestions to realize those directions. For example, while calling for harmoniously combining the national benefits with those of the region, he also indicated one of the ways of combining these benefits. This is to integrate national programs of development into regional developmental programs.

Moreover, with regard to the individual pillars of the ASEAN Community, Vietnam has raised many practical recommendations. For example, to realize the ASEAN Economic Community in 2015, Prime Minister once assumed that it was necessary to consolidate ASEAN economic integration and conduct negotiations with extra-regional countries to establish more free trade areas.⁴⁵ So in the view of Vietnam's Prime Minister, the success of the ASEAN Economic Community

⁴⁴ Personal interview with Nguyen Thu My, Institute of Southeast Asian Studies, in Hanoi, 2010.

⁴⁵ Vietnam Economy Online, "Intra-ASEAN stability with FTAs",

Retrieved from <http://www.ven.org.vn/trade/intra-asean-stability-with-ftas> in December 2010.

depended on two important factors, namely accelerating intra-ASEAN integration and increasing the number of free trade areas with ASEAN dialogue partners, especially China, Republic of Korea, Japan, Australia, New Zealand and India. This proved that Vietnam's Prime Minister attached great importance to international cooperation in the process to realize the ASEAN Economic Community.

In short, Vietnam's perception and view on the ASEAN Community is not different from common view of ASEAN member countries. This is because Vietnam has deeply conceived itself as an active and responsible ASEAN member.

3.4.2. Vietnam's proposals to form the initial idea of ASEAN Community

As can be seen from the Vietnamese perspectives, the country's proposals to form the ASEAN Community are shown in the Hanoi Plan of Action adopted at the Sixth ASEAN Summit in 1998, and its proposals for the socio-economic pillar of the ASEAN Community.

To successfully build the ASEAN Community is now considered as one of top priorities of the association. Since the beginning, Vietnam, together with other ASEAN members, has actively contributed to the process of ASEAN Community building.⁴⁶

According to Deputy Prime Minister Pham Gia Khiem, when Vietnam hosted the Sixth ASEAN Summit in 1998, Vietnam played an active role, together with other ASEAN members, in forming the first in a series plan of action plans to realize the

⁴⁶ Deputy Prime Minister Pham Gia Khiem, "Active contributions of Vietnam in ASEAN Community building process". *Communist Party of Vietnam Online Newspaper*. Retrieved from http://www.cpv.org.vn/cpv/modules/news/newsdetail.aspx?cn_id=413376&co_id=30094 in 8th January 2011.

goals of the ASEAN Vision 2020: ASEAN as a concert of Southeast Asian Nations, outward-looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.

It was the Hanoi Plan of Action that provided a comprehensive roadmap for regional growth and development in a six-year timeframe covering the period from 1999 to 2004. It created a fresh impetus to ASEAN member countries' collaboration in the political, economic and functional areas in order to overcome the financial and economic crisis.

More importantly, Deputy Prime Minister Pham Gia Khiem viewed that details and comprehensive actions in the Hanoi Plan of Action such as strengthening macroeconomic and financial cooperation, enhancing greater economic integration, developing information technology and infrastructure, promoting human resource development, strengthening regional peace and security; led to the formation of the initial framework within which ASEAN could enhance cooperation and move forward to a higher regional integration in the form of an ASEAN Community.

At the ninth ASEAN Summit in 2003, ASEAN leaders agreed to sign the Bali Concord II, which provided a new vision and platform for ASEAN to transform itself to an ASEAN Community in 2020. This community comprises three components or "pillars", namely ASEAN Economic Community (AEC) – focusing on regional economic integration; ASEAN Security Community (ASC) – focusing on regional security and political cooperation; and ASEAN Socio-Cultural Community (ASCC) – focusing on socio-cultural cooperation. The three pillars are closely intertwined and mutually reinforcing. To reach this official decision to build the ASEAN Community, ASEAN members had made great efforts to provide ideas for each pillar. Vietnam

was one of the first countries in ASEAN to make proposals for the socio-economic pillar of the ASEAN Community in order to bring developmental balance and harmony to ASEAN.⁴⁷

At the thirteenth ASEAN Summit in Kuala Lumpur in December 2005, the leaders of the association agreed to start the process of drafting an ASEAN Charter. Vietnam together with other ASEAN members made significant contributions to the ASEAN Charter drafting process. The part below examines Vietnam's participation in and contribution to the process of drafting an ASEAN Charter.

3.4.3. Vietnam's participation in ASEAN Charter drafting process

The rise of China and India, the recovery of Japan and the challenges of enhanced trade liberalization have pushed ASEAN to make itself more cohesive and integrated.⁴⁸ It is vital for the association to consolidate its legal basis through the adoption of a charter. Moreover, in order to successfully transform ASEAN into an ASEAN Community, it would have to be prepared for profound changes, which would also affect its institutional framework. Therefore, it was suggested that ASEAN's current institutional framework, working methods, and rules should be reviewed and revised — hence the need to draft a Charter.

The idea of an ASEAN Charter was proposed by Malaysia in 2004. The decision to draw up a Charter was formally adopted in the Kuala Lumpur Declaration at the 11th ASEAN Summit in 2005⁴⁹. According to the Declaration, an Eminent

⁴⁷ Personal interview with Pham Quang Anh, ASEAN Department, Ministry of Foreign Affairs, Hanoi, in December 2010.

⁴⁸ Elena Ascitti. The ASEAN Charter: An analysis. *Perspectives on Federalism*, Vol. 2, issue 1, 2010. Retrieved from http://www.on-federalism.eu/attachments/053_download.pdf on Dec 25th 2010.

⁴⁹ See more in Kuala Lumpur Declaration on the Establishment of the ASEAN Charter

Persons Group (EPG) was established comprising highly distinguished and well respected ten persons from ASEAN member countries to give advice on the policies and institutions to be taken into account in the reorganization of its socio-political regional architecture.

In 2007, during the Cebu Summit, EPG presented a document known as the ‘Blueprint for an ASEAN Charter’. EPG’s idea was to provide ASEAN with a constitutional document, containing rules, statements on sovereignty, rights and obligations, powers in legislative, executive and judicial processes, in order to foster the ASEAN integration process. Moreover, a High Level Task Force (HLTF) was established to carry out the drafting of the ASEAN Charter based on the Kuala Lumpur Declaration on the Establishment of the ASEAN Charter and the recommendations of the EPG; and to be completed in time for the 13th ASEAN Summit in Singapore in November 2007⁵⁰. As a result, the ASEAN Charter was drafted in a way that the association would maintain its own brand of regionalism, involving loose cooperation among the states concerned on the basis of consensus and dialogue: the ‘ASEAN Way’.

Finally, on the historic occasion of the 40th anniversary of the founding of ASEAN in 2007, the Heads of State and Government of the ten member states signed the ASEAN Charter. This is an historic agreement among the ten member states to establish the legal and institutional framework for ASEAN as the premier inter-governmental organization of the region. A media release from the ASEAN

Kuala Lumpur, 12 December 2005. Retrieved from <http://www.aseansec.org/18030.htm> on Dec 25th 2010.

⁵⁰ See more in Cebu Declaration on the Blueprint of the ASEAN Charter. Retrieved from <http://www.aseansec.org/19257.htm> on Dec 25th 2010.

Secretariat noted that ‘for the first time after 40 years of the regional organization, ASEAN member states have codified organic Southeast Asian diplomacy, and listed key principles and purposes of ASEAN’⁵¹.

With 13 Chapters, 55 Articles, and 4 annexes, the Charter embodies the ASEAN community's purposes and principles, organs and decision-making process; a new legal personality; a system for the settlement of disputes; and an ASEAN Human Rights Body. Therefore, the former ASEAN Secretary-General, Mr Ong Keng Yong, declared that ‘the Charter will serve the organisation well in three interrelated ways: (1) formally accord ASEAN legal personality, (2) establish greater institutional accountability and compliance system, and (3) reinforce the perception of ASEAN as a serious regional player in the future of the Asia-Pacific region’.

The importance of the ASEAN Charter can be seen in the following contexts:⁵²

- New political commitment at the top level
- New and enhanced commitments
- New legal framework, legal personality
- New ASEAN bodies
- More ASEAN meetings
- More roles of ASEAN Foreign Ministers
- New and enhanced role of the Secretary-General of ASEAN
- Other new initiatives and changes

⁵¹ See Media Release, ‘ASEAN Leaders Sign ASEAN Charter’, Singapore, 20 November 2007, available at <http://www.aseansec.org/21085.htm>.

⁵² ASEAN Secretariat Website, retrieved from http://www.aseansec.org/2_1861.htm on Dec 25th 2010.

Since the beginning of the drafting of the ASEAN Charter, Mr. Nguyen Manh Cam, Former Deputy Prime Minister and Minister of Foreign Affairs of Viet Nam, on behalf of Vietnam, worked hard with his counterparts in the EPG to examine and provide practical recommendations on the directions of the ASEAN Charter relevant to the ASEAN Community as envisaged in the Bali Concord II. Later Mr. Nguyen Trung Thanh, Assistant Minister, ASEAN SOM leader Ministry of Foreign Affairs was assigned as Vietnamese representative of the High Level Task Force to carry out the drafting of the ASEAN Charter based on the Kuala Lumpur Declaration on the establishment of the ASEAN Charter and the recommendations of the EPG.

To evaluate Vietnam's participation in ASEAN Charter drafting process, Vietnamese representative of the High Level Task Force said that "Vietnam was seriously committed to the idea of a high quality Charter. During the whole process of drafting the ASEAN Charter, Vietnam has always taken high responsibilities in working proactively with ASEAN counterparts in order to produce the best draft that serves ASEAN's requirements".⁵³ Another Vietnamese official in ASEAN Department elaborated that together with other ASEAN member countries, Vietnam had enthusiastically taken part in outlining the ASEAN Charter right from the start. Particularly, in many negotiation rounds, Vietnam made efforts to protect several new principles of the Charter, including the ban on using a member country's territory as the base to launch activities against the others. It then appears in the Principles section in Article 2 of Chapter I, which involves Abstention from participation in any policy or activity, including the use of its territory, pursued by any ASEAN member states or non-ASEAN states or any non-state actor, which threatens the sovereignty, territorial

⁵³ Koh, Tommy. Manalo, Rosario G. and Woon, Walter. (2009). *The making of the ASEAN Charter*. Singapore: World Scientific Publishing.

integrity or political and economic stability of ASEAN member states. Moreover, Vietnam's contributions have been highly valued as having greatly helped draft the Charter content so that the document fully meets the new requirements for the grouping in the new stage of development. It thus showed the continuity of Vietnam's enormous and active involvement in ASEAN since it joined the group in July 1995.⁵⁴

At the 13th ASEAN Summit in Singapore on November 20, 2007 Prime Minister Nguyen Tan Dung together with other ASEAN leaders welcomed the signing of the ASEAN charter. According to him, the approval of the charter was a landmark in Association's development and would assist in creating a legal and institutional framework for ASEAN to promote unity and accelerate integration toward the formation of an ASEAN community by 2015. Moreover, he committed Viet Nam to complete necessary procedures of ratification rapidly and together with other ASEAN member countries assist in the charter's implementation.⁵⁵

On March 6th 2008, Vietnamese State President Nguyen Minh Triet ratified the ASEAN Charter. One week later, Deputy Prime Minister and Foreign Minister Pham Gia Khiem sent the letter of ratification to ASEAN Secretary General Surin Pitsuwan and foreign ministers of the association's member countries. Vietnam thus became the fifth country to ratify the ASEAN Charter, following in the footsteps of Singapore, Brunei, Laos and Malaysia. The ratification shows the Vietnamese

⁵⁴Personal interview with Pham Quang Anh, ASEAN Department, Ministry of Foreign Affairs in December 2010, in Hanoi.

⁵⁵ Information based on Vietnam News Agency, 21 November 2007.

government's strong commitment to accelerating regional integration, contributing to further cooperation and development among ASEAN nations.⁵⁶

After full ratification by all ASEAN member countries, the ASEAN Charter entered into force on 15 December 2008. ASEAN has henceforth operated under a new legal framework and established a number of new organs to boost its community-building process, namely the ASEAN Coordinating Council, the ASEAN Community Councils which comprises the three Community Councils, and the Committee of Permanent Representatives to ASEAN. Therefore, in effect, the ASEAN Charter has become a legally binding agreement among the 10 ASEAN member states.

Therefore, with the entry into force of the ASEAN Charter since 2008, Vietnam together with other ASEAN member countries, has actively implemented the ASEAN Charter and gained remarkable progress. In particular, the Vietnamese Prime Minister has appointed the Foreign Ministry as the national coordinator for regional cooperation in the process of building an ASEAN community and executing the ASEAN Charter. The Foreign Minister has been entrusted with chairing the ASEAN Coordinating Council and the ASEAN Political-Security Community Council, whilst the Minister of Industry and Trade is to chair the ASEAN Economic Community Council. The Minister of Labour, War Invalids and Social Affairs chairs the ASEAN Socio-Cultural Community Council.

3.4.4. Vietnam's initiatives and proposals for the development of ASEAN Community building as ASEAN Chair 2010

⁵⁶ Pham Gia Khiem. (Deputy Prime Minister and Foreign Minister). "Vietnam's another step forward in regional integration". Retrieved from Vietnamese government official website <http://www.chinhphu.vn> in January 20th 2011.

In 2010, Vietnam assumes the ASEAN Chair for the second time and at a very important turning point in the association's development. ASEAN is moving ahead to fulfill the goal of establishing a Community by 2015, encompassing three pillars of political-security, economic and social-culture cooperation. The ASEAN Charter and the Roadmap towards the ASEAN Community, which have been overwhelmingly approved by ASEAN leaders, have become a vision and framework of action for ASEAN.

Realizing this significant stage of ASEAN, when Vietnam took up the position of ASEAN Chair for the whole year 2010, the country actively promoted the building of the ASEAN Community. This is first evident the given theme for ASEAN 2010: "Toward the ASEAN Community: From Vision to Action", which showed the country's desire to turn ASEAN commitments into concrete deeds and fulfill the goal of building the ASEAN Community by 2015. Second, as Chair of ASEAN, Vietnam gave priorities to the acceleration of building the ASEAN Community, implementation of the ASEAN Charter and the Roadmap for an ASEAN Community in all three pillars, namely the ASEAN Political-Security Community, the ASEAN Economic Community and the ASEAN Social-Cultural Community, ensuring the centrality of the association in an evolving regional architecture and enhancing ASEAN external relations.⁵⁷

In terms of political-security, as chair of ASEAN 2010, the country made proposals to hold the first meetings of ASEAN Defense Ministers Meeting – Plus (ADMM Plus) and ASEAN Chiefs of Security Agencies (MACOSA), which

⁵⁷ Personal interview with Pham Quang Anh, ASEAN Department, Ministry of Foreign Affairs, in Hanoi, December 2010.

contributed to deepening and broadening relations between the grouping and its partners as well as contributed to promoting the central role played by ASEAN in making a regional structure for peace, stability and cooperation.

The ASEAN Defense Ministers Meeting (ADMM) is the highest defense mechanism within ASEAN for consultations on current defense and security issues and challenges confronting ASEAN.⁵⁸ On 12 October 2010, Viet Nam hosted the inaugural meeting of the ADMM with eight Dialogue Partners in Hanoi, which was regarded as a significant milestone in the evolution of cooperation in the defense area⁵⁹. With the composition of ten ASEAN Member States and eight Dialogue Partners, namely Australia, the People's Republic of China, the Republic of India, Japan, the Republic of Korea, New Zealand, the Russian Federation, and the United States of America, during the Meeting, the ministers exchanged views on common security challenges in the region and discussed the need to strengthen and develop defense cooperation in order to ensure peace and stability in the region. Therefore, the success of the first ASEAN Defense Minister Meeting Plus was seen by many as an effective platform for ASEAN and its dialogue partners to strengthen security and defense cooperation that is conducive to regional peace and stability. Moreover, it helps to promote mutual trust and confidence among Asia and Pacific countries in military affairs.

Apart from the ASEAN Defense Minister Meeting Plus, the Meeting of ASEAN Chiefs of Security Agencies (MACOSA) was also initiated by Vietnam. At

⁵⁸ ASEAN Secretariat, ASEAN Annual Report. 2009-2010. pp.15.

⁵⁹ ASEAN Secretariat, Chairman's Statement of the 17th ASEAN Summit by Prime Minister Nguyen Tan Dung. Retrieved from http://asean2010.vn/asean_en/news/48/2DA9C9/Chairmans-statement-of-the-17th-ASEAN-summit, in January 2011.

the third meeting of the ASEAN Political-Security Community Council in January 2010, the Vietnamese Ministry of Public Security took the initiative in holding MACOSA, which was later recognized in a statement issued by the ASEAN Chair at the 16th ASEAN Summit in Hanoi from April 8-9, 2010.⁶⁰ The main objective of the MACOSA is to hold constructive dialogues and consultations on measures for ensuring security in countries in Southeast Asia and contributing to building confidence and preventing conflicts among ASEAN members

The first meeting of MACOSA was held in Hanoi from September 29-30, 2010 to discuss mechanisms for cooperation on regional security. During the meeting, several principles for ASEAN security co-operation were discussed, including: respect for the independence, sovereignty, equality and territory of other countries; avoidance of intervening in the internal affairs of ASEAN member countries; jointly committing and sharing responsibility; boosting consultations on regional security matters affecting the security of member countries and firmly maintaining the central role and consensus of ASEAN in political-security relations with partners. Moreover, four main areas of security co-operation among ASEAN countries were proposed, including sharing information on regional security; protecting important leaders and critical infrastructure; co-operating in human resources training and exchanging security delegations in charge of national security; and collaborating with Officials Meeting on Transnational Crimes (SOMTC) and the ASEAN Chiefs of Police Conference (ASEANAPOL) to ensure regional security.

⁶⁰ Vietnamese Government Portal News, “Vietnam to host first MACOSA this month”, on September 16th 2010. Retrieved from <http://news.gov.vn/Home/VN-to-host-first-MACOSA-this-month/20109/8673.vgp>, in January 2011.

Deputy Minister of Public Security Bui Van Nam viewed the meeting as a starting point to build an official co-operation channel on security and gain united action among member countries for the purpose of building peace and stability in the region.⁶¹ It thus can be said that the meeting also marked a new chapter in multilateral co-operation on security between member countries, together with bilateral co-operation between ASEAN nations that has achieved significant results in the past few year.

The meeting, therefore, was a good opportunity for ASEAN security chiefs to discuss a mechanism for security co-operation for the first time, and this has the important effect of enhancing confidence building, intra-ASEAN cooperation and coordination among ASEAN security agencies and contributing to speeding up the process of building an ASEAN Political Security Community by 2015.

In regard to the economic pillar of ASEAN Community, Vietnam has actively joined other ASEAN members in the process of building an ASEAN Economic Community. Particularly, in the role of ASEAN Chairmanship 2010, Vietnam underlined the priorities of the ASEAN Economic Community under the theme of “Towards ASEAN Community: From Vision to Action”. These priorities included accelerating the implementation of the goals of establishing the ASEAN Economic Community; maintaining ASEAN’s central position; speeding up the ASEAN connectivity process and enhancing the private sector’s role and involvement in

⁶¹ Vietnam News Agency, “ASEAN security chiefs look to enhance regional co-operation”, on September 30th 2010.

carrying out and supervising economic integration programs.⁶² In particular, Vietnam contributed several important initiatives aimed at promoting the ASEAN Economic Community and increasing the process of economic integration. This resulted in the ASEAN's Leaders' Statement on Sustained Recovery and Development adopted at the Sixteenth ASEAN Summit. It was the first time that ASEAN put forth a model of ASEAN Economic Community development based on the harmonization of socio-economic, environmental policies and macroeconomic management policies.⁶³

Moreover, under the chairmanship of Vietnam, the Seventeenth ASEAN Summit recorded the adoption of many important plans and programs. One of the most significant plans was the Master Plan on ASEAN Connectivity. With 19 key strategies, the Plan aims to enhance the connection of the region in three dimensions, namely physical, institutional, and people-to-people connectivity. Especially, according to the Vietnamese Prime Minister, the Master Plan will strongly support the ASEAN integration and create the platform for connectivity in a wider regional of East Asia.

In regard to Socio-Cultural Community, as Vietnam was one of the first countries in ASEAN to make proposals for the socio-cultural pillar of the ASEAN Community, the country has continued to play a leadership role in developing this pillar by making ASEAN a more people-oriented organization. Particularly, as Chair of the ASEAN Socio-Cultural Community Council in 2010, Vietnam contributed to

⁶² Vu Huy Hoang, Viet Nam's Minister of Industry and Trade, said in an interview with Vietnam News Agency. See details in Vietnam News Agency, "ASEAN economies prosper during Viet Nam's tenure", on December 11 2010.

⁶³ According to Vu Huy Hoang, Vietnam's Minister of Industry and Trade, the ASEAN Leaders' Statement on Sustained Recovery and Development was proposed by Vietnam in April 2010.

enhancing its position in the process of building the ASEAN Community.⁶⁴ The country took a number of initiatives and proposals on the important issues in the region, which resulted in the adoption of two important documents on the Seventeenth ASEAN Summit, namely: (i) the ASEAN Declaration on Human Resources and Skills Development for Economic Recovery and Sustainable Growth; and (ii) the Ha Noi Declaration on the Enhancement of Welfare and Development for ASEAN Women and Children.

Moreover, on the occasion of the 16th ASEAN Summit, the inauguration of the ASEAN Commission on Promotion and Protection of the Rights of Women and Children by the ASEAN Social-Cultural Community Minister marked a milestone of ASEAN in its efforts to promote and protect the rights of women and children. This significant event was seen by the Vietnamese Prime Minister Nguyen Tan Dung as a contribution to the implementation of the theme of ASEAN 2010: “Towards the ASEAN Community: from Vision to Action”.⁶⁵ The establishment of the ACWC is aimed to promote the well-being, development, empowerment and participation of women and children in the ASEAN Community building process which contributes to the realization of the purposes of ASEAN as set out in the ASEAN Charter.

In sum, Vietnam has made significant contributions to the building of ASEAN Community. Particularly, when Vietnam held the position of ASEAN Chair in 2010,

⁶⁴ Nguyen Thi Kim Ngan, Vietnamese Minister of Labour, War Invalids and Social Affairs said in an interview with Vietnam News Agency. See more details in Vietnam News Agency, “Vietnam proactive in ASEAN Social-Cultural Community”, on December 14th 2010.

⁶⁵ Prime Minister Nguyen Tan Dung delivered speech at the Inauguration of the ASEAN Commission on Promotion and Protection of the Rights of Women and Children (ACWC). Retrieved from http://asean2010.vn/asean_en/news/46/2DA84E/Speech-by-HE-Prime-Minister-Nguyen-Tan-Dung in January 2010.

under the theme “Towards the ASEAN Community: From Vision to Action”, Vietnam put forward many valued initiatives and appropriate measures to emphasize the ASEAN Community building as the central and overarching task of the association. Moreover, the success of the 16th and 17th ASEAN Summit and related meetings showcases Vietnam’s efforts in collaboration with other ASEAN members to attain important results in building the ASEAN Community and contribute to peace, security and development in the region.

3.5. Conclusion

Since Vietnam joined the regional grouping, the country has actively been involved in all ASEAN activities. In particular, soon after Vietnam had become an official member, the country started lobbying for the admission of the three remaining Southeast Asian states, Myanmar, Laos, and Cambodia, which could fulfill the dream “One Southeast Asia” of the founding members.

In addition, through successfully organizing some important ASEAN events, such as the Sixth ASEAN Summit in 1998, the 34th ASEAN Ministerial Meeting in 2001, and the recent Sixteenth and Seventeenth ASEAN Summits and related meetings in 2010; the country’s active role has been recorded. This has resulted in several significant achievements and agreements drawn from these meetings. One of the major outcomes is Hanoi Plan of Action and Hanoi Declaration on Narrowing Development Gap for ASEAN Integration adopted in the Sixth ASEAN Summit in 1998, the 34th ASEAN Ministerial Meeting in 2001, respectively. Furthermore, the country’s active role can be seen in its efforts in raising a multilateral diplomatic approach to the South China Sea issue and transforming it into internationalization

through organizing the 16th and 17th ASEAN Summits and several important ASEAN-related meetings in 2010.

Through its active involvement in ASEAN, Vietnam not only has shown its role but also made important contributions to ASEAN's political cooperation. This is evident in the country's initiatives and proposals for the development of ASEAN. As the association is moving ahead to establish a Community by 2015, encompassing three pillars of political-security, economic and social-culture cooperation, Vietnam's view and perspectives on the ASEAN Community is noteworthy. As deeply conceiving itself as an active and responsible ASEAN member, basically, Vietnam shares the common view with other ASEAN member countries. However, through Vietnam's vision for the ASEAN Community, it also reflects the country's expectation for ASEAN Community by 2015. As can be seen from Vietnamese perspectives, the ASEAN Community will bring a peaceful and stable environment for the Southeast Asian development so that economic integration in the region will be accelerated.

Apart from Vietnam's views on ASEAN, the country's participation in the ASEAN Charter drafting and implementing process as well as its freshly proposals for ASEAN's development during the ASEAN Chairmanship in 2010 can also be seen as Vietnam's contribution to ASEAN in the political cooperation field. During the whole process of drafting the ASEAN Charter, Vietnam always assumed high responsibilities in working proactively with ASEAN counterparts in order to produce the best draft that served ASEAN's requirements. Consequently, since the ASEAN Charter entered into force in 15 December 2008, the country has established a number of new organs in order to facilitate the implementation of ASEAN Charter. Recently,

when Vietnam held the position of ASEAN Chair in 2010, under the theme “Towards the ASEAN Community: From Vision to Action”, Vietnam put forward many valuable initiatives and appropriate measures to boost the ASEAN Community building.



ศูนย์วิทยทรัพยากร
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CHAPTER IV

VIETNAM-ASEAN ECONOMIC RELATIONS

As mentioned in the previous chapter, during the Cambodian conflict, the relations between Vietnam and ASEAN experienced a confrontation and hostile phase. ASEAN adopted the strategy of isolating Vietnam diplomatically and economically due to the Vietnamese invasion to Cambodia. However, with the October 1991 Paris Agreement on the overall political solution to the Cambodia problem, the key obstacles to Vietnam-ASEAN relations over the last ten years was removed. Relations between Vietnam and ASEAN members could thus rapidly develop bilaterally and multilaterally.¹ The ASEAN's trade and aid embargo to Vietnam was also brought to an end. This led to unprecedented levels of commercial interaction.²

As seen from the perspectives of Vietnam, the economic benefits of closer cooperation and eventually membership in ASEAN were expectations of increased investments by the ASEAN six, increased export opportunities to these countries and more assistance to development efforts from the ASEAN members. On 28 July 1995 Vietnam thus officially joined ASEAN. It was seen as a part of the country's economic integration into the world economy.

¹ Vu Khoan. (1995). *Vietnam and ASEAN: International integration and keeping national identity*. Hanoi: National Politics Publishing House. 31.

² Thayer, Carle A. (2004a). "Vietnam in ASEAN: Multilateralism and Relations with the Great Powers". Paper to Vietnam on the Road to Development and Integration: Tradition and Modernity, 2nd International Conference on Vietnamese Studies, National Center for Social Sciences and Humanities of Vietnam, Vietnam National University, and Ford Foundation, Ho Chi Minh City, Vietnam, July 14-16.

Since joining the association, Vietnam has made considerable progress in expanding trade relations, attracting foreign direct investment and obtaining new technology and management skills from ASEAN in order to promote national industrialization and modernization. Membership in ASEAN is said to provide an opportunity and a favorable environment for the Vietnamese economy to gradually adapt and integrate into international institutions.

In this chapter, Vietnam – ASEAN economic relations will be investigated, especially in terms of trade, investment and tourism relations. Moreover, as ASEAN is moving ahead to fulfill the goal of establishing a Community by 2015, which encompasses three pillars of political-security, economic and social-culture cooperation, Vietnam's participation in and contributions to the development of ASEAN Economic Community is also worth studying.

Therefore, this chapter is organized into four main sections. The first part focuses on Vietnam – ASEAN trade relations since the country joined the association in 1995, which cover Vietnam's trade with ASEAN as regional organization and individual member states, will be studied. The second section discusses Vietnam – ASEAN foreign direct investment relations. The third section investigates Vietnam-ASEAN tourism relations. In the last section, Vietnam's participation in and contributions to the development of ASEAN Economic Community are examined.

4.1. Vietnam-ASEAN Trade Relations

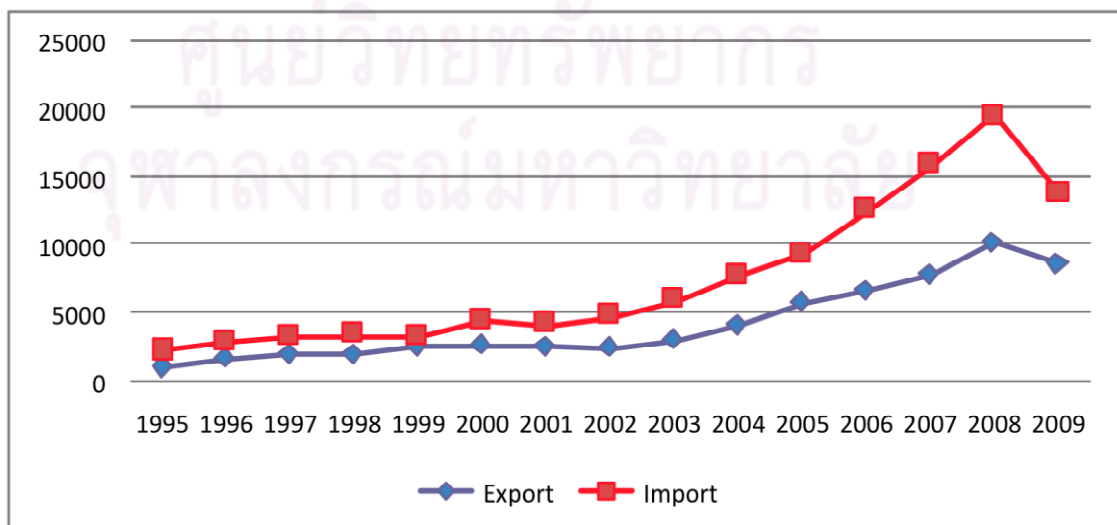
Since Vietnam joined ASEAN, a closer political cooperation with the ASEAN member states and ASEAN as a regional grouping have significantly been conducive to economic cooperation between Vietnam and ASEAN as well as contributed to Vietnam's economic development.

This section will discuss Vietnam – ASEAN trade relations. Structurally, this section will be divided into two main parts. The first part will examine Vietnam’s trade with ASEAN as regional organization. The second part will investigate the country’s trade relations with individual member states.

4.1.1. Trade between Vietnam and ASEAN as regional organization

According to General Statistical Office of Socialist Republic of Vietnam and ASEAN Secretariat, prior to Vietnam’s accession to ASEAN, trade between Vietnam and ASEAN was at US\$ 851.6 million and US\$ 2.36 billion in 1990 and 1994, respectively. However, the value of two-way trade between Vietnam and ASEAN doubled since the country began reducing tariff with the aim of joining AFTA. This reached US\$ 7.1 billion in 2000. Particularly, when the country nearly met its obligations under CEPT Scheme, Vietnam’s total trade with ASEAN was at US\$14.91 billion in 2005 and grew up to US\$ 29.77 billion in 2008 at an average annual growth rate of 25.9 per cent.

Figure 1: Vietnam-ASEAN trading relations 1995-2009 (bill USD)



Source: Ministry of Trade and General Department of Statistics.

According to figure 1, it is remarkable that the most characteristic features of the Vietnam-ASEAN trade relations after Vietnam joined the association is the total trade value has been on an increasing trend, except for a fall during 2008/2009. This might be resulted from the global and financial crisis in 2009.

Since Vietnam became a member of ASEAN, Vietnam's total trade with ASEAN rose dramatically from US\$ 3.26 billion in 1995 to US\$ 22.41 billion in 2009. In 2008 alone, the value of two-way trade reached around US\$ 30.0 billion, the highest value since the country joined the regional grouping. In addition, both export and import turnover have experienced an upward trend. Between 1995 and 2009, Vietnam's exports to ASEAN grew remarkably from US\$ 996 million in 1995 to approximately US\$ 9 billion in 2009, translating to an increase of nine times within fourteen years. That makes ASEAN be the third largest exporting market of Vietnam, following the United States and EU market.³ According to the General Statistic Office's report in January 2011, ASEAN is the third largest export market of Vietnam in 2010, after the United States and EU markets. The United States is Vietnam's largest market with an estimated export turnover of US\$ 12.8 billion, accounting for 17.9% of the total export turnover and up by 25.4% against the same period last year. Main exported items to this market are textile (US\$ 5.5 billion), wood and wood products (US\$ 1.3 billion), shoes and sandals (US\$ 1.3 billion). The United States was followed by EU with US\$ 10 billion, accounting for 13.9% of the total export turnover and up by 15.9% with exported footwear turnover of US\$ 2 billion; textile

³ Vietnam Chamber of Commerce and Industry News, Fostering Vietnam - ASEAN Trade Ties, November 4, 2010. Retrieved from http://www.vccinews.com/news_detail.asp?news_id=21902 in February 2011.

US\$ 1.64 billion; sea food US\$ 1 billion; wood and wood products US\$ 594 million. The third largest export market of Vietnam is ASEAN. Exported goods to ASEAN amounted to US\$ 9.3 billion, accounting for 13% of the total export turnover and up by 19.6%, of which exported rice reached US\$ 1.5 billion; crude oil US\$ 1.4 billion; gasoline US\$ 653 million.

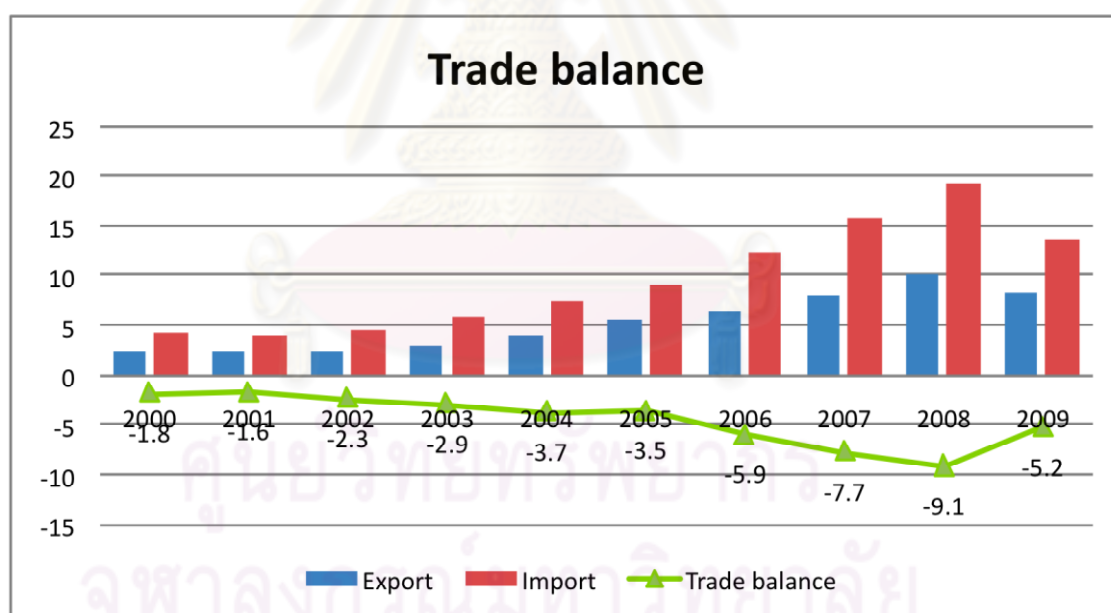
At the same time, Vietnam's imports from ASEAN grew from US\$ 2.27 billion in 1995 to nearly US\$ 14 billion – about 20 per cent of its total imports in 2009.⁴ ASEAN becomes the second biggest importer of Vietnam, ranking after China. According to the General Statistic Office's report in January 2011, China is still the largest partner from which Vietnam imported in 2010, with total turnover of US\$ 17.9 billion, up by 23.4% against the same period in 2009. ASEAN ranks second with US\$ 14.5 billion, up by 18%.

The second characteristic of the trade relations between Vietnam and ASEAN after the country joined the regional grouping is that Vietnam is always on the state of trade deficit (excessive import) and the magnitude of the deficit has been on an increasing trend. As can be seen from the figure 2, Vietnam's trade deficits with ASEAN grew from US\$ 1.8 billion in 2000 to US\$ 5.2 billion in 2009. Particularly, although the year 2008 recorded the value of two-way trade between Vietnam and ASEAN at the highest point, around US\$ 30 billion, with export and import turnover reached US\$ 10.20 and US\$ 19.57 billion, respectively; it also marked the highest level in Vietnam's trade deficit with ASEAN, more than US\$ 9 billion. Moreover, since 2006, there was a significant increase in trade deficit, at average annual trade

⁴ ASEAN Economic Community Chartbook 2009

deficit of more than US\$ 1.3 billion. It can be explained by the country's completion of CEPT in 2006, which tariff was reduced to 0-5 percent. That had direct impact on import-export of Vietnam and led to a significant increase in importing raw and quality materials from ASEAN that it used in both domestic production and export. Except for the period 2008-2009, due to the impact of global crisis, the Vietnam's export and import to ASEAN grew down, which resulted in a remarkable decrease in Vietnam's trade deficit with ASEAN, from US\$ 9.1 billion in 2008 to US\$ 5.2 billion in 2009. Therefore, from the above figure, it can be said that ASEAN has been gaining considerably from trading with Vietnam.

Figure 2: Vietnam-ASEAN trade balance, 2000-2009 (bill USD)



Source: Ministry of Trade and General Department of Statistics.

This state of Vietnam's trade deficit with ASEAN can be explained as follows. First, trade deficit is a general trend in Vietnam's total foreign trade. ASEAN is thus not an exception. The table below describes Vietnam's total foreign trade during the period 2000-2008.

Table 1: Vietnam's total foreign trade, 2000-2008 (Unit: million USD)

Year	Total	Export	Import	Balance
2000	30119.2	14482.7	15636.5	-1153.8
2001	31247.1	15029.2	16217.9	-1188.7
2002	36451.7	16706.1	19745.6	-3039.5
2003	45405.1	20149.3	25255.8	-5106.5
2004	58453.8	26485.0	31968.8	-5483.8
2005	69419.9	32441.9	36978.0	-4536.1
2006	111325.9	48561.3	62764.6	-14203.3
2007	111325.9	48561.3	62764.6	-14203.3
2008	143398.9	62685.1	80713.8	-18028.6

Source: General Statistic Office, Vietnam

Second, in terms of trade structure, Vietnam's exports to ASEAN are mainly raw materials and agricultural products with very low added values like crude oil; rice; rubber; vegetable and fruit; coffee; seafood; textiles; and garments. Moreover, Vietnam's export structure is very similar to that of other members, however, the latter has a higher developmental level and are using higher technologies. While its imports from ASEAN are mainly manufactured and high-tech products with very high added values like machines, electronic parts and computers. Therefore, Vietnam's total import value from ASEAN is always higher than the total export value to ASEAN. The following tables summarize the main import and export products of Vietnam from ASEAN as follow:

Table 2: Main Vietnam's exports to ASEAN, 2005-2008 (Unit: Million USD)

Items	2005	2006	2007	2008
Coffee	31,40	51,05	144,26	144,38
Rubber	18,90	30,72	87,49	63,19
Crude Oil	2538,60	2669,96	2773,41	3861,44
Rice	316,90	701,08	990,20	1830,40
Seafood	80,30	151,28	175,87	223,91
Textiles	72,10	114,39	140,85	177,10
Cashew	32,60	9,89	27,13	14,58

Source: General Statistic Office, Vietnam

The table 2 shows Vietnam's major export to ASEAN. Crude oil and rice are two main Vietnam's export products to ASEAN. According to General Statistic Office, export turnover of crude oil and rice account for 42 per cent in the total Vietnam's export turnover to ASEAN. However, crude oil and agricultural products have not yet phased in tariff reduction lists of ASEAN member countries. Vietnam thus has not enjoyed the preferential tariff. In addition, the world market's price of these products fluctuates and affects Vietnam's export value to ASEAN. Moreover, many leading export sectors of Vietnam, such as textiles, footwear and fishery products make up a small value in the total export to ASEAN.

At the same time, as shown in table 3, the majority of import products from ASEAN are quality materials, machinery and petroleum oils, which serves for domestic production and export. This has benefited the country's textile, garment and

electronic assembly industries the most. Moreover, from import goods from ASEAN countries, it has shown that these products are phasing in the tariff reduction list of the higher technology developmental level's ASEAN countries, such as Singapore and Malaysia. The figures above indicate that the more Vietnam import from ASEAN member countries, the more economic benefits will bring to them. Therefore, ASEAN has been significantly gaining from trading with Vietnam.

Table 3: Main Vietnam's import products from ASEAN (2005-2008)

Unit: Million USD

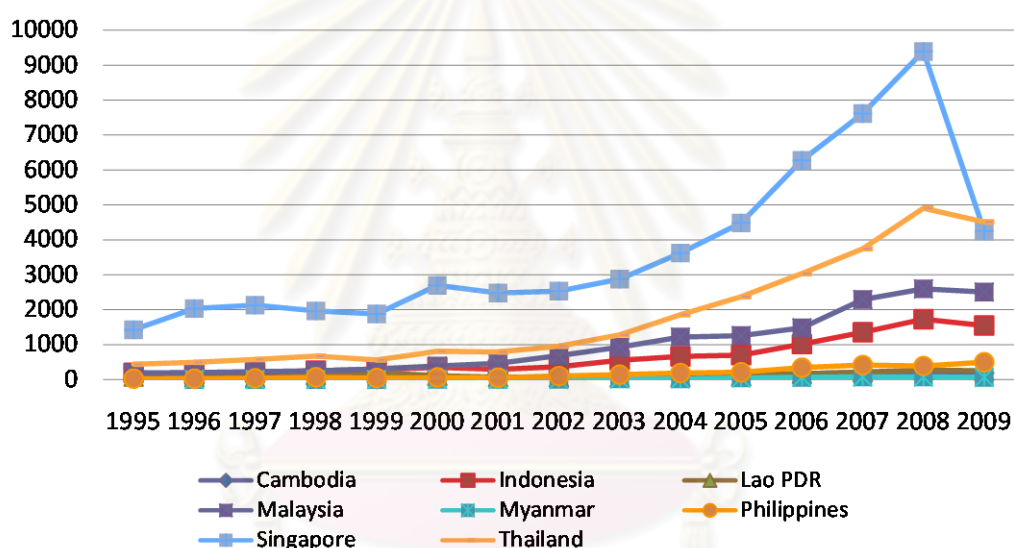
Items	2005	2006	2007	2008
Plastic material	537,60	698,01	933,80	1030,12
Electronic parts	587,30	782,69	1114,7	1210,44
Machinery	702,10	917,73	1314,48	1577,97
Textile material	173,40	115,16	135,15	150,13
Chemical Fertilizers	106,80	74,64	90,27	88,17
Iron and Steel	326,40	298,33	746,29	747,71
Medicaments	63,80	75,26	86,56	108,35
Petroleum Oils	2.594,60	3697,22	4330,05	6018,28
Motorcycles	216,30	6,05	5,99	25,11

Source: General Statistic Office, Vietnam

4.1.2. Bilateral trade between Vietnam and individual ASEAN member countries

After Vietnam joined the association, there was a significant improvement in trade relations between Vietnam and individual ASEAN member countries. In particular, its trade with ASEAN 6⁵ accounts for a large proportion in its total trade with ASEAN has been growing faster than its trade with the rest of ASEAN member countries.

Figure 3: Vietnam's imports from ASEAN member countries, 1995-2009 (billion USD)



Source: General Statistics Office, Vietnam

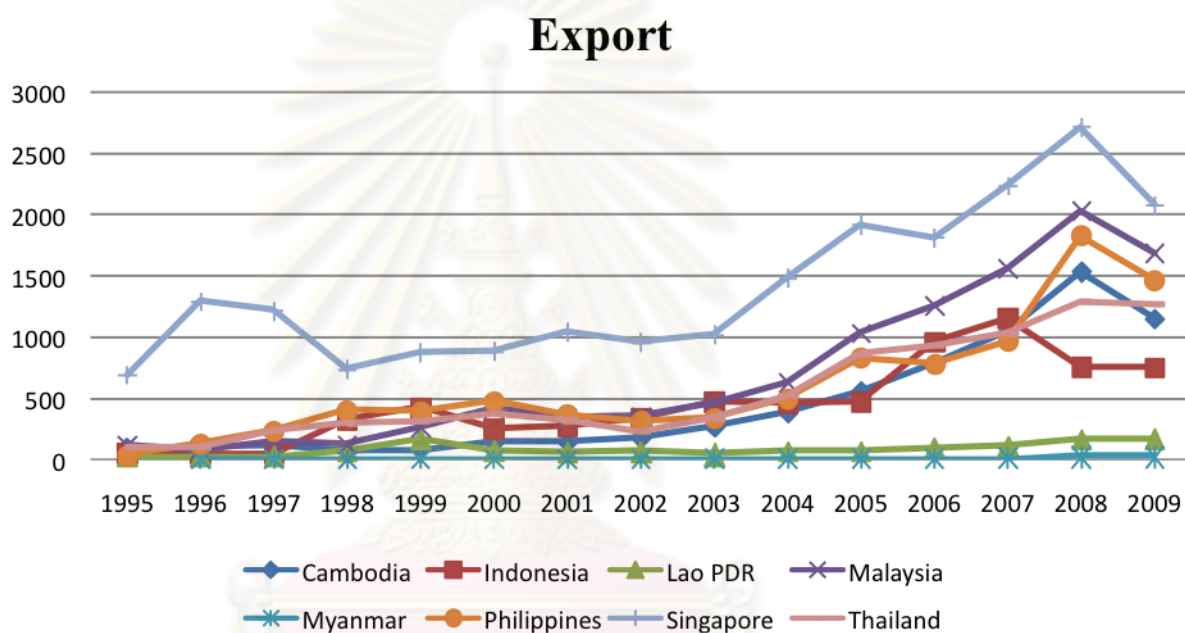
As shown in the above figure, it is significant that there has been a sharp increase in Vietnam's import from Singapore, except for a fall in 2008/2009. Singapore has always been the most important importer of Vietnam. Ranking the second and the third biggest importers among ASEAN member countries are Thailand and Malaysia, respectively. Similar to the trend of Vietnam's import from Singapore, that from Thailand has also experienced a remarkable increase, which grew from half

⁵ ASEAN 6 consists of five original founding members plus Brunei.

a million US\$ in 1995 to nearly \$US 5.0 billion in 2009. However, Vietnam's imports from other ASEAN 6 countries such as Indonesia and the Philippines are still less than that from Singapore, Thailand and Malaysia.

Figure 4: Vietnam's exports to ASEAN member countries,

1995-2009 (billion USD)



However, as can be seen from figure 4, in term of export value, Vietnam's export to Singapore and Malaysia has always made up a large proportion in its total export to ASEAN. Singapore and Malaysia have always been two major export market of Vietnam. At the same time, it indicates that among the less developed countries in ASEAN or ASEAN 4⁶, the export value to Cambodia has much higher than that to Myanmar and Laos. In the year 2008 alone, Vietnam's export to Cambodia was also higher than that to Thailand and Indonesia.

⁶ ASEAN 4 consists of Vietnam, Laos, Cambodia and Myanmar.

Vietnam has major trade relations with three markets: Singapore, Thailand and Malaysia. It can be shown in the table 4.

Table 4: Share and ranking import-export turnover of ASEAN member countries with Vietnam in 2009

Share and ranking	S	T	M	I	P	C	L	M	B ⁷
Export									
Share with ASEAN (%)	24,2	14,7	19,6	8,7	17,0	13,3	2,0	0,4	0,1
Rank	1	4	2	6	3	5	7	8	9
Import									
Share with ASEAN (%)	30,8	32,7	18,1	11,2	3,6	1,3	1,8	0,5	0,01
Rank	2	1	3	4	5	7	6	8	9
Import Export									

⁷ S, T, M, I, P, C, L, M, and B are abbreviations of Singapore, Thailand, Malaysia, Indonesia, the Philippines, Cambodia, Laos, Myanmar and Brunei.

Share with ASEAN (%)	28,2	25,3	18,3	10,0	8,6	5,8	1,8	0,4	0,04
Rank	1	2	3	4	5	6	7	8	9

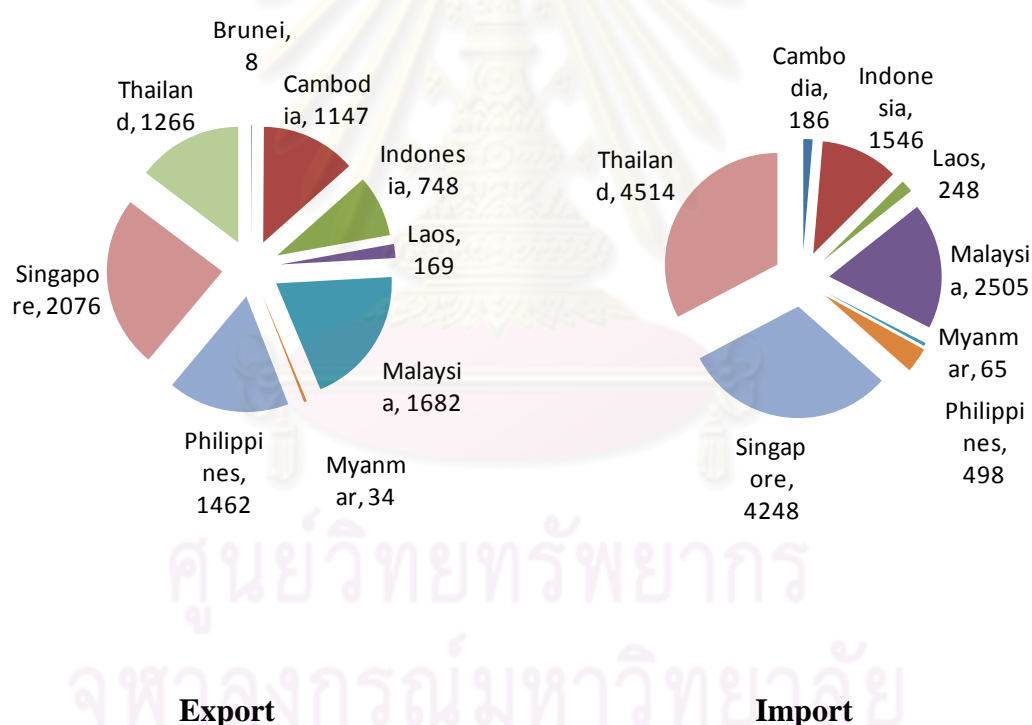
Source: General Department of Customs, Vietnam

Singapore is always the largest trading market of Vietnamese enterprises, accounting for one-fourth of Vietnam's export turnover to ASEAN and one-third of Vietnam's import from ASEAN in 2009. Bilateral trade in 2008 reached US\$ 12.0 billion, which made Singapore not only be the largest trading partner among ASEAN member countries but also the fourth largest trading partner of Vietnam, following by China, Japan and the United States.

The second largest trading partner of Vietnamese enterprise among ASEAN member countries is Thailand with bilateral trade value nearly US\$ 6.0 billion in 2009. Vietnam's export to Thailand reached US\$ 1.26 billion while its import turnover from Thailand was more than three times that of export value, stood at US\$ 4.5 billion. That brought Thailand be the first largest importing partner of Vietnam among ASEAN member countries in 2009. According to General Statistic Office, major exports to Thailand include electronic and computer parts, iron and steel, crude oil, fishery products, fibres, coffee, bicycles and parts, coal while main imports from Thailand are petroleum oils and refined, plastics in primary form, chemicals, motorcycles assembled, paper, clinkers, parts and accessories of the motor vehicles and tractors and rubber.

The third largest trading market of Vietnam among ASEAN countries is Malaysia. In 2009, Vietnam's export turnover to Malaysia stayed at US\$ 1.68 billion while its import from Malaysia was US\$ 2.5 billion. Malaysia ranked the second largest exporting partner of Vietnam in 2009, following by Singapore. Vietnam's main export products to Malaysia are crude oil, rice, iron and steel, and fishery products. Export of crude oil and rice accounts for half of its export value to Malaysia.

Figure 5: Vietnam trade with ASEAN states in 2009 (Mill USD)



Source: General Department of Custom, Vietnam.

However, compared to Vietnam's trade with Singapore, Malaysia and Thailand, that with Myanmar and Brunei still stay at the modest level (See the above Figure 5). In 2009, two-way trade between Vietnam and Myanmar reached US\$ 99

million, of which US\$ 34 million was Vietnam's exports to Myanmar. Vietnam's major exports to Myanmar are textiles and garment, iron and steel, plastics, chemicals and medicine materials. Vietnam imports from Myanmar include wood and rubber.⁸ Recently, since March 2010, Vietnam Airlines has launched a new direct flight four days a week between Hanoi and Yangon, and three days a week between Ho Chi Minh City and Yangon since November 2010, which aims to promote bilateral economic and trade cooperation between two country.

Similar to trading relations with Myanmar, trade between Vietnam and Brunei is still modest. The two-way trade volume in 2008 was at nearly US\$ 6.0 million and increased to US\$ 8 million in 2009, of which US\$ 8 million comes from Vietnam's export to Brunei. Vietnam's major export products to Brunei are frozen fish and rice. More interestingly, according to General Statistic Office's data, Brunei together with the Philippines and Cambodia, are the three ASEAN countries that Vietnam enjoys trade surplus.

In short, the Vietnam – ASEAN economic relationship, particularly in term of trade has been improving remarkably since Vietnam joined the regional grouping. Vietnam has gained benefits from the enhanced market access for agricultural goods and increased imports of manufactured goods from the region. At the same time, ASEAN has also been gaining considerably from trading with Vietnam because Vietnam is always on the state of trade deficit in its trade relations with ASEAN and the magnitude of the deficit has been on an increasing trend.

4.2. Vietnam – ASEAN Foreign Direct Investment Relations

⁸ General Statistic Office (2010). *International Merchandise Trade 2008*. Statistical publishing house: Hanoi. pp 450 – 451.

As mentioned previously, in 1986, Vietnam adopted the economic renovation policy called *Doi Moi*, which aimed to move from the highly centrally planned economy to a market oriented economy. One year later, the National Assembly of Socialist Republic of Vietnam introduced the Foreign Investment Law. With this law, the country opened up its economy by welcoming and encouraging foreign organizations and nationals to invest capital and technology in Vietnam. Since then, there has been an increase in the inflow of capital from many different areas in various forms into Vietnam.

Up to 2010, there have been more than 80 countries and territories in the world investing in Vietnam, with total registered capital of US\$ 192.9 billion (Foreign Investment Agency, Ministry of Planning and Investment, 2010). The achievement of Vietnam to attract FDI inflow can be pointed out as follows: (i) Vietnam's strategic location in a rapid growing region, allowing Vietnam to be part of the growth process; (ii) Vietnam's stable economic and political environment; (iii) Vietnam's large natural mineral resources; (iv) Vietnam's abundant, young and relatively well-educated labor force; (v) Vietnam's large and growing domestic market; and (vi) Vietnam's liberal investment and government's commitment to economic reform.⁹ One of these investors, ASEAN countries have been one of the most significant sources of FDI in Vietnam since the country joined the association.

In this section, the Vietnam – ASEAN foreign direct investment relations after Vietnam became a member of the regional organization is examined. The findings are expected to show that there is a gradual rise in ASEAN's FDI into Vietnam, which

⁹ Nguyen Ngoc Anh and Nguyen Thang, "Foreign Direct Investment in Vietnam: An overview and analysis the determinants of spatial distribution across provinces". Retrieved from http://mpra.ub.uni-muenchen.de/1921/1/MPRA_paper_1921.pdf in February 2011.

has been conducive to economic growth of Vietnam. The characteristics of ASEAN's investment in Vietnam as well as Vietnam's investment in ASEAN member states are also investigated.

4.2.1. ASEAN's investment in Vietnam

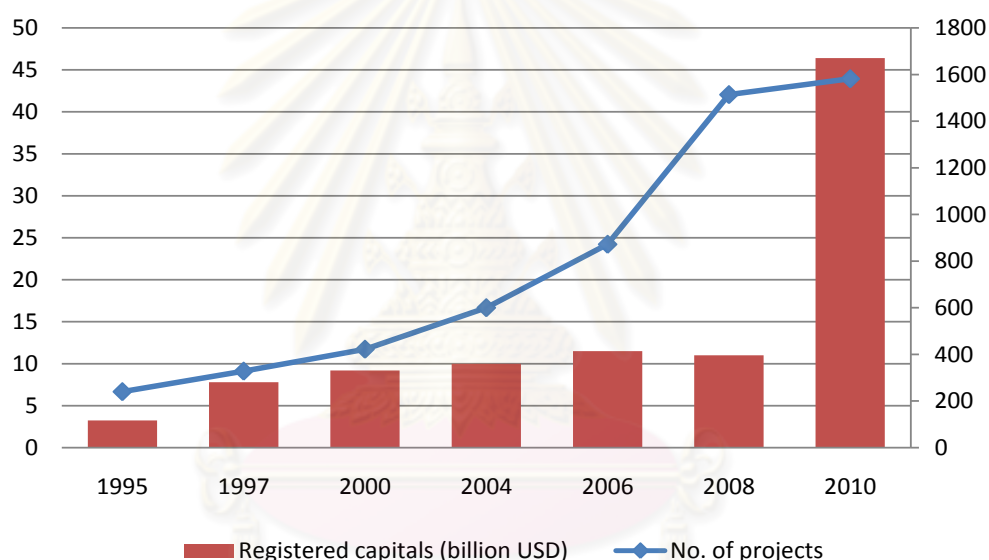
As mentioned in the previous chapters, after the Vietnam's withdrawal from Cambodia in September 1989 and the Paris Peace Accord on Cambodian conflict in 1991, ASEAN's trade and aid embargo with Vietnam were removed. ASEAN investment increased ten fold in just three years (1991-1994). ASEAN states were involved in over 147 projects with a paid up capital of US\$ 1.4 billion by the first half of 1994. Thirty-seven development agreements were signed between Vietnam and ASEAN business during this period.¹⁰

In particular, since Vietnam joined the regional grouping in 1995, foreign direct investment between Vietnam and ASEAN members has risen remarkably with an increasing number of projects and registered capitals. The figure 6 demonstrates that after Vietnam became a member of ASEAN in 1995, a gradual growth has been recorded in the ASEAN's FDI flow in Vietnam. In 1995, the total registered capitals of ASEAN investment projects in Vietnam were just US\$ 3.24 billion. Immediately after Vietnam joined the ASEAN Free Trade Area (AFTA), investment increased to over US\$ 7.8 billion in 1997, more than double the figure for the period before 1996. At that time, according to Nguyen Xuan Thang (1998), Singapore, Malaysia and

¹⁰Thayer, Carle A. (2004a). "Vietnam in ASEAN: Multilateralism and Relations with the Great Powers". Paper to Vietnam on the Road to Development and Integration: Tradition and Modernity, 2nd International Conference on Vietnamese Studies, National Center for Social Sciences and Humanities of Vietnam, Vietnam National University, and Ford Foundation, Ho Chi Minh City, Vietnam, July 14-16.

Thailand used to rank fifth, seventh and twelfth respectively in terms of their investment in Vietnam (based on June 1995 data), they became the first, seventh and eight in 1997, respectively.¹¹ Three years later, it grew by US\$ 1.4 billion to stay at US\$ 9.2 billion in 2000. In particular, during the period 2008-2010, there was a surge in ASEAN's FDI inflow to Vietnam, from US\$ 11 billion in 2008 to US\$ 46.4 billion in 2010.

Figure 6: ASEAN's FDI into Vietnam 1995-2010.



Source: Ministry of Planning and Investment, Vietnam.

Moreover, there has been an upward trend in ASEAN states' FDI into Vietnam after it became the seventh member of the regional grouping. It reflects that since Vietnam joined the association, the ASEAN's investor have been more and more interested in investing in the country due to the country's political stability, economic development potential such as its cheap and abundant labor force, and rich

¹¹ Nguyen Xuan Thang. (1998). "AFTA and ASEAN Foreign Direct Investment in Vietnam" in Nguyen Thu My (ed.) *ASEAN Today and Tomorrow*. Hanoi: National Political Publishing House.

natural resources. At the same time, it also suggests that the country has created more favorable conditions to attract ASEAN's businesses to invest capital and technology in Vietnam. Deputy Prime Minister Pham Gia Khiem once stated that "*Vietnam will do its best to create favorable conditions for foreign business, particularly those from ASEAN*". Vietnamese authorities are also checking and classifying projects from ASEAN to create suitable supportive measures. For example, Vietnam gives priority to accelerating the implementation of Singaporean projects. The Ministry of Planning and Investment of Vietnam and the Singaporean Economic Development Agency are adjusting the rapid agreement mechanism on granting investment certificates.¹²

The table 5 summarizes the FDI licensed projects and registered capital of the six ASEAN investors in Vietnam in the period 1988-2009. The year 1988 marked the inauguration of ASEAN's investment in Vietnam.

Table 5: FDI projects licensed in period 1988 – 2009 by main counterparts

Country	Number of projects	Total registered capital (mill USD)
Malaysia	395	17202,3
Singapore	870	16345,7
Thailand	284	6198,4
Brunei	95	4638,3
Philippines	57	432,7
Indonesia	31	327,8

¹² See more details in Thai Quang Trung, Hanns Seidel Foundation, "ASEAN member countries' growing participation in Vietnam's infrastructure development". Retrieved from <http://www.unacoma.it/it/struttura/appuntamenti/conbuild/relazione.pdf> in February 2011.

Source: Statistical Yearbook 2009, General Statistical Office, Vietnam.

Up to now, ASEAN member countries have registered over US\$ 50 billion in investment in Vietnam. Notably, Malaysia has been foremost amongst ASEAN investors with 395 projects totaling US\$17.2 billion. Singapore follows close behind with 870 projects valued at US\$16.3 billion. Ranking the third largest investor is Thailand with 284 projects totaling US\$ 6.19 billion. Brunei is the number fourth investor among ASEAN members with 95 projects totaling US\$4.6 billion. The Philippines and Indonesia investors rank the fifth and sixth among ASEAN counterparts, respectively.

In this section, apart from the increase in number of projects and registered capital, the modes of ASEAN's investment in Vietnam and preferential investment sectors are also worth studying. ASEAN's FDI projects in Vietnam have been under five main forms, namely joint stock, BOT (Build – Operate – Transfer), Business Cooperation Contracts, 100% foreign capital and joint venture. Among those, the joint venture between ASEAN and Vietnamese business is dominated in ASEAN's FDI projects in Vietnam.

ASEAN investors are involved in almost all important economic sectors in Vietnam, including industry-construction, services, agriculture-forestry-fisheries processing. Of which, a large proportion of ASEAN's FDI into Vietnam have been flowed into the industries and construction of office, apartment and hotels while that into the agriculture and other services are quite limited. These sectors can be seen less profitable along with the growth of the economy although many incentives have been given for the investments into the agriculture sector and some other unfavorable sectors.

However, due to the difference in economic development level of ASEAN states, their projects differ in terms of investment sectors, form of investment and scale of projects. In this section, three major ASEAN investors in Vietnam, namely Singapore, Malaysia and Thailand; and modest investment from Indonesia, the Philippines and Brunei are chosen to discuss.

- *Singapore's investment in Vietnam*

Viet Nam and Singapore established diplomatic relation on August 1st 1973. After Vietnam joined the Bali Treaty (7/1992) and became the full member of the ASEAN on July 1995, bilateral relations have developed to a new stage. On the visit to Singapore by the Viet Nam Prime Minister Phan Van Khai in March 2004, the two sides signed “Joint Statement on the Comprehensive Cooperation Framework in the 21st century”, setting up the legal base and favorable conditions to further enhance the bilateral relations of friendship and cooperation.

On December 6 2005, Minister of Trade of the two countries signed the Framework Agreement on Viet Nam – Singapore Connectivity in Singapore with 6 annexes: finance, investment, trade and services, transportation, telecommunication – information technology, education and training. Cooperation on other areas such as: education, culture, tourism, law and justice, health care have been further strengthened and expanded. Singapore has made active contributions and shared experience with Vietnam in her process of regional and international integrity.

Singapore and Vietnam have signed numerous agreements, namely Commercial Navigation Agreement (1992); Aviation Transportation Agreement (1994); Commercial Agreement (1992); Agreement on Promotion and Protection of Investment (1992); Agreement in the field of Environment Management and

Protection (1993); Agreement on Prevention of Double Taxation (1994); Agreement on Tourism Cooperation (1994); Joint Statement on the Comprehensive Cooperation Framework in the 21st century (2004); Framework Agreement between Viet Nam and Singapore (2005); Memorandum Of Understanding (MOU) on Education Cooperation (2007); MOU on Law and Justice Cooperation (2008); MOU on Defense Cooperation (2009).¹³

According to General Statistical Office, from 1988-2009 Singapore has invested 870 projects in Vietnam valued at US\$16.3 billion, ranking the second largest investor among ASEAN states. By December 2010, Vietnam attracted a total of registered capital of US\$ 17.73 billion from Singaporean investors with 851 projects. Singapore has always been in the top ten foreign investors in Vietnam.

Singaporean investors are involved in most economic sectors of Vietnam, from industrial production and construction such as oil and gas exploration and exploitation, food processing industry, light and heavy industry; to agriculture, fisheries and forestry; and services such as education and training, healthcare, information and communications, transportation and post, hotel and tourism, office and apartment building. However, many of Singapore's businesses have paid special attention to real estate, processing and construction industry.

Recently, in conference on "Opportunities and potential investment with Singapore" held in Hanoi in December 2010, Second Secretary Raymond Lui of Singaporean Embassy to Hanoi reaffirmed Singaporean businesses would increase

¹³ Retrieved from http://asean2010.vn/asean_en/news/5/2DA7BE/Vietnam--Singapore-Relations in February 2011.

their investment in Vietnam, particularly in the real estate field as Vietnam was a very important market to Singapore.¹⁴

Among the major Singaporean investors in Vietnam are Capital Land, Banyan Tree, and All green Properties. In particular, the Keppel Land Group has been in the Vietnamese market for 12 years and it now has a total investment capital of US\$3.2 billion, most of which is in Ho Chi Minh City including The Estella and Waterfront development.

Moreover, the two Vietnam-Singapore Industrial Parks (VSIP) and the Vietnam-Singapore Vocational College in Binh Duong province and the Vietnam-Singapore Training Centre in Hanoi are concrete symbols of the close investment cooperation relations between the two countries. Recently, in the visit of Prime Minister Lee Hsien Loong to Vietnam in January 2010, the groundbreaking for the 4th Vietnam-Singapore Industrial Park (VSIP) in Hai Phong city was witnessed by PM Lee and PM Nguyen Tan Dung. Moreover, on the sidelines of the 17th ASEAN Summit in Hanoi, PM Lee and PM Dung jointly witnessed the signing of four commercial agreements involving Singaporean investments in Vietnam.¹⁵

Singapore has also played a significant role in Vietnam's human resource development. Since 1992, more than 10,000 Vietnamese have received training in Singapore under the Singapore Cooperation Programme in areas such as healthcare, environment, finance and trade, productivity, public administration and English

¹⁴ Vietnam Economy News, Vietnam-key market for Singapore, December 17th, 2010. Retrieved from <http://www.vneconomynews.com/2010/12/vietnam-key-market-for-singapore.html> in March 2011.

¹⁵ Vietnam Chamber of Commerce and Industry Online News, "Singapore Keen to Further Partner with Vietnam", in February 2011. Retrieved from http://vccinews.com/news_detail.asp?news_id=22532 in February 2011.

language training. Singapore has been providing scholarships to Vietnamese students to pursue academic courses including, among others, the ASEAN Secondary Three Scholarships, the Singapore Scholarship (undergraduate studies) and the National University of Singapore's Master in Public Management and Master in Public Policy Programmes (post-graduate studies).¹⁶

In sum, many Singaporean-invested projects are running very effectively in Vietnam.

- *Malaysia's investment in Vietnam*

Vietnam and Malaysia formally established diplomatic relations on 30 March 1973. After the South of Vietnam was liberated in 1975, Malaysia was the first member of ASEAN to recognize the Republic Revolution Provisional Government of the South of Vietnam. In 1976, the two countries opened embassies in each capital. Since 1991, after the Paris Peace Agreement on Cambodia, and in particular after Vietnam joined the association, Vietnam-Malaysia relations have entered a new development period and have further expanded in many areas in both bilateral and ASEAN framework.

Vietnam and Malaysia have signed various arrangements and MOU in order to boost bilateral cooperation, for example, Agreement for Air Services between and beyond their respective territories; Agreement for the Promotion and Protection of Investment (1992), Agreement on Maritime Transport (1992), Agreement on Economic, Scientific and Technical Cooperation (1992), Agreement on Post and Telecommunication Cooperation (1992), Trade agreement (1992), Agreement on

¹⁶ <http://www.mfa.gov.sg/hanoi/>

Co-operation on the Field of Tourism (1994), Agreement for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (1995), Joint Declaration on the Framework for Comprehensive Co-operation in the 21st Century (4/2004), MOU on establishment of Joint Commission between the two countries (September 1995), MOU on the recruitment of Vietnamese workers between Viet Nam and Malaysia (1 December 2003), MOU between Viet Nam and Malaysia on cooperation in the field of education (2004), MOU between Malaysia and Viet Nam on cooperation in Information and Communications Technologies (2004), MOU on defense cooperation (August 2008).¹⁷

Malaysia's investment in Vietnam has always been consistent with a large number of projects and capitals since the country opened up its economy to attract foreign investment. According to General Statistical Office, from 1988 to 2009, Malaysia invested 395 projects in Vietnam valued US\$ 17,202 million. That makes Malaysia rank the first largest ASEAN investors in Vietnam and in the top ten leading source of foreign investment in the country in 2010.¹⁸ However, Thai Quang Trung from Hanns Seidel Foundation views that investment into Vietnam by Malaysia is below the potential for cooperation between the two countries. Most Malaysian-invested projects in Vietnam are small ones.¹⁹

¹⁷ "Vietnam – Malaysia Relations", on November 26th 2010. Retrieved from http://asean2010.vn/asean_en/news/5/2DA7BB/Vietnam--Malaysia-Relations in February 2011.

¹⁸ According to Foreign Investment Agency, Ministry of Planning and Investment, top ten foreign investors in Vietnam in 2010 include Taiwan, Japan, Malaysia, Singapore, the U.S, British Virgin Islands, Hong Kong, Cayman Islands and Thailand, respectively.

¹⁹ See more details in Thai Quang Trung, "ASEAN member countries' growing participation in Vietnam's infrastructure development". Retrieved from <http://www.unacoma.it/it/struttura/appuntamenti/conbuild/relazione.pdf> in February 2011.

Real estate and industrial projects are now dominated among Malaysian investment in Vietnam. Major Malaysian-invested projects include the Noi Bai Industrial Zone in Ha Noi, the Massda Industrial Zone in Da Nang, two hotel joint ventures in Ha Noi, and such recent projects as Gamuda's Yen So Park development project comprising a sewage treatment plant and commercial development, and S P Setia property project in Phu My Hung in the southern province of Binh Duong. The top project, a university urban area in HCM City by Berjaya, is being developed at a cost of \$3.5 billion.²⁰

- *Thailand's investment in Vietnam*

Vietnam and Thailand established diplomatic relations on August 6th 1976. Right after Vietnam promulgated the Foreign Investment Law to attracting foreign business to invest capital and technology in Vietnam, Thai investors began their investment in Vietnam in 1988. Over the years, bilateral relations have been improved and developed remarkably, especially after Vietnam officially joined ASEAN.

According to Sompop Manarungsan (2010), by the end of 2008, there were 192 projects invested by the Thai investors in Vietnam. The total value of investment was about US\$ 5.6 billion. Thailand ranked the 12th among foreign countries investing in Vietnam. In 2008 alone, there were 32 Thai investment projects in Vietnam, with a total value of US\$ 1.56 billion.²¹

²⁰ Vietnam Net, "Malaysia to improve transport in Quang Tri", on February 16th 2009. Retrieved from <http://english.vietnamnet.vn/biz/2009/02/829039/> in March 2011.

²¹ Sompop Manarungsan, 2010. "Thailand's Trade Relations with GMS and CLMV." In Japan and Korea with the Mekong River Basin Countries, edited by Mitsuhiro Kagami, BRC Research Report No.3, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand. pp. 226.

However, in 2009, Thailand ranked eighth among foreign investors in Vietnam, a remarkable progress from the 12th position in 2008. That brought Thailand be the third largest investor among ASEAN states during the period 1988-2009, with 284 projects valued more than US\$ 6.1 billion.

At present, according to Vietnam Chamber of Commerce and Industry (2010), Thai investors have invested in many areas in Vietnam like industrial park infrastructure construction, new urban zone construction, tourism and hotel, heavy industry and light industry. They largely invested in industry and construction, with 108 projects worth US\$800 million, accounting for over 61.4 % of projects and 51.5 % of registered investment capital, followed by the service sector with 36 projects worth US\$567 million, accounting for 20 % of projects and 28 % of registered investment capital. Agriculture, forestry and fisheries fields take up 15.9 % of projects and 20.6 % of registered investment capital.²²

The FDI performance by Thai investors in Vietnam can be summarized as follows:

(1) In terms of preferential investment sector, the investment projects of the Thai investors in Vietnam are in agri-business and agro-industry, including feed mills and livestock production and aquaculture. In addition to the agriculture and fishery projects, Thai investments in Vietnam also cover industry and construction, hotels and restaurants, construction material production, auto parts, motorcycles, paper and processed foods.

²² Vietnam Chamber Of Commerce and Industry Online News, “Vietnam - Thailand Boosting Investment and Trade Ties”, July 23 2010. Retrieved from http://www.vccinews.com/news_detail.asp?news_id=20958 in February 2011.

(2) In terms of investment's form, Thai investors chiefly accept the form of wholly foreign investment, with 120 projects worth US\$939 million, followed by the form of joint venture with 40 projects and US\$714 million. Some projects are in the form of business cooperation contract (BCC), build - operate - transfer (BOT), build - transfer - operate (BTO) and build - transfer (BT).²³

(3) In terms of destinations of FDI projects from Thailand, Thai investors are present in 30 provinces and cities, led by southern Dong Nai province with 28 projects with a total registered investment capital of US\$485 million, accounting for 17.9 % of projects and 28.7 % of registered investment capital, followed by the capital city of Hanoi with 24 projects worth US\$366 million.

(4) In terms of major Thai investors in Thailand, according to the statistics from Thailand, as many as 25 leading Thai companies have invested in Vietnam. They are Charoen Phokphand Group, Siam Cement Group, TIPCO, Amata, Betagro, Nestle, Pranda Group, C.K Shoes, Star Print, Thai Nakhon Pattana, TOA, Thaiwa, Srithai Supperwar, Red Gore Group, Hi-tech Groups, Liberty Group, Nice Apparel Group and Karat, and etc.²⁴

Among those, Siam Cement Group is the largest Thai investor in Vietnam, with total registered capital of US\$ 4.9 billion.²⁵ SCG began operations in Vietnam in 1992 and is currently running a good business with seven business units specialized in

²³ Ibid.

²⁴ Summary from Vietnam News, "Viet Nam - Thailand to promote economic relations", December 27th 2010 and Sompop Manarungsan, 2010. "Thailand's Trade Relations with GMS and CLMV." In Japan and Korea with the Mekong River Basin Countries, edited by Mitsuhiro Kagami, BRC Research Report No.3, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand. pp. 226 – 227.

²⁵ Personal interview with Vietnam's trade counsellor in Thailand, Nguyen Thanh Hung, on February 16th 2011, at Vietnamese Embassy in Bangkok.

Building Materials, Distribution, Paper and Chemicals and four representative offices to help it connect with local partners and initiate local programs. In addition, every year SCG grant two full scholarships for Vietnamese government employees to study at the Master of Arts program in International Development Studies at Chulalongkorn University.

In general, Thailand's investment projects are effectively operated in Vietnam and they help produce replacements to imports and boost exports of Vietnam. They also generate 12,000 jobs for Vietnamese workers (Nguyen Thanh Hung, Vietnam's trade counsellor in Thailand, interview, February 16th 2011)

- *Modest investment from Brunei, Indonesia and the Philippines*

Since the establishment of diplomatic relations on 29 February 1992, the friendly relations and multi-faceted cooperation between Vietnam and Brunei Darussalam have seen good developments in various fields. Vietnam and Brunei have signed various arrangements, including Agreement on Aviation cooperation (1991), Trade Agreement (12-14 November 2001), Agreement on Maritime cooperation, Memorandum of Understanding on Tourism and Cooperative Agreement between Vietnam Chamber of Commerce and Industry and Brunei, Memorandum on cooperation between the two Defense Ministries (November 2005), Memorandum of Understanding on oil and gas cooperation.²⁶ According to the Statistical Yearbook 2009 (General Statistical Office), from 1988 to 2009, Brunei has 95 projects worth US\$ 4.6 billion of registered capital in Vietnam, ranking 12th among 89 countries and

²⁶ASEAN 2010 official website, "Vietnam-Brunei Relations", on November 26th 2010. Retrieved from http://asean2010.vn/asean_en/news/5/2DA7B7/VIETNAM--BRUNEI-DARUSSALAM-RELATIONS in February 2011.

territories investing in Viet Nam. This country's projects are mainly in the field of industry. Every year, Brunei grants Viet Nam many scholarships for training in the fields of oil-gas and English training.

Vietnam and Indonesia established diplomatic relations at consular level in December 1955 and then upgraded to ambassadorial level on August 15, 1964. The two countries entered a new chapter since 1990, with a number of visits exchanged by high level leaders. According to statistics from General Statistical Office, from 1988 to 2009, Indonesia has invested 31 projects valued US\$ 327.8 million in Vietnam, ranking the sixth among ASEAN investors in Vietnam. Indonesia's projects focus on industry and services. Moreover, Indonesia annually grants Vietnam scholarships in the fields of culture and language. In 2010, the Indonesian Consulate General offers 15 scholarships for Vietnamese students, 2 scholarships for media training courses and 1 scholarship for a master degree program.²⁷

Vietnam and the Philippines established diplomatic relations on July 12th 1976. Since Vietnam became ASEAN members, there have been more exchanges of high-level visits between the two countries, which is conducive to Vietnam-the Philippines economic relations. According to General Statistical Office, the Philippines invested 57 projects totaling US\$ 432.7 million in Vietnam during the period 1988-2009, ranking the fifth among ASEAN investors in Vietnam (staying behind Malaysia, Singapore, Thailand and Brunei).

4.2.2. Vietnam's investment in ASEAN member countries

²⁷ Vietnam Business Forum, "Vietnam-Indonesia: A 55 Year Friendship", on June 25th 2010.

Retrieved from http://www.vccinews.com/news_detail.asp?news_id=20704 in March 2011.

Compared to the amount of ASEAN's FDI in Vietnam, that of Vietnam's investment in ASEAN states is quite limited due to the Vietnamese economic capacity. Vietnam has mostly invested in the two long-standing neighbored ASEAN countries, namely the Lao PDR and Cambodia.

Table 6: Direct investment projects abroad licensed in period

1989 – 2009 by ASEAN counterparts (mill USD)

Country	Number of projects	Total registered capital
Lao PDR	178	3562.8
Cambodia	57	1224.1
Malaysia	7	812.4
Singapore	28	47.3
Indonesia	3	46.1
Thailand	5	11.7
Myanmar	1	2.4
Total	472	7723.9

Source: Ministry of Planning and Investment, Vietnam.

According to Ministry of Planning and Investment, from 1989 to 2009, seven projects were invested by Vietnamese businesses in Malaysia compared to 395 projects worth US\$ 17.2 billion by Malaysian counterparts in Vietnam. In addition, Vietnamese investment included 28 projects in Singapore with a total registered capital of US\$ 47.3 million, 3 projects in Indonesia worth US\$ 46.1 million and 5 projects in Thailand totaling US\$ 11.7 million.

In a personal interview with Nguyen Thanh Hung, Viet Nam's trade counselor in Thailand, more and more Vietnamese businesses have been attracted to invest in Thailand. Eight Vietnamese enterprises have opened representative offices in Thailand to promote their businesses. Among those, the Hoang Anh Gia Lai Company is Vietnam's largest investor in Thailand. The company has built an apartment block in Bangkok. Other Vietnamese investors, namely the Thien Long Group and Quang Tri Trade and Investment Company, have also opened representative offices in Thailand to export Vietnamese goods to the Thai market.²⁸ In addition, there was one Vietnamese investment project valued US\$ 2.4 million in Myanmar in the same period.

By contrast, Vietnam's FDI into Lao PDR and Cambodia accounted for a large number of projects and capitals. Therefore, Vietnam's investment in Lao PDR and Cambodia is chosen for discussion in this part.

- *Vietnam's investment in Lao PDR*

Vietnam and Laos are two close and long-standing neighbors. Historically, in the struggle against colonial rule, the two countries set up the Viet-Lao alliance to fight their common enemy. On September 5, 1962, Vietnam and Laos officially established diplomatic relations. The establishment of the Lao People's Democratic Republic brought Vietnam and Laos relations to a new stage of special relations of friendship, solidarity and comprehensive cooperation between the two parties and states. Since then, the special relations between the two countries have been constantly consolidated and developed through important agreements: Friendship and Cooperation Treaty signed in 1977; Strategy on Economic, Cultural, Science and

²⁸ Vietnam News, "Viet Nam, Thailand to promote economic relations", on December 27th 2010.

Technology Cooperation signed in 2001; and Agreement on Cooperation for the period of 2006 – 2010.

Of all Vietnam's investment in ASEAN members, that in the Lao PDR constitutes the largest amount and number of projects. From 1989 to 2009, Vietnam invested in 178 projects in Lao PDR with total registered capital of US\$ 3526,8 million. Vietnam continues to stay among the top three largest investors in the Lao PDR, ranking behind China and Thailand.²⁹ Moreover, according to the Vientiane Department of Planning and Investment, Vietnam became the leading foreign investor in Vientiane, Laos with US\$1.5 billion invested in 162 projects from 2006-2010, followed by China with US\$705 million invested in 142 projects and Thailand with US\$411 million.³⁰

Vietnamese investment in 16 of the total 17 provinces of Laos focuses on the industry (hydro-electricity, mining, transportation), agriculture and forestry (rubber and coffee), and services (tourism, banking, and insurance). Among those, the majority of Vietnamese investment mainly goes to the industrial sector with 77 projects valued at US\$1.05 billion, followed by the agro-forestry sector with 47 projects, and services with 22 projects.³¹

²⁹ Lao Voices News, "Vietnam, China and Thailand top three investors in Laos", on 25th November 2010. Retrieved from <http://laovoices.com/2010/11/25/vietnam-china-thailand-top-three-investors-in-laos/> in February 2011.

³⁰ Voice Of Vietnam News, "Vietnam leads FDI in Vientiane", on January 5th 2011. Retrieved from <http://english.vovnews.vn/Home/Vietnam-leads-FDI-in-Vientiane/2011/1/22895.vov>, in February 2011.

³¹ Vietnam News Agency, "Vietnam, Laos boost planning and investment cooperation", on February 11th 2009.

The largest Vietnamese project in the Lao PDR belongs to Long Thanh Company with registered capital of US\$ one billion.³² This is the biggest-ever foreign investment project in Laos. The project includes a golf course, a five-star hotel and villas, shopping mall, hospital and school covering an area of 557 hectares in Vientiane.³³

The second largest Vietnamese investor in the Lao PDR is Hoang Anh Gia Lai Group (HAGL Group) with invested capital of US\$145 million in the Nam Kong 2 and 3 hydropower plants in February 2011. The plants are expected to be completed by the middle of 2013 with a total capacity of 120MW per year. In addition, the group has invested in three key sectors in Laos including steel ore, hydropower and rubber, with a total investment capital of US\$500 million.³⁴

The third largest Vietnamese investor in the Lao PDR is the Saigon Investment Group (SGI). On July 30 2010, the construction of SGI Lao Hung Hotel in Sam Nua district, Hua Phan province of Laos was kicked off on a site of 5,642 square metres with a total investment of five billion VND. This will be the first international standard hotel in Hua Phan province, meeting demands of tourism and conference facilities of both foreign and local tourists.

³² BBC Vietnamese, “VN đứng thứ ba trong đầu tư vào Lào”, on May 18th 2010. Translation provided by the author. Retrieved from http://www.bbc.co.uk/vietnamese/vietnam/2010/05/100518_vietcompanies_laos.shtml in February 2011.

³³ VietnamNet News, “Vietnamese companies, individuals embrace American dream”, on September 23rd 2010. Retrieved from <http://english.vietnamnet.vn/biz/201009/Vietnamese-companies-individuals-embrace-american-dream-937256/> in February 2011.

³⁴ Vietnam Economy News, “Hoang Anh Gia Lai invests in Lao hydropower plants”, on February 15th 2011. Retrieved from <http://www.vneconomynews.com/2011/02/hoang-anh-gia-lai-invests-in-lao.html> in 25 February 2011.

In short, although many Vietnamese projects, including the Sekaman 1, Sekaman 3 hydroelectric plant and rubber plantations, have proceeded smoothly and successfully in the Lao PDR owing to the country's rich natural resources and young labor, there still exist several difficulties due to the unclear laws, poor infrastructure and relatively low skill levels of labor.

- *Vietnam's investment in Cambodia*

Vietnam and Cambodia established diplomatic relations on 24 June 1967. The relationship between the two countries is unceasingly consolidated and developed in all fields. In particular, after Vietnam joined the association in 1995, there has been a steady increase in Vietnamese investment in Cambodia. With 57 Vietnamese projects valued at US\$ 1.22 billion during the period from 1989 to 2009, Cambodia became the second largest recipient of Vietnamese capital among ASEAN members.

Vietnamese investment projects have proved efficient in Cambodia, mostly in forestry, agriculture, mining, telecommunications, banking and insurance industries. Currently, Vietnamese businesses are working on big mining projects in Cambodia. Moreover, Vietnam announced to boost investment in Cambodia's rubber industry by investing an additional US\$ 200 million in rubber plantations in Cambodia from 2009 to 2012, on top of a previous \$600 million commitment.³⁵

In sum, since Vietnam officially joined ASEAN, the country has gained benefits from increased ASEAN foreign direct investment, which has been conducive to national economic growth and economic cooperation between the association and the country. Some of ASEAN members, like Singapore, Malaysia and Thailand, have

³⁵ Phnom Penh Post, "Vietnam to boost investment in Cambodia's rubber industry", on June 22nd 2010.

invested a large amount of capital in Vietnam and stayed among the top ten foreign investors in Vietnam in 2010. By contrast, the amount of Vietnam's investment in ASEAN states is quite limited due to the Vietnamese economic capacity. Vietnam has mostly invested in the two long-standing neighbored countries, namely the Lao PDR and Cambodia.

4.3. Vietnam – ASEAN Tourism Relations

Another aspect of Vietnam – ASEAN economic relations is the Vietnam-ASEAN tourism relations. Interestingly, after Vietnam joined the association, the better political relations have not only brought benefits for the government level but also for the local one. Or it can be said that the better high-level interaction has paved the way to better and more frequent people to people contact.

Vietnam has been promoted tourism as a source of national income relying not only on its natural beauty such as mountainous hills in the north and beautiful tropical beaches in the central, along with varieties of flora and fauna as well as several famous world heritage sites, including Ha Long Bay, the old imperial city of Hue, My Son Sanctuary, the ancient town of Hoi An and Phong Nha-Ke Bang National Park. In addition, the country has been exchanging information and experience in tourism coordination and harmonization of tourism policy, marketing, training and research with its ASEAN partners.

Since joining ASEAN in 1995, Vietnam's tourism industry witnessed a significant increase in the association's visitors traveling to the country. According to the Vietnam Chamber of Commerce and Industry, from 1999-2006, the number of tourists from ASEAN countries tripled, from 167,300 to 573,790. Of which, visitors

from Cambodia, Thailand, Malaysia accounted for more than half of the total ASEAN visitors in 2006.

Recently, according to the Vietnam National Administration of Tourism, more than two million tourists from the other nine ASEAN countries were recorded to travel to Vietnam each year. Vietnam earns more than US\$700 million from the tourism services offered to Southeast Asian visitors each year, which makes ASEAN is one of the Vietnam's largest market after China, Korea, Japan.

Among ASEAN states, visitors from Thailand, Malaysia and Cambodia have always made up the largest numbers. In particular, Thai is the top ASEAN visitors in Vietnam. Since Vietnam joined the association in 1995 up to present, there has been a remarkable growth in the number of Thai travelers to Vietnam. The graph below shows the gradual increase in the number of Thai visitors to Vietnam from 1995 to 2003, before the considerable growth was experienced from 2003 to 2010. In general, it increased nearly ten times during fifteen years, from 23,100 people in 1995 to 222,839 in 2010.

Among Vietnamese destinations, Hue is one of the most attractive places for Thai visitors. Since the Tourism Authority of Thailand, Vietnam National Administration of Tourism and their Lao counterpart signed the 2005 cooperation agreement on motorcade tourism via the Lao Bao border gate in central Quang Tri Province, the number of Thai visitors has increased significantly. In particular, more and more visitors from Thailand are traveling to Hue via the West-East Economic Corridor.³⁶ The number of Thai visitors to Hue increased from 4.7 per cent in 2005 to 24 per cent in 2010, which makes Thai is top foreign visitors Hue, with as many as

³⁶ The West – East Economic Corridor stretches through Myanmar, Thailand and Laos to Vietnam.

6,000 Thai visited Hue in a single day in 2010.³⁷ This is resulted from the close coordinated efforts between Vietnam, Laos and Thailand in improving transport infrastructure, expanding trade across the border and reforming immigration procedures to create favorable conditions for tourism services to develop. Recently, according to the Vietnam Administration of Tourism, a club of 23 travel agencies in the Central region has been set up in order to improve the quality of tourism services and attract more Thai visitors passing through border gates to Vietnam, namely Cau Treo, Cha Lo, Nam Can, and Lao Bao.

In sum, after Vietnam became a member of ASEAN, a significant increase in the number of ASEAN visitors to Vietnam has been recorded. Every year, more than two million tourists from the other nine ASEAN countries are recorded to travel to Vietnam. The country earns more than US\$700 million from the tourism services it offers to visitors from ASEAN countries.

4.4. Vietnam's participation in and contributions to the development of ASEAN Economic Community

4.4.1 ASEAN Economic Community

At the ninth ASEAN Summit in 2003, ASEAN leaders agreed to sign the Bali Concord II, which provided a new vision and platform for ASEAN to transform itself into an ASEAN Community in 2020. This community comprises three components or “pillars”, namely ASEAN Economic Community (AEC) – focusing on regional economic integration; ASEAN Security Community (ASC) – focusing on regional security and political cooperation; and ASEAN Socio-Cultural Community (ASCC) –

³⁷ Voice of Vietnam, “Thai is top foreign visitors to Hue”, on December 4th 2010.

focusing on socio-cultural cooperation. The three pillars are closely intertwined and mutually reinforcing.

In August 2006, the ASEAN Economic Ministers, probably feeling the challenge of China and India, the recovery of Japan and the challenges of enhanced trade liberalization, recommended the acceleration of “ASEAN economic integration from 2020 to 2015”. The ASEAN Summit of January 2007 accepted this recommendation, declaring “ASEAN’s strong commitment towards accelerating the establishment of an ASEAN Community by 2015”³⁸.

The AEC will establish ASEAN as a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives; accelerating regional integration in the priority sectors; facilitating movement of business persons, skilled labour and talents; and strengthening the institutional mechanisms of ASEAN.³⁹

The foundation of the AEC is the ASEAN Free Trade Area (AFTA), a common external preferential tariff scheme to promote the free flow of goods within ASEAN. Other elements of economic integration, such as the free flow of investment and services and the elimination of non-tariff barriers, have been added by the ASEAN leaders.⁴⁰ The main mechanism for making ASEAN a free trade area is the Common Effective Preferential Tariff (CEPT) Scheme, which covers both

³⁸ Rodolfo C. Severino. (2010). “An ASEAN Economic Community by 2015?”. Retrieved from <http://www.iseas.edu.sg/aseanstudiescentre/asco09-10.pdf> in March 2011.

³⁹ ASEAN Secretariat. ASEAN Economic Community Blueprint. Retrieved from <http://www.aseansec.org/21083.pdf> in March 2011.

⁴⁰ Hunton and Williams. (2008). “Introduction to ASEAN Economic Community”. Retrieved from http://www.asil.org/aseanevent/Sim_Intro_to_ASEAN.pdf in March 2011.

manufactured and agricultural products. It is a cooperative arrangement among the member countries whereby intra-regional tariffs will be brought down to within the 0-5% tariff band over a period of time, i.e. 2002 – ASEAN 6 (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand); 2006 - Vietnam; 2008 – Lao PDR and Myanmar; 2010 - Cambodia. Non-tariff barriers will also have to be eliminated under the CEPT Scheme.⁴¹

Besides, other aspects of the AEC consist of ASEAN Investment Area (AIA), ASEAN Framework Agreement on Trade in Services (AFAS), ASEAN Industrial Cooperation Scheme (AICO) and Free Trade Agreements:

- ASEAN Investment Area

The AIA will encourage the free flow of investment within ASEAN. Its main principles are:

- The opening of all industries to investment, with exclusions to be phased out according to schedules;
- The immediate granting of national treatment to ASEAN investors (with a few exception);
- The elimination of impediments to investment;
- The streamlining of investment processes and procedures;
- Enhanced transparency; and
- The undertaking of measures to facilitate investment

Full realization of the AIA and the removal of temporary exclusion lists in manufacturing, agriculture, fisheries, forestry and mining are were scheduled by 2010 for most ASEAN members and by 2015 for the newest members.

⁴¹ ASEAN Secretariat, “ASEAN Free Trade Area: Towards a single ASEAN market”. Retrieved from <http://www.aseansec.org/pdf/brosurAFTA.pdf>, in January 2011.

- ASEAN Framework Agreement on Trade in Services (AFAS)

This framework was adopted at the Bangkok Summit in December 1995. The objectives of the ASEAN Framework Agreement on Services are: (a) to enhance cooperation in services amongst member states in order to improve the efficiency and competitiveness, diversify production capacity and supply and distribution of services of their service suppliers within and outside ASEAN; (b) to eliminate substantially restrictions to trade in services amongst member states; and (c) to liberalize trade in services by expanding the depth and scope of liberalization beyond those undertaken by member states under the GATS with the aim to realizing a free trade area in services.

- ASEAN Industrial Cooperation Scheme (AICO)

The AICO provides an “early harvest” of the CEPT scheme for companies with cross-border operations within ASEAN. Companies must be incorporated in ASEAN with 30% or more ASEAN- origin equity and must involve some form of resource sharing (such as shared technology, market sharing). The outputs of approved projects enjoy the CEPT rate of 0% to 5% tariffs immediately as do raw materials and intermediate products.

- Free Trade Agreements (FTA)

The FTAs are generally aimed at providing the means to achieve quicker and higher levels of liberalization that would create effective market access between the participants of the FTA. ASEAN has concluded FTAs with China, Japan, Korea and India, as well as Australia and New Zealand.

4.4.2. Vietnam’s participation and contribution to the development of ASEAN Economic Community’s building

As mentioned above, the ASEAN Economic Community's aspects include ASEAN Free Trade Area (AFTA), ASEAN Investment Area (AIA), ASEAN Framework Agreement on Trade in Services (AFAS), ASEAN Industrial Cooperation Scheme (AICO) and Free Trade Agreements. As an ASEAN member, Vietnam has actively participated in and seriously committed to these cooperative programmes and mechanism.

This section, therefore, will examine the country's participation in and contributions to the AEC's main aspects, namely ASEAN Free Trade Area (AFTA), ASEAN Investment Area (AIA), ASEAN Framework Agreement on Trade in Services (AFAS), ASEAN Industrial Cooperation Scheme (AICO).

In particular, the country's participation in the foundation of the AEC- the ASEAN Free Trade Area (AFTA) – will be detailed discussed in the following section.

4.4.2.1. Vietnam's participation in ASEAN Free Trade Area

ASEAN Free Trade Area (AFTA)

At the 4th ASEAN Summit in Singapore in 1992, ASEAN heads of states and governments agreed to establish an ASEAN Free Trade Area. The ultimate objective of AFTA is to increase ASEAN's competitive advantage as a production base geared for world market. Through the elimination of intra-regional tariffs and non-tariff barriers ASEAN's manufacturing sectors will become more efficient and competitive. And with the larger size of the market, investors can enjoy economies of scales in production. Foreign direct investments will be attracted into the region. This will in turn stimulate growth of supporting industries in the region for many foreign direct investments.

The main mechanism for making ASEAN a free trade area is the Common Effective Preferential Tariff (CEPT) Scheme, which covers both manufactured and agricultural products. It is a cooperative arrangement among the member countries whereby intra-regional tariffs will be brought down to within the 0-5% tariff band over a period of time, i.e. 2002 – ASEAN 6 (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand); 2006 - Vietnam; 2008 – Lao PDR and Myanmar; 2010 - Cambodia. Non-tariff barriers will also have to be eliminated under the CEPT Scheme.⁴²

Under the CEPT Agreement, the timetables for reducing tariffs and removing quantitative restrictions and other non-tariff barriers at individual countries differ, depending on specific conditions of each member state. The ASEAN member countries had to classify their products for tariff reductions into one of these categories, namely Inclusion List, Temporary Exclusion List, General Exception List, Sensitive List.⁴³

- Inclusion List (IL): consists of those items whose tariff will be reduced to 0-5 percent after the completion of CEPT. The new Members of ASEAN, like Vietnam had time till 2006, Laos and Myanmar till 2008 and Cambodia till 2010 to meet this deadline. By 2000, there were 53294 tariff lines in the Inclusion List representing 82.78% of all tariff lines in ASEAN.
- Temporary Exclusion List (TEL): consist products which can be shielded from trade liberalisation only for a temporary period of time.

⁴² ASEAN Secretariat, “ASEAN Free Trade Area: Towards a single ASEAN market”. Retrieved from <http://www.aseansec.org/pdf/brosurAFTA.pdf>, in January 2011.

⁴³ ASEAN Secretariat, ASEAN Free Trade Area: An Update. Retrieved from <http://www.aseansec.org/7665.htm>, in January 2011.

However, all these products would have to be transferred into the Inclusion List and begin a process of tariff reduction so that tariffs would come down to 0-5%. Starting on 1 January 1996, annual installments of products from the TEL have been transferred into the Inclusion List. Or it can be said that items in TEL need to be transferred to IL within a period of five years and by 20 percent total numbers of items each year. In 2000, there remained 9,674 tariff lines in the TEL representing about 15.04% of all tariff lines in ASEAN.

- General Exception (GE) List. These products are permanently excluded from the free trade area for reasons of protection of national security, public morals, human, animal or plant life and health and articles of artistic, historic and archaeological value.
- Sensitive List (SE): This contains unprocessed agricultural products, which are given a longer time frame before being integrated with the free trade area. The commitment to reduce tariffs to 0-5%, remove quantitative restrictions and other non-tariff barriers is extended up to the year 2010. The new members of ASEAN have up to 2013 (Viet Nam), 2015 (Laos and Myanmar) and 2017 (Cambodia) to meet this deadline. In 2000, there were 370 tariff lines in the Sensitive List making up 0.58% of all tariff lines in ASEAN. SL is subject to be changed according to multilateral negotiation within AFTA country members.

Vietnam's progress in implementing AFTA

After being officially admitted as member of the Association in July 1995, Vietnam signed the Protocol for the Accession of the Socialist Republic of Vietnam to the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) for the

ASEAN Free Trade Area (AFTA) on 15 December 1995 during the Fifth ASEAN Summit in Bangkok, Thailand. It was the legal instrument of accession of Vietnam into the CEPT Agreement. This step was part of Vietnam's reform efforts and strategy at the end of 1980s and early 1990s to establish a market-oriented and open economy and to effect the country's integration into the international community.

Vietnam's participation in AFTA marked the first time the country has taken part in regional economic cooperation (Thayer, 2004:20). It was expected to gain benefits from the enhanced market access for agricultural goods to other members due to reduction of tariff and trade barriers. Moreover, benefits such as increased imports of manufactured goods and services, greater opportunities to receive FDI from the region as well as from outside, gaining experienced in entrepreneurship from other ASEAN countries were also expected by joining the regional association.

Vietnam's integration into AFTA was a step-by-step process, which began on 1 January 1996 and was to be completed by January 2006. Under the terms and conditions of its accession to AFTA, Vietnam is committed to:

- Extend, on a reciprocal basis, the Most Favored Nation Status (MFN) and National Treatment to the ASEAN member states;
- Provide relevant information on its trade regime as and when requested;
- Prepare a list for tariff reduction and begin tariff reduction effective from 1st January 1996 and ending at 0-5% tariff rate on 1st January 2006;
- Phase in products which are temporarily excluded in five equal installments beginning from 1st January 1999 and ending by 1st January 2003, and prepare a list of these products for the annual installment; and

- Phase in agricultural products, which are temporarily excluded beginning 1st January 2000 and ending 1st January 2006, and prepare a list of those products for their annual installment.⁴⁴

In December 1995, at the ASEAN summit conference in Bangkok, Vietnam submitted its General Exclusion List (some 165 commodity items) its Temporary Exclusion List (1,189 items), its list of unprocessed agricultural products (26 items), and its proposed Inclusion list (1,633 items).⁴⁵ On 1 January 1996, Vietnam implemented its first package for the CEPT scheme, which was enacted by Government Decree No. 91 on 18 December 1995.⁴⁶ The following table summarizes Vietnam's first submission for the CEPT Scheme.

In this first package, Vietnam included 857 tariff lines in the Inclusion List, the smallest of the ASEAN 7 (Mya Than and Carolyn L. Gates, 2001: 74). Of these, 548 had zero tariffs, while the remaining 327 were in the 1-5% tariff range. This meant that out of a total of 2,218 tariff lines used by Vietnam, about 39% were in the Inclusion List, with almost a quarter of the tariff lines carrying zero tariffs. Of the remaining tariff lines, 1,189 items, or 54%, have been placed under the Temporary Exclusion List category (TEL), the second largest after Indonesia.

⁴⁴ ASEAN Secretariat, The Protocol for the Accession of the Socialist Republic of Vietnam to the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) for the ASEAN Free Trade Area (AFTA). Retrieved from <http://www.aseansec.org/5173.htm> in January 2011.

⁴⁵ Nguyen Tien Trung (2002). *Vietnam's trade liberalisation in the context of ASEAN and AFTA*. Centre for ASEAN Studies. Retrieved from <http://webh01.ua.ac.be/cas/PDF/CAS36.pdf>, in January 2011.

⁴⁶ Man Pham Binh. (1999). *ASEAN's Economic Integration Opportunities and Challenges for Vietnam*. Weatherhead Center for International Affairs, Harvard University. pp. 21. Available from www.wcfia.harvard.edu/fellows/papers/1998-99/pham.pdf.

Table 7: Vietnam's CEPT Product lists by number of tariff lines

List	Number of Tariff Lines	Percent of Total (%)
Immediate Inclusion	857	38.6
Temporary Exclusion	1,189	53.6
Sensitive	26	1.2
General Exception	146	6.6
Total	2,218	100.0

Source: ASEAN Secretariat

Beginning in January 1999, the TEL products were phased into the CEPT scheme in five annual installments, ending in January 2003. This implied that by the year 2003, when all products in Vietnam's TEL must have been phased into the Inclusion List, at least 92% of its tariff lines would fall under the CEPT scheme. Vietnam's Sensitive List covered 26 tariff lines; these were mainly unprocessed agricultural products that would also be phased in from the beginning of January 2001 and ending by January 2010, similar to other ASEAN member countries (Thayer, 2004:14).

Continually, after the first package in 1996, Vietnam has gained significant progress in the implementation of CEPT scheme. The table 8 describes the progress in implementation towards AFTA mechanism in Vietnam. It clearly shows the serious and firm commitment of Vietnam toward the AFTA process as well as its successful implementation.

Table 8: Vietnam's progress in the CEPT Implementation

Number of Items	96'	97'	98'	99'	00'	01'	02'	03'
IL	856	1496	1996	3590	4230	4830	5430	6030
TEL	2123	1483	983	2440	1800	1200	600	0
Sensitive List	26	26	26	51	51	51	51	51
GEL	213	213	213	202	202	202	202	202
Total	3218	3218	3218	6283	6283	6283	6283	6283

Source: Ministry of Finance, Vietnam.

The number of items for tariff reduction doubled from 3,218 in 1996 to 6,283 in 2003. Particularly, the items in the Inclusion List drastically increased from 856 in 1996 to 6030 in 2003. Moreover, from 1999 to 2003, the TEL products remarkably decreased because during this period TEL products were phased into the CEPT scheme in five annual installments. As a result, in 2003, all products in Vietnam's TEL were phased into the Inclusion List. This showed that Vietnam had complete its commitment as stated in the Protocol for the Accession of the Socialist Republic of Vietnam to the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) for the ASEAN Free Trade Area (AFTA) that phasing TEL's products into IL after the five equal installments beginning from 1st January 1999 and ending by 1st January 2003.

Moreover, Vietnamese government completed the CEPT road map for the period 1996-2006. It can be seen from the table 9 that the average CEPT rates for Vietnam had gone down significantly from 12.7% in 1996 to 3.0% in 2006. The tariff reduction in the IL was at a remarkable rate from 7.0% in 1996 to 2.3% in 2006. After

the year 1999, the average CEPT rate for all items in IL started to below 5%. In particular, since 2003, the average tariff rate in IL experienced a slightly decrease, around 0.2% each year. It meant at that time Vietnam had nearly completed its commitment in reducing tariffs 0-5 percent for items in IL by 2006. In addition, since 2003, after TEL products had been transferred into the Inclusion List, Vietnam began a process of tariff reduction so that tariffs for TEL products came down to 0-5% in 2006.

Table 9: CEPT Road Map: Average tariff rate 1996 to 2006 (%)

List	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
IL	7.0	6.8	5.8	5.6	4.7	3.9	3.8	2.8	2.6	2.5	2.3
TEL	19.9	19.9	19.9	19.9	19.8	19.6	19.4	17.5	13.4	8.9	3.9
Total	12.7	12.6	12.1	11.9	11.4	10.9	10.7	9.3	7.4	5.3	3.0

Source: Ministry of Finance of Vietnam

As a result, up to 2006, Vietnam basically completed its commitments under CEPT to bring down the tariffs rate to 0-5%. According to Thang (2006), in 2006, Vietnam had reduced tariffs for 10,143 products, accounting for 95% in total products under CEPT, especially 74% of these products were at below 5% tariff range.⁴⁷ However, the country postponed its AFTA commitments for 14 and 27 items in TEL and Sensitive List, respectively.

⁴⁷ Nguyen Xuan Thang, (2006). *Vietnam and ASEAN: the following integrated steps*. pp. 58

Up to 2010, Vietnam has reduced tariffs on 10,054 imported lines to 0-5 percent under the Common Effective Preferential Tariff (CEPT) of the ASEAN Free Trade Area (AFTA), accounting for 97.8 percent of the total tariff lines. These include 5,488 lines with a tariff rate of zero percent.⁴⁸

In sum, since Vietnam participated in the AFTA process, the country has seriously and firmly committed itself to the terms and conditions of Protocol for the Accession of the Socialist Republic of Vietnam to the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) for the ASEAN Free Trade Area (AFTA). It can be seen from the country's progress in implementation towards AFTA process. The number of tariff lines for CEPT Scheme increased remarkably from 3,218 products in the first package in 1996 to more than 10,000 items in 2010. Particularly, since 2006, the country has completed its commitments under CEPT to bring down the tariffs rates between 0-5 per cent. Thus, one Vietnamese scholar viewed that AFTA is the single most important and challenging commitment on trade liberalization that received approval from the highest level in Vietnam.⁴⁹ The successful implementation of the AFTA principles and Vietnam's fulfillment of its objectives has been considered as a step forward, paving the way to further global economic cooperation and integration. At the same time, it has shown that Vietnam's active and serious participation in the implementation of CEPT scheme, which has contributed to the whole ASEAN's progress in implementation of AFTA process.

⁴⁸ Vietnamese Minister of Industry and Trade, Vu Huy Hoang. (2010). "Vietnam's contribution to ASEAN Economic Community". *Communist Review*. 815: 28.

⁴⁹ Cited in Duc Minh Pham (2000). *Vietnam Trade Liberalization: Following the AFTA program*. The World Bank. 6.

4.4.2.2. *Vietnam's participation in AIA, AFAS and AICO*

- *ASEAN Investment Area (AIA)*

In the beginning period of implementation AIA, Vietnam completed the Sensitive List and Temporarily Exclusion List of five priority sectors, namely manufacturing, agriculture, mining, forestry and fishery, and other services sector-related to these five sectors. In the following period from January 1st 2003, Vietnam implemented AIA in two ways: (i) phasing in several sectors which were in the SL into the TEL; (ii) reducing some sectors in TEL by opening them to attract foreign investors. In details, Vietnam committed that the country would eliminate the TEL in the manufacturing on January 1st 2010 and the other committed sectors in January 1st 2013, and particularly, would open those sectors for ASEAN investors since January 1st 2015.

In sum, Vietnam has made significant attempts to open several industries to ASEAN's investment with exclusions to be phased out and creating favorable conditions to facilitate investment from ASEAN business. The country, thus, has shown its serious commitment to the realization of the AIA and contributed to the whole ASEAN's progress in encouraging the free flow of investment within ASEAN.

- *ASEAN Framework Agreement on Trade in Services (AFAS)*

Up to now, Vietnam has shown its commitments in seven priority services sectors as follows:

- Financial services: banking, insurance, securities and broking, financial advisory, consumer finance, etc.
- Air transport: sales and marketing of air transport services, computer reservation, aircraft repair and maintenance, etc.

- Maritime transport: international passenger and freight transport, storage and warehousing, etc.
 - Telecommunication: public telephone services, mobile phone services, business networks services, data and message transmission, etc.
 - Tourism: hotel and lodging services, food serving, tour operator, travel agency, etc.
 - Construction: construction of commercial buildings, civil engineering, installation works, rental of construction equipments, etc.
 - Business services: accounting, auditing, legal, architecture, engineering, market research, etc.
- *ASEAN Industrial Cooperation Scheme (AICO)*

So far, Vietnamese business has not paid much attention to participating in AICO due to three main reasons. First, the AICO programs are not widely promoted in Vietnam; the Vietnamese business, therefore, lacks information and knowledge about AICO. Second, the application procedures for AICO are still complicated. To form an AICO arrangement, the prospective companies shall apply to their respective national authorities the following documents: (i) proof of legal incorporation and equity holding; (ii) identification of products and partner company/companies; and (iii) documentary proof of resource sharing, industrial complementation or industrial cooperation. Third, the value of the AICO preferential tariff rate is relatively similar to the tariff reduction of the CEPT.

4.4.2.3. Vietnam's contribution to AEC as ASEAN Chair 2010

As has been indicated, in 2010, Vietnam assumed the ASEAN Chair for the second time and at a very important turning point in the association's development. ASEAN is moving ahead to fulfill the goal of establishing a Community by 2015,

encompassing three pillars of political-security, economic and social-culture cooperation. The ASEAN Charter and the Roadmap towards the ASEAN Community, which have been overwhelmingly approved by ASEAN leaders, have become a vision and framework of action for ASEAN.

Realizing this significant stage of ASEAN, when Vietnam took up the position of ASEAN Chair for the whole year 2010, the country actively promoted the building of the ASEAN Community. Particularly, Vietnam underlined the priorities of the ASEAN Economic Community under the theme of “Towards ASEAN Community: From Vision to Action”. These priorities included accelerating the implementation of the goals of establishing the ASEAN Economic Community; maintaining ASEAN’s central position; speeding up the ASEAN connectivity process and enhancing the private sector’s role and involvement in carrying out and supervising economic integration programs.⁵⁰

In particular, Vietnam contributed several important initiatives aimed at promoting the ASEAN Economic Community and increasing the process of economic integration. This resulted in the ASEAN’s Leaders’ Statement on Sustained Recovery and Development adopted at the Sixteenth ASEAN Summit. It was the first time that ASEAN put forth a model of ASEAN Economic Community development based on the harmonization of socio-economic, environmental policies and macroeconomic management policies.⁵¹

⁵⁰ Vu Huy Hoang, Viet Nam's Minister of Industry and Trade, said in an interview with Vietnam News Agency. See details in Vietnam News Agency, “ASEAN economies prosper during Viet Nam's tenure”, on December 11 2010.

⁵¹ According to Vu Huy Hoang, Vietnam’s Minister of Industry and Trade, the ASEAN Leaders’ Statement on Sustained Recovery and Development was proposed by Vietnam in April 2010.

Moreover, under the chairmanship of Vietnam, the Seventeenth ASEAN Summit recorded the adoption of many important plans and programs. One of the most significant plans was the Master Plan on ASEAN Connectivity. With 19 key strategies, the Plan aims to enhance the connection of the region in three dimensions, namely physical, institutional, and people-to-people connectivity. Especially, according to the Vietnamese Prime Minister, the Master Plan will strongly support the ASEAN integration and create the platform for connectivity in a wider regional of East Asia.

In addition, on May 1, 2010, the ASEAN Trade in Goods Agreement (ATIGA) took effect after eight months of delay, replacing the former CEPT/AFTA Agreement. The new agreement has timely repaired legal shortcomings and opened more opportunities for closer cooperation to boost trade facilitation programmes. Many agreements relating to the AEC are also in final reviews before they officially become effective, including the ASEAN Comprehensive Investment Agreement (ACIA), the seventh commitment package of the ASEAN Framework Agreement on Services, the ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services and the ASEAN Agreement on the Facilitation of Goods in Transit.

In sum, in acting out its ASEAN Chair role, Vietnam has set an example in implementing AEC commitments in a proactive and constructive manner. By 2010, Vietnam has reduced import tariffs to 0-5 percent for nearly 10,000 product lines under CEPT/AFTA or 97.8 percent of the total tariff lines, including 5,488 tariff lines of 0 percent. The country has also boosted comprehensive cooperation with other ASEAN members in both traditional fields such as goods trading, service, investment,

agriculture, transport and telecommunications and new areas, including intellectual property, competitive policies and consumer protection.⁵²

4.5. Conclusion

The Vietnam – ASEAN economic relationship, particularly in term of trade and investment has been improving remarkably since Vietnam joined the regional grouping. The country has gained significant benefits from the enhanced market access for agricultural goods, increased imports of manufactured goods and increased foreign direct investment from the region. This has been conducive to the national economic growth and economic cooperation between the association and the country. At the same time, ASEAN has been gaining considerably from its trading with and investment in Vietnam thanks to the country's political and economic stability.

Another aspect of Vietnam – ASEAN economic relations, the Vietnam-ASEAN tourism relations have also developed remarkably since Vietnam's admission into ASEAN. With an increasing number of ASEAN visitors to Vietnam, it can be said that more and more contact is recorded at the people to people level, which has contributed to the better understanding between the ASEAN states and Vietnam as well as brought economic benefits to the local people of Vietnam.

⁵² Vu Huy Hoang (2010). "Vietnam's contributions to the ASEAN Economic Community", Vietnam Business and Economy News. Retrieved from <http://www.vneconomynews.com/2010/08/vietnams-contributions-to-asean.html> in March 2011.

CHAPTER V

CONCLUSION

In July 1995, Vietnam's relationship with ASEAN was upgraded to a higher level of full membership. Hanoi's relations with its Southeast Asian neighbors have clearly come a long way since the association was founded in 1967. As being influenced by the communist ideology, Hanoi leaders viewed ASEAN negatively as supported by the United States and being different from the country in terms of political and economic systems. At the same time, it was seen by ASEAN leaders as an aggressive communist power.

In the following period of the Cambodia conflict, Vietnam-ASEAN relations represented a new polarization of the region as a result of the Vietnamese invasion of Cambodia. The Vietnamese military presence in Cambodia was seen by its leaders as fulfilling the country's "international obligations" (nghĩa vụ quốc tế). However, it was viewed by ASEAN as violating the sacred principles of the United Nations Charter and the association, and particularly posing a threat to security and stability of the region. As a consequence, Vietnam encountered diplomatic and economic isolation imposed by the ASEAN member countries, which were backed by China and the U.S.

However, nearly a decade later, a major transformation took place in Vietnamese foreign policy from one which heavily relied on ideological considerations to one which placed greater emphasis on national interest. That enabled Vietnam to improve relations with the countries it had been in conflict with, and its crucial decision to withdraw its troops from Cambodia clearly had positive impacts on ASEAN-Vietnam relations. In

particular, this paved the way for a progressive normalization of relations between Vietnam and ASEAN.

Since 1989, with the withdrawal of Vietnamese troops from Cambodia and the comprehensive political settlement of the Cambodia problem via the Paris Peace Accords in October 1991, as well as the changes in global political climate at the end of the Cold War, Vietnam quickly shifted to restore its relations with ASEAN at both bilateral and multilateral levels. Particularly, five years prior to Vietnam's admission to ASEAN, there had been more exchanges of high level visits between Vietnam and individual ASEAN members, which contributed to enhancing the mutual understanding and confidence, as well as brought about a new understanding among Vietnamese leaders of the ASEAN states' foreign policy goals and their efforts to promote regional cooperation and peace. Moreover, there was a consensus among Vietnamese high officials that ideological differences were no longer obstacles to the development of Vietnam-ASEAN relations. The country thus felt more positive and eager to join the association.

The Vietnam's motivations to join the association were both political and economic in nature. First, for political factors, one explanation was that Vietnam made the decision to apply for membership in ASEAN to overcome an identity crisis and the fear of political isolation after the collapse of Soviet bloc. Joining ASEAN would be seen as a substitute for the communist/socialist identity and could help Vietnam form a new state identity as a legitimate regime. As a result, under the umbrella of ASEAN, Vietnam could forge a regional identity and thus could develop and improve relations with many countries in its efforts to become a friend of all nations in the world community, thereby contributing to a more stable and secure regional environment. Moreover, Vietnam's

admission into ASEAN helped Vietnam enhance its bargaining position with other states, particularly with China and the United States. Second, for economic motivations, the country expected to find new sources of trade, aid, investment that had dried up since the fall of Soviet Union. In addition, Vietnam expected to receive technology transfer, developmental experience and managerial skills from ASEAN member states. As a member of ASEAN and participation in the ASEAN Free Trade Area, Vietnam could also expect to benefit from increased trade and investment from ASEAN states. Furthermore, the economic consideration to joining ASEAN aimed to seek integration into the Asia Pacific and global economy. Membership in ASEAN could facilitate membership of APEC and the World Trade Organization. In sum, Vietnam expected ASEAN membership to ensure favorable external conditions for further economic development and attract more foreign direct investment to the country.

On 28 July 1995, Vietnam officially became a full member of ASEAN at an appropriate time of political stability and prosperous economy of all member states. As a result, after joining the association, Vietnam has seriously been committed to ASEAN and made significant contributions to its development, thereby strengthening regional solidarity and cooperation and raising the association's profile globally.

In the political field, soon after Vietnam joined the regional grouping, the country played an important role in integrating the three remaining Southeast Asian states, namely Myanmar, Laos, and Cambodia into ASEAN. In addition, the country has shown its active role in successfully organizing some important ASEAN events, such as the Sixth ASEAN Summit in 1998, the 34th ASEAN Ministerial Meeting in 2001, and the recent Sixteenth and Seventeenth ASEAN Summits and related meetings in 2010.

Furthermore, Vietnam has made significant contributions to ASEAN political cooperation. This can be seen from the country's vision toward ASEAN Community, its participation in the ASEAN Charter drafting and implementing process as well as its fresh proposals for ASEAN's development during its ASEAN Chairmanship in 2010. In sum, Vietnam has put forward many valuable initiatives and appropriate measures to boost the development of ASEAN and enhance regional stability.

In the economic area, since joining the association, Vietnam has gained considerable benefits from expanding trade relations with and attracting more foreign direct investment from ASEAN member states. Vietnam-ASEAN trade relations have brought benefits to both Vietnam and ASEAN partners. The country has benefited from the enhanced market access for agricultural goods to other members and an increase in imports of manufactured goods from the region. At the same time, the association has also been gaining considerably from trade with Vietnam because Vietnam has always been in the state of trade deficit with ASEAN. Among individual ASEAN member countries, its trade with ASEAN Six, particularly with Singapore, Malaysia and Thailand, accounts for a large proportion in its total trade with ASEAN and has been growing faster than its trade with the rest of ASEAN. By contrast, its trade with Brunei, Myanmar and Laos still remains a limited part of its overall trade.

With regard to Vietnam-ASEAN foreign direct investment relations, since Vietnam officially joined ASEAN, there has been a remarkable increase in ASEAN foreign direct investment in Vietnam, which has been conducive to national economic growth and economic cooperation between the association and the country. All ASEAN

members except Myanmar have invested in Vietnam. Among ASEAN members, Singapore, Malaysia and Thailand are the three largest investors in Vietnam. Investment from these countries can be found in almost all economic sectors of Vietnam, from industrial production and construction, agriculture, fisheries and forestry; and services. Investment ventures of these countries have also efficiently operated in Vietnam. They help produce replacements for imports and boost exports of Vietnam as well as generate a significant amount of job opportunities for local workers. By contrast, investment from Indonesia, the Philippines and Brunei in Vietnam remains quite modest. Furthermore, in comparison with the amount of ASEAN's FDI in Vietnam, that of Vietnam's in ASEAN states is quite limited due to the Vietnamese economic capacity. Vietnam has mostly invested in the two long-standing neighboring countries, namely the Lao PDR and Cambodia.

Another aspect of Vietnam – ASEAN economic relations, Vietnam's participation in and contributions to the development of ASEAN Economic Community is also worth mentioning here. As the association is moving ahead to fulfill the goal of establishing a Community by 2015, encompassing three pillars of political-security, economic and social-culture cooperation, the country has actively participated in and seriously been committed to the building of ASEAN Community. Particularly, when Vietnam held the position of ASEAN Chair in 2010, under the theme "Towards the ASEAN Community: From Vision to Action", Vietnam put forward many valuable initiatives and appropriate measures to boost the ASEAN Economic Community's building.

In sum, during the fifteen year since joining the association, it is evident that better political relations with the ASEAN member states and ASEAN as a regional

grouping have significantly contributed to Vietnam's social and economic development. On the other hand, Vietnam's membership of ASEAN is, among its other possible impacts, is generally recognized as a very important stabilizing factor in Southeast Asia. At the same time, Vietnam's participation in ASEAN political and economic fields, has contributed to the development of the association as well as brought significant economic benefits to ASEAN member states.

This study, therefore, shows the process leading to better relations between Vietnam and ASEAN since the mid 1980s up to Vietnam's admission into ASEAN in 1995. Moreover, it shows that Vietnam's membership in ASEAN brings political and economic benefits to both Vietnam and ASEAN. Particularly, the country has been seriously committed to ASEAN; and greatly contributed to the development of ASEAN and the regional peace and stability.

More importantly, the study shows that the improvement of the Vietnam-ASEAN relations has resulted from the benefits of the liberal institutional framework to the promotion of regional integration. The transition of conflict to cooperation and promotion of peaceful change has been greatly facilitated by ASEAN, whose frameworks and mechanisms for regional cooperation have contributed greatly to bringing regional states to work together in order to forge regional solidarity. Under this atmosphere of peaceful change, Vietnam thus has been rapidly integrated into the ASEAN institutional framework, and particularly within this framework Vietnam's relations with the regional grouping and its individual members in all important areas have greatly intensified. Both

Vietnam and the ASEAN as a whole have stood to gain from this institutional framework: this testifies to the beneficial aspects of this kind of liberal institutionalism.

However, this study focuses on Vietnam – ASEAN relations in term of political and economic fields and there are still several areas which are left unexplored. For examples, the Vietnam – ASEAN cooperation in term of security and social issues, such as human trafficking, migration, drugs and smugglings; or the negative aspects and shortcomings which may occur in the process of regional economic development. In addition, as mentioned above, another important aspect of Vietnam – ASEAN economic relations is tourism which includes positive sides, creates mutual benefits, increases living standards of the local people and enhances a better understanding among people. However, it can also cause negative and unfavorable results. For examples, smuggling, migration, human trafficking and disease transmission. Thus more researches are needed to be conducted in order to broaden the scope of cooperative relationship between Vietnam and ASEAN. It is worth noting here that future cooperation between Vietnam and ASEAN would require not only visions, but also preparation and proper plans for infrastructure, logistics, and education in order to provide conditions for collaboration and raise regional awareness among people in ASEAN member countries.



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ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย



APPENDIX

ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย

LIST OF INFORMANTS

No.	Name	Interview Date and Place	Remark
Scholars			
1	Prof. Dr. Pham Duc Duong (See in Chapter III)	20 th Dec 2010 in Hanoi	Institute for Southeast Asian Studies, Vietnam
2	Assoc. Prof. Dr. Tran Khanh (See in Chapter II, III)	25 th Dec 2010 in Hanoi	Institute for Southeast Asian Studies, Vietnam
3	Dr. Nguyen Thu My (See in Chapter III, IV)	27 th Dec 2010 in Hanoi	Institute for Southeast Asian Studies, Vietnam
4	Assoc. Prof. Dr. Pham Quang Minh (See in Chapter II, III)	30 th Dec 2010 in Hanoi	Faculty of International Studies, Vietnam National University
Officials			
5	Pham Quang Anh (See in Chapter II, III)	29 th Dec 2010 in Hanoi	ASEAN Department, Ministry of Foreign Affairs, in Hanoi
6	Nguyen Thanh Hung (See in Chapter IV)	16 th Feb 2011 in Bangkok	Trade counselor, Vietnamese Embassy in Bangkok

BIOGRAPHY

Ninh Thi Dieu Le was born in Hanoi, Vietnam in 1986. She began her undergraduate at Faculty of Oriental Studies, Vietnam National University. She majored in Southeast Asian Studies and minored in Thai Studies. In 2006, she was awarded a Travel Grant by the Southeast Asian Studies Regional Exchange Program (SEASREP) Foundation to study at Gadjah Mada University, Indonesia. After her graduation in 2008, she studied further at the Australian Centre of Education and Training. In 2009, she won a fellowship from the Rockefeller Foundation to study in the International Master's Degree Program in Southeast Asian Studies at Chulalongkorn University, Thailand.



ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย